



JOIN US AS WE EXPAND
OUR FOOTPRINT
ACROSS SOUTH ASIA



PROSPECTUS

INITIAL PUBLIC OFFERING OF JAT HOLDINGS LIMITED

THE INITIAL PUBLIC OFFERING OF EIGHTY TWO MILLION NINE HUNDRED AND FOUR THOUSAND EIGHT HUNDRED AND FORTY SIX (82,904,846) ORDINARY VOTING SHARES THROUGH A COMBINATION OF AN OFFER FOR SUBSCRIPTION OF FIFTY FIVE MILLION EIGHT HUNDRED AND FOURTEEN THOUSAND SEVEN HUNDRED (55,814,700) NEW ORDINARY VOTING SHARES AT LKR 27/- PER SHARE AND OFFER FOR SALE OF TWENTY SEVEN MILLION NINETY THOUSAND ONE HUNDRED AND FORTY SIX (27,090,146) ORDINARY VOTING SHARES AT LKR 27/- PER SHARE

JOINT FINANCIAL ADVISORS AND
MANAGERS TO THE OFFER



TO BE LISTED ON THE MAIN BOARD OF THE COLOMBO STOCK EXCHANGE

IPO.JATHOLDINGS.COM

JAT HOLDINGS LIMITED

PB00237072



INVITATION TO INVEST IN THE INITIAL PUBLIC OFFERING OF EIGHTY TWO MILLION NINE HUNDRED AND FOUR THOUSAND EIGHT HUNDRED AND FORTY SIX (82,904,846) ORDINARY VOTING SHARES OF JAT HOLDINGS LIMITED THROUGH A COMBINATION OF AN OFFER FOR SUBSCRIPTION OF FIFTY FIVE MILLION EIGHT HUNDRED AND FOURTEEN THOUSAND SEVEN HUNDRED (55,814,700) NEW ORDINARY VOTING SHARES AT LKR 27/- PER SHARE AND OFFER FOR SALE OF TWENTY SEVEN MILLION NINETY THOUSAND ONE HUNDRED AND FORTY SIX (27,090,146) ORDINARY VOTING SHARES AT LKR 27/- PER SHARE

TO BE LISTED ON THE MAIN BOARD OF THE COLOMBO STOCK EXCHANGE

OFFER OPENS ON JULY 20, 2021

Joint Financial Advisors and Managers to the Offer



NDB Investment Bank Limited

Level 1, NDB Capital Building
No. 135, Bauddhaloka Mawatha
Colombo 04

Tel: +94 11 2300385-90

Fax: +94 11 2300393

www.ndbib.com



Capital Alliance Partners Limited

Level 05, Millennium House
No. 46/58, Nawam Mawatha
Colombo 02

Tel: +94 11 2317777

Fax: +94 11 2317788

www.cal.lk

Placement Coordinator



Acuity Partners (Private) Limited

No. 53, Dharmapala Mawatha, Colombo 03

Tel: +94 11 2206206

Fax: +94 11 2437149

www.acuity.lk



Vision

Be the brand of choice to the finishing, living and furnishing industries in South Asia

Mission

We are committed to building long-term relationships based on integrity, performance, value, and exceeding customer satisfaction

We will continue to meet the changing needs of our clients with our highest quality and innovative solutions delivered by the most qualified people

We are more than a conglomerate. We are a dedicated team striving to bring growth to our community, helping to maintain existing businesses and assisting our clients in making their dreams become a reality

Values

Our valued employees at JAT are required to encompass four essential values In order to achieve our mission and vision:

- Possess in-depth knowledge of the entire business
- Complete and augment customer satisfaction
- Attain and achieve leadership at all levels
- Spearhead continuous improvement and innovation



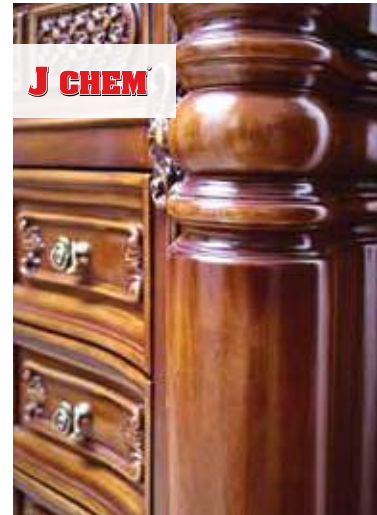
JAT[®]

The world's
largest partner
for the
Sherwin-Williams
Company's No.1
wood coating brand
Sayerlack



 **SAYERLACK[®]**
INNOVATIVE WOOD SOLUTIONS

JAT is proud to be recognized as the largest partner in the World for Sayerlack, the number 1 Wood Coatings brand from the Serwin-Williams Company



From renowned global brands to our own home-grown brands, our comprehensive portfolio of products have helped us grow from strength to strength, reaching many milestones in our journey of becoming the leader in the finishing and furnishing industries.

Named one of the strongest conglomerate brands in Sri Lanka, JAT Holdings has always strived to deliver the best quality products with a personalized and unmatched customer experience to not only "Transform Spaces" but to truly transform lives.



2,000
Kitchen Units
and counting

JAT Holdings has established SEA German Kitchens as the leading furnishings provider for bespoke, luxury kitchens and wardrobes to the country's most iconic and luxury apartments that redefine Colombo's landscape. To date, we have completed the installation of over 2,000 units in prestigious projects such as Altair, Luna Tower, Ritz Carlton, 606 – The Address and Prime Grand.

SEA is a unique modular kitchen and wardrobe designs brand that adheres to the highest German quality standards and longevity. Seamlessly integrating into the overall interior design through its highly customizable products, exclusive designs and handpicked materials, SEA perfectly resonates with JAT's commitment to delivering innovative products which blend perfectly with contemporary designs and lifestyles.



is proud to be the official overseas team sponsor of Sri Lanka Cricket
for the 2020/21 season



International Presence



Driven by the vision to become the preferred supplier in the South Asian region for wood coatings, JAT Holdings has strategically expanded its presence into key markets of focus which has been a driving force to its growth. A major milestone in this journey has been entering the Bangladesh market and subsequently, markets such as India, the Maldives, Pakistan, Seychelles, Ghana, Uganda & Kenya.

JAT is the leader in wood finishing products in Bangladesh and is perceived as a corporate steward, renowned for high-quality products, best practices and above the board marketing strategies. Markets such as the Maldives and India are strategically growing strong, holding much promise for the future.

Hall of Fame

Throughout the years, JAT Holdings has earned many accolades in recognition of its best practices, innovativeness and outstanding performance.

These awards have served as an impetus to strive for higher and greater horizons! The following are a few key highlights of our journey to excellence.

Awards



Bronze
(Overall winner)
National Chamber of
Commerce of Sri Lanka
(NCCSL)
2019



A+ Stable
ICRA
(A Moody's Investors
Service Company)
2016 - 2021



Top 100
(Most Recognized
Companies)
Lanka Monthly Digest
(LMD)
2016 - 2019, 2021



Top 20
(Conglomerate
Brands)
Brand Finance
Lanka
2020



Top 10
(Large & Extra Large Industries)
CNCI Achiever Awards
(The Ceylon National
Chamber of Industries)
2016 - 2017, 2019



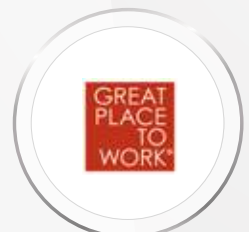
Gold
(Trading sector)
National Chamber of
Commerce of Sri Lanka
(NCCSL)
2015, 2018 - 2019



2nd Runner Up
(Trading sector)
National Chamber of
Commerce of Sri Lanka
(NCCSL)
2019



Bronze
(Trading companies)
Annual Report Award
(The Institute of Chartered
Accountants of Sri Lanka)
2017 - 2018



Top 25
Great Place to Work
Sri Lanka
2016



Bronze
(B2B Brand of the Year)
SLIM Brand
Excellence
2015



Winner
'Wood Pencil'
for Petal Paint
(a first for Sri Lanka)
D&AD awards
London
2019



Gold
(Lotus Innovation Award,
Lotus Roots Award)
for Petal Paint
Adfest
2019



Bronze
(Household Supplies
and Services category)
Effie Awards
Sri Lanka
2013

CORPORATE PROFILE

Incorporated as a family-owned business in 1993, JAT Holdings Limited (JAT or the Company) has grown into a leading corporate with several accolades including Top 100 Most Respected Companies cited by LMD for four consecutive years, ranked amongst LMD's Top 20 Conglomerate Brands in Sri Lanka by Brands Annual 2020 including Bronze Award for overall excellence in 2019, 2nd Runner Up in the extra-large sector in 2019 and Gold Award for trading sector in 2015, 2018 and 2019 at the National Business Excellence Awards. The Company has claimed a rating of A+ with a stable outlook affirmed by ICRA Lanka Limited (Moody's Investor Services Group) which was assigned to it in June 2016 and renewed with the same rating every year. As per The Sherwin-Williams Company, JAT is the largest authorised distributor for Sayerlack branded wood coating.

JAT has sustained the market leader position in the wood coatings space for over 20 years. In addition to its strong wood coatings brand portfolio, JAT represents global renowned brands in varied spheres such as Harris – brushes, Herman Miller – ergonomic office furniture, Knauf – ceiling solutions, SEA Bauformat for bespoke kitchens etc. while having the Company's homegrown brands such as J Chem – solvent based paints, WHITE by JAT – brilliant white paint, Brush Master – brushes for wood coatings, Euro Metallic – metal ceilings etc.

JAT has expanded its footprint in wood coatings successfully to the Bangladesh market where JAT has enjoyed the market leadership in this segment for over 5 years. The Company has also ventured into the Maldives, India and in the recent past to the African region which comprises Ghana, Kenya, Uganda etc.

With its unique offering of products, JAT has secured contracts in prestigious projects such as Altair Residential Project, Shangri-La Hotel – Colombo, The Waterfront Development, Defence Head Quarters Complex and Prime Grand Apartment Complex to name a few.

With a staff strength of over 350 in the Group, JAT has excelled in technical expertise in the wood coatings sector and has been in the forefront of innovation through introduction of products along with latest application techniques constantly in both Sri Lanka and Bangladesh. The introduction of waterbase wood coatings in Sri Lanka as well as polyurethane (PU) in Bangladesh has transformed the wood coatings industry into a new era. JAT is in the vanguard of innovation in coatings having a dedicated R&D team which resulted in the development of award-winning concepts/products such as 'Petal Paint' which gained recognition in New York, Thailand, United Kingdom etc. JAT's strong dealer network in Sri Lanka has been solidified at national level through recognition of excellence in local market reach at the National Business Excellence Awards 2019.

The Company, in order to further strengthen its position in the coatings industry, is in the process of upgrading the present R&D facility into the best in South Asia and setting up a state-of-the-art manufacturing facility in Bangladesh to extend the market dominance there.

Unrivaled Expansion

With innovation being the main driver behind our expansion, we have set course on establishing a new manufacturing plant in Bangladesh as well as a new state-of-the-art R&D laboratory that will both reach completion in 2022.

Expansion will also reach another milestone with the creation of a production facility in the African continent by 2023, further solidifying our foothold in Africa.



Projects in the pipeline

1. Enhancing the existing R&D facility to a fully fledged state-of-the-art facility for all coatings
2. Setting up a Manufacturing Facility in Bangladesh
3. Setting up a Manufacturing Facility in East Africa

The Prospectus is dated July 2, 2021

The delivery of this Prospectus shall not under any circumstances constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus. If any such material change occurs, the same will be notified by the Company via a market announcement to the Colombo Stock Exchange (CSE).

If you are in any doubt regarding the contents of this Prospectus or if you require any advice in this regard you should consult a Lawyer or any other Professional Advisor.

The CSE has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of the shares which is decided solely by the Company.

This Prospectus has been prepared from the information provided by JAT and its Directors and/or from publicly available sources. The Company and its Directors having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which would make any statement herein misleading.

Where representations regarding the future performance of JAT have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions considered to be reasonable at the present point in time in their best judgment.

The Company accepts responsibility for the information contained in this Prospectus. While the Company has taken reasonable care to ensure full and fair disclosure of information, prospective investors are advised to carefully read this Prospectus and rely on their own examination and assessment of the Company including the risks involved prior to making any investment decision.

No person is authorised to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorised by the Company.

All Applicants (both resident and non-resident) should indicate their respective National Identity Card (NIC) number or company registration number or passport number as the case may be in the Application Form. Individual resident Applicants should indicate their passport number in the Application Form only if they do not have an NIC number.

As per the Directive of the Securities and Exchange Commission (SEC) made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted/allocated must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, in order to facilitate the uploading of allotted/allocated Shares to their CDS account.

Please note that upon the allotment/allocation of Shares under this Offer, the allotted/allocated Shares would be credited to the Applicant's CDS account so indicated. Please note that **SHARE CERTIFICATES WOULD NOT BE ISSUED**.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment/allocation will be made.

You can open a CDS account through any Member/Trading Member of the CSE as set out in Annexure A or through any Custodian Bank as set out in Annexure B of this Prospectus. You can also open a CDS account through the 'CSE Mobile App'. The CSE mobile application can be downloaded from the Apple App Store (for Apple IOS users) or the Google Play Store (for Google Android users).

Registration of the Prospectus

A copy of this Prospectus has been delivered to the Registrar General of Companies in Sri Lanka for registration. The following documents were also attached to the copy of the Prospectus delivered to the Registrar General of Companies.

■ The Written Consent of Joint Financial Advisors and Managers to the Offer

Joint Financial Advisors and Managers to the Offer have given and have not before the delivery of a copy of the Prospectus for registration withdrawn the written consents for the inclusion of the names as Joint Financial Advisors and Managers to the Offer.

Capital Alliance Partners Limited as Joint Financial Advisors and Managers to the Offer has given and has not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the Research Report in the form in which it is included in the Prospectus.

■ The Written Consent of the Placement Coordinator

The Placement Coordinator has given and has not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of their name as Placement Coordinator in the Prospectus.

■ The Written Consent of the Registrars to the Offer

The Registrars to the Offer have given and have not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the name as Registrars to the Offer in the Prospectus.

■ The Written Consent of the Auditors and Reporting Accountants to the Company and to the Offer

The Auditors and Reporting Accountants to the Company and to the Offer have given and have not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the name as Auditors and Reporting Accountants to the Company and to the Offer and for the inclusion of Accountants' Report in connection to the Offer in the Prospectus.

■ The Written Consent of the Lawyer to the Offer

The Lawyer to the Offer has given and has not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the name as Lawyer to the Offer in the Prospectus.

■ The Written Consent of the Bankers to the Company

The Bankers to the Company have given and have not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the names as Bankers to the Offer in the Prospectus.

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The Bankers to the Offer have given and have not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the names as Bankers to the Offer in the Prospectus.

■ The Written Consent of the Company Secretaries

The Company Secretaries has given and has not before the delivery of a copy of the Prospectus for registration withdrawn the written consent for the inclusion of the name as Company Secretaries in the Prospectus.

■ The Declaration by the Directors

A declaration made by each of the Directors of the Company confirming that each of them have read the provisions of the Companies Act relating to the issue of the Prospectus and that those provisions have been complied with.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-resident investors may be affected by the laws of the jurisdictions of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making their investment.

Representation

No person is authorised to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorised by the Company.

Forward Looking Statements

Any statements included in this Prospectus that are not statements of historical fact constitute 'Forward Looking Statements'. These can be identified by the use of forward-looking terms such as 'expect', 'anticipate', 'intend', 'may', 'plan to', 'believe', 'could' and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Such Forward-Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward-Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements

Investment Considerations

It is important that this Prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see 'Investment Considerations and Associated Risks in Section 12 of this Prospectus.

Presentation of Currency Information and Other Numerical Data

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to 'LKR', 'Rupees', and 'Rs.' are references to the lawful currency of Sri Lanka. Reference to 'USD' is with reference to United States Dollars, the official currency of the United States of America.

Certain numerical figures in the Prospectus have been subject to rounding adjustments; accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Presentation of Macroeconomic and Industry Data

Economic and industry data used throughout this Prospectus are derived from various industry data sources, which the Company believes to be reliable, but the accuracy and completeness of that information is not guaranteed. Similarly, industry surveys and other publications, while believed to be reliable, have not been independently verified and neither the Company nor the Joint Financial Advisors and Managers to the Offer make any representation as to the accuracy of that information.

TABLE OF CONTENTS

1.	CORPORATE INFORMATION	2
2.	RELEVANT PARTIES TO THE OFFERING	4
3.	GLOSSARY OF TERMS AND ABBREVIATIONS	5
4.	GLOSSARY OF TERMS RELATED TO THE OFFERING	6
5.	DETAILS OF THE OFFERING	8
5.1.	The Offering	8
5.2.	Selling Shareholder	8
5.3.	Nature of the Offered Shares	8
5.4.	Size of the Offering	9
5.5.	Share Offer Price	9
5.6.	Quantitative and Qualitative Factors Pertaining to the Offering	10
5.7.	Objectives of the Fund Raising via Offer for Subscription	12
5.8.	Specific Risks Associated with the Objectives of the Offer for Subscription	17
5.9.	Listing	18
5.10.	Opening and Closing of the Subscription List	18
5.11.	Cost of the Offering	19
5.12.	Brokerage	19
5.13.	Minimum Subscription and Underwriting	19
5.14.	Inspection of Documents	19
6.	PROCEDURE FOR APPLICATION	20
6.1.	Eligible Applicants	20
6.2.	The Procedure for Application	20
6.3.	Payment of Application Monies	24
6.4.	Rejection of Applications	27
6.5.	Banking of Payments	27
6.6.	Returning of Monies on Rejected Applications	27
6.7.	Basis of Allotment/Allocation	27
6.8.	Refunds on Applications	28
6.9.	Successful Applicants and CDS Lodgement	29
6.10.	Declaration to the CSE and Secondary Market Trading	30
7.	OVERVIEW OF JAT HOLDINGS LIMITED	31
7.1.	Overview of JAT Group	31
7.2.	Vision, Mission and Values of JAT	32
7.3.	Key Milestones	32
7.4.	Structure of JAT Group	33
7.5.	Key Business Lines and Product Portfolio of JAT	34
7.6.	Customer Centricity	44
7.7.	Physical Infrastructure of JAT	45
7.8.	Core Competencies of JAT	47
7.9.	Human Capital	50
7.10.	Corporate Social Responsibility (CSR)	52
7.11.	Certifications of JAT	53
7.12.	Awards and Accolades	54
7.13.	Future Directions of JAT Group	55
7.14.	Assumptions Relating to Future Plans of JAT Group	56
8.	MANAGEMENT DISCUSSION AND ANALYSIS	57
8.1.	Financial Review for the Three Financial Years Ended March 31, 2020	57
8.2.	Update for the Financial Year Ended March 31, 2021 – JAT Group	60
9.	CORPORATE STRUCTURE	61
9.1.	The Board of Directors of JAT	61
9.2.	Profiles of the Board of Directors	62
9.3.	Other Directorships Held by the Board of Directors	65

9.4.	Directors of the Subsidiaries and Joint Ventures of JAT	67
9.5.	Directors' Interest in Shares	67
9.6.	Sale and Purchase of JAT Shares by Directors	68
9.7.	Directors' Emoluments	68
9.8.	Directors' Interests in Assets	68
9.9.	Directors' Interests in Contracts	69
9.10.	Statement – Board of Directors	69
9.11.	Corporate Governance Practices	69
9.12.	Corporate Management of JAT	72
9.13.	Corporate Management's Emoluments	76
9.14.	Chief Executive Officer	76
10.	OTHER COMPANY INFORMATION	77
10.1.	Relationship with Key Customers and Suppliers of JAT	77
10.2.	Dividend Policy	77
10.3.	Details of Material Indebtedness	78
10.4.	Working Capital	79
10.5.	Litigation, Disputes and Contingent Liabilities	79
10.6.	Mortgages and Charges on Assets	80
10.7.	Material Contracts	81
10.8.	Management and Other Agreements	81
10.9.	Details of Commissions Paid	81
10.10.	Details of Benefits Paid to Promoters	81
10.11.	Details of Transactions Relating to Property	81
10.12.	Taxation	81
11.	CAPITAL STRUCTURE	82
11.1.	An Overview of the Stated Capital	82
11.2.	Details of Repurchase and Redemption of Shares by JAT	82
11.3.	Establishment of an Employee Share Option Plan (ESOP)	82
11.4.	Details of Transfer of Shares in JAT	83
11.5.	Shareholding Structure of JAT	83
11.6.	Details Pertaining to the Locked-in Shares – Pre and Post IPO	83
11.7.	Details of Convertible Debt Securities	86
11.8.	Details of Shares Sold Privately in Conjunction with the Offering	86
11.9.	Details of Take-Over Offers	86
12.	INVESTMENT CONSIDERATION AND ASSOCIATED RISKS	87
12.1.	Risks Relating to Business Operations and Future Plans	87
12.2.	Capital Market Related Risks	88
13.	STATUTORY DECLARATIONS	90
13.1.	Declaration by the Directors	90
13.2.	Declaration by the Company	90
13.3.	Declarations by The Joint Financial Advisors and Managers to the Offer	91
	ANNEXURE A – COLLECTION POINTS	92
	ANNEXURE B – CUSTODIAN BANKS	101
	ANNEXURE C – DETAILED BREAK UP OF COSTS RELATING TO OBJECTIVES 1, 2 AND 4	103
	ANNEXURE D – GUARANTEES ISSUED BY BANKS TO THIRD PARTIES ON BEHALF OF JAT	110
	ANNEXURE E – ESTABLISHMENT OF AN EMPLOYEE SHARE OPTION PLAN (ESOP)	113
	ANNEXURE F – ACCOUNTANTS' REPORT AND FIVE YEAR SUMMARY	115
	ANNEXURE G– AUDIT REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021	124
	ANNEXURE H– INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS' PERIOD ENDED MARCH 31, 2021	180
	ANNEXURE I – RESEARCH REPORT PUBLISHED TO ASCERTAIN THE VALUE OF ORDINARY VOTING SHARES OF JAT HOLDINGS LIMITED	182

INDEX ON TABLES AND FIGURES ILLUSTRATED IN THE PROSPECTUS

TABLES	
Table 5.1 Tranches of the Offering	8
Table 5.2 Divestiture of Existing Shares	8
Table 5.3 Summary of Valuation	9
Table 5.4 NAV per Share, P/BV at Share Offer Price	9
Table 5.5 EPS, ROE and P/E	10
Table 5.6 Comparison of Key Ratios across Peers	11
Table 5.7 Objectives of the Offer for Subscription	12
Table 5.8 Summary Breakup of Costs to be Incurred for New R&D Facility	13
Table 5.9 Summary Breakup of Costs to be Incurred in Setting-up Manufacturing Facility in Bangladesh	14
Table 5.10 Summary Breakup of Costs to be Incurred in 'WHITE by JAT' Marketing and Development Initiatives	15
Table 5.11 Summary Breakup of Costs to be Incurred in Setting-up a Manufacturing Facility in East Africa	16
Table 5.12 Continuous Disclosure on Utilisation of Proceeds of Offer for Subscription	18
Table 6.1 Investor Identification Required	23
Table 6.2 Basis of Allotment/Allocation of Offered Shares to Various Categories of Applicants	28
Table 7.1 Subsidiaries and Joint Ventures of JAT	33
Table 7.2 Wood Coatings and Wood Maintainers of JAT	35
Table 7.3 Decorative Paints and Accessories of JAT	37
Table 7.4 Furnishing Segment of JAT	39
Table 7.5 Employees Details of Manufacturing Plant	45
Table 7.6 Capacity Details of the Manufacturing Plant of JAT	46
Table 7.7 Partnerships and Brands under JAT Group	47
Table 7.8 Human Capital as at May 31, 2021	50
Table 7.9 Employee Engagement Details of JAT	51
Table 7.10 CSR Activities of JAT	52
Table 8.1 Summarised Income Statement	57
Table 8.2 Revenue Breakdown (LKR Mn unless otherwise stated)	57
Table 8.3 Summarised Statement of Financial Position – JAT Group	59
Table 8.4 Income Statement Snapshot (LKR Mn unless otherwise stated)	60
Table 9.1 Details of JAT Board of Directors	61
Table 9.2 Other Directorships held by Board of Directors of JAT Group	65
Table 9.3 Directors of Subsidiaries and Joint Ventures of JAT	67
Table 9.4 Directors' Direct Shareholding in JAT	67
Table 9.5 Directors' Shareholding in Subsidiaries of JAT Group	68
Table 9.6 Share Transactions of Directors in JAT	68
Table 10.1 Details of Borrowings and Other Facilities of JAT Group as at March 31, 2021	78
Table 10.2 Details of Leasing Facilities of JAT Group as of March 31, 2021	79
Table 10.3 Assets Pledged by JAT Holdings Limited as at May 6, 2021	80
Table 10.4 Details of Shared Services with Affiliates of JAT	81
Table 10.5 Tax Rates Applicable for JAT and its Subsidiaries as at March 31, 2021	81
Table 11.1 Overview of Stated Capital	82
Table 11.2 Changes in Stated Capital of JAT	82
Table 11.3 Details of Share Repurchase by JAT	82
Table 11.4 Details of Transfer of Shares in JAT	83
Table 11.5 Shareholders of JAT	83
Table 11.6 Shares Locked-in – Pre IPO	84
Table 11.7 Shares Locked-in – Pre IPO (Shares acquired by way of Transfer)	85
Table 11.8 Shares Locked-in – Post IPO	85
FIGURES	
Figure 7.1 Vision, Mission and Values of JAT	32
Figure 7.2 Key Milestones of JAT	32
Figure 7.3 Group Structure of JAT Group	33
Figure 7.4 Key Customer Centric Initiatives by JAT	44
Figure 7.5 Market Presence of JAT	50
Figure 8.1 Composition of Operating Expenses of JAT	58
Figure 8.2 Profitability Ratios of JAT	59
Figure 9.1 Governance Structure of JAT	70

SALIENT FEATURES OF THE OFFER AT A GLANCE

Company	JAT Holdings Limited
Offer	An Initial Public Offering comprising of an Offer for Subscription and Offer for Sale
Total Number of Shares to be Offered	82,904,846 Ordinary Voting Shares
Share Offer Price	LKR 27/- per Share
Total Amount to be Raised via Share Offer	LKR 2,238,430,842/-
Selling Shareholder	<p>Emerald Sri Lanka Fund I Limited holding 27,090,146 Ordinary Voting Shares of the Company as at the date of this Prospectus which represents 5.31% of the total Ordinary Voting Shares of the Company (post IPO).</p> <p>Refer Section 5.2 of this Prospectus for further details on the Selling Shareholder</p>
Offer for Subscription	Issuance of 55,814,700 New Ordinary Voting Shares at the Share Offer Price of LKR 27/- amounting to a total subscription of LKR 1,506,996,900
Offer for Sale	Offer of 27,090,146 Ordinary Voting Shares at the Share Offer Price of LKR 27/- amounting to a total consideration of LKR 731,433,942/-
Minimum Investment per Application	<p>Minimum investment per Application is 100 Shares (LKR 2,700/-). Applications exceeding the minimum investment should be in multiples of 100 Shares.</p> <p>Minimum investment of 100 Shares will be allotted/allocated to each successful Applicant.</p>
Opening of the Subscription List (Offer Opening Date)	July 20, 2021
Closure of the Subscription List (Offer Closing Date)	<p>August 10, 2021</p> <p>or the day on which the Offering becomes oversubscribed, whichever is earlier</p>
Earliest Offer Closing Date	July 20, 2021
Basis of Allotment/Allocation	The basis of allotment/allocation is detailed in Section 6.7 of this Prospectus
CSE Listing	To be listed on the Main Board of the CSE subject to compliance with the CSE Listing Rules and SEC Directives (as applicable)

1. CORPORATE INFORMATION

The Company	JAT Holdings Limited
Legal Form of the Company	A company incorporated in Sri Lanka on July 1, 1993 as a private limited liability company under the Companies Act No. 17 of 1982 and re-registered on October 30, 2008 under the Companies Act No. 07 of 2007 and subsequently converted to a public limited liability company on March 23, 2021 under the Companies Act No. 07 of 2007
Company Registration Number	PB00237072
Registered Office	JAT Holdings Limited No. 351, Pannipitiya Road Thalawathugoda Tel : +94 11 440 7700 Fax : +94 11 277 3793
Board of Directors	Dr. Sivakumar Selliah – Chairman/Non-Executive Independent Mr. Aelian Gunawardene – Founder and Managing Director/Executive Non-Independent Mrs. Joycelyn Gunawardene – Non-Executive/Non-Independent Mr. Hussain Akbarally – Non-Executive/Independent Mr. Girish Patil – Non-Executive/Independent Mr. Richard Gunawardene – Non-Executive/Non-Independent Mrs. Anika Williamson – Non-Executive/Non-Independent Mr. Devaka Cooray – Non-Executive/Independent Mrs. Priyanthi Pieris – Non-Executive/Independent
Company Secretaries	N. I. D. Corporate Services (Pvt) Ltd No. 18/49A,1/2 Circular Road B Muhandiram E. D. Dabare Mawatha Colombo 5 Tel : +94 11 255 7444
Auditors to the Company	Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10 Tel : +94 11 246 3500 Fax : +94 11 269 7369
Bankers to the Company	Commercial Bank of Ceylon PLC No. 07, Suramya Building Kotte Road Thalawathugoda Tel : +94 11 2 773 551 Fax : +94 11 2 773553
	Hatton National Bank PLC No. 715, Pannipitiya Road Thalawathugoda Tel : +94 11 2 774 194 Fax : +94 11 2 774 195

Bankers to the Company	DFCC Bank PLC 73/5, Galle Road Colombo 03 Tel : +94 11 2 442 442 Fax : +94 11 2 337 279
	National Development Bank PLC No. 40, Nawam Mawatha Colombo 2 Tel : +94 11 2 448 448 Fax : +94 11 2 441 106
	Standard Chartered Bank 37, York Street Colombo 1 Tel : +94 11 2 480 042 Fax : +94 11 5 450 050
	People's Bank 11th Floor, No 75, Sir Chittampalam A Gardiner Mawatha Colombo 02 Tel : +94 11 2 334 267 Fax : +94 11 2 473 340
	Sampath Bank PLC No.55, D R Wijewardena Mawatha Colombo 10 Tel : +94 11 2 796 670 Fax : +94 11 2 796 672

2. RELEVANT PARTIES TO THE OFFERING

Joint Financial Advisors and Managers to the Offer	<p>NDB Investment Bank Limited Level 1, NDB Capital Building No. 135, Bauddhaloka Mawatha Colombo 04 Tel : +94 11 2 300 385-90 Fax : +94 11 2 300 393</p> <p>Capital Alliance Partners Limited Level 05, Millennium House No. 46/58 Nawam Mawatha Colombo 02 Tel : +94 11 231 7777 Fax : +94 11 231 7788</p>
Placement Coordinator	<p>Acuity Partners (Private) Limited 53, Dharmapala Mawatha Colombo 03 Tel : +94 11 220 6206 Fax : +94 11 243 7149</p>
Lawyer to the Offer	<p>Mrs. Priyanthi Pieris Attorney-at-Law No. 3/14D Kynsey Road Colombo 08 Tel : +94 11 461 0476/+94 777 385 997</p>
Auditors and Reporting Accountants to the Offer	<p>Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10 Tel : +94 11 246 3500 Fax : +94 11 269 7369</p>
Registrars to the Offer	<p>P W Corporate Secretarial (Pvt) Ltd 3/17, Kynsey Road Colombo 08 Tel : +94 11 464 0640 Fax : +94 11 269 6717</p>
Bankers to the Offer	<p>Hatton National Bank PLC No. 715, Pannipitiya Road Thalawathugoda Tel : +94 11 277 4194 Fax : +94 11 277 4195</p>

3. GLOSSARY OF TERMS AND ABBREVIATIONS

APAC	Asia Pacific
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CNCI	Ceylon National Chamber of Industries
CSR	Corporate Social Responsibility
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EM	Emulsion
ERP	Enterprise Resource Planning
EU	European
EUR	Euro
FG	Finished Goods
FY	Financial Year
GDP	Gross Domestic Product
GoSL	Government of Sri Lanka
GP	Gross Profit
HR	Human Resources
HS	Harmonised System
ICRA	International Credit Rating Agency
ISO	International Organisation for Standardisation
LC	Letter of Credit
Lts	Liters
NC	Nitrocellulose
NCCSL	National Chamber of Commerce of Sri Lanka
OD	Overdraft
OHSAS	Occupational Health and Safety Assessment Series
PAT	Profit After Tax
PBT	Profit Before Tax
PU	Polyurethane
Q	Quarter
R&D	Research and Development
SAARC	South Asian Association for Regional Cooperation
SEC	Securities and Exchange Commission of Sri Lanka
SLEDB	Sri Lanka Export Development Board
Sqft	Square Feet
Sqm	Square Meters
UL	A Global Safety Certification Company
UN	United Nations
URS	United Registrar of Systems
USD	United States Dollar
UV	Ultraviolet
VAT	Value Added Tax
WB	Water Based
WWTP	Wastewater Treatment Plant
YoY	Year Over Year
YTD	Year to Date

4. GLOSSARY OF TERMS RELATED TO THE OFFERING

Applicant/s	An investor who submits an Application Form in terms of this Prospectus
Application Form/ Application	The application form that constitutes part of this Prospectus through which the investors may apply for the Offered Shares
Articles of Association	Articles of Association of JAT Holdings Limited
AWPLR	Average Weighted Prime Lending Rate
Bn	Billion
Board/Board of Directors/ Directors	Directors for the time being of JAT Holdings Limited, unless otherwise stated
CDS	Central Depository Systems (Pvt) Ltd
c.	Circa
CEFT	Common Electronic Fund Transfer
Companies Act	Companies Act No. 07 of 2007 (as amended)
CSE	Colombo Stock Exchange
Foreign Investor	<ul style="list-style-type: none"> • Citizens of Sri Lanka who are resident outside Sri Lanka and above 18 years of age; • Corporate bodies incorporated or established outside Sri Lanka; • Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas) • Regional and country funds approved by the SEC <p>Please refer Section 6.1 for further information</p>
FY	Financial Year
IIA	Inward Investment Account
JAT/The Company	JAT Holdings Limited
JAT Group	JAT Holdings Limited and its subsidiaries mentioned in Section 7.0
Joint Application Forms	Application Forms submitted by natural persons not exceeding three
Joint Financial Advisors and Managers to the Offer/Joint Managers	<p>NDB Investment Bank Limited (NDBIB)</p> <p>Capital Alliance Partners Limited (CAL)</p>
Lawyer to the Offer	Mrs. Priyanthi Pieris
LCB	Licensed Commercial Bank
LKR/Rs.	Sri Lanka Rupee
Local Time	Sri Lanka Time
Market Day	Any day on which CSE is open for trading
Mn	Million
NAV	Net Asset Value
New Shares	55,814,700 new Ordinary Voting Shares to be issued by the Company to the public at the Share Offer Price

NIC	National Identity Card
Non-Retail Investor Category	Investors who do not fall under Retail Individual Investor Category and Unit Trust Investor Category
Offer for Sale	An invitation to the public to subscribe for Vendor Shares at the Share Offer Price
Offer for Subscription	An invitation to the public by the Company to subscribe for New Shares of the Company at the Share Offer Price
Offer Opening Date	The date of opening of the subscription list as mentioned in Section 5.10 of the Prospectus
Offer Closing Date	The date of closure of the subscription list as mentioned in Section 5.10 of the Prospectus
Offer/Offering/IPO	The Offer for Subscription of New Shares and the Offer for Sale of Vendor Shares proposed to be offered simultaneously at the Share Offer Price in terms of this Prospectus.
Offered Shares	82,904,846 Ordinary Voting Shares offered to the public via Offer for Subscription and Offer for Sale
Ordinary Shares/Issued and Paid up Ordinary Shares/Ordinary Voting Shares/Shares	Ordinary voting shares of the Company
Placement Coordinator	Acuity Partners (Private) Limited
POA	Power of Attorney
Prospectus	This Prospectus dated July 2, 2021 issued by the Company
Public Holding	As set out in the Listing Rules of the CSE
Retail Individual Investor Category	Individual investors who subscribe for Shares up to a value of LKR 100,000/- (i.e. up to 3,700 shares)
RTGS	Real Time Gross Settlements
SEC	Securities and Exchange Commission of Sri Lanka
SEC Act	Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 (as amended)
Share Offer Price	The price at which the Shares via IPO will be offered to the public as detailed in this Prospectus, i.e. LKR 27/- per Ordinary Voting Share
SLIPS	Sri Lanka Inter-bank Payment System
SPV	Special Purpose Vehicle
Stated Capital	The Stated Capital of JAT Holdings Limited
Unit Trust Investor Category	Growth and Balanced Unit Trusts operated by managing companies licensed under the SEC to operate such Unit Trusts, where such Unit Trusts comprise of not less than 500 Unit Holders resident in Sri Lanka who together hold at least 50% of that Unit Trust, as per SEC Directive dated June 06, 2011 (Ref: SEC/Leg/11/06/01)
Vendor Shares	27,090,146 Ordinary Voting Shares offered via Offer for Sale by the Selling Shareholder (as detailed in Section 5.2)

5. DETAILS OF THE OFFERING

5.1. The Offering

The Offering contemplated herein shall constitute an invitation made to the public to subscribe for Eighty Two Million Nine Hundred and Four Thousand Eight Hundred and Forty Six (82,904,846) Ordinary Voting Shares at the Share Offer Price of Sri Lanka Rupees Twenty Seven (LKR 27/-).

The Offering constitutes two tranches, details of which are listed below:

Table 5.1 Tranches of the Offering

Description	Number of Ordinary Shares on the Offer	Value at Share Offer Price (LKR)	Percentage of Post Offer (%)
Offer for Subscription of New Shares	55,814,700	1,506,996,900	10.93%
Offer for Sale of Shares held by Emerald Sri Lanka Fund I Limited (Vendor Shares)	27,090,146*	731,433,942	5.31%
Total	82,904,846	2,238,430,842	16.24%

** these shares amount to a 5.96% of JAT pre-IPO*

5.2. Selling Shareholder

The shareholder mentioned below is offering for sale, 27,090,146 existing Ordinary Voting Shares amounting to 5.31% of the Ordinary Voting Shares of the Company (post IPO) in order to facilitate the listing of the Ordinary Shares on the CSE.

Table 5.2 Divestiture of Existing Shares

Selling Shareholder	Number of Shares Held as at the Date of the Prospectus	Number of Shares Offered via IPO	Percentage (%) of Holding in JAT (Post-IPO)	Date of Acquisition
Emerald Sri Lanka Fund I Limited	27,090,146*	27,090,146	5.31%	November 26, 2016

** these shares amount to a 5.96% of JAT pre-IPO*

The above mentioned Selling Shareholder has complied with Rule 2.1.1 (e) (i) of the CSE Listing Rules.

Emerald Sri Lanka Fund I Limited is managed by NDB Zephyr Partners Limited (Mauritius,) a joint venture between NDB Capital Holdings Limited (60%) and Zephyr Management L.P,USA (40%). NDB Zephyr Partners Lanka (Private) Limited is a fully owned subsidiary of NDB Zephyr Partners Limited (Mauritius) and employs the Sri Lankan management team of the fund. Mr. Girish Patil, Joint Managing Director of NDB Zephyr Partners Lanka (Private) Limited is a Non-Executive Independent Director of JAT. NDB Investment Bank Limited, acting as Joint Managers to the Offer is a fully owned subsidiary of NDB Capital Holdings Limited.

The ultimate beneficiaries of Emerald Sri Lanka Fund I Limited are given below.

- DEG-Deutsche Investitions-und Entwicklungsgesellschaft mbH: A German development finance institution
- Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.: The Dutch entrepreneurial development bank
- International Finance Corporation: A sister organisation of the World Bank and member of the World Bank Group
- NDB Capital Holdings Limited: A subsidiary of National Development Bank PLC (NDB Bank, Sri Lanka)
- HSBC Private Bank (Suisse) SA: HSBC Private Bank (Suisse) SA is the nominee of Dorset Limited and Investment Company
- Zephyr Emerald Holder, LLC: Affiliate of Zephyr Management, LP

5.3. Nature of the Offered Shares

From the date of allotment, the New Shares shall rank equal and pari passu in all respects with the existing Ordinary Voting Shares and each New Share shall confer on the holder thereof the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in any dividend that may be paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in a liquidation.

From the date of completion of the allocation of the Vendor Shares to the Applicant, which date shall be even to the date of allotment of the New Shares, referred to above, such Shares shall rank equal and pari passu, in all respects with the existing other Ordinary Shares and the New Shares allotted in terms of this Prospectus, and such Share shall confer on the holder thereof the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in any dividend that may be paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in a liquidation.

5.4. Size of The Offering

If fully subscribed, the Company and the Selling Shareholder, shall raise Sri Lanka Rupees One Billion Five Hundred and Six Million Nine Hundred and Ninety Six Thousand Nine Hundred (LKR 1,506,996,900/-) and Sri Lanka Rupees Seven Hundred and Thirty One Million Four Hundred and Thirty Three Thousand Nine Hundred and Forty Two (LKR 731,433,942/-) respectively constituting a total of Sri Lanka Rupees Two Billion Two Hundred and Thirty Eight Million Four Hundred and Thirty Thousand Eight Hundred and Forty Two (LKR 2,238,430,842/-).

5.5. Share Offer Price

The Share Offer Price will be Sri Lanka Rupees Twenty Seven (LKR 27/-) per share. The Board of Directors of JAT is of the opinion that the Share Offer Price is fair and reasonable to the Company and to all existing Shareholders of the Company in terms of the Companies Act.

Advice for the determination of the Share Offer Price for the IPO was sought by JAT from the Joint Financial Advisors and Managers to the Offer, Capital Alliance Partners Limited (CAL) in accordance with the Research Report compiled by CAL in line with Rule 3.1.4 (c) of the CSE Listing Rules. A copy of the Research Report which includes the five year forecast financials and the valuation methodologies is enclosed as Annexure I of this Prospectus.

A summary of the valuation methods used to determine the Share Offer Price is as follows:

Table 5.3 Summary of Valuation

Valuation Method	Value per Share (LKR)	Weightage	Discount to the Share Offer Price (%)
Discounted Cash Flow Valuation	32.50	90%	16.9%
Forward P/E Based Valuation	34.51	10%	21.8%
Average Value Per Share	32.70		

Source: Research Report (Annexure I)

The Share Offer Price of LKR 27/- per Share is at a 17.4% discount to the Average Value Per Share of LKR 32.70 derived from the weighted average of the Discounted Cash Flow Valuation and Forward P/E based valuation on a 90:10 ratio. This IPO discount is provided to investors in order to provide a potential upside on the investment.

The Net Asset Value (NAV) per Share and the Price to Book Value (P/BV) at the Share Offer Price are as follows:

Table 5.4 NAV per Share, P/BV at Share Offer Price

As at	Net Assets Value (LKR Mn)	Net Assets Value per Share (LKR)	P/BV at Share Offer Price (x)
March 31, 2020	4,968	10.86	2.49
March 31, 2021	5,345	11.76	2.30

The investors should read the quantitative and qualitative factors given in Section 5.6, the risk factors included under Section 12 of this Prospectus and the details of the Company and its financial statements included in this Prospectus.

5.6. Quantitative and Qualitative Factors Pertaining to the Offering

5.6.1 Quantitative Factors

Historical Earnings per Share (EPS), Return on Equity (ROE) and Price to Earnings Ratio (P/E) are given below.

Table 5.5 EPS, ROE and P/E

Period Ended	Basic EPS (LKR)*	Diluted EPS (LKR)*	ROE (%)**	P/E (x)***
March 31, 2021	1.32	1.32	11.61	20.50
March 31, 2020	1.56	1.56	14.93	17.34
March 31, 2019	1.93	1.93	21.05	13.97
March 31, 2018	1.39	1.39	17.66	19.40
March 31, 2017	1.97	1.97	30.81	13.71
March 31, 2016	1.91	1.91	39.52	14.11
Average	1.68	1.68	22.60	16.07

Source: JAT Audited Financial Statements

*Based on total number of shares in issue as at the respective financial year end. The numerator for both the Basic EPS and Diluted EPS has been taken as "Profit for the year attributable to owners of the parent"

**ROE = Net Profit After Tax Attributable to Owners of the Parent / Average Equity Attributable to Owners of the Parent

***P/E ratio is calculated based on the Share Offer Price of LKR 27/-. The Average P/E of 16.07 times is calculated based on the Average Basic EPS of LKR 1.68.

- Based on the forecasted financials for FY22E in the Research Report, Basic and Diluted EPS are expected to be LKR 2.34 while the P/E is 11.54 times (based on number of shares post IPO).

P/E Ratio

- Based on Basic and Diluted EPS of LKR 1.32 for the year ended March 31, 2021, the P/E is 20.50 times.
- Based on the six year average (FY16 – FY21) Basic and Diluted EPS of LKR 1.68, the P/E is 16.07 times.

Industry P/E details are given below:

Particulars	Name of the Peer Entity	P/E (x)
Lowest	Tokyo Cement Company (Lanka) PLC	5.26
Highest	RAK Ceramics (Bangladesh) Limited	36.16
	Industry Average	17.70

Source: Colombo Stock Exchange, S&P Capital IQ, Dhaka Stock Exchange

Market capitalisation as at June 04, 2021 and earnings are on a trailing twelve month basis as at the last published quarter on June 04, 2021

Net Asset Value (NAV) and Price to Book Value (P/BV)

- Based on NAV per Share of LKR 11.76 as per the latest audited financial statements as at March 31, 2021, P/BV of JAT is 2.30 times.
- The post-IPO NAV per Share amounts to LKR 13.42, based on the adjusted NAV as at March 31, 2021 and number of Ordinary Shares in issue assuming full subscription of the Offered Shares.

Industry P/BV details are given below:

Particulars	Name of the Peer Entity	P/BV (x)
Lowest	ACL Cables PLC	0.85
Highest	Berger Paints Bangladesh Limited	8.60
	Industry Average	2.38

Source: Colombo Stock Exchange, S&P Capital IQ, Dhaka Stock Exchange

Market capitalisation as at June 04, 2021 and book values are as at the last published quarter on June 04, 2021

Comparison of Accounting Ratios of Peer Entities

The comparable ratios of entities that are to some extent similar in business are given below (as per March 31, 2021 interim financial statements). The peer group for JAT was selected based on the companies listed under the Materials and Capital Goods industry groups, GICS classification on the CSE and the Paints and Building Products industry groups in Bangladesh as per industry classification on the S&P Capital IQ.

Table 5.6 Comparison of Key Ratios across Peers

Peer Entity	NAV per Share (LKR)	EPS (LKR)	P/E (x)	P/BV (x)	ROE (%)
Royal Ceramics Lanka PLC	27.44	5.54	6.99	1.41	20.19
Tokyo Cement Company (Lanka) PLC	54.83	13.53	5.26	1.30	24.68
Alumex PLC	4.97	1.40	9.47	2.68	28.18
ACL Cables PLC	51.57	4.97	8.70	0.85	9.64
Lanka Walltiles PLC	53.37	10.84	6.16	1.25	20.31
Berger Paints Bangladesh Limited	488.35	124.30	35.45	8.60	25.45
Nahee Aluminum Composite Panel Ltd.	39.35	4.11	22.51	2.35	10.43
Fu-Wang Ceramic Industry Limited	27.76	1.10	28.29	0.98	3.95
RAK Ceramics (Bangladesh) Limited	37.11	2.03	36.16	1.99	5.47

Source: Colombo Stock Exchange, S&P Capital IQ, Dhaka Stock Exchange

Earnings based metrics are on a trailing twelve month basis as at the last published quarter on June 04, 2021

All balance sheet information of the respective peers are as at the last published quarter on June 04, 2021

Bangladesh peer financial information converted at USD/LKR spot rate of 197.72 and USD/BDT spot rate of 84.75 as at June 08, 2021

Market capitalisation as at June 04, 2021

Bangladeshi peers were considered as a significant amount of revenue of JAT is attributable to Bangladesh and overall contribution to the JAT Group through Bangladesh is expected to increase going forward with the establishment of JAT's own manufacturing facility in Bangladesh.

5.6.2 Qualitative Factors

In order to arrive at the Share Offer Price, the following qualitative factors were considered:

- JAT is the pioneer and market leader in wood coatings in Sri Lanka**

JAT has been engaged in the business of manufacturing, selling and distribution of paints, coatings and products for the last 27 years while being the market leader for wood coatings in Sri Lanka for over 20 years (source: Peppercube research and Avaaya research). Over the span of 20 years, JAT has been able to sustain a landmark c.50% market share via its flagship waterbase and polyurethane (PU) wood coating brands since the introduction of waterbased wood coatings to the country.

- JAT has built a trusted name over a period of 27 years in multiple geographies with secured exclusive distribution rights for Sayerlack (the main wood coating brand of The Sherwin-Williams Company)**

JAT has grounded itself as a trusted name for premium quality products over the years. This has enabled the Company to drive new unfamiliar brands to a position of market leadership within a short time period. Having secured exclusive distribution rights for Sayerlack products in South Asia and certain regions in East Africa since 2020 along with the ability to value add, have enabled JAT to single handedly capture the market and the Company is well positioned to replicate similar performance. Being world's largest authorised distributor for Sayerlack branded wood coating (as per The Sherwin-Williams Company) is a testament of the Company's ability to expand into multiple geographies.

- Having a strong brand presence in Bangladesh for over 10 years**

JAT is the leading wood coating supplier in the furniture industry in Bangladesh having revolutionised the market with the introduction of PU coatings. 20% of JAT's revenue is generated through the Bangladesh market. JAT is in a position to further enhance and capitalise on the Bangladesh market with the introduction of a manufacturing facility in the country.

- Equipped with strong insights due to extensive research on product formulas and on market trends via primary data collection and on-field market visits**

JAT has recognised and grounded itself on the value creation in the production process generated through its research activities and anticipates elaborating on it further which will benefit the Company over time. The Company has also leveraged from its strong supplier and customer relationships to better cater to new market demands and trends.

- **Strong and balanced revenue composition among export, retail, industrial and projects revenue**

Through its ability to innovate and improvise, JAT has struck a strong balance between varied avenues of revenue while representing a number of world class brands such as Sayerlack, Herman Miller, SEA Bauformat kitchens, Harris brushes, Knauf ceiling solutions, Sika etc. and JAT's own brands such as J Chem, Euro Metallic, WHITE by JAT and Brush Master. The diversity in the revenue and brands has enabled JAT to sustain in volatile market conditions.

5.7. Objectives of the Fund Raising via Offer for Subscription

The funds raised through the Offer for Subscription will be utilised in the order of priority indicated in the table below:

Table 5.7 Objectives of the Offer for Subscription

	Description	Entity Identified for the Investment	Fund Utilisation (LKR)	Expected Utilisation Timeline
1.	Investment in enhancing the existing R&D facility to a fully fledged state-of-the-art facility for all coatings	JAT Holdings Limited	433,165,000	Q2 of FY22 – Q4 of FY22
2.	Setting up a Manufacturing Facility in Bangladesh	SPV to be set up in Bangladesh as a fully owned subsidiary of JAT Exports DMCC which is a 100% owned subsidiary of JAT Holdings Limited	515,423,927	Q2 of FY22 – Q4 of FY22
3.	Investment in expanding the "WHITE by JAT" Marketing and Development Initiatives	JAT Holdings Limited	256,884,046	Q2 of FY22 – Q4 of FY23
4.	Setting up a Manufacturing Facility in East Africa	SPV to be set up in East Africa as a fully owned subsidiary of JAT Exports DMCC which is a 100% owned subsidiary of JAT Holdings Limited	301,523,927	Q2 of FY23 – Q4 of FY23
	Total		1,506,996,900	

5.7.1 Investment in Fully Fledged New R&D Facility

The Company, via its existing R&D has been able to engage in product innovation and new product development. JAT's existing R&D efforts have enabled it to cater to its rapidly evolving customer demands through value engineering and product benchmarking and have aided the Company's recognition as a fully integrated coatings and finishing solutions provider. JAT's current R&D activities are carried out in its manufacturing facility in Kahathuduwa in Colombo district.

Having taken into consideration the overall value creation in the production process via R&D over time, JAT through this objective intends to enhance its existing R&D effort by investing in a state-of-the-art fully fledged R&D facility under JAT, utilising advanced testing equipment and service of experienced professional chemists both locally and internationally while collaborating with international laboratories and suppliers. Upon setting up this new facility, all R&D initiatives within JAT Group will be centralised and carried out efficiently through this new facility. The new R&D facility would enable JAT to reduce the dependency on R&D support by existing suppliers, improve collaboration with suppliers' R&D facilities to improve the JAT wood coating product range as well as enhance quality and offer tailor made product solutions to new market segments. This modern facility would enable JAT to reach new heights and aid its quest to become a leading player in the South Asian region, whilst reinforcing its competitive edge in its core business by spearheading innovation in wood coating, decorative paint and other specialised coatings segments.

Further, it would enhance the overall efficiency and value creation within the manufacturing process through improvements in quality, reduction in cost of production and accessibility to new markets.

The proposed new R&D facility includes a total built up floor area of c. 8,000 sqft. The total cost of the project is estimated to be c. LKR 433.1 Mn. The summary breakup of the capital expenditure requirement for the R&D facility is given below and the

Company intends to finance the entirety of the capital expenditure required for this purpose by utilising a part of the funds raised through the Offer for Subscription.

Table 5.8 Summary Breakup of Costs to be Incurred for New R&D Facility

Description	Reference in Annexure C	Fund Utilisation (LKR)
Land		40,000,000
Building		64,000,000
Software System for the Operation		15,000,000
Laboratory Set up		83,000,000
Waterbase Wood Coating Equipment		24,625,000
Solvent Base Wood Coating Equipment		18,200,000
Decorative LAB		18,890,000
Performance Coating LAB		13,800,000
Common Instruments Area	Schedule 1.1	62,800,000
Reverse Engineering Unit	Schedule 1.2	65,000,000
Microbiology Lab-Instruments		7,000,000
Computers and Printers		850,000
Other R&D Equipment		20,000,000
Total		433,165,000

It should be noted that the capital expenditure indicated above has been estimated by the management of JAT based on its experience in setting up an R&D facility in the past.

The new R&D facility will be located in Thalawathugoda adjoining the Head Office of JAT. The Company has already initiated negotiations with a third party with whom the Company does not have any relationship to acquire an adjacent land with an extent of 28 perches. Out of this extent c. 50% will be allocated for the R&D facility and as mentioned in Table 5.8 after above, the cost of the land apportioned for the R&D facility is estimated to be c. LKR 40 Mn and is to be funded through the funds raised through the Offer for Subscription. The balance 50% of the land is expected to be utilised by JAT for subsequent expansion of the Head Office/operations and would be funded by internally generated cash. The acquisition will be carried out at the prevailing market value pursuant to obtaining a valuation estimate from an independent valuer.

JAT has already secured initial quotations for machinery and intends to select and appoint all the suppliers and a contractor for setting up this project via a competitive bidding process immediately upon finalising the designs and raising the requisite funds through the Offer for Subscription. JAT, together with all parties and project consultants (to the extent required) would possess the necessary knowledge and expertise to evaluate and identify the most suitable configuration and proposition for the project.

The Company intends to commence the required preliminary work in Q2 of FY22 and expects to complete the facility before the end of Q4 of FY22.

JAT estimates that the cost efficiencies emanated through the implementation of the R&D initiatives would improve its gross profit margins and thereby enhance the returns to its shareholders.

JAT will be required to obtain necessary approvals from the municipal/urban/local councils for building the facility. The Company will apply for the said approvals as and when required and does not foresee a delay in obtaining requisite approvals.

5.7.2 Setting up a Manufacturing Facility in Bangladesh

JAT entered the wood coating space in Bangladesh in 2001 with its strong product range under the brands 'Sayerlack' and 'J Chem' and has already established its position as a leading player in the market over the past few years. In order to capitalise on the strides made as an exporter to Bangladesh, JAT intends to solidify its presence in the country via setting up a manufacturing facility to carry out its entire production requirement to Bangladesh, with a view to benefit from the large consumer segment and growing middle class of the economy. The total extent of the area of the manufacturing facility is expected to be 55,000 sq. ft. JAT believes that having a production footprint in Bangladesh would strengthen its competitive edge via improvement in gross margins stemming from backward vertical integration and associated cost reductions. By setting up physical operations in Bangladesh, JAT would be geared to expand its market share via a more focused and localised approach to production and

improve accessibility to products by expanding beyond the capital city of Dhaka via distributors and JAT Holdings' affiliated company.

The project will be carried out via a SPV to be set up in Dhaka, Bangladesh, as a fully owned subsidiary of JAT Exports DMCC which is a 100% owned subsidiary of JAT Holdings Limited. Further details on JAT Export DMCC are given in Section 7.4.1 of this Prospectus. JAT Export DMCC would procure raw materials from Sayerlack and other suppliers for the manufacturing plant.

The total project cost of setting up the manufacturing facility in Bangladesh is estimated to be c. LKR 515.4 Mn. The summary breakup of the capital expenditure for the project is given below:

Table 5.9 Summary Breakup of Costs to be Incurred in Setting-up a Manufacturing Facility in Bangladesh

Description	Reference in Annexure C	Fund Utilisation (LKR)
Machinery	Schedule 1.1	44,829,908
Land		133,000,000
Building		180,000,000
Emulsion - Production	Schedule 1.2	30,370,520
Enamel - Production	Schedule 1.3	27,535,725
Nitrocellulose - Production	Schedule 1.4	21,149,000
Polyurethane - Production	Schedule 1.5	32,293,774
Warehouse	Schedule 1.6	21,245,000
R&D Expenses		25,000,000
Total		515,423,927

The capital expenditure indicated above has been estimated by the management of JAT based on experience gained through its export presence in Bangladesh and setting up similar facilities in Sri Lanka.

The manufacturing facility will be in Dhaka division in Bangladesh. The Company intends to acquire a land with an extent of c.250 perches through the SPV to be set up in Bangladesh at the prevailing market value pursuant to obtaining a valuation estimate from an independent valuer to be appointed for this purpose. As at the date of the Prospectus, the Company has not identified a suitable specific land to set up this facility. However, the Company is currently in the process of seeking a suitable land for this venture.

Detailed break up of estimated cost of machinery and other processes are given in Annexure C of the Prospectus. Further, JAT intends to secure quotations from suppliers and contractors for setting up the plant and purchase of machinery and other equipment via a competitive bidding process upon finalising designs and raising the requisite funds through the Offer for Subscription.

The acquisition of the land and the commencement of construction work has been scheduled for Q2 of FY 22 and is expected to be completed in Q4 of FY 22.

The Company intends to finance the entirety of the capital expenditure required for this purpose by utilising part of the funds raised through the IPO. For this purpose, JAT will invest in the equity of JAT Exports DMCC and JAT Exports DMCC will thereafter invest in the equity of the SPV to be set up in Bangladesh to carry out the project. However, due to the present restrictions imposed by Department of Foreign Exchange on remittance of foreign currency from Sri Lanka, JAT will during the interim period use the internally generated funds available at JAT Exports DMCC along with the future remittance to be received by JAT Exports DMCC via operations from the export markets, to invest in the equity of SPV to set up the manufacturing facility in Bangladesh and subsequently invest in the equity of JAT Exports DMCC once the said foreign remittance restriction is lifted. In the event the foreign exchange restriction continuing to be operative, JAT will act as set out in Section 5.8.3 of this Prospectus.

JAT will be required to obtain necessary approvals including building approval and trade and manufacturing license from the Bangladesh City Corporation and other relevant authorities. The Company will apply for the said approvals as and when required and does not foresee a delay in obtaining the requisite approvals.

5.7.3 Investment in 'WHITE by JAT' Marketing Development Initiatives

JAT with an intention of providing an innovative experience to its customers, introduced premium quality exterior/interior brilliant white emulsion paint in December 2020 under the brand 'WHITE by JAT'. The product is synonymous with the JAT customers' perception of quality and is a formulation of a superior emulsion paint which provides superior whiteness, film smooth finish, best sheen, and larger area coverage when compared with other offerings in the market. The product has also been certified as free from, Lead, A Formaldehyde and APEO (alkylphenol ethoxylates), making it one of the safest paints available in the market for health. The product is manufactured locally adhering to the ISO guideline (ISO 9001:2005/ISO 14001:2005/ISO 45001:2018) and the paint has been tested specifically under different weather conditions to make it best suited for Sri Lanka.

The product is priced on par with the other key brands in the market, primarily targeting the homeowners, corporates and construction companies. The product is offered at a discounted price making it an affordable paint with high quality for their homes, companies and projects.

The majority of the emulsion paint market in Sri Lanka comprises white and shades of white, of which the largest portion is accounted for by the brilliant white. JAT, via the proposed investment in the marketing and business plan of 'WHITE by JAT' intends to penetrate the white paint market by expanding its product penetration island wide, thereby increasing its presence in the emulsion category.

As a further revolutionary step, JAT intends to promote its direct-to-consumer e-commerce strategy as the primary sales driver for its 'WHITE by JAT' range, via the intense promotion of the website, www.whitebyjat.com. This simple and easy to navigate e-commerce platform allows customers to place an order of their required quantity in just 4 steps: minimum effort, enjoying a 40% direct discount on maximum retail price and free island-wide delivery within a period of 48 hours throughout the Colombo and Gampaha districts and other areas within a week.

The total cost of the investment in the marketing/promotion strategy of 'WHITE by JAT' is estimated to be LKR 257 Mn. The summary breakup of the cost for the project is given below;

Table 5.10 Summary Breakup of Costs to be Incurred in 'WHITE by JAT' Marketing Development Initiatives

Description	Fund Utilisation (LKR)
Advertising – Traditional and Digital Media	212,374,434
Promotions and Other Marketing Activities	44,509,612
Total	256,884,046

JAT intends to finance the above campaign via the proceeds raised through the Offer for Subscription. Out of the total cost, LKR 82 Mn is expected to be incurred during the FY22 and the balance c. LKR 175 Mn to be incurred during FY23.

5.7.4 Setting up a Manufacturing Facility in East Africa

JAT, as a part of its journey to enhance its global footprint ventured into the African region during FY20 via exporting wood coating products to nascent markets such as Kenya and Ghana. JAT has earmarked East Africa to set up a wood coating manufacturing facility. The total extent of the floor area of the manufacturing facility is estimated to be 25,500 sq. ft. JAT has already partnered with Stax Inc. for the feasibility study which is currently underway. The Company, through this manufacturing facility intends to introduce water base and high-quality wood finishes to the African market at an affordable price capitalising on benefits provided via regional trade agreements in Africa.

The project will be carried out via a SPV to be set up in East Africa, as a fully owned subsidiary of JAT Exports DMCC which is a 100% owned subsidiary of JAT Holdings Limited. Further details on JAT Export DMCC are given in Section 7.4.1 of this Prospectus.

The total cost of setting up the manufacturing facility in East Africa is estimated to be c. LKR 302 Mn. The summary breakup of the capital expenditure for the project is given below:

Table 5.11 Summary Breakup of Costs to be Incurred in Setting-up a Manufacturing Facility in East Africa

Description	Reference in Annexure C	Fund Utilisation (LKR)
Machinery	Schedule 1.1	44,829,908
Land		33,000,000
Building		91,500,000
Emulsion - Production	Schedule 1.2	30,370,520
Enamel - Production	Schedule 1.3	27,535,725
Nitrocellulose - Production	Schedule 1.4	21,149,000
Waterbase - Production	Schedule 1.5	26,893,774
Warehouse	Schedule 1.6	21,245,000
R&D Expenses		5,000,000
Total		301,523,927

The capital expenditure indicated above has been estimated by the management of JAT based on its past experience in carrying out similar projects. The Company expects to finalise the plans including the exact location to set up the facility in East Africa and identify the detailed breakup of the capital expenditure to be incurred for the said establishment upon finalising the feasibility study.

The Company intends to acquire a suitable land with an extent of c.125 perches in an identified location in East Africa to set up this facility at prevailing market value pursuant to obtaining a valuation estimate from an independent valuer. As at the date of the Prospectus, the Company has not identified a suitable land to set up this facility.

Detailed break up of estimated cost of machinery and other processes are given in Annexure C of the Prospectus. Further, JAT intends to secure quotations from suppliers and contractors for setting up the plant and purchase of machinery and other equipment via a competitive bidding process as and when the Company initiates the design and tendering process for the facility.

The commencement of construction work has been scheduled for Q2 of FY23 and is expected to be completed in Q4 of FY23.

The Company intends to finance the entirety of the capital expenditure required for this purpose by utilising a part of the proceeds of the Offer for Subscription. For this purpose, JAT will invest in the equity of JAT Exports DMCC and JAT Exports DMCC will thereafter invest in the equity of the SPV to be set up in East Africa to carry out the investment. However, in the event present restrictions imposed by the Department of Foreign Exchange on remittance of foreign currency from Sri Lanka prevails, JAT will, during the interim period use the internally generated funds available at JAT Exports DMCC along with the future remittance to be received by JAT Exports DMCC via operations from the export markets, to invest in the equity of the SPV to set up the manufacturing facility in East Africa and subsequently invest in the equity of JAT Exports DMCC once the said foreign remittance restriction is lifted. In the event the foreign exchange restriction continuing to be operative, JAT will act as set out in Section 5.8.3 of this Prospectus.

JAT will be required to obtain necessary approvals including building approval and trade and manufacturing license from relevant authorities in the country of setting up the facility.

The proposed objectives once implemented would extend an opportunity for the shareholders to be part of the growth strategy of JAT Group and benefit from returns in the future through improvement in expected profitability of the JAT Group.

It should be noted that, JAT intends to invest the funds raised via Offer for Subscription in either one or a combination of government securities, deposits in licensed commercial banks and money market funds generating a return of at least the prevailing overnight REPO rate until such funds are utilised for the corresponding objectives identified above. The Board will invest such funds whilst adhering to the said investment policy during the interim period until deployment towards objectives mentioned in Section 5.7.

In the event of an undersubscription of the Offer for Subscription tranche where the funds raised are not adequate to finance the objectives mentioned above, JAT would use internally generated funds and/or external borrowings to finance balance funds required for such Objectives. As at March 31, 2021, JAT Group enjoys borrowing facilities amounting up to LKR 480 Mn and import line facilities of LKR 1,172 Mn of which only 30% is utilised. The Company's closing cash position reported a positive

balance of LKR 173 Mn net of the stated debt as at March 31, 2021. In such a situation balance funding required to continue with the investment in new R&D facility and setting up a manufacturing operation in Bangladesh will be met through external borrowings while the balance funding required for the investment in 'WHITE by JAT' marketing and development initiatives and investment in setting up a manufacturing facility in East Africa will be carried out via internally generated funds of the Company.

In the event the Company decides to utilise proceeds of the Offer for Subscription for any related party transactions, such utilisation would be carried out in compliance with Section 9 of the CSE Listing Rules by obtaining requisite approvals from Related Party Transaction Review Committee (RPTRC) prior to carrying out such transactions. Details with regard to the composition of RPTRC is disclosed under Section 9.11.3 of the Prospectus.

The utilisation of the funds raised through the Offer for Subscription will not amount to a major transaction as per the Companies Act.

5.8. Specific Risks Associated with the Objectives of the Offer for Subscription

5.8.1 Risk of Cost Over Runs of Projects

Increases in estimated cost of the objectives mentioned above will have a major impact on the viability and expected returns of the projects. JAT will continually be involved in monitoring all the costs, assessing any variances and take required action to ensure that the said investments are within its estimated cost. In the event funds raised via Offer for Subscription are insufficient to cover cost overruns, JAT would utilise internally generated funds or via borrowings, as required to finance the same. The Company has sufficient capacity in this regard with a gearing ratio (debt to total capital) of less than 10% as of March 31, 2021.

5.8.2 Risk of Delay in Implementation of Projects and Invest the Funds within the Intended Timeline

JAT intends to commence utilising the proceeds of the Offer for Subscription within the timeline stipulated. JAT acknowledges that implementation of Objectives 1, 2 and 4 may encounter some delays due to the need to obtain approvals from requisite authorities to commence the said projects. However, the Company will apply for requisite regulatory and other approvals as mentioned above as and when required and does not foresee a delay in obtaining the same at this point in time. The investment in the objectives mentioned above (other than Objective 3) may be prolonged due to delays by various third parties involved in the process. Also, the implementation of objectives may be hindered due to any slowdown/adverse macro-economic conditions in Sri Lanka, Bangladesh and the African region (including the ongoing global pandemic situation that could have an impact on customer demand and/or result in delays in project implementation). In the event of any delay, JAT would take longer than expected to generate the expected returns envisaged from said objectives. However, given the strength of the business of JAT and considering the current demand for its products, JAT does not foresee any adverse impact on implementation of the projects that would delay in deploying the proceeds raised via the IPO towards the objectives as mentioned above during the time frames stipulated.

However, in the event the Company is unable to utilise the Offer for Subscription proceeds for the objectives prescribed above within the intended timelines mentioned, a market announcement will be made and approval of the shareholders will be sought at an Extraordinary General Meeting held prior to utilisation of such funds, to decide the course of action with regard to the utilisation of the proceeds of Offer for Subscription and the necessary disclosures with regard to the same will be made to the CSE and included in the financial statements stated in Section 5.8.3 of the Prospectus.

5.8.3 Risk of Not Being Able to Invest the Funds Raised in the Stipulated Objectives

JAT does not intend to deviate from any objectives mentioned above when utilising the proceeds raised through the Offer for Subscription. However in the event the Company cannot proceed with the said objectives and utilise the allocated funds due to the vulnerability of market conditions in Sri Lanka, Bangladesh or African region as a result of macro-economic conditions and adverse effects (including the impact stemming from the ongoing global pandemic situation) at the time of investments or negative outcome of feasibility exercises in carrying out such projects, the Company would evaluate the next best alternative of investing such funds without undue delay, make a market announcement and obtain approval of the shareholders at an Extraordinary General Meeting prior to utilisation of such funds in the decided course of action.

In the event proceeds raised via the Offer for Subscription is utilised for any purpose, other than the purposes mentioned above or any deviation from the stipulated time frame to achieve such objectives or any deviation from amount allocated for such objectives, the Company will make necessary disclosures to the shareholders via the CSE and include relevant disclosures in the Interim Financial Statements and Annual Report as appropriate. Further, the Company will take necessary steps to obtain the approvals of the relevant parties including the shareholders as appropriate at that point in time and make necessary disclosures as appropriate.

The Company will disclose the information pertaining to the utilisation of proceeds of the Offer for Subscription in the Annual Report and Interim Financial Statements from the date of raising funds until the objectives are achieved and funds are fully utilised as per the template referred to below.

Table 5.12 Continuous Disclosure on Utilisation of Proceeds of Offer for Subscription

Objective as per Prospectus	Amount Allocated as per Prospectus (LKR Mn)	Proposed Date of Utilisation as per Prospectus	Amount Allocated from Proceeds (LKR Mn) (A)	% of Total Proceeds	Amounts Utilised (LKR Mn) (B)	% of Utilisation against Allocation (B/A)	Clarification if not Fully Utilised including where the funds are invested (i.e. whether given to related parties etc.)

In the event the proceeds raised through Offer for Subscription have been fully utilised by the Company for any objective as disclosed in the Prospectus between two financial periods, the Company would disclose such fact in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first, subsequent to the utilisation in its entirety as per the above template.

5.9. Listing

The Offering herein contemplated comprises 82,904,846 Ordinary Voting Shares at LKR 27/- per Share amounting to LKR 2,238,430,842/-. If fully subscribed, the Offered Shares will amount to 16.24% of the Issued Ordinary Shares of the Company subsequent to the Offering.

An Application has been made and approved in principle by the CSE for permission to deal in and for a listing of 510,407,773 Ordinary Voting Shares being the entirety of the Shares constituting the Stated Capital of the Company subsequent to the IPO.

However, the CSE reserves the right to withdraw such approval, in the circumstances set out in Rule 2.3 of the Listing Rules of the CSE.

JAT has already complied with Rule 2.1.2 (i) (a), (b) and (d) of the CSE Listing Rules.

It is expected that the Company will meet the minimum public holding requirement set out in Rule 2.1.2 (i) (c) pursuant to which the listing of the entire Ordinary Shares of the Company will take place on the Main Board of the CSE.

However, in the event where JAT is unable to meet the requirement of Rule 2.1.2 (i) (c) of the CSE Listing Rules as mentioned above, upon closure of the Offer, the Ordinary Shares of the Company will not be listed on the CSE. In such an event the amounts subscribed will be returned to the Applicants.

It should be noted that the aforesaid public holding requirements would be calculated by considering all Shares that are freely tradable on the date of listing. The details of Shares mentioned in Table 10.6 will be locked in as set out in Section 10 of the Prospectus.

5.10. Opening and Closing of the Subscription List

The subscription list for the Offered Shares will open at 9.00 a.m. on July 20, 2021 and shall, subject to the occurrence of the events in the following paragraph, remain open for fourteen (14) Market Days (including the date of opening) until closure at 4.30 p.m. on August 10, 2021.

In the event of an oversubscription of the Offered Shares, the Company shall inform the CSE in writing immediately of such fact and the subscription list will be closed at 4.30 p.m. on the same day on that it is fully subscribed.

5.11. Cost of the Offering

The total costs associated with the Offering are estimated to be c. LKR 58 Mn translating to c. 3% of the Offering. These include all direct costs and expenses associated with the Offering, inclusive of but not limited to the initial listing fees to the CSE, management/advisory fees payable to the Joint Managers to the Offer, brokerage commission, fees for the registrar function, legal, consultancy and accountancy fees, advertising and promotional costs and printing costs. The cost to be incurred by JAT in connection to the IPO will be borne by JAT and Selling Shareholder in proportionate to the funds raised under each tranche of the Offering. The costs to be borne by JAT will be recovered from the internally generated funds of the Company.

5.12. Brokerage

Brokerage at the rate of zero decimal five per centum (0.5%) of the value of Offered Shares will be paid in respect of the number of Shares allotted/allocated on Applications bearing the original seal of any bank operating in Sri Lanka or a member/trading member of the CSE or Joint Financial Advisors and Managers to the Offer or Placement Coordinator or any other intermediary appointed by the Company and/or Joint Financial Advisors and Managers to the Offering involved in the marketing of the Offering.

5.13. Minimum Subscription and Underwriting

The Offering is not conditional upon any minimum subscription amount being raised through this IPO. The Company has not entered into any underwriting arrangement with regard to the Offering. In the event the Offer is undersubscribed, the subscribers shall be allotted/allocated in full and funds raised via the Offer for Subscription together with internally generated funds and/or external borrowings shall be utilised to meet the objectives as set out in Section 5.7 herein.

5.14. Inspection of Documents

Articles of Association, Auditors' Report and Audited Financial Statements for the financial year ended March 31, 2021, Accountants Report and Summary Financial Statements for the five (5) financial years immediately preceding the date of this Prospectus, Interim Statement of Comprehensive Income Statements for the six (6) month period ended March 31, 2021, material contracts and Management Agreements (if any), Research Report prepared by CAL would be made available for inspection by the public during normal working hours at the registered office of the Company, at No. 351, Pannipitiya Road, Thalawathugoda from the date hereof, until the subscription list is closed or up to 14 market days, whichever is later as per Rule 3.1.20 (a) of the CSE Listing Rules.

Since the Company in terms of Rule 3.1.13(a)(i) of the CSE Listing Rules has already provided the Audited Financial Statements made up to a date not more than twelve (12) months from the date of submission of the listing application (i.e. for the year ended March 31, 2021) in the Prospectus, a separate interim financial statements covering the same period to fulfill the requirement as per Rule 3.1.13 (a) (ii) of the CSE Listing Rules has not been included in the Prospectus and as per the request made by JAT, the CSE has decided to grant a waiver on the said Rule 3.1.13 (a) (ii) of the CSE Listing Rules pertaining to the incorporation of interim financial statements of the Company in the Prospectus.

The Prospectus, Application Form and Articles of Association of the Company will be available on the website of the CSE, www.cse.lk, on the website of the Company, www.jatholdings.com, on the websites of the Joint Financial Advisors and Managers to the Offer www.ndbib.com and www.cal.lk and website of the Placement Coordinator www.acuity.lk from the date hereof for a period of not less than fourteen (14) Market Days as stipulated in Rule 3.1.20 (b) of the CSE Listing Rules.

The research report, justifying the Share Offer Price will be available on the website of the CSE, www.cse.lk, on the Company website, www.jatholdings.com, on the websites of the Joint Financial Advisors and Managers to the Offer www.ndbib.com and www.cal.lk and website of the Placement Coordinator, www.acuity.lk, from the date hereof, for a period not less than two (2) months as stipulated in Rule 3.1.20 (c) of the CSE Listing Rules.

6. PROCEDURE FOR APPLICATION

6.1. Eligible Applicants

Applications are invited from the following categories of investors, having a valid CDS account in the Central Depository System (Private) Limited (CDS Account):

- i. Citizens of Sri Lanka who are resident in or outside Sri Lanka and above 18 years of age; or
- ii. Companies, corporations or institutions incorporated or established within Sri Lanka; or
- iii. Corporate bodies incorporated or established outside Sri Lanka; or
- iv. Approved unit trusts licensed by the SEC; or
- v. Approved provident funds and contributory pension schemes registered/incorporated/established in Sri Lanka (in this case, Application Form should be in the name of the Trustee/Board of Management); or
- vi. Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas); or
- vii. Global, regional and country funds approved by the SEC.

Applications made by individuals less than 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.

Applications submitted under the Unit Trust Investor Category should conform to the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01).

Eligible Applicants may fall into one of the following categories.

- i. Retail Individual Investor Category
- ii. Unit Trust Investor Category
- iii. Non-Retail Investor Category

Please refer “Glossary of Terms and Abbreviations” for the definitions of the aforementioned categories.

6.2. The Procedure for Application

6.2.1 How to Apply

Applicants applying for Offered Shares should submit their Applications in the manner set out below as applicable to you.

i. Via Physical Delivery

The Prospectus and Application Form will be made available free of charge from the collection points listed in Annexure A (subject however that JAT being able to obtain the printed copies from printers based on the present travel restrictions). The Prospectus and the Application Form can also be downloaded from www.cse.lk, www.jatholdings.com, on the websites of the Joint Financial Advisors and Managers to the Offer www.ndbib.com and www.cal.lk and website of the Placement Coordinator, www.acuity.lk. Please refer Section 6.2.8 for submission of Application Forms.

ii. Via JAT Web portal

The Prospectus and Application Form are available through JAT web portal ipo.jatholdings.com. The JAT IPO web portal can also be accessed through the websites www.cse.lk, www.jatholdings.com, www.ndbib.com, www.cal.lk and www.acuity.lk. Applicants who intend to submit their Application Forms using this web portal may download the Application Form and follow the instructions set out in the said web portal and forward their Applications as per the instructions given therein.

iii. Via CSE Mobile App

Applicants who register with the CSE Mobile App, may download the Application Form through such Mobile App, follow the instructions set out in the said Mobile App, and forward their Applications as per the instructions. Submission of digital Application Forms through such CSE Mobile App is limited to both citizens of Sri Lanka who are resident in or outside Sri Lanka and are above 18 years of age and, Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas) only.

The CSE Mobile App, currently, does not facilitate Applications made through Powers of Attorney (POA), Margin Trading, Joint Applicants and the categories referred to in Section 6.1 sub-sections ii, iii, iv, v and vii to apply. Therefore, such Applicants may send their Applications physically or via JAT web portal ipo.jatholdings.com as disclosed above.

APPLICANTS SHOULD APPLY ONLY THROUGH ONE INVESTOR CATEGORY (INCLUDING JOINT APPLICANTS) AND WOULD BE PERMITTED TO SUBMIT ONLY ONE APPLICATION FORM. TWO OR MORE APPLICATIONS SUBMITTED BY THE SAME APPLICANT EITHER UNDER THE SAME CATEGORY OR DIFFERENT CATEGORY WILL BE CONSTRUED AS MULTIPLE APPLICATIONS AND WILL BE REJECTED.

Applicants must apply for the Offered Shares on the Application Form, which constitutes part of this Prospectus. The Application Form should be legibly completed and be received by the Registrars to the Offer.

Retail Individual and Non-Retail Investor Category

Applicants falling under the Retail Individual and Non-Retail Investor Categories should apply for the Shares on the Application Form, which constitutes part of this Prospectus (please refer Section 6.2.1 above for methods of obtaining the Prospectus and Application Form).

Exact size copies of the Application Form will also be permissible under the Retail Individual and Non-Retail Investor Categories. The completed Application Forms should be submitted in accordance with Section 6.2.8 of the Prospectus.

Local and foreign individual investor/s who apply for up to a maximum of 3,700 Shares (including 3,700 Shares) (value of not more than LKR 100,000/-) will be deemed as Retail Individual investors for share allotment purposes.

All non-resident Applicants and corporate Applicants should ensure that the passport number/company registration number (as applicable) is stated in the relevant cages of the Application Form.

Unit Trust Investor Category

Applicants applying under the **Unit Trust Investor Category** should apply for the Shares using the same Application Form (please refer Section 6.2.1 above for methods of obtaining the Prospectus and Application Form and submission).

Only one Application should be made by an Applicant under the **Unit Trust Category**.

Applications submitted under the Unit Trust Investor Category should submit a confirmation by the trustee confirming that such Unit Trust is in conformity with the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01).

'Unit Trust Investors' as defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01), shall mean growth and balanced Unit Trusts operated by managing companies licensed under the SEC to operate such Unit Trusts, where such Unit Trusts comprise of not less than 500 Unit Holders resident in Sri Lanka who together hold at least 50% of that Unit Trust.

An Applicant of a Joint Application, applying through another Application Form, is deemed to have made multiple Applications and will be rejected.

An Applicant who has made an Application under a margin trading account should not apply individually or jointly on a separate Application Form. Such Applications will also be construed as multiple Applications and will be rejected.

Subject to the above, the Company/Joint Managers/Registrars to the Offer reserve the right to reject multiple Applications and suspected multiple Applications which are not allowed or to accept only one Application Form at their discretion.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, without any explanation or reason.

Please note that Applicant information such as full name, address, NIC number/passport number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information shall take precedence over information provided in the Application Form.

Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts will be rejected.

Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform

to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

All Applicants (both resident and non-resident) should indicate their respective National Identity Card (NIC) number or company registration number or passport number as the case may be in the Application Form. Individual resident Applicants should indicate their passport number in the Application Form only if they do not have an NIC number.

As per the Directive of the Securities and Exchange Commission (SEC) made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted/allocated must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, to facilitate the uploading of allotted/allocated Shares to their CDS account.

Please note that upon the allotment/allocation of Shares under this Offer, the allotted/allocated Shares would be credited to the Applicant's CDS account so indicated. Please note that **SHARE CERTIFICATES SHALL NOT BE ISSUED**.

Any Application which does not carry a valid CDS account number or indicates a CDS account number which is not opened at the time of closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment/allocation will be made.

You can open a CDS account through any Member/Trading Members of the CSE as set out in Annexure A or through any Custodian Bank as set out in Annexure B of this Prospectus. You can also open a CDS account through the 'CSE Mobile App'. The CSE mobile application can be downloaded from the Apple App Store (for Apple IOS users) or the Google Play Store (for Google Android users).

PLEASE NOTE THAT AN ALLOTMENT/ALLOCATION OF SHARES WILL ONLY BE MADE IF YOU HAVE A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF APPLICATION.

Applicants have the option of having their Shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participants. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her 'locked' balance in the CDS account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS account.

Operation of a 'locked' balance in the CDS

In order to preserve the confidentiality of shareholder information and to ensure that securities are not made available for trading for those shareholders who do not want to trade the securities, the CDS provides a mechanism where securities can be 'locked' in the CDS account.

The CDS maintains two balances for each CDS account, namely a 'trading' balance and a 'locked' balance. The trading balance would be visible to the CDS participant and all dealings and trading would be permitted on the said trading balance, as done normally.

As opposed to the trading balance, the locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from any unauthorised sale by a broker.

At the option and request of an account holder, the CDS would transfer a named quantity of securities from the locked balance to the trading balance of a CDS account and/or from the trading balance to the locked balance.

6.2.2 Number of Shares Applied

Application should be made for a minimum of One Hundred (100) Shares for a value of Sri Lanka Rupees Two Thousand Seven Hundred (LKR 2,700/-) and in multiples of One Hundred (100) Shares thereof.

Applications made for less than One Hundred (100) Shares or for a number which is not in multiples of One Hundred (100) Shares will be rejected and the accompanying cheques, bank drafts or bank guarantees will not be sent for clearing but be returned via ordinary post at the risk of the Applicant, or in the case of Joint Applicants, the first named Applicant. **The cheque or bank draft or bank guarantee or RTGS transfer or CEFT transfer or SLIPS transfer should be issued/carried out to the exact value of the number of Shares applied for multiplied by the Share Offer Price.** Cheques or bank drafts or bank guarantees or RTGS transfers or CEFT transfers or SLIPS transfers not conforming to the above requirement will be rejected at the outset.

Please refer Section 6.3.1 for details with respect to the mode of remittance.

6.2.3 Identification Information

All Applicants should disclose their identification/registration information by filling in the space provided in the Application Form for this purpose.

Applicants are requested to state their residency and nationality in the appropriate spaces provided in the Application Form.

The NIC, passport, or company registration number as the case may be, must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected.

Resident Applicants may use the passport for purposes of identification only if they do not have a NIC number.

Tabulated below is the relevant identification information that a prospective investor should provide depending on the legal status:

Table 6.1 Investor identification required

Citizenship/Legal Form	Identification Information			
	NIC Number	Passport Number	Company Registration Number	Common Seal or Rubber Stamp
Sri Lanka Citizens	✓			
Sri Lanka Citizens with no NIC Number*		✓		
Foreign Citizens**		✓		
Corporate Entities***			✓	✓

** In the case of Sri Lankan citizens, the passport number will be accepted only when the NIC number is not available. The CDS account must be for the same passport number.*

*** Foreign citizens must state the passport number in the space provided.*

**** In case of a Corporate Entity, the company registration number must be provided. The common seal or rubber stamp should be affixed and the Application Form duly signed as stipulated in the constitutional documents of such Applicants.*

A valid CDS account number must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected. All non-resident Applicants and corporate Applicants should ensure that the passport number/company registration number is stated in the relevant cages of the Application Form. All information about the Applicant (i.e., name, address, nationality and NIC or passport number) will be downloaded from the database of the CDS, based on the number given in the Application Form. In the event of any discrepancy between the information in the CDS and in the Application Form, the information in the CDS shall take precedence.

If the CDS account number is not indicated in the Application Form, or the number indicated in the form is found to be inaccurate/incorrect, or the account number indicated is not opened at the time of closing the Offering such Application will be rejected and no allotments/allocation of Shares will be made.

6.2.4 Key Responsibility of a Non-Resident Investor

Non-resident investors may be affected by the laws of the jurisdiction of their residence. If non-resident investors wish to apply for the Offered Shares, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

6.2.5 Margin Trading

Applicants who wish to apply through their margin trading account should submit the Applications in the name of the 'margin provider/Applicant's name' signed by the margin provider.

The Applicants should state the relevant CDS account number relating to the margin trading account in the space provided for the CDS account number in the Application Form. The Shares shall be uploaded to the CDS account indicated in the Application Form.

The NIC, passport, or company registration number of the Applicant as the case may be, must be stated in the Application Form.

Resident Applicants may use the passport for purposes of identification, only if they do not have a NIC number.

A photocopy of the margin trading agreement should accompany the Application.

Please note that the margin provider can apply under its own name and such Applications will not be construed as multiple Applications. Details regarding multiple Applications are available under Section 6.2.1.

Please note that CSE Mobile App does not facilitate an Application by Applicants through a margin trading facility.

6.2.6 Applications Made Under Power of Attorney

In the case of Applications made under Power of Attorney (POA), a copy of the said POA, **certified by a Notary Public** to be a true copy of the original, should accompany the Application Form. **The original POA should not be attached.**

Please note that CSE Mobile App does not facilitate an Application by an Attorney (through Powers of Attorney).

6.2.7 Joint Applications

If the ownership of the Shares is desired in the name of one Applicant, full details should be given only under the heading, **SOLE/FIRST APPLICANT** in the Application Form. In the case of Joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.

Joint Application Forms are permitted only for natural persons not exceeding three Applicants. Joint Applicants should note that there should not be a combination of residents of Sri Lanka and non-residents. An Applicant of a Joint Application shall not apply through a separate Application Form either individually or jointly.

Please note that CSE Mobile App does not facilitate an Application by Joint Applicants.

6.2.8 Submission of Applications

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance/ proof of remittance as applicable (cheque or bank draft or bank guarantee or RTGS transfer or CEFT transfer or SLIPS transfer only) for the full amount payable on Application Form should be forwarded online as referred to Section 6.2.1, or if by way of delivery (by hand or post) enclosed in a sealed envelope marked '**JAT Holdings Limited – IPO**' on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Offer at the following address prior to 4.30 p.m. Local Time on the Offer Closing Date.

P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road, Colombo 08

Applications may also be handed over to JAT, Joint Financial Advisors and Managers to the Offer, Placement Coordinator, Bankers to the Offer and its designated branches, members and trading members of the CSE, as set out in Annexure A **prior to 4.30 p.m. Local Time on the Offer Closing Date.**

In the case of Applications dispatched by post, such Applications should reach the Registrars to the Offer **not later than 4.30 p.m. Local Time on the Market Day immediately following the Offer Closing Date.**

Any Applications received after the above deadlines shall be rejected despite the fact the courier or post mark is dated prior to the Offer Closing Date.

6.3. Payment of Application Monies

6.3.1 Mode of Remittance

- (a) Payment in full for the total value of Shares applied for should be made separately in respect of each Application either by cheque or bank draft or bank guarantee drawn upon a licensed commercial bank operating in Sri Lanka or RTGS /CEFT/ SLIPS transfer directed through any licensed commercial bank operating in Sri Lanka, as the case may be subject to (b) and (c) below. The remittances on Applications will be deposited in a separate bank account in the name of '**JAT Holdings Limited – IPO**'.

- (b) The amount payable should be calculated by multiplying the number of Shares applied for under a particular category by the Share Offer Price of LKR 27/-. If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft/bank guarantee or proof of payment for RTGS/CEFT/SLIPS transfer, the Application will be rejected.

Payments for Applications for Shares of a value below LKR 100,000,000/- may be supported by a cheque or bank draft or bank guarantee or single RTGS/CEFT/SLIPS transfer. CEFT/SLIPS transfers are subject to a maximum limit of Sri Lanka Rupees Five Million (LKR 5,000,000/-) imposed by the CBSL.

In the case of cheques, bank drafts, RTGS/CEFT/SLIPS transfer and bank guarantees, Application Forms should be accompanied by only one cheque or bank draft or RTGS/CEFT/SLIPS transfer (single transfer) or bank guarantee and should be issued for the full amount indicated in the Application Form. Any Application for Shares of a value below LKR 100,000,000/- accompanied by two or more cheques or bank drafts or RTGS/CEFT/SLIPS transfers or bank guarantees will be rejected at the outset

- (c) Applicants making Applications for Shares of a value above and inclusive of LKR 100,000,000/- will be permitted to submit multiple bank drafts (not cheques) or multiple bank guarantees or single RTGS transfer. Such Applicants are required to attach a list to the Application Form giving details of payment, such as the amount of bank draft/bank guarantee, name of bank, name of branch and bank draft number/bank guarantee number and in the event of an RTGS transfer, a confirmation as per Section 6.3.4 must be attached to the Application Form. Valid Applications for Shares of a value above and inclusive of LKR 100,000,000/- accompanied by multiple bank drafts or multiple bank guarantees will not be rejected.

Cash will not be accepted. Anyone wishing to pay cash should obtain a bank draft from a licensed commercial bank in Sri Lanka.

6.3.2 Cheques or Bank Drafts – Resident Sri Lankan Investors

Cheques or bank drafts should be drawn on any licensed commercial bank in Sri Lanka and crossed '**Account Payee Only**' and made payable to '**JAT Holdings Limited – IPO**'.

Cheques or bank drafts accompanying Application Forms made for less than One Hundred (100) Shares, i.e. for a value less than Sri Lanka Rupees Two Thousand Seven Hundred (LKR 2,700/-) or for a number which is not in multiples of One Hundred (100) Shares (as mentioned in Section 6.2.2) will not be sent for clearing and shall be returned via ordinary post at the risk of the Applicant, or in the case of joint Applicants, to the first named Applicant.

In the event that cheques are not realised within two (2) Market Days from the date of presenting the same to the bank for clearing, the Directors reserve the right to reject the Applications and return the Application monies. No allotment/allocation of Shares will be made to such Applicants.

Applicants residing in outstation areas from which cheque clearance may take over two (2) Market Days are advised to make payment via bank drafts to avoid any delays.

Cheques must be honoured on the first presentation to the bank for the Application to be valid. Applications supported by cheques which are not honoured on first presentation will be rejected.

6.3.3 Bank Guarantees – Resident Sri Lankan Investors

Applications made by resident Sri Lankan investors backed by bank guarantees presented in line with the requirements set out in Section 6.3.1 will be accepted. Bank guarantees will be presented to the respective banks only after the Offered Shares have been allotted/allocated. Bank guarantees should be issued by any licensed commercial bank in Sri Lanka and in favour of '**JAT Holdings Limited – IPO**' in a manner acceptable to the Company and payable on demand.

Bank guarantees should be valid for a minimum of one (1) month from the date of opening of the Offer (i.e. August 19, 2021).

Applicants are advised to ensure that sufficient funds/facilities are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Offer. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

6.3.4 RTGS/CEFT/SLIPS Transfers – Resident Sri Lankan Investors

In case of CEFT/SLIPS transfers, such transfers should be made to the credit of '**JAT Holdings Limited – IPO**' bearing the account number 142010046880 at Hatton National Bank PLC, Thalawathugoda Branch (code - 142) with value on the Offer Opening Date (i.e., the funds to be made available to the above account).

In case of RTGS transfers the Applicants should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer payment in full for the total value of Offered Shares applied for to the credit of '**JAT Holdings Limited – IPO**' bearing the account number 142010046880 at Hatton National Bank PLC, Thalawathugoda Branch (code - 142) with value on Offer Opening Date (i.e. the fund to be made available to the above account on the Offer Opening Date and should be attached to the Application Form).

6.3.5 Foreign Currency Remittances

This section is applicable to:

- i. Citizens of Sri Lanka who are above 18 years of age and resident overseas.
- ii. Corporate bodies incorporated or established outside Sri Lanka.
- iii. Regional or country funds approved by the SEC.
- iv. Foreign citizens (irrespective of whether they are resident in Sri Lanka or overseas) who are above 18 years of age.

A foreign investor may invest through an 'Inward Investment Account' (IIA) (previously known as SIA) maintained with any licensed commercial bank in Sri Lanka. The procedure for arranging payments through a IIA is presented below:

- A Foreign Investor may use the services of a custodian bank as an intermediary when investing in the Sri Lankan securities market.
- The intermediary may open an IIA, on investor's behalf.
- In conjunction with the IIA, an account with the CDS must be opened in case the investor does not already possess a valid CDS account.
- In respect of regional or country funds investing for the first time in Sri Lanka, the intermediary will facilitate the approval process regulated by the SEC.
- Payment for Shares should be made through a cheque or bank draft or bank guarantee issued by a licensed commercial bank in Sri Lanka or through a RTGS/CEFT/SLIPS transfer against the funds arranged through the IIA and made payable to '**JAT Holdings Limited – IPO**'.

Cheques or bank drafts or bank guarantees or RTGS/CEFT/SLIPS transfers should be endorsed by the issuing custodian bank, to the effect that, arrangements have been made to facilitate such payment to be made against funds available in the individual's IIA. The endorsement must be clearly indicated on the cheque or bank draft or the bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and Application.

Any refund payments to Foreign Investors are made in terms of Section 6.8 of this Prospectus.

Applications supported by foreign currency remittances should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Director of Foreign Exchange, Department of Foreign Exchange of the Central Bank of Sri Lanka.

6.3.6 Restrictions Applicable to Foreign Citizens Resident in Sri Lanka

Foreign citizens resident in Sri Lanka may make payments through Sri Lanka Rupee Accounts, only if they possess dual citizenship where one such citizenship is Sri Lankan. **Foreign citizens having Sri Lankan citizenship should attach a certified copy of the citizenship certificate with the Application Form.**

Foreign citizens residing in Sri Lanka having valid residency visas should note that they cannot make remittances via cheques or bank drafts or bank guarantees or RTGS/CEFT/SLIPS transfers drawn upon Sri Lanka Rupee accounts maintained with any licensed commercial bank in Sri Lanka but may do so via IIA account as detailed in Section 6.3.5 above. **Applications made by foreign citizens not in accordance with the foregoing shall be rejected.**

6.4. Rejection of Applications

- i. Application Forms which are incomplete in any way and/or are not in accordance with the terms and conditions set out in this Prospectus will be rejected at the absolute discretion of the Company.
- ii. Any Application Form which does not provide the NIC, passport (where NIC is not available) or company registration number as the case may be, will be rejected.
- iii. Applications delivered by hand or by courier after 4.30 p.m. Local Time on the Offer Closing Date will be rejected. Applications received by post after 4.30 p.m. Local Time on the succeeding Market Day immediately following the Offer Closing Date, will also be rejected even if they carry a postmark date earlier than the Closing Date.
- iv. Applications made for less than One Hundred (100) Shares or for a number which is not in multiple of One Hundred (100) Shares will be rejected.
- v. An Application which does not carry a CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list (either at the time fixed for closing or on the date on which the Offering is subscribed), or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment of Shares will be made.
- vi. Application Forms stating third party CDS accounts instead of their own CDS account numbers, except in the case of margin trading accounts, will be rejected.
- vii. Applicants should apply only through one investor category and would be permitted to submit only one Application Form. Two or more Applications submitted by the same Applicant either under the same category or different categories will be construed as multiple Applications and will be rejected.
- viii. The Company reserves the right to reject multiple Applications and suspected multiple Applications which are not allowed, as mentioned in Section 6.2.1.
- ix. Payment for Applications of Offered Shares of a value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) accompanying two or more cheques and bank drafts or bank guarantees or RTGS/CEFT/SLIPS transfers as mentioned in Section 6.3.1 will be rejected at the outset.
- x. Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.

Notwithstanding any provision contained herein, the Board of Directors shall reserve the right to refuse any Application or to accept any Application in full or part, without any explanation and reason.

6.5. Banking of Payments

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the Offer Closing Date of the subscription list, in terms of the CSE Listing Rules.

6.6. Returning of Monies on Rejected Applications

Where an Application Form is rejected at the outset, the cheque or bank draft or bank guarantee received in respect of the Application will be returned via ordinary post at the risk of the Applicant within a period of eight (8) Market Days from the Offer Closing Date (excluding the Offer Closing Date). In the case of Joint Applicants, the cheque or bank draft or bank guarantee received in respect of such Application will be returned to the first named Applicant. In case an Application is rejected where the payment has been made through a RTGS/CEFT/SLIPS transfer, monies received on such an Application will be made by a cheque/s and returned via ordinary post at the risk of the Applicant within a period of eight (8) Market Days from the Offer Closing Date (excluding the Offer Closing Date). If refunds on such RTGS transfers are not made within the aforesaid period, the Applicants would be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published during the immediate preceding week by the CBSL or any other authority (in the event CBSL ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on such refunds not made by the expiry of the aforementioned period.

Where the Application Form is accepted and the cheque or bank draft or bank guarantee is not honoured by the bank at the first presentation, the Application will also be rejected and the dishonoured cheque or bank draft or bank guarantee will be returned via ordinary post at the risk of the Applicant within a period of eight (8) Market Days from the Offer Closing Date (excluding the Offer Closing Date). In the case of Joint Applicants, the dishonoured cheque or bank draft or bank guarantee will be returned to the first named Applicant.

6.7. Basis of Allotment/Allocation

In the event of an undersubscription of the Offering, Vendor Shares offered via the Offer for Sale component would be given first priority in allocating of the Shares subscribed through the Offering and any remaining subscriptions received under the Offering would be allotted from and out of the New Shares offered via the Offer for Subscription component of the Offering to the extent possible.

The allotment/allocation of the Offered Shares will be made to the various categories of Applicants, as set out below:

Table 6.2 Basis of Allotment/Allocation of Offered Shares to Various Categories of Applicants

Investor Category	Percentage of Offer (%)
Unit Trusts*	10%
Retail Individual	40%
Non-Retail	50%
	100%

* Unit Trust Investors should be growth or balanced unit trusts operated by managing companies licensed by the SEC, where such unit trusts comprise of not less than 500 unit holders resident in Sri Lanka who together hold at least 50% of that fund as per the Direction issued by the SEC (Ref: SEC/LEG/11/03/36 of March 10, 2011.)

Applications submitted under the Unit Trust Investor Category should accompany a confirmation by the trustee confirming that such unit trust is in conformity with the criteria defined by the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01) and CSE Listing Rules, 2.1.1(g)(ii)(b).

Local and foreign investor/s who apply for up to a maximum of 3,700 Shares (including 3,700 Shares) (value of not more than LKR 100,000/-) will be deemed as Retail Individual Investors for share allotment/allocation purposes.

Investors who do not fall under the Retail Individual Investor Category and Unit Trusts Investor Category stated above will be deemed as Non-Retail investors for share allotment/allocation purposes. The Board of Directors of JAT reserves the right to preferentially allot/allocate up to 50% of the shares available to be allotted/allocated under Non-Retail Investor Category to identified investors who apply through this category under the IPO.

In determining the basis of allotment/allocation within the Retail Individual Investor Category, investors who subscribe for a smaller number of shares shall be given priority.

The investor categories have been selected to ensure the broadest possible spread of shareholders while treating all Applicants in a fair manner as may be decided by the Board at its discretion.

In the event of an undersubscription in the Unit Trust Investor Category, the Retail Individual Investor Category shall be given first priority in allotment/allocation of the undersubscribed Offered Shares.

In the event of an undersubscription in the Retail Individual Investor Category, the Unit Trust Investor Category shall be given first priority in allotment/allocation of the undersubscribed Offered Shares.

In the event of an undersubscription in the Non-Retail Investor Category, Retail Individual Investor Category will be given first priority followed by Unit Trust Investor Category in the allotment/allocation of the undersubscribed Offered Shares.

In the event of an oversubscription in any one or more of the categories mentioned above, the basis of allotment/allocation will be decided by the Board of Directors of the Company in a fair and equitable manner.

The Board of Directors of the Company will endeavour to decide and announce to the CSE the basis of allotment/allocation as soon as practicable so as to ensure compliance with the Listing Rules. Upon the allotment/allocation being decided, an announcement will be made to the CSE.

The successful Applicants will be informed of their allotment/allocation within 10 market days from the Offer Closing Date.

6.8. Refunds on Applications

Where an Application is accepted only in part or rejected in its entirety subsequent to cheques being realised, the balance/entirety of the monies received on Application as the case may be, will be refunded, such refunds will be made on or before the expiry of eight (8) Market Days from the Offer Closing Date (excluding the Offer Closing Date) as required by the CSE Listing Rules. As required by Rule 2.4(l) of the CSE Listing Rules, Applicants would be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published during the immediately preceding week by the CBSL or any other authority (in the event Central Bank of Sri Lanka ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on any refunds not made by the expiry of the aforementioned period.

It is the responsibility of Non-Residents/Foreign Investors to ensure that their IIA details are accurately provided under 'Refund Payment Instructions' on the Application Form to forward the refund to IIA through which the application was made.

Refunds via Sri Lanka Inter-bank Payment Systems (SLIPS)

1. The refund payment will be made to the bank account specified by the Applicant through the SLIPS on or before the expiry of eight (8) Market Days from the Offer Closing Date (excluding the Closure Date) as required by the CSE Listing Rules and a payment advice shall be issued to the Applicant provided that the Applicant has submitted accurate and complete details of Applicant's bank account in the Application Form. However, SLIPS transfers are subject to a maximum limit of Sri Lanka Rupees Five Million (LKR 5,000,000/-) imposed by the CBSL with effect from October 29, 2010 as per Operating Instruction Circular No. 11/2010 dated October 25, 2010.
2. Even though the Applicant has requested for SLIPS transfer for refund amounts and submitted accurate and complete details of the bank account in the Application Form, refund amounts exceeding Sri Lanka Rupees Five Million (LKR 5,000,000/-) will be made by a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In the case of a Joint Application, a crossed cheque will be drawn in favour of the Applicant whose name appears first in the Application Form.
3. In the event the refund payment is effected via SLIPS based on the bank account details provided by the Applicant in the Application Form, but is rejected by the Applicant's bank due to inaccurate or incomplete information, such refund payments would be made via a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In such instances, the Company together with the Registrars to the Offer will send the refund cheques to such Applicants at the earliest possible time and the Applicant should not hold the Company or the Registrars to the Offer accountable for such delays.

Refunds via Crossed Cheque

1. If the Applicant has not provided details of the bank account in the Application Form or has provided inaccurate or incomplete details of the bank account with respect to refunds via SLIPS, the refund payment will be made by a crossed cheque in favour of the Applicant and sent by ordinary post at the risk of the Applicant. In the case of a Joint Application, a crossed cheque will be drawn in favour of the Applicant whose name appears first in the Application Form.
2. A request for cancellation of crossing on the refund cheque, in instances where the Applicant does not maintain a current account, should be addressed to the Registrars to the Offer in writing, stating the cheque number and the fact that the Applicant does not maintain a current account. The refund cheque and a clear photocopy of the Applicant's NIC should accompany the letter.

In the event of a refund cheque being delivered by hand by a third party to the Registrars to the Offer for cancellation of crossing, a letter of authorisation signed by the Applicant stating the NIC number of such third party should also be presented with the refund cheque. Refund cheques on which the crossings have been cancelled by the Registrars to the Offer should preferably be collected in person or by third party authorised by the Applicant. Where an Applicant has requested the delivery of the cheque on which the crossing has been cancelled via post, such cheque will be sent at the risk of the Applicant.

6.9. Successful Applicants and CDS Lodgement

The Shares allotted/allocated will be directly uploaded to the respective CDS accounts given in the Application Forms before the expiry of twelve (12) Market Days from the Offer Closing Date as requested by the CSE Listing Rules.

All Applicants (both resident and non-resident) should indicate their respective National Identity Card (NIC) number or company registration number or passport number as the case may be in the Application Form. Individual resident Applicants should indicate their passport number in the Application Form only if they do not have an NIC number.

As per the Directive of the Securities and Exchange Commission (SEC) made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited (CDS) dated November 30, 2010, all Shares allotted/allocated must be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account are advised to open a valid CDS account prior to submitting the Application, to facilitate the uploading of allotted/allocated Shares to their CDS account.

Please note that upon the allotment/allocation of Shares under this Offer, the allotted/allocated Shares would be credited to the Applicant's CDS account so indicated. Please note that **SHARE CERTIFICATES SHALL NOT BE ISSUED**.

Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of closure of the subscription list or which indicates an inaccurate/incorrect CDS account number, shall be rejected and no allotment/allocation will be made.

You can open a CDS account through any Member/Trading Members of the CSE as set out in Annexure A or through any Custodian Bank as set out in Annexure B of this Prospectus. You can also open a CDS account through the 'CSE Mobile App'. The CSE mobile application can be downloaded from the Apple App Store (for Apple IOS users) or the Google Play Store (for Google Android users).

A written confirmation, upon the completion of crediting the respective CDS accounts will be sent to the shareholder within two (2) Market Days of crediting the CDS accounts by ordinary post to the address provided by each shareholder in their respective Applications.

Applicants have the option of having their Shares 'locked' in the CDS. Shares that are 'locked' will not be available for trading purposes and will not be visible to the participant. Such Applicants would have to fill in the relevant section in the Application Form for this purpose. If the Applicant has not specified that the Shares need to be deposited to his/her 'locked' balance in the CDS account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS account.

Refer Section 6.2.1 for the definition of 'locked'.

Offered Shares shall not be transferable by the shareholders during the period between the date of allotment/allocation of the Offered Shares and up to the date of listing (excluding the date of listing) of the Ordinary Shares on the CSE. Further, the Company shall not allot any Shares of the Company (other than the allotment/allocation of Offered Shares) or transfer existing Shares during the interim period between the date of the Initial Listing Application and the date of listing of the Shares of the Company.

Upon the Ordinary Shares being listed on the CSE, such Shares shall be freely transferable except for those Shares mentioned in Section 11 of this Prospectus, which will be locked-in to be in compliant with CSE Listing Rules 2.1.1(d) and (e).

6.10. Declaration to the CSE and Secondary Market Trading

The Company will submit to the CSE a 'Declaration' on the Market Day immediately following the day on which the Applicants' CDS accounts are credited with the Shares. Trading of the Ordinary Shares on the secondary market will commence on or before the third (3rd) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

7. OVERVIEW OF JAT HOLDINGS LIMITED

7.1. Overview of JAT Group

Having commenced operations in 1993 as a family-owned entity, JAT has grown in leaps and bounds within a short span under the visionary leadership of the Founder and Managing Director of JAT, Mr. Aelian Gunawardene, whose dynamism, direction, acumen and diligence have resulted its endorsement as one of the most recognisable, most powerful corporate brands in Sri Lanka. The Company has extended its footprint in South Asia as well with Bangladesh and the Maldives being strong hold of JAT's wood coatings business. As the undisputable leader in the field of wood coating solutions, it excels as the apex producer of decorative paints, brushes and paint related chemicals. While enjoying a dominant position in the timber coating market with an enviable share of c. 55% in water base and PU wood coating along with its strong presence in South Asia has enabled JAT to be the largest authorised distributor for Sayerlack branded wood coating (as per Sherwin-Williams).

The Company is also the leader in the luxury kitchens segment with the brand SEA Bauformat having secured and completed iconic projects such as Altair Residential Project, 447 Luna Tower, Prime Grand, 606 The Address etc. with the expertise and experience of a strong inhouse team of technical experts, quantity surveyors, draftsmen etc.

JAT is the exclusive franchisee for manufacturing and distribution of world renowned and Sri Lanka's number one brush brand – Harris.

JAT is also the exclusive agent for Armstrong ceilings by Knauf ceiling systems having supplied to iconic projects such as the Defense Head Quarters Complex which is the largest ceiling project in the country, Shangri-La Hotel – Colombo, The Waterfront Development etc.

The Company is a dominant force in the ergonomic office furniture segment exclusively representing Herman Miller office furniture which is branded as the Best Product Design in the Office Chairs category and having supplied clients such as the London Stock Exchange Group, Millennium IT, British Council, HSBC etc.

Adding to its ever-growing portfolio of products, JAT represents other renowned brands Borma Wachs – wood cosmetics, Horous – office furniture, Sika – admixture and waterproofing chemicals, Dasso – bamboo flooring along with a range of its own brands for key product categories including WHITE by JAT – brilliant white paint, Brush Master – brushes for wood coating, Masters – wood coatings, J Chem – solvent based paints and Euro Metallic – metal ceilings.

With a view to broaden its export offering, JAT ventured into Bangladesh in 2001 and is now the market leader for wood coatings in Bangladesh (an emerging economy that has posted an average GDP growth rate of 7.8% from 2017 to 2019). The Bangladesh market has been growing constantly and has reached a revenue of LKR 1.6 Bn in previous years. JAT has in place a dedicated team with technical officers in Bangladesh who are driving the sales and supply to some of the leading furniture manufactures such as Hatil Complex, Partex Furniture Industries and Akthar Board Industries.

JAT has also established a growing footprint in India, Ghana, Kenya, Uganda, Seychelles etc. for its wood coatings. JAT is the leader in wood coatings in the Maldives as well and is supplying to industrial customers such as Morph which is the industrial arm of Prestige Constructions Group. In India and the Maldives too, JAT has dedicated teams driving the operations and sales.

The sales force of over 100 frontline members and the dealer network of over 5,000 marks the island-wide presence of JAT and the excellence in local market reach has been awarded at the National Business Excellence Awards in 2019 as well.

JAT has its own manufacturing plant in Kahathuduwa and the state-of-the-art head office complex situated at Thalawathugoda in Colombo district.

Adding to its cumulative list of accolades, JAT was ranked amongst LMD's Top 20 Conglomerate Brands in Sri Lanka by Brands Annual 2020, an independent survey conducted by Brand Finance, the World's largest brand valuation and strategy consultancy firm. The Company is also recognised with a rating of A+ with a stable outlook affirmed by ICRA Lanka Limited (Moody's Investor Services Group) as a direct result of its strong brand name, dominant market positioning in Sri Lanka in the wood coating industry, its growth potential together with the company's strong financial position. JAT also secured the Gold Award for trading sector at the National Business Excellence Award in 2015, 2018 and 2019 while securing the Bronze Award for overall excellence as well as 2nd Runner up in the extra-large sector in 2019.

With a staff strength of 350+, innovation has been at its core which is affirmed by the introduction of water base wood coatings to Sri Lanka and the development of award-winning concepts/products such as Petal Paint.

7.2. Vision, Mission and Values of JAT



Figure 7.1 Vision, Mission and Values of JAT

7.3. Key Milestones

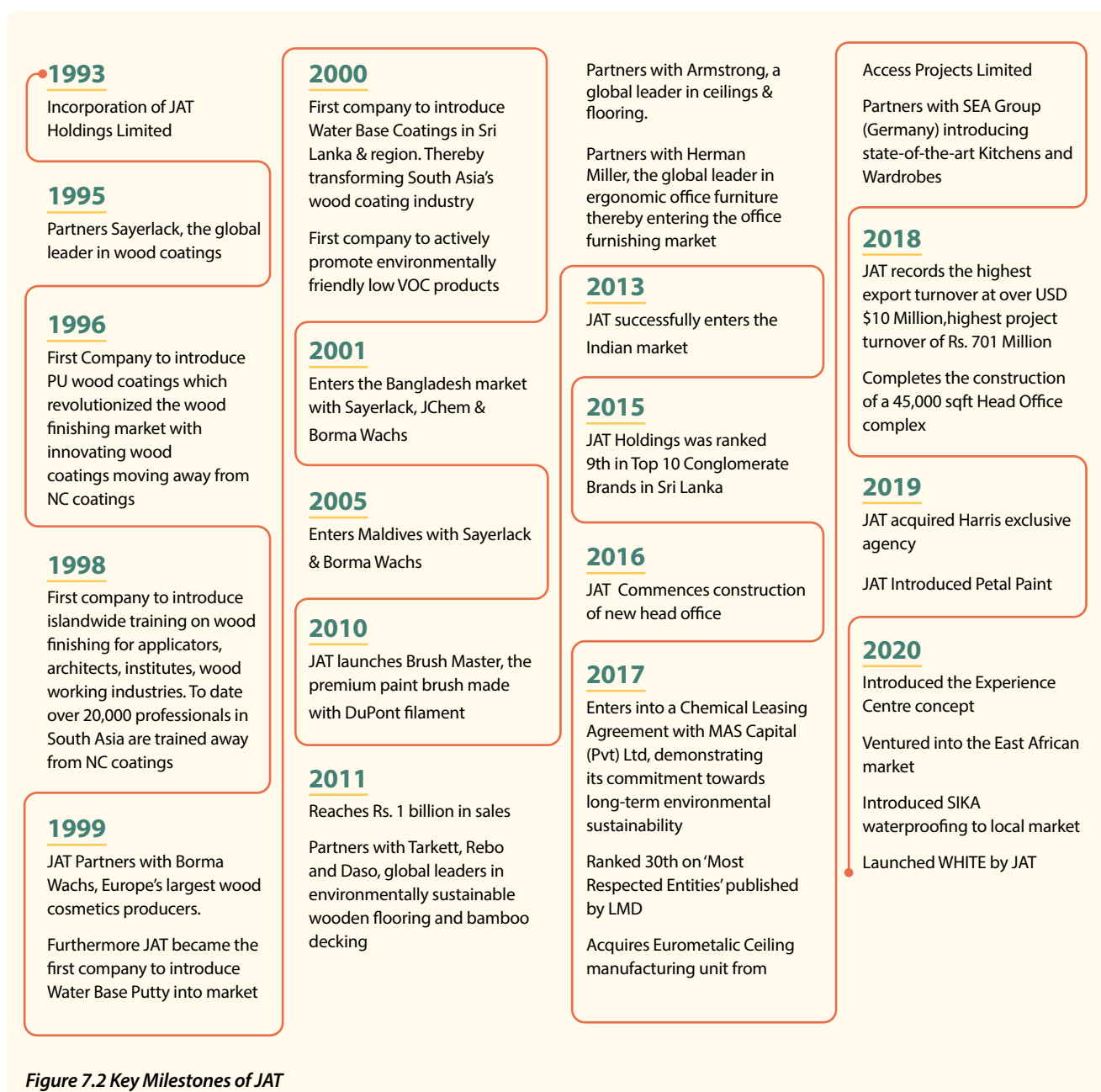


Figure 7.2 Key Milestones of JAT

7.4. Structure of JAT Group

Current structure of JAT Group is presented below.



Figure 7.3 Group Structure of JAT Group

7.4.1 Subsidiaries and Joint Ventures of JAT

Table 7.1 Subsidiaries and Joint Ventures of JAT

Subsidiary/Joint Venture	Description
Brush Master (Private) Limited	Incorporated in July 2010, JAT at present holds 55% of the shares of the company. This company manufactures paint related brushes under the Brush Master brand exclusively for JAT Holdings.
Worldwide Resins & Chemicals (Private) Limited	A fully owned subsidiary of JAT, it was incorporated in March 2015. It mainly provides raw materials to the paint industry.
JAT Exports (Private) Limited	A fully owned subsidiary of JAT incorporated in July 2018, it is the local export arm of JAT. Its primary function is the export of locally manufactured wood coatings and related products to Bangladesh market.
JAT Exports DMCC	The company was incorporated in United Arab Emirates (U.A.E.) in July 2019. JAT Exports DMCC is a fully owned subsidiary of JAT which carries on offshore trading of wood coatings to Bangladesh, the Maldives, East Africa etc. The business model is primarily entrepot trading by nature.
JAT Global Private Limited	The company was incorporated in India in March 2016. JAT holds 98.37% of the shares of JAT Global Private Limited. Its focus of business is in importing, trading and distributing JAT and Sherwin Williams products to the Indian retail, industrial market and distributors.
JAT – Sino Agri (Private) Limited (Joint Venture)	A joint venture incorporated in December 2020 in order to engage in agriculture and agriculture related activities, where JAT has a stake of 50% together with Sino Lanka (Pvt) Ltd domiciled in Sri Lanka.

7.5. Key Business Lines and Product Portfolio of JAT



Wood Coating Solutions

The Wood Coating category consists of a comprehensive range of interior and exterior, water-based and solvent based products that provides the perfect, long-lasting finish for any type of wood finish. The three main brands produced and marketed under this segment are Sayerlack, J Chem and Borma Wachs.

Decorative Paint & Other Accessories

This portfolio consists of wide range of high-quality interior and exterior emulsion and enamel paints, innovative decorating tools, paint brushes and rollers which are perfect for all aspects of painting requirements of professionals and homeowners.

The main brands under this segment are 'WHITE by JAT' emulsion paint and brush segments including Harris and Brush Master, SIKA waterproofing sealers etc.



Furnishing Solutions & Projects

JAT's presence in specialised commercial interior supply and fit outs have expanded to bespoke kitchens, wardrobes and vanities, ergonomic office furniture and storage, wooden and metal doors that are fire and/or non fire rated, commercial acoustical and architectural ceiling solution a residential and commercial flooring solutions are represented by:



Furniture Herman Miller Houros	Ceilings Armstrong Euro Metallic
Doors Hormann Cocif	Flooring & Decking Dasso Lifewood
Kitchens, Wardrobes & Vanities SEA	Kitchen Appliances Burg
Toilet partitions Schafer	





Venturing into the luxury dwelling high-rise ventures, JAT supplied the brand SEA Bauformat to many furnishing projects such as Altair, Luna Tower, Ritz Carlton, 606 The Address and Prime Grand to name a few. JAT continues to dominate the luxury kitchens segment in Sri Lanka via its project segment. Moreover, by supplying Armstrong ceilings to the Defence Head Quarters Complex Project, JAT achieved another milestone in securing the largest ceiling project in Sri Lanka.











7.5.1 Product Portfolio of JAT





7.5.1.1. Wood Coatings

The range of wood coating and wood maintainers under each brand are as follows:

Table 7.2 Wood Coatings and Wood Maintainers of JAT

Wood Coatings and Wood Maintainers	
SAYERLACK	
Waterbase Wood Coatings 	<p>Today's environmental conscience with focus on the health of operators and end customers alike calls for furniture to be coated in an environmentally compatible way. Water-based products have 95% less harmful emissions than synthetic products. They are ready to use and can be applied simply with the equipment being able to be washed with water and no problems with flammability or combustion.</p> <p>Waterbase wood coatings for exterior:</p> <p>There is a large range of water-based exterior coatings depending on the specific finishing requirement. These are simple and practical to use, environmentally friendly, give a highly elastic non-yellowing finish, and are available in one-pack or two-pack which can provide enhanced chemical and scratch resistance as required. All exterior water-based products have great resistance to UV radiation, rainwater, salt spray and fungi attacks.</p> <p>Waterbase wood coatings for interior furniture:</p> <p>Interior waterbase finishes are designed to be easy to apply, non-toxic and environmentally friendly. The large of waterbased products are suitable for use on tables and furniture or can be pigmented and used for children's toys and furniture with an EN-71 certification.</p> <p>Waterbase wood coatings for exterior timber decking:</p> <p>Exterior wooden decking, including both hardwood, thermo-treated wood and bamboo must be protected from a range of exterior elements including UV, abrasion from foot traffic and furniture, moisture from rain and chemical resistance from swimming pools. There are a range of suitable products, including penetrative waterbased oils and film-forming waterbased lacquers.</p> <p>Waterbase wood coatings for interior timber floors:</p> <p>Interior wooden floors must have excellent abrasion resistance, elasticity, hardness and chemical resistance. A two-pack water-based self-sealer clear that has been specifically formulated for use on interior wooden flooring. The product is health and environmentally friendly, with bio renewable sourced raw materials and significantly reduced VOC emissions. It is recommended for all interior wooden floors and is especially suited for high traffic areas such as staircases, conference halls and commercial areas.</p>
Polyurethane (PU) Basecoat and Topcoats 	<p>Polyurethane lacquer is a two-pack coating system: where a Resin (part A) is blended with a Catalyst (Part B). They are designed to be mixed as per given mixing ratios prior to use with a 3 hour pot life. The coating cures by chemical reactions and evaporation of solvents. These products are particularly versatile and offer exceptional elasticity, quick drying, better adhesion and resistant to scratch, heat, and chemicals.</p>
Ultraviolet (UV) coatings 	<p>Ultraviolet (UV) coatings are available in one-pack and dual cure systems and cures by absorbing UV rays, triggering a very fast chain reaction within the lacquer and allowing for a rapid polymerisation process. These are available in both water and solvent based. UV coatings are designed for industrial customers to provide the fastest drying times and allow for high-speed production. Through mechanical application they offer a consistent, high quality finish with exceptionally low wastage, and the high solid content results in minimal odours and VOC emissions during production that benefits the environment and health of the workers.</p>
Polyester coatings 	<p>Polyester coatings are three-pack system, a base part, catalyst, and accelerator. They are designed to be mixed as per given mixing ratios just before use (short pot life), and cures by chemical reactions. These products are especially designed for high gloss finishes for interior furniture. They have high build properties, scratch, chemical and heat resistance.</p>


Special Effects Wood Coatings 	Special effect finishes in both waterbase and PU ranges can be applied on both wood and glass substrates, providing dramatic contrasting effects including metallic, leather, mother of pearl and a variety of other features to highlight and enhance project features.		
Epoxy resin coatings 	The epoxy clear coat is a multi-use coating among the many uses for which it is used is particularly suitable as a wood coat for modern design tables. Moreover, the versatile features and adhesion capabilities allow the use of this type of paint on metal and wood surfaces. It is a two-pack, transparent, epoxy product, for indoor use. It features high transparency, no shrinkage and low yellowing, and can be pigmented with a range of colours.		
J CHEM			
Solvent based Wood Coatings			
J Chem NC Sanding Sealer and Lacquer 	J Chem NC Sanding Sealer Concentrated and NC Lacquer are high-quality single pack products that are used for timber furniture finishing. These products have good filling properties and are easy to use.	J Chem NC Super Thinner 	J Chem NC Super Thinner is mainly used for diluting all forms of enamels, undercoats and lacquers to provide a brighter finish.
J Chem Wood Stain 	J Chem Wood Stain available in a wide range of colours, it is mainly used for the direct application on wood products or used by diluting the stain with Clear basecoats or Topcoats. It is a component organic pigments or dyes mixed with organic solvents.	J Chem Polyurethane Varnish Gloss 	J Chem Polyurethane Varnish Gloss provides the protection and glossy effect on interior timber furniture.
J Chem – Enamel 	J Chem Super Enamel is for the application for interior/exterior timber, MDF and all metals including galvanised iron with a high gloss or matt finish. This product is free from Chromium, Lead, Mercury, Arsenic and other heavy metals.	J Chem Wood Preservative 	J Chem Wood Preservative Clear principally preserves the natural colour with its clear coating and is a highly reactive Hydro Carbonic Mixture, which includes fungicides and pesticides. Damage caused by fungus, termites and other pests are fully protected by J Chem Wood Preservative Clear.
J Chem Anticorrosive 	J Chem Anticorrosive Paint is based on long oil alkyl resin which will protect metal surfaces against corrosion. This provides an extremely durable and exceptional water resistant properties for the use of suitably prepared interior and exterior metal surfaces where durable and anticorrosive properties are required such as storage tanks, piping, railings and galvanised roofing sheets.		
Floor Paints			
J Chem Floor Paint 	J Chem Floor Paint is a product ideal for the application of well-prepared cement and concrete floors due its high gloss level. It has colours in shades of red, black, brown and grey.		

MASTERS	
Water base top coat 	Masters water base top coat is a one-pack water base top coat with excellent elasticity and durability characteristics making it ideal for protecting wooden items such as doors, window frames and any other wooden item exposed outdoor.
Wood Stain 	Masters Wood Stain is a water base preservative stain suitable for protecting tannin-rich when used outdoor and indoor wood furniture, doors, cabinets etc. Interior and exterior wooden surfaces made using transparent iron oxides which provide good light fastness and also absorb UV radiation.
Ceiling coat 	Ceiling coat is a ready to use waterbase lacquer specifically formulated for providing protection to interior wooden ceilings. It comes in a range of colours with easy application and maintenance.
BORMA WACHS	
Water Base Wood Putty 	<p>Wood putty is a substance to repair imperfections in the wood such as nail holes. Borma Wachs range of wood putty is designed to have minimal shrinkage on drying, good filling properties and can be overcoated with a range of lacquers. It is available as a diluent, with pigment. Different varieties are pine, teak, cherry, white, oak, jack wood, medium walnut, mahogany and dark walnut.</p> <p>Restoring finishes:</p> <p>These are designed to enhance and restore wood finishes without damaging the existing lacquers, or to chemically remove old lacquer while avoiding damage to the woods.</p> <p>Gold leaf/silver leaf:</p> <p>Gold and silver leaf can be pasted onto wooden substances providing a powerful and affluent enhancement. Suitable for a range of products include highlighting carvings, picture frames and temples.</p>

7.5.1.2. Decorative Paints and Accessories

Decorative paints and accessories business line mainly covers the other paints segment which includes WHITE by JAT, J Chem decorative paints and brushes segment, which includes Harris and Brush Master brands.

Table 7.3 Decorative Paints and Accessories of JAT

Decorative Paints and Accessories	
DECORATIVE PAINTS	
Brilliant WHITE by JAT	
	<p>Brilliant WHITE by JAT introduced in December 2020, is the newest addition to the JAT portfolio.</p> <p>Interior Emulsion (Brilliant White)</p> <p>Brilliant WHITE by JAT Interior Emulsion is a premium emulsion for interior walls and ceilings. The low sheen formulation offers outstanding opacity and whiteness together with an incredible drying time of 15 – 30 minutes, spreading capacity of 225 square feet per liter after diluting 50% of water.</p> <p>Exterior Weather Coat (Brilliant White)</p> <p>Brilliant WHITE by JAT Exterior weather coat is ideal for all forms of masonry and provides superior protection among all forms of masonry and provides superior protection against all weather conditions. The attractive, smooth matt finish stays cleaner longer and offers outstanding masking power. The low sheen formulation offers superlative opacity and whiteness minimising drying time to 15 – 30 minutes, spreading capacity of 130 square feet per liter diluted with 20%.</p>

J Chem Decorative Paints

Skim coat



Skim coat is blended with the finest minerals and special polymers to achieve high adhesive strength, high bonding strength and high cracking resistance. It can be easily applied on the surfaces to give a smooth finish. It is the best solution for highest quality plastering with superior finish. This product has excellent water and weather resistance.

Joint compound



Acrylic wall putty/joint compound is a water based thick paste used to make a smooth surface on the wall before applying the paint. This is a ready to use product that can be applied with a trowel, easily sandable after drying and finally gives a highly smooth surface with lesser surface imperfections. This product can be applied on cement plasters, interior ceilings, asbestos sheets and on gypsum boards. This is also free from Chromium, Lead, Mercury, Arsenic and other heavy metals.

Wall filler



A smooth interior acrylic wall filler with good opacity, whiteness, excellent filling, better leveling and sandability. This product does not chalk and can be applied on freshly plastered surfaces that are sufficiently cured. Also, it can be applied on cement plasters, interior ceilings and asbestos sheets as an interior undercoat. This product is free from Chromium, Lead, Mercury, Arsenic and other heavy metals.

Emulsion paints (exterior/interior) colours



Interior emulsion is a premium quality emulsion for interior use on walls, ceilings, asbestos and wallboards. The quick drying formulation offers outstanding opacity, excellent color retention and wet abrasion scrub resistance. This product is free from Chromium, Lead, Mercury, Arsenic and other heavy metals.

Exterior emulsion is a superior, durable, smooth exterior wall paint, which provides the best possible protection against exposure to weather for the long term. It is ideal for protection of walls in most extreme tropical conditions. Suitable for use on exterior cement plasters, exterior ceilings, asbestos sheets, concretes etc. This moisture vapor permeable coating system provides excellent opacity, protection and weather resistance. This product is free from Chromium, Lead, Mercury, Arsenic & other heavy metals.

BRUSHES & ACCESSORIES

Harris



Classic range:

With the highest quality, easy to apply shape and unique feel, Specialised materials are used to make the decoration easier and to get a better finish. The use of hog bristle makes it easy to use and leaves no brush marks on the wall and the durability is high.

Budget range:

Lightweight, high quality and easy to use, this brush is perfect for day to day applications. Technically developed synthetic filaments are used to ensure that the quality is not compromised. It has an easy to use shape as well as an attractive and sleek look.

Interior/exterior rollers:

Made of specialised polyester to suit both interior and exterior walls, these rollers are the first choice of professional applicators. Designed to coat a large area with lesser amount of paint, these rollers also ensure that no roller marks appear on the walls.

Brush Master



Wood coating brushes:

This brush, which can be reliably selected for all wood related coatings, is made from synthetic filaments that are enhanced using advanced technologies. Designed to avoid brush marks and this brush is extremely easy to use and looks attractive.

Economic range:



A straightforward selection of basic yet reliable decorating tools that help to get the job done in a quick and easy way. Offering excellent value for money, it gives DIY-ers everything they need on a budget. It is made of synthetic fibers that are easy to apply and also has a handle that is easy to use.

Rollers:

Lightweight and easy to use, these rollers are available in one form for smooth interior walls and another for rough exterior walls. Enhanced premium polyester for smooth walls and premium acrylic fabric for exterior rough walls are designed to prevent any kind of roller marks on the wall.

7.5.1.3. Other product ranges




This includes Sika and the JAT Care range introduced during the COVID 19 pandemic which includes sanitizers.

SIKA	
	<p>SIKA Brand mainly includes two products name Seal-109 MY and SikaLatex SP.</p> <p>Seal-109 MY is a cementitious, two-part, polymer-modified flexible waterproofing coating. It is applied to concrete and mortar to prevent water infiltration.</p> <p>SikaLatex SP is a synthetic rubber emulsion for adding to cement mortars, where perfect adhesion and water resistance are required. It is suitable for tropical conditions.</p>
JAT Care Sanitizers	
	<p>Broad-spectrum Instant hand sanitizer formulation contains cationic biocide and Isopropyl alcohol which would enhance safety and performance measures. The advantages of same are film-formation on skin to reduce the alcohol irritation; Cleans the hands and leaves the skin soft and smooth.</p>

7.5.1.4. Furnishing

JAT Furnishing covers all the modern furnishing solutions, including luxury kitchens, desking and storage, doors and partitioning for residential and commercial projects.

Table 7.4 Furnishing Segment of JAT

Ergonomic office desking, task seating, soft seating and storage	
Herman Miller	
	<p>Herman Miller, an invaluable internationally renowned brand represented by JAT is recognised as the pinnacle of prestige in seating and office desking. Herman Miller today, over 100 years since its inception, is an innovative business with a commitment to social responsibility. The ergonomic seating and desking designed to support and improve posture is the essence of a Herman Miller along with a 12-year unconditional warranty on every product.</p>
Houros	
	<p>Houros delivers economic and competitive products for price sensitive projects without compromising on quality, comfort, service or warranty. Ergonomic task seating, multiple desking and manager table solutions and storage to colourful array of multi-purpose chairs. Houros got it all</p>
Kitchens, Wardrobes and Vanities	
SEA Bauformat	
	<p>Bespoke designer Kitchens, wardrobes and vanities from SEA Germany is yet another testament to the precision, ingenuity and attention to detail that is synonymous with German manufacturing. Ranging from laminated finishes for the more price demanding to stone, ceramic and glass finishes for an up-market chic look. SEA Bauformat Germany has been a game changer in the industry for over 100 years in the manufacturing of Kitchens, vanities and wardrobes.</p>

Acoustical and architectural ceiling solutions

Knauf Armstrong and Knauf AMF



A household name with Architects, designers and contractors worldwide, Knauf Armstrong & Knauf AMF has an expansive portfolio of mineral fiber, soft fiber, wooden and metal ceilings, Armstrong ensures conformity to the most demanding acoustical requirements at no compromise on esthetics, which result in decision makers being spoilt for choice.

Euro Metallic



Eurometallic ceilings which are made in Sri Lanka are highly sought after for the healthcare and commercial sector buildings. Economical and robust, Eurometallic modular ceilings are easy to install and most importantly fits every budget.

Interior and Exterior timber floor and decking

Lifewood



Flooring options ranging from laminate, stone polymer composite, wood stone polymer composite and Engineered flooring, Lifewood has it all. Starting from the most economical laminate options which are cost effective but also long lasting under the right conditions to more demanding specifications and natural wood species to Engineered wood options. Customers can customise bespoke shades to suit their mood or project which ensures no two projects are the same.

Dasso



Dasso exterior strand woven decking systems are extensively substituted for wooden outdoor solutions mainly due to attributes like high density, less expansion, more durability, no splintering and high resistance to tropical climatic challenges; all benefits excluding the price tag of natural solid wood, make Dasso decking systems the right choice financially and environmentally.

Fire and non fire rated, wooden and metal doors

COCIF and Hormann



JAT Furnishing represents COCIF from Italy and Hormann from Germany. COCIF wooden doors come in a range of laminate, melamine, veneer and wooden finishes in either hollow core or honeycomb inner finishes, as per the demand of the specifier. Specialising in the hospitality, commercial, healthcare and residential spaces; COCIF Italian designs teamed with its state-of-the-art manufacturing ensures precision finishing and easy assembly at site.

Hormann a name synonymous in Europe for producing all types of metal fire and non-fire rated doors which conform to both EU and UL standards as per the demand of the project.

7.5.1.5. Projects completed by JAT



Altair Apartments

As the Altair residential tower reaches its completion, it stamps the iconic signature of the legendary Architect, Moshe Safdie across Colombo's skyline. Altair is a residential and commercial development comprising 68 floors within its vertical tower and 63 floors in its sloping tower. Upon its completion, Altair, standing 240 meters, will be one of the tallest in Colombo. JAT contribution to this impressive project include the following:

- 404 SEA kitchens in total with over 20 different variations
- 1,554 SEA wardrobes in total comprising 15 different variations
- 1,377 SEA vanities
- Over 85,000 sqm of internal painting
- Over 21,400 sqm of Eurometallic ceilings



Dilmah Ceylon Tea

The Dilmah Ceylon Tea Company was completed showcasing the JAT Lifewood flooring and Houros office furnishing ranges in the following areas:

- 5500+ sqft of indoor flooring
- 50+ workstations
- 40+ cupboards
- 120+ mobile pedestals
- 250+ office seating chairs

Defense Head Quarters Complex Akuregoda

The Defense head quarter complex currently houses the largest expanse of commercial ceilings Sri Lanka has ever seen under one roof. Armstrong ceiling solutions was the preferred choice to call the complex home with array of products:

- Rockwool ceilings
- Metal ceilings
- Metal strip ceilings
- Open cell ceilings



47 Luna Tower Apartment Complex

The 447 Luna tower houses 190 apartments that proudly carry SEA Kitchens in each apartment. The project now nearing its completion is testament for great design within the space provided and how a kitchen plays its role and contributes to the overall delivery of the desired product by the Architect.



The London Stock Exchange Group

London Stock Exchange Group (LSEG) is more than a diversified global financial markets infrastructure and data business, its one of few companies that really believe their employees are their most treasured assets. Investing in HermanMiller and Houros seating, desking and storage; and ensuring the best acoustics are at hand with Armstrong acoustic ceiling tiles.



One Galle Face Tower Colombo

With 530,000 sqft of premium office space with world class facilities in the heart of Colombo, each office space is fitted with Armstrong acoustical ceiling tiles for maximum acoustics increasing audibility and intelligibility, which is paramount in an office setting. The Shangri la Centre Management office on Level 5 is fitted with Houros furniture for maximum ergonomics and comfort.



Waterfront

The 4.5 million sqft project includes an 800 room luxury hotel, a large high-end retail mall, luxury residences, state of the art office space and convention areas. Armstrong Plain acoustical tiles and metal works ceilings were the specifiers choice in selecting the best acoustics for the commercial tower and its proposed occupants.

A segment of other ongoing and completed projects by JAT are as follows:

Decking



Avani Hotel Bentota



Bentota Beach Hotel



Avani Hotel Kalutara

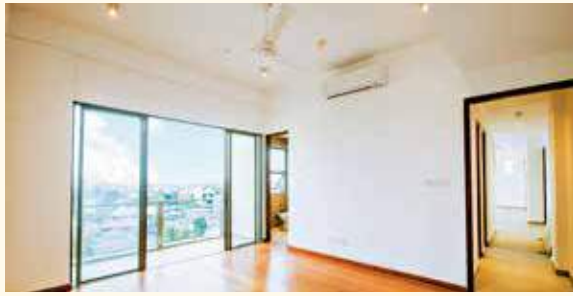


Water's Edge Sri Jayawardenepura



Earl's Regency, Kandy

Flooring:



77 On Fourth Apartment Complex



Water's Edge Sri Jayawardenepura



Prime Lands Residencies

Kitchens:



Prime Lands Residencies



De Seram Residencies



606 The Address



77 on Forth Apartment Complex



96 Residencies

7.6. Customer Centricity

JAT Group's 'Customer Centricity' philosophy has been its core driving principle. The fostering and sustaining of strong relationships with their customer base lie at the very foundation of its culture. The Company's ability to maintain its dominant market leadership position in its core product categories since inception, despite increasing competition is a testament to the same. Furthermore, JAT's continuous efforts in diversifying its product base through the acquisition of new agencies and new product development strategies have resonated among its customer base ensuring continued customer trust and loyalty. JAT's end customer base consists of a magnitude of homeowners, professional painters, carpenters, architects, industrial customers and hotels.

Some of the key customer centric initiatives by JAT in terms of enhancing customer service, innovation and product diversification are as follows:

Introduction of the Experience Centre concept at Thalawathugoda, Nawala and Shangri-La mall	Introduction of SIKA waterproofing to the local market	Revamping SEA Kitchens retail sector
Introduction of Harris Budget range	Introduction of Brush Master Wood – a brush specialized for wood coatings	Launch of 'WHITE by JAT' with the brilliant white emulsion paints to the market
Outsourcing of finished goods warehousing facility to Advantis 3PL	Backward integration to manufacture brush handles in-house	Loyalty Customer base: 100,000+

Figure 7.4 Key Customer Centric Initiatives by JAT



Newest addition to the JAT portfolio is the 'WHITE by JAT' range, with the launch of brilliant white emulsion paints to the market. This was inspired by the vision of 'colouring the world in white', allowing the world to witness the beauty of whiteness and it reaffirmed JAT as an innovative organisation in Sri Lanka, which always seeks to provide the highest quality products to its customers. Regardless of the high quality of the product, it has been priced at an affordable level to cater to a wide segment of the Sri Lankan population.

Further, expanding the marketing presence, JAT has introduced the concept of experience centers which is a one-stop shop for luxury retail sector as well as for paint related items for the finishing sector to enhance engagement with consumers. This centre offers a walk-through of high-quality kitchens, furniture and flooring products from three major world-renowned brands – SEA Bauformat, Herman Miller ergonomic office furniture and Lifewood wooden flooring.



The First Experience Centre opened in Thalawathugoda and formed a significant milestone in the business. The Group opened the second Experience Centre at Shangri-La One Galle Face as a furnishing showroom in December 2019. It relocated the JAT Nawala showroom and re-opened it as a JAT Experience Centre. This new concept enables customers to appreciate the extent to which JAT goes in valuing the needs of their customers.

7.7. Physical Infrastructure of JAT

7.7.1 Manufacturing Facilities of JAT



JAT's state of the art manufacturing facility with an extent of 59,000 sq.ft. is located in Polgasowita, Kahathuduwa in Colombo district and built on a freehold land. The manufacturing facility is certified for ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 and houses a world class manufacturing plant for wood coatings, decorative paints and brushes. Including the factory spaces in Katunayake and Horana, the total manufacturing facility is equipped with technically advanced machinery and adheres to stringent safety procedures. As a manufacturing organisation, JAT is also committed to creating a safe and hazard free environment for factory employees. The manufacturing plant is audited annually for certification compliance.

The number of employees working in the manufacturing plant in each department as at May 31, 2021 are as follows:

Table 7.5 Employees Details of Manufacturing Plant

Manufacturing Plant Departments	Number of Employees
Paint Department	32
Brushes Department	25
Warehouse (Kahathuduwa, Horana, Kaduwela)	34
Ceiling Factory Department	6
Maintenance Department	4
Wastewater Treatment Plant	1
Administration Staff (Finance, HR, General)	8
Research and Development Department	9
Total	119

The manufacturing facility of JAT has the capacity to produce products under three shifts.

The capacities under each department is as follows;

Table 7.6 Capacity Details of the Manufacturing Plant of JAT

Department	Single Shift (8 Hour)	Single Shift (12 Hour)	Dual Shift (with Additional Cadre)
Paint Department			
Nitrocellulose (Lts)	780,000	1,080,000	1,080,000
Enamel (Lts)	324,000	480,000	780,000
Waterbase (Lts)	1,080,000	1,800,000	2,700,000
Emulsion (Lts)	1,200,000	1,800,000	2,400,000
Total (Lts)	3,384,000	5,160,000	7,680,000
Brush Department	840,000	1,320,000	1,680,000

In FY20, with the view of improving and enhancing production capacity and production/process efficiencies, JAT has invested LKR 11.9 Mn in the expansion of factory premises.

In FY20, JAT ventured into the backward integration of its brush making facility by investing in 2 machines for the in-house manufacturing of brush handles which was formerly outsourced. As a result, this investment has yielded increased quality brush handles at a lower production cost, enhancing product margins.

Furthermore, JAT has carried out the following process improvements in order to enhance operating margins:

- Complete automation of Sayerlack wood stain and top coating processes by investing in an automated filling machine, capping machine, induction sealer, label machine and box machine.
- Process/productivity improvements during the year.
- Investment in handle forming and rounding machine for brush factory.
- Introduction of pad printing machine.
- Introduction of a new bar code system with Bileeta including bar code generation, first manufacturing first out, bar code scanning machines and a high-tech tracking system.

7.7.2 Head Office Infrastructure

A key augmentation to the Company's physical asset base is the new Head Office building in Thalawathugoda. The Company has invested in excess of LKR 600 Mn on the designing and constructing this 45,000 sqft complex creating the platform for a centralised operation. This State-of-the-Art building is equipped with all modern facilities including training facilities and other corporate facilities such as meeting rooms, an auditorium, a restaurant and a gymnasium.



7.7.3 Research and Development at JAT

Research and development (R&D) has been crucial to JAT's sustainable business model, whereby it has enabled the Company to continuously enhance its manufacturing processes via product innovation and new product development (primarily focused on wood coatings and decorative paints). Moreover, the Company has also been instrumental in providing localised input to key principals in terms of enhancing the quality and finish of these principal's products regionally. JAT's R&D team consists of highly qualified and experienced staff in their respective fields and have received both local and international training.

The Company's existing R&D facility is in Kahathuduwa. The Company intends to invest in setting up of a fully-fledged state of art R&D facility by utilising part of IPO proceeds as described in Section 5.7.1.

7.8 Core Competencies of JAT

7.8.1 Resilient Brand Recognition and Time Tested Partnerships

JAT brand is a completely local and home-grown brand, an undisputed market leader in the wood coatings industry with its globally recognized brand portfolio, superior product quality, excellence in customer service and creative innovation. JAT's brand legacy is recognised not only in Sri Lanka but over many regions across the world as being the exclusive agent for some of the leading brands of the world including Sayerlack wood coating, SEA kitchen solutions, Herman Miller office furniture, Armstrong ceilings, Lifewood flooring etc. Further, JAT Group's Sayerlack, J Chem and Borma Wachs brands have made JAT the market leader of waterbase and PU wood coating segment with 55% market share with the international principals it represents.



JAT Holdings was ranked amongst LMD's Top 20 Conglomerate Brands in Sri Lanka, according to Brands Annual 2020, a survey conducted by Brand Finance, the World's leading independent brand valuation and strategy consultancy firm.











The Group has invested LKR 167 Mn in marketing and promotional activities during FY20 and launched several campaigns to create brand awareness. The Group conducted a Loyalty Trade Awareness Campaign to communicate the importance of the JAT Sayerlack loyalty program and launched a digital marketing campaign for Herman Miller based on the Game of Thrones TV Series in May 2019. The Group launched the 'Coatings do matter' campaign to educate consumers on the different uses of the brand to suite a variety of climatic conditions in September 2019 and partnered with a local radio channel to create awareness and brand visibility of Harris.



JAT marked a major milestone during the year, successfully winning the bid to sponsor the national cricket team as the 'Official Overseas Team Sponsor of Sri Lanka Cricket' for the 2020/21. Further, the Company launched 'Sayerlack Lakshapathi', the first-ever consumer promotion of the Sayerlack Loyalty Program in March 2020, creating brand awareness. JAT also launched its own superior emulsion paint 'WHITE by JAT' in 2020 expanding its brand portfolio to even greater extents.

JAT's product portfolio comprises more than 17 renowned brands in wood coatings, decorative paints, accessories and furnishing products. These consists of both own brands and exclusively held global brands. A summary of existing partnerships and brands under the JAT Umbrella are as follows:

Table 7.7 Partnerships and Brands under JAT Group

Coatings and Accessories	
 <i>A globally renowned brand based in Italy and partners since 1995</i>	<ul style="list-style-type: none">• The flagship brand distributed by JAT which provide the innovative and high-quality wood finishes to the industry.• Awarded the title of the Largest authorised Distributor of Sayerlack (as per The Sherwin-Williams Company).• The brand has been recognised as the largest producer of wood coatings in the world and as pioneer in water-based coatings and offers a wider range of products including polyurethane and nitro cellular lacquers with scratch, heat and chemical resistance properties• The brand is represented in 91 countries as the global leader of the segment and in 2016, JAT became the largest authorised distributor for Sayerlack branded wood coating (as per The Sherwin-Williams Company)
 <i>Partners since 1999</i>	<ul style="list-style-type: none">• Borma Wachs, is considered a specialist in wood care with a pledge to offer customers only the best in their services and products which include putties, maintainers, marble, stone, terra cotta and timber cleaning agents.

 <p>Acquisition of Harris exclusive agency</p>	<ul style="list-style-type: none"> With effect from 1st September 2018, the No. 1 paintbrush manufacturer in the United Kingdom, L.G Harris & Co. Ltd has appointed JAT Holdings as its exclusive manufacturer, distributor and marketer in Sri Lanka for its range of Harris branded paintbrushes, rollers and accessories.
 <p>Introduced in December 2020</p>	<ul style="list-style-type: none"> Newest addition to the JAT portfolio is the 'WHITE by JAT' range, with the launch of brilliant white emulsion paints to the market.
 <p>Sri Lankan Subsidiary and launched in 2010</p>	<ul style="list-style-type: none"> Produces a range of premium brushes for all applications and is completely handcrafted using Tynex filaments by experienced brush makers. These brushes have 5 times the durability of any other brush in the market.
 <p>Owned brand by JAT and launched in 2016</p>	<ul style="list-style-type: none"> Masters caters to the local and international market in paints and finishing industry holding all manufacturing operations in Sri Lanka. Within a year, this brand has spread its product offering to include a range of waterbase lacquer, emulsion paint and brushes.
	<ul style="list-style-type: none"> Established to cater to the middle segment and industrial market to deliver high quality products at a lower price. This brand led JAT to diversify from a trading company to a manufacturing and trading company. The company began manufacturing paints and related material and is currently focusing on a portfolio that includes solvent based wood stains, thinner, retarder, wood preservative, sanding sealer, super gloss enamel, anticorrosive, varnish and French polish.
Furnishing	
 <p>A globally renowned brand and partners since 2011</p>	<ul style="list-style-type: none"> Herman Miller brand is recognised as the ultimate in prestige in seating and office desking. JAT distributes its entire range: Aeron, Eames Lounge and Ottoman, Embody, Sayl, Mirra and Abakdesking Solutions to the local market.
 <p>A globally renowned brand and partners since 2017</p>	<ul style="list-style-type: none"> A brand known for unique modular kitchens and wardrobe designs combined with customisable products, exclusive designs of the highest German quality standards.
 <p>A globally renowned brand and partners since 2011</p>	<ul style="list-style-type: none"> Armstrong Acoustical ceiling panels feature the ideal combination of sound absorption and sound blocking. The Armstrong portfolio of commercial acoustical ceilings offers solutions in mineral fibre, fiberglass, perforated metal, and perforated wood. Bright whites, bold colours, cool metals and warm woods give you the design flexibility and acoustical performance you need for your commercial interior.
	<ul style="list-style-type: none"> A brand dedicated as a furniture manufacturer, designer and transformer of living spaces as time and tastes evolve.
 <p>2017 bought over and solely owned by JAT Holdings</p>	<ul style="list-style-type: none"> Recognised metallic ceiling panel manufacturer in Sri Lanka with the objective of fulfilling the commercial space ceilings needs of the Government and private corporations.
	<ul style="list-style-type: none"> Luxury Handcrafted Flooring – Beautiful flooring begins with design. Life Wood floors are built taking great effort in selecting the right timber, grained and polished to make sure that your floor will look its best for life.

Other	
 <i>Partnered in 2019</i>	<ul style="list-style-type: none"> A range of innovative admixtures and additives to improve cement or concrete quality and workability with cost effective solutions
 <i>Introduced in 2020</i>	<ul style="list-style-type: none"> Broad-spectrum Instant hand sanitizer formulation contains cationic biocide and Isopropyl alcohol which would enhance safety and performance measures.

7.8.2 Unrivalled Dealer Network

JAT has a well-established distribution network developed over the years, in collaboration with a network of dealers, spread across the country. As a result, the company has over 5,000 customer touchpoints via hardware stores and other general trade. The Company dealer network stretches beyond the shores of Sri Lanka to international markets with dealers in countries such as India, Bangladesh, the Maldives, Kenya, Ghana and the Seychelles etc. The Company's sales force comprises 87 personnel. One of the main activities carried out recently to enhance the quality of relationship and performance of the dealer network is the profiling of shops into a grading system via a market study of the Company's dealer network to ensure product availability, monitor and drive individual dealer performance.

7.8.3 New Product Developments



The newest addition to the JAT portfolio is the 'WHITE by JAT' range, with the launch of brilliant white emulsion paints to the market. This was inspired by the vision 'colouring the world in white', allowing the world to witness the beauty of whiteness and it reaffirmed JAT as an innovative organisation in Sri Lanka, which always seeks to provide the highest quality products to its customers. Regardless of the high quality of the product, the product has been priced at affordable levels to cater to a wide segment of the Sri Lankan population. As a further revolutionary step, JAT intends to promote a direct-to-consumer e-commerce strategy as the primary driver for its 'WHITE by JAT' range, via the launch of the website, www.whitebyjat.com. This simple and easy to navigate website allows customers to place an order of their required quantity with minimum effort, enjoying a 40% direct discount on maximum retail price and free island-wide delivery within a period of 48 hours.



JAT Holdings, stepped up during this challenging time to battle the COVID-19 global pandemic by making its entry to a new industry vertical with the launch of a novel brand and product range, 'JAT Care'. As the latest contender in the personal and home care products market in Sri Lanka, JAT Care launched two brand new products under its product line – JAT Care Hand Sanitizer and JAT Care Disinfectant Surface Cleaner, to help the nation's collective efforts in battling the coronavirus. JAT Care Instant Hand Sanitizer is made to specifications mandated by the World Health Organisation (WHO) and contains 75% isopropyl alcohol (IPA), which helps to kill 99.99% of germs without water. The hand sanitizer will be available in two variants: gel form and liquid form.

During FY20, JAT Group enhanced their product range by introducing the Sika range of waterproofing products to the local market. With the introduction of the Harris budget segment, the Company managed to introduce a complimentary product to its core brush range. JAT also introduced Brush Master Wood which is a brush specialised for wood coatings, and strengthened its brush segment offering.

7.8.4 Strong International Market Presence and Potential New Markets

JAT entered the wood coating space in Bangladesh in 2001 with its impressive product range under the brands, 'Sayerlack' and 'J Chem' and has already established its position as a leading player in the market over the past few years. With over 12 years of corporate experience, JAT Group entered the Maldives with their premium brands, Sayerlack and Borma Wachs in 2005 and now boasts a solid customer base and been in continuous service for over 15 years.

JAT also entered the Indian market in 2013 and are now catering to a loyal customer base. Further, JAT has secured the agency to distribute Sayerlack products across South Asia.

As a market development strategy, JAT has rapidly expanded its presence in the African region during 2020 marking a significant milestone on its journey. JAT represents Sherwin-Williams' interest in c. 75% of countries in Africa having obtained the exclusive right to distribute Sayerlack wood coatings in the said countries. The African region is a virgin market for JAT's wood coating products and the Company has already earmarked East Africa to set up a wood coating manufacturing facility as per its IPO objectives and expand its footprint in the region.

The Group entered into an agreement with its German principal, SEA Bauformat, to represent them in the Maldives and Australia. JAT's emulsion range of paints which is an exclusive product manufactured using the finest raw materials by JAT is exported by the Company to the Maldives as well. JAT's market presence globally is depicted below.

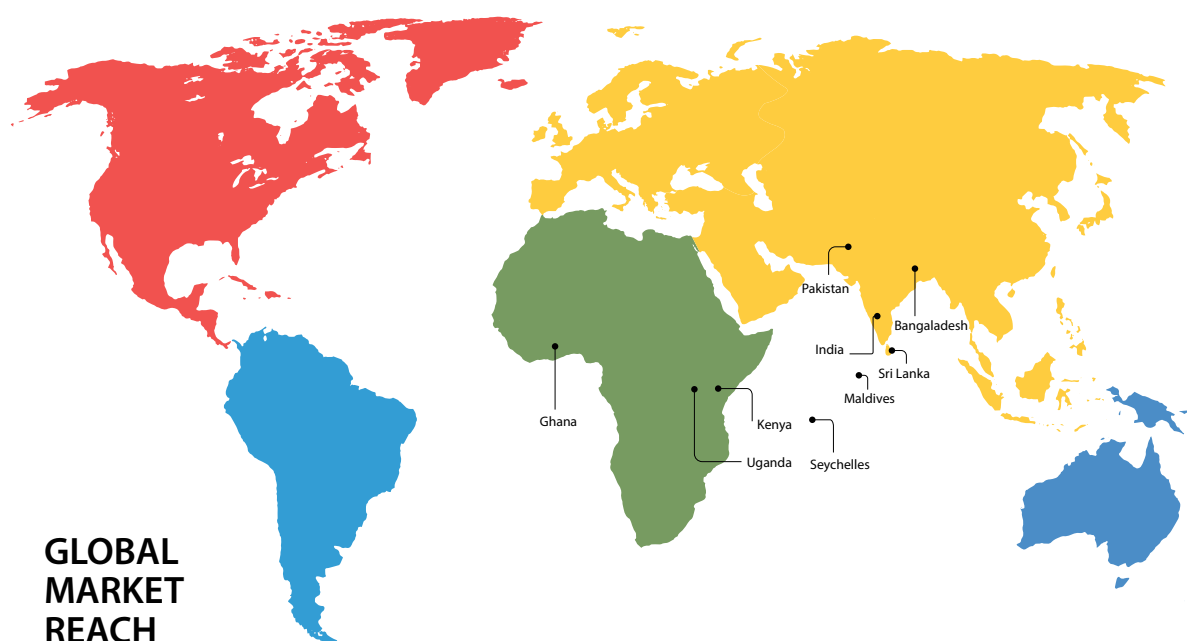


Figure 7.5 Market Presence of JAT

7.9. Human Capital

The Company considers its human resources to be an integral part of the overall business. Total staff strength amounted to 342 as at May 31, 2021, whose breakup is given in the table below. Furthermore, JAT consists of a strong senior leadership team which would be a key aspect in driving the future growth trajectory of the business.

Table 7.8 Human Capital as at May 31, 2021

Staff Category	Number of Employees
Sales and Marketing	115
Commercial	8
HR and Administration	22
Finance	26
Manufacturing and Warehousing	117
Projects	39
MD's and CEO's office	6
IT/Internal Audit/Legal/Process Excellence	9
Total Number of Employees	342

The employees of the Company are not members of any labour union and hence, the Company has not entered into any agreements with any labour union.

7.9.1 Human Capital Governance





JAT has focused on developing its human capital in order to enable delivery of the Company's overall strategic objectives, via a carefully constructed suite of policies and standard operating procedures. Strategies and priorities focused on are aggressive employer branding, enhancing employee engagement in order to build a teamwork culture, development of a strong HR Policy framework and establishing a performance driven culture.



7.9.2 Employee Engagement

The success of JAT largely depends on the strength of its competent staff which cultivate the qualities of motivation, high quality performance, experience, broad based and specialised knowledge, teamwork, and the ability to adapt to face multiple challenges in a volatile business climate. For the continuous development and maintenance of multifaceted staff, JAT has followed the below engagement activities to reinforce its well-maintained organisational culture:



Table 7.9 Employee Engagement Details of JAT





Activity Name	Description/ Key features
	JAT Sports Fiesta Conducted throughout September and October 2019. The sporting events included Cricket, Futsal, Swimming, Athletics, Basketball, Carrom, Tug of war, Table Tennis, Badminton and a HAKA Challenge. Employees were divided into 5 houses to compete with each other and bring out sportsmanship.
	Children's Day Workshop The employees of JAT joined with their families to celebrate Children's Day 2019. A workshop including both parents and children was conducted. The HR and Sustainability Department introduced the concept to acknowledge the value of learning and development and for employees to recall childhood memories.
	Fitness and Weight Loss Program 'JAT's Biggest Loser' program was held for a period of 6 months for all personnel in executive posts and above in order to promote a fit and healthy lifestyle. BMI and other medical aspects were looked into by medical experts.
	Employee Engagement Nights Every last Friday of the month, a special engagement event is organised with a view of enable staff to unwind, relax, improve staff bonding and work culture. These engagement events include movie nights, game zones, sports events etc.



	<p>Work-Life Balance Stress Management Program</p> <p>A stress management program which included a mix of therapeutic humor and music, a comedy act and a sing along was conducted for all staff in collaboration with Sri Lanka's beloved actor and comedian Mr. Wilson Gunaratne.</p>
	<p>JAT Next Star</p> <p>The 'JAT Next Star' was held as a talent show which was open to all JAT staff who displayed their talents as singers, actors, magicians and stuntmen.</p>

7.10. Corporate Social Responsibility (CSR)



Responsibility and commitment towards community remains an integral feature within the CSR framework of JAT Group with primary importance given to building better community living and lifestyle enhancement. Acknowledging the fact that corporate responsibility does not end with JAT's business processes and their direct impact, the Company has constantly shown enthusiasm towards the meaningful and sustainable relationships in the communities as a whole via the following CSR Projects:

Table 7.10 CSR activities of JAT

Project Name	Description/ Key features
	<p>Petal Paint</p> <p>Petal Paints is an innovative range of emulsions produced using a state-of-the-art extraction process where seeing an opportunity in the scale of the wastage of flowers after being offered ceremoniously at temples and to give these flowers a higher purpose that transcended beyond a single offering. As a result, JAT has begun collecting the organic discards and sorted them out by colour to be dried to manufacture natural pigment paints in Sri Lanka while collaborating with the temples in islandwide. These paints were used by master artists to restore faded temple wall paintings across Sri Lanka while ensuring that these once cherished offerings were given a second chance of life, preserving the island's culture and heritage forever.</p>
	<p>Beach Clean up</p> <p>A Beach Clean-up program named Compassion to Mother Earth was organised by the JAT Sustainability Team and took place on the 4th of February 2020, to celebrate the Independence Day of Sri Lanka. This was initiated to reduce the environmental footprint. The clean-up took place at the Mount Lavinia Beach where the employees participated and gave their utmost support. 80-100 families living on the coast benefited by this initiative taken by JAT.</p>
	<p>JAT Shuttle Program</p> <p>The 'JAT Shuttle' program took place for the 3rd consecutive year focusing on empowering and building future leaders of Sri Lanka by providing career guidance for over 1000 undergraduates in state and private institutes. Some key factors that need to be adopted when facing interviews such as insights on adaptation to corporate culture, current job market status and advanced techniques were discussed. The aim of this shuttle program was to develop the corporate sector of Sri Lanka.</p>
	<p>Donations</p> <p>Some of the community development initiatives undertaken by JAT for the year included donations made for the police CID division which benefited CID officers and their families, the donation of paints to places of religious worship and Street Art Projects which were carried out at the Kahathuduwa Expressway, the Kohuwala Fly-over, Ragama and Sri Lanka Army division at Panadura.</p>








	<p>Eco-centric Project</p> <p>JAT's sustainability team contributed to a workshop held at the Spectrum Institute of Science and Technology held on the 17th and 18th of August 2019. 30 applicants between ages 25-30 were chosen to attend the workshop. The workshop made the participants engage in practical and interactive activities which required teamwork, active listening and empathy. The participants also crafted their own projects where necessary tools and recommendations were given to implement these projects.</p>
	<p>Livelihood Development</p> <p>Empowering youth in our local communities through skill development opportunities and improving education standards is a key element of JAT's corporate social responsibility. This was initiated by providing direct and indirect employment opportunities with the view of enhancing their livelihoods and sustaining relationships with these communities</p>



7.11. Certifications of JAT

Project Name	Description/ Key features
	<p>ISO 9001 – Certification for Quality Management</p> <p>Awarded with ISO 9001 – Certification for Quality Management systems recognising the factors contributing to increase national and international trade of goods and services</p>
	<p>ISO 14001 – Environmental Management System</p> <p>Awarded with ISO 14001 – Certification for Environmental Management System in recognition of JAT's environmental protection concerns.</p>
	<p>ISO 45001 – Occupational Health and Safety</p> <p>Awarded by ISO 45001 standard which deals with occupational health and safety.</p> <p>Certification results in optimal performance of an organisation's health and safety system by addressing issues such as accident awareness, risk identification, injury prevention and defining clear employee responsibilities.</p>
	<p>Issuer Rating of (SL) A+ with a stable outlook for JAT Holdings. Several factors including the company's Financial Performance, Brand Strength and Future Prospects were taken into consideration for the affirmation of the rating</p>
	<p>First and only corporate in the paint industry to receive the Responsible Care Award and certification from the Responsible Care Council of Sri Lanka in 2017 and 2018.</p>

7.12. Awards and Accolades

The relentless endeavour of JAT has been recognised by the plethora of accolades received for its commitment towards consistent innovations, value added solutions, quality, safe and sustainable business activities.

Details of the Award	
 <ul style="list-style-type: none"> JAT has recognised among the Top 100 Most Respected Companies cited by LMD for four Consecutive years. Founder and Managing Director, Aelian Gunawardene has been listed in LMD's A-List 2020, whilst his son, Director, Richard Gunawardene has been listed in LMD's A-List of millennial torchbearers. Ranked amongst LMD's Top 20 Conglomerate Brands in Sri Lanka, according to Brands Annual 2020. 	 <p>In 2019, JAT was awarded for four accolades along with the 'Bronze Award for Overall Excellence' at the National Business Excellence Awards organised by National Chamber of Commerce of Sri Lanka (NCCSL), which recognise the business enterprises which have demonstrated excellence in business practices while contributing to the economic progress of the country. The other awards won were 'Gold Award in the Trading Sector' which JAT won for the 2nd consecutive year, '2nd Runners up in Extra Large Category' and 'Merit Award for Excellence in Local Market Reach'.</p>
 <p>JAT Group has been recognised as the 'Top 10 winner' and 'Merit Award for National level in Extra Large Category' under CNCI Achiever Awards by the Ceylon National Chamber of Industries.</p>	 <p>JAT has rewarded with a Merit Award for its Entrepot Trade under Presidential Export Awards, which is organised by the Sri Lanka Export Development Board (SLEDB). It is the most prestigious award presented by the President of Sri Lanka to exporters in recognition of their outstanding contribution to the export sector and to the economic development of the country.</p>
 <p>The Annual Report for FY 2018 themed 'Epitome of Brilliance', was awarded with the Bronze award under trading companies' category at the 54th Annual Report Awards of the Institute of Chartered Accountants of Sri Lanka, held in December 2018. Further, The Annual Report of FY 2017 too won the Bronze award under trading companies' category.</p>	 <p>JAT Holdings has been named Sri Lanka's Best Employer Brand, an award conferred by the Employer Branding Institute, World HRD Congress & Stars of the Industry Group, with CHRO Asia as a strategic partner, and endorsed by the Asian Confederation of Businesses.</p>
	<p>Awards won for 'Petal Paint', a sustainability initiative:</p> <ul style="list-style-type: none"> Sri Lanka's first ever 'wood pencil' at D&AD awards in London in the environmental sustainability program. Gold in Lotus Innovation award and Gold in Lotus Roots award at the Adfest 2019 held in Thailand. Only Sri Lankan brand to win Silver Cube in Advertising and Innovation, Bronze Cube in Product Design-Sustainable/Eco-Friendly and 3 Merit Awards at the ADC Global Awards in New York. 2 coveted medals at the Epica Awards in United Kingdom. Ranked 2nd amongst the top 5 most creative ideas by ADAGE.

 <p>In 2013, JAT Holdings won the Bronze award at the Effie Awards in the Household Supplies and Services category for its innovative campaign for Sayerlack.</p>	 <p>JAT Holdings won the Bronze award for “Sayerlack” as the B2B brand of the year at the 14th Sri Lanka Institute of Marketing’s SLIM Brand Excellence in 2015.</p>
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7.13. Future Directions of JAT Group

In light of the expected surge in demand for JATs products, the Company intends to pursue several strategies as indicated below.

Continuous Expansion in R&D

JAT has recognised and grounded itself on the value creation in the production process generated through its research and development activities. It anticipates continuous investment in it to gain a competitive edge in the market overtime through new innovations, improved efficiencies in production techniques and processes, achieve reductions in cost and improve the quality of its existing product offering to better cater to new market demands and trends. It will also assist in reducing the dependency on the R&D efforts of existing suppliers and enable the Company to have greater control over its value chain.

Factory Capacity Enhancements and Automation

As a part of JAT’s overall shift in its value proposition to an integrated manufacturer in order to reduce the cost of business operations, JAT intends to focus on enhancing manufacturing capacities and carrying out other plant automations in its existing business in Sri Lanka as well as its new plants in Bangladesh and East Africa. Further, in terms of automations, JAT is continually evaluating and introducing improvements to its systems to create a leaner organisation backed by a smaller workforce and highly productive systems over next three years.

As a result, in order to gain a market leading position in brush manufacturing as well as opening doors for the exports of brushes, JAT intends to carry out an integration and automation of its “Brush Master” factory in the near future. Investing in machinery will assist JAT to manufacture brush handles in-house and automating the manufacturing facility will expand JAT capacities, cost efficiencies and quality of products.

Expansion of Business via Venturing into New Markets

JAT expects to continuously exploit new growth opportunities in untapped international markets overseas. JAT in the near term intends to expand its global footprint across the South Asian region in countries such as Pakistan and Nepal, whilst growing its presence in existing markets such as Bangladesh, India and Maldives, and the African region with Ghana, Kenya, Ethiopia, Uganda and Tanzania as focus markets with respect to promote its furnishing and finishing product offering.

JAT marked its presence in Bangladesh in 2001 and expects to solidify its presence through vertical and backward integration by setting up a manufacturing plant and expects to expand its sourcing strategy locally to assist in marketing efforts beyond the capital city Dhaka.

The presence of JAT in the African continent will foster greater business opportunities in terms of converting virgin African markets to water based and high-quality wood finishes at affordable prices while capitalising on the regional trade agreements. Further, JAT expects to also venture into the Australian market initially through entrepot trade of SEA and opening up showrooms to expand JAT’s footprint in Australia.

Conversions of PU Customer Segment in the Sri Lankan Market

Currently Sri Lanka has an estimated LKR 4.0 Bn Nitrocellulose (NC) wood coating market, with the Polyurethane (PU) and Water Based (WB) markets still heavily under penetrated. As such, JAT’s mission is to increase the conversion ratio of customers from NC market to PU and WB market in the medium to long term. JAT has been relentlessly pursuing this strategy since its inception as well and has achieved great success with an estimated LKR 3 Bn having been converted in the past 15 years.

Expansion of Furnishing Market in Sri Lanka

With the rapid shift in lifestyles and living standards in Sri Lanka, and the increasing sophistication of the Sri Lankan urban community, JAT has identified an increase in demand for furnishing and finishing solutions for such discerning consumers, including furniture, wardrobes, kitchens etc. Additionally, the onset of many luxury apartment projects and mixed development

projects has further spurred this demand in order to create the optimal 'modern living space' for such customers. JAT has been a go-to name and is one of the leaders in offering a range of solutions for real estate projects in Sri Lanka and also expects to construct a state-of-the-art complex with 4 showroom floors for SEA Kitchens and Herman Miller products in order to drive growth in this segment. The Company also expects ongoing/new real estate projects and large infrastructure projects such as the Port City development to drive demand going forward and is in an excellent position to capitalise on the same with its suite of products and solutions.

Consolidation to achieve group synergies

As an organisation which focusses on continuous and rigorous growth, JAT plans to invest in complementary external projects whilst also consolidating operations of companies within the group in order to bring forth synergies by utilising internally generated funds.

7.14. Assumptions Relating to Future Plans of JAT Group

Following assumptions were made when developing future directions of JAT Group.

Recovery of the Sri Lankan Economy

Following the muted economic growth in the past 5 years from 2015 – 2019 (annual average growth of 3.7% as per S&P Capital IQ) and the 3.6% economic contraction witnessed on the back of COVID 19 in 2020 (as reported by the Department of Census and Statistics), the Sri Lankan economy is expected to recover from 2021 onwards. The International Monetary Fund (IMF) forecasts the Sri Lankan economy to grow at an average of 4.1% between 2021 and 2025.

Growth of the Construction and Real Estate Sectors in Sri Lanka

The construction and real estate sectors are expected to witness renewed growth in line with the overall economic growth and favourable government policy. There are a number of existing high end luxury apartment/mixed development projects that are due to be completed in the near future, whilst a multitude of new projects are in the pipeline too. Given JAT's market leading position in furnishing and finishing solutions, the Company is expected to benefit from the above, particularly given that many of the existing projects are nearing their completion stage (where JAT's solutions would come in). Additional tailwinds are expected from a boom in the local housing market, given the existing low interest rate regime which is expected to fuel construction/repairs of houses.

Anticipated Product Innovation and Process Improvements via R&D

It is assumed that the Company's focus and investment in R&D will continue to yield results in terms of new product development, innovation and process improvements, particularly with the large investment in the new state-of-the-art R&D facility post-IPO.

Continuous Strengthening of Existing Partnerships of JAT

JAT currently works with over 17 partners on an exclusive basis not just in Sri Lanka but in many other regions globally. The Company is the exclusive agent for the distribution of Sayerlack products in all of South Asia and key regions of Africa. It is assumed that the existing strong relationships that JAT enjoys with its principals will continue going forward and that the Company will also foster new partnerships in areas of strategic interest.

Growth in Key Export Markets and Stability of Bangladesh and East Africa (Earmarked for Setting up Plants)

The forecast economic growth rates by IMF for key target export markets are presented below. Many of these markets are emerging markets and are expected to post rapid growth, particularly given the economic setbacks experienced in 2020.

	2021	2022	2023	2024	2025
Bangladesh	5.0%	7.5%	7.3%	7.3%	7.3%
India	12.5%	6.9%	6.8%	6.7%	6.6%
Maldives	18.9%	13.4%	12.6%	6.3%	5.6%
Pakistan	1.5%	4.0%	4.5%	5.0%	5.0%
Ghana	4.6%	6.1%	4.5%	4.4%	6.8%
Kenya	7.6%	5.7%	6.1%	6.1%	6.1%

Source: International Monetary Fund-Forecast

In addition, it is also assumed that Bangladesh and East Africa (the locations that the Company has identified to set up the new plants) would have stability in government policy, regulatory environment and political environment in order to ensure foreign investors such as JAT to venture into these markets seamlessly.

Please refer Section 12 for risks associated with business operation and future strategies of JAT Group.

8. MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis disclosed herein discusses the Company's historical financial results for the years ended March 31, 2021, 2020, 2019 and 2018. Investors should read the following discussion together with the Company's audited financial statements as at and for the year ended March 31, 2021 and included in Annexure G of this Prospectus.

Prospective investors are encouraged to read the entirety of this Prospectus, including Section 7 for a summary and description of the Company's operations and Section 12 which discusses factors that could impact the Company's business operations and not rely solely on the financial information provided herein.

8.1. Financial Review for the Three Financial Years Ended March 31, 2020

8.1.1. Summarised Income Statement – JAT Group

Table 8.1 Summarised Income Statement

(LKR Mn unless otherwise stated)	FY18	FY19	FY20
Export Sales	1,571.1	1,647.7	1,741.0
Local Retail Sales	3,167.6	4,064.4	3,526.8
Project Sales	708.0	835.1	1,027.8
Revenue	5,446.7	6,547.2	6,295.5
Cost of Sales	(3,839.6)	(4,615.6)	(4,556.7)
Gross Profit	1,607.1	1,931.7	1,738.8
GP Margin %	29.5%	29.5%	27.6%
Net Operating Expenses	(914.6)	(878.6)	(902.2)
EBITDA	789.5	1,155.9	951.6
EBITDA Margin %	14.5%	17.7%	15.1%
EBIT	692.5	1,053.1	836.6
EBIT Margin %	12.7%	16.1%	13.3%
Net Finance Costs	(106.2)	(111.8)	(85.9)
PBT	586.3	941.3	750.7
Tax Reversal/(Expense)	48.5	(60.3)	(43.6)
PAT	634.8	881.0	707.1
PAT Attributable to Owners of the Parent	636.5	884.0	712.0
PAT Margin %	11.7%	13.5%	11.2%

Revenue

JAT Group recorded a revenue of LKR 6.3 Bn during FY20 which was a decrease of 3.8% YoY which was a marginal drop despite two major macro shocks which took place during the beginning and the end of FY20. Revenue recorded a CAGR of 7.5% between FY18 and FY20, primarily driven by the growth in Paints, Chemicals and Other Products and Finishing and Furnishing Projects. During the same period, international revenue grew at a CAGR of 5.3% primarily led by strong growth in Bangladesh and the Maldives.

JAT Group posted LKR 1.7 Bn revenue from overseas markets during FY20, with international revenue accounting for 27.7% of total revenue.

Table 8.2 Revenue Breakdown (LKR Mn unless otherwise stated)

Revenue Breakdown (LKR Mn unless otherwise stated)	FY18	FY19	FY20
Wood Coatings	4,068.5	4,572.7	4,186.8
Finishing and Furnishing Projects	708.0	833.5	1,027.8
Paints, Chemicals and Other Products	372.9	921.8	847.0
Brushes	118.4	206.3	221.6
Furniture	18.8	12.9	12.3
Other	160.1	-	-
Total Revenue	5,446.7	6,547.2	6,295.5

Wood Coatings: Over the period under review, JAT Group emerged as the undisputed market leader in the water-based and PU wood coating segment with a c. 55% market share via the Sayerlack brand. The portfolio also includes other brands such as J Chem and Borma Wachs and overall segment revenue witnessed a YoY decline of 8.4% during FY20 mainly due to the muted growth in the overall construction and related material industries, stemming from external macro shocks (April bombing and COVID 19 pandemic).

Finishing and Furnishing Projects: This segment focuses on domestic/industrial finishing, furnishing and development projects. JAT Group is a leading player in the supply of kitchen, wardrobe and vanity solutions via the SEA brand and office furniture through Herman Miller brand. This segment grew at a CAGR of 20.5% between FY18 and FY20 and recorded an all-time high of LKR 1,027.8 Mn in revenue for FY20 growing 23.3% YoY despite the adverse macro-economic situation in the country.

Paints, Chemicals and Other Products: This segment focuses on manufacturing of emulsion paints, resins, chemicals, and other industrial solutions and recorded revenue of LKR 847.0 Mn in FY20, posting a CAGR of 50.7% over FY18 and FY20.

Brushes: This segment focuses on manufacturing of brushes, rollers and handlers and other paint and wood coating application solutions and grew at a CAGR of 36.8% between FY18 and FY20. This was mainly on the back of the acquisition of the Harris Brush brand in FY19.

Operating Expenses

Operating Expenses comprise all cost of sales, administrative and selling and distribution costs. The composition of operating expenses highlighting key items is shown in the figure below.

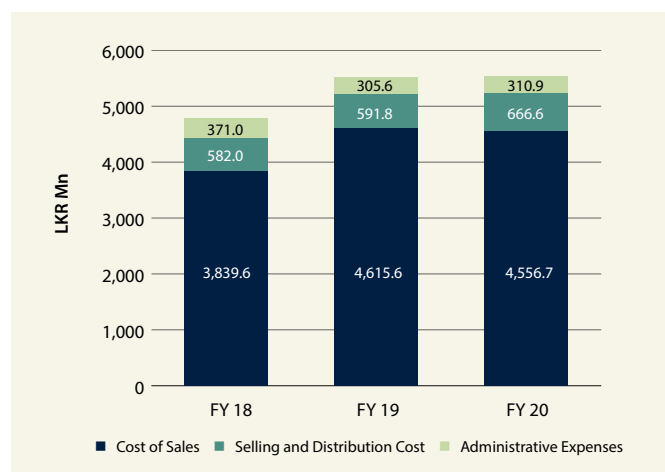


Figure 8.1 Composition of Operating Expenses of JAT

The proportion of cost of sales as a percentage of revenue increased over the period under review from 70.45% in FY18 to 72.4% in FY20 primarily due to the steep depreciation of the LKR against the USD and the Euro that took place in the second half of FY19.

Administrative expenses of JAT Group increased by 1.7% YoY in FY20 to LKR 310.9 Mn. This was a decrease of LKR 60.1 Mn cf. FY18 and was primarily driven by cost efficiencies via reductions in staff costs and rental expenses as well as the non-recurrence of certain one-off costs incurred in FY18.

JAT Group's selling and distribution cost as a proportion of total revenue settled at 10.6% in FY20, compared to the average of 10.1% over the period under review. This was mainly due to the operating leverage of the Company, as a result of revenue growth being flat in FY20. However, this was further exuberated by an increase in provisions for impairment of trade receivables during the year.

Profitability

Despite negative macroeconomic factors in FY20 resulting in a dampened performance during the year, JAT Group recorded an EBITDA margin of 15.1%, slightly less than the average of 15.8% over the period under review. The Group also posted LKR 707.1 Mn in Profit After Tax in FY20, resulting in a PAT margin of 11.2%, whilst achieving healthy levels of Return on Equity of 14.9% in FY20.

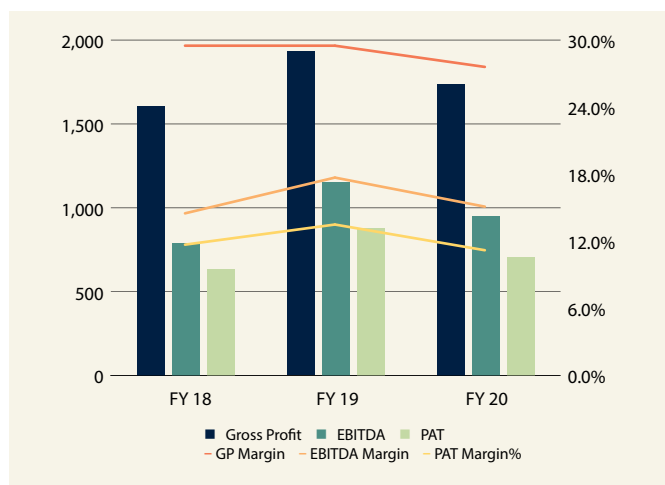


Figure 8.2 Profitability Ratios of JAT

8.1.2. Summarised Statement of Financial Position – JAT Group

Table 8.3 Summarised Statement of Financial Position – JAT Group

As at 31st March (LKR Mn unless otherwise stated)	FY18	FY19	FY20
Property, Plant and Equipment	1,316.3	1,487.4	1,435.4
Inventories	1,631.0	1,434.3	1,782.3
Trade and Other Receivables	2,650.5	3,061.8	2,989.4
Cash and Cash Equivalents	366.0	316.7	497.4
Other Assets	271.8	693.1	452.2
Total Assets	6,235.6	6,993.3	7,156.7
Total Equity	3,830.6	4,567.6	4,962.0
Loans and Borrowings	977.5	1,407.2	922.8
Trade and Other Payables	1,373.5	962.0	1,206.3
Other Liabilities	54.0	56.5	65.6
Total Liabilities	2,405.0	2,425.7	2,194.7
Total Equity and Liabilities	6,235.6	6,993.3	7,156.7

Capital Structure

JAT Group has maintained commendable capital structure overtime, based on sources of capital characterised by a strong equity base and limited exposure to borrowings. The Company's gearing ratio (Debt to Total Capital) has reduced over the period under review from 20.3% in FY18 to 15.7% in FY20. Given the Company's consistent strong performance and low gearing, the Company has ample capacity to raise further debt in order to support its future growth plans as disclosed in this Prospectus.

Working Capital

Trade receivable days came in at 165 for FY20 whilst trade payable days were recorded at 57 for the same period. The total inventory position of JAT Group increased to LKR 1.8 Bn in FY20 from LKR 1.4 Bn as at FY19 on the back of the lockdown in March 2020 resulting in higher than usual stock holding during the end of the financial year.

Capital Expenditure

Capital expenditure (Capex) decreased in FY20 owing to the dampened performance witnessed by JAT Group on the back of the macroeconomic shocks that occurred during the year. The average Capex to Sales ratio over the two preceding financial years was 5.7%.

8.2. Update for the Current Financial Year Ended March 31, 2021 – JAT Group

Table 8.4 Income Statement Snapshot (LKR Mn unless otherwise stated)

	1H FY21	2H FY21	FY21
International Sales	121.2	542.1	663.3
Local Retail Sales	1,658.0	2,851.0	4,508.9
Project Sales	29.5	157.8	187.3
Total Revenue	1,808.7	3,550.8	5,359.5
Gross Profit	552.0	1,092.3	1,644.3
GP Margin %	30.5%	30.8%	30.7%
EBITDA	102.1	701.6	803.7
EBITDA Margin %	5.6%	19.8%	15.0%
EBIT	38.3	646.5	684.9
EBIT Margin %	2.1%	18.2%	12.8%
PAT	(21.2)	621.6	600.4
PAT Attributable to Owners of the Parent	(21.5)	620.2	598.7
PAT Margin %	-1.2%	17.5%	11.2%

Revenue for FY21 came in at LKR 5.4 Bn, a YoY decline of 14.9%, on the back of the negative impact caused by the ongoing COVID 19 pandemic in Sri Lanka and key overseas markets such as Bangladesh. Such negative shocks included periods of nationwide lock down and overall slowdown of economic activity, particularly the construction and related industries. However, the Paints, Chemicals & Other Products and Brushes segments in the local market recorded YoY growth of 18.8% and 26.6% respectively driven by the increase of market share in the wood coating and brush segment, launch of WHITE by JAT paint range, sanitizers and SIKA waterproofing.

During the first half of the financial year, the pandemic impacted not only revenue, but also the operating margins of the Group via increases in operating costs of certain product segments. Nevertheless, JAT Group witnessed an immense recovery in business during the second half of the financial year, posting a 15.0% EBITDA margin for FY21 (in line with the EBITDA margin for FY20 of 15.1%). Moreover, JAT Group posted PAT of LKR 621.6 Mn during the second half of the financial year (with a PAT of LKR 384.6 Mn during the final quarter), offsetting the pandemic related losses incurred during the first half of the financial year. A similar pattern followed in key overseas markets including Bangladesh (which resulted in a 67.3% decline in revenue YoY) with marginal international revenue recognised in the first half of the financial year. However, the second half of FY21 witnessed a recovery of the international market to a certain extent.

In addition, JAT Group has been able to further strengthen its balance sheet position despite the uncertain and challenging economic environment, with its gearing ratio (debt to total capital) improving to 9.1% as at FY21, whilst maintaining a cash and cash equivalents and short-term financial asset balances of LKR 494.3 Mn and LKR 214.3 Mn respectively.

9. CORPORATE STRUCTURE

9.1. The Board of Directors of JAT

As at the date of the Prospectus, the Board of Directors of JAT Holdings Limited comprises nine (09) Directors of which one (01) is an Executive Director and eight (08) are Non-Executive Directors. Of the eight (08) Non-Executive Directors, five (05) are Independent Non-Executive Directors.

Table 9.1 Details of JAT Board of Directors

Name	Designation	Address
Dr. Sivakumar Selliah	Chairman Director Non-Executive/Independent	No. 114/5, Rosmead Place, Colombo 07
Mr. Aelian Gunawardene	Founder and Managing Director Executive/Non-Independent	No. 501, Ruwan Lane, Off Udumulla Road, Battaramulla
Mrs. Joycelyn Gunawardene	Director Non-Executive/Non-Independent	No. 501, Ruwan Lane, Off Udumulla Road, Battaramulla
Mr. Hussain Akbarally	Director Non-Executive/Independent	No. 90, Layards Road, Colombo 05
Mr. Girish Patil	Director Non-Executive/Independent	C V Patil, Madihal, Hubballi – Dharwad City, PIN 580006, Karnataka, India Local Address: Tower 1 – 17/B3, On Three 20 Residencies, No. 320, Union Place, Colombo 02
Mrs. Anika Williamson	Director Non-Executive/Non-Independent	No. 31, Husdon Street, Bayswater, WA 6053, Australia. Local Address: No. 501, Ruwan Lane, Off Udumulla Road, Battaramulla
Mr. Richard Gunawardene	Director Non-Executive/Non-Independent	No. 501, Ruwan Lane, Off Udumulla Road, Battaramulla
Mr. Devaka Cooray	Director Non-Executive/Independent	No. 28, Cambridge Place, Colombo 07
Mrs. Priyanthi Pieris	Director Non-Executive/Independent	No. 3/14D, Kynsey Road, Colombo 08

9.2. Profiles of the Board of Directors

The Board of Directors of JAT Holdings Limited provides strategic insight and management guidance to achieve corporate objectives. The Board assumes ultimate responsibility for corporate governance and risk management. Board members are established individuals in their respective professional fields with several serving on public company boards, collectively providing the diversity and balance of skills for effective stewardship.



**Dr. Sivakumar
Selliah**

**Chairman – Non-Executive
Director/Independent**

Dr. Selliah was appointed to the Board of Directors of JAT Holdings in 2014 and has been the Chairman of the JAT Holdings since 2014. With over two decades of diverse experience in multiple fields including manufacturing, health care, insurance, logistics and packaging, renewable power, plantation, retail etc. he holds an MBBS degree and a Master's degree (M.Phil).

Dr. Selliah is currently the Deputy Chairman of Asiri Hospitals Holdings PLC and the Deputy Chairman of Asiri Surgical Hospital PLC. He is a Director of HNB Assurance PLC, Lanka Tiles PLC, Softlogic Holdings PLC, ODEL PLC, Lanka Walltiles PLC, ACL Cables PLC, Lanka Ceramic PLC, Swisstek (Ceylon) PLC and Swisstek Aluminum Pvt Ltd. He is also the Deputy Chairman of Central Hospital Ltd. Dr. Selliah is also the Chairman of Cleanco Lanka (Pvt) Ltd, and Vydexa (Lanka) Power Corporation (Pvt) Ltd. He is the Deputy Chairman of Evoke International Ltd too. He has also served as a Senior Lecturer in the Medical Faculty for many years in the past. Currently he serves as a Council Member of the University of Colombo.

Dr. Selliah also serves on the following Board sub committees of some of the companies listed above as a Member or Chairman: Human Resource and Remuneration Committee, Related Party Transactions Committee, Audit Committee, Investment Committee and Strategic Planning Committee.



**Mr. Aelian
Gunawardene**

**Founder and Managing
Director/Executive Director**

Mr. Aelian Gunawardene is the founder and Managing Director of JAT Holdings Limited and has been the driving force of the company ever since. As a Marketing professional he has pioneered new innovations while increasing JAT's presence both locally and internationally and has built unequivocal brand equity. He has successfully led JAT to the recognition of being the only private company in Sri Lanka to be awarded a Moody's ICRA rating of 'A+ (Stable)' outlook for five consecutive years.

Mr. Gunawardene is one of Sri Lanka's most respected corporate leaders, contributing more than 27 years of leadership experience and strategic expertise to the Board. In the year 2017, he was awarded the honour of Sri Lanka's Entrepreneur of the Year and was also recognised among LMD's 'Top 23 Business people of the Year'. In addition, he has been on the LMD's A List for five consecutive years commencing in 2018; a list that features the top leaders of the business world in Sri Lanka.



**Mrs. Joycelyn
Gunawardene**

**Non-Executive Director/
Non-Independent**

Mrs. Joyce Gunawardene currently serves as an Executive Director to Brush Master (Private) Limited. She has over 15 years of experience in the field of Advertising and Promotion and was appointed to the Board of Directors of JAT Holdings in 2015. She holds a B.Sc. Degree in Psychology from the University of NSW Australia.



Mr. Hussain Akbarally

Non-Executive Director/
Independent

Mr. Hussain Akbarally holds a degree in Science from the University of Melbourne, and an MBA from Harvard Business School. Mr. Akbarally currently serves as an Executive Director of Akbar Brothers (Pvt) Ltd and its subsidiaries. Akbar Brothers is Sri Lanka's largest exporter of Ceylon Tea to the international market and has diversified interests in the areas of pharmaceuticals, import trading, renewable energy, property management, manufacturing, hospitality, agriculture and environmental control. Hussain has spearheaded the Group's ventures into the avenues of solar power, hospitality and agriculture amongst others. He was honoured as one of the New Energy Leaders by the Asian Development Bank in 2018 for his work in the renewable energy sphere. He is the incoming Chapter Chair for YPO Colombo and serves as the treasurer of the Ceylon Motor Sports Club.



Mr. Girish Patil

Non-Executive Director/
Independent

Mr. Girish Patil was appointed to the Board of JAT in 2019. He currently serves as the Managing Director of NDB Zephyr Partners Lanka (Pvt) Limited, a joint venture between Zephyr Management L.P., a New York based global private equity firm and NDB Capital Holdings Limited (a subsidiary of National Development Bank PLC, a leading commercial bank in Sri Lanka). NDB Zephyr manages Emerald Sri Lanka Fund I Limited, which is the largest private equity fund in Sri Lanka. He has more than 15 years of investing experience, with cumulative investments of approximately USD 270 Mn across various sectors such as manufacturing, consumer, media, power, IT/ITES and education. Prior to joining NDB Zephyr, Mr. Patil worked in prominent investment firms such as Nalanda Capital (Singapore), Warburg Pincus (India) and Sage Capital (India). He also serves on the Board of Cleanline Linen Management (Pvt) Limited. He holds a Post-Graduate Degree in Business Administration from SDM-IMD, India.



Mrs. Anika Williamson

Non-Executive Director/
Non-Independent

Mrs. Anika Williamson currently serves as an Executive Director at JAT Global (Private) Limited and was appointed to the Board of JAT in 2020. She has over 8 years of experience working in the finance, import, export and banking industries. In the year 2020, Mrs. Williamson was appointed as the Finance Director of JAT Property Group (Private) Limited. She holds a Double Degree in Accounting and Entrepreneurship from Curtin University, Australia and was a member of the prestigious Pro Vice Chancellor's Chapter.



Mr. Richard Gunawardene

Non-Executive Director/
Non-Independent

Mr. Richard Gunawardene, a marketing professional with multi-faceted experience within and outside the JAT Group was appointed to the Board of JAT in 2020. He currently serves as an Executive Director to Worldwide Resins & Chemicals (Private) Limited. In 2017, Mr. Gunawardene co-founded JAT Property Group (Private) Limited. He is also the Co-Founder of Ceylon Hemp Effect (Pvt) Ltd and is a founding member of EO Sri Lanka (Entrepreneurs Organisation). He holds a Bachelors' Degree in Entrepreneurship and Marketing from Curtin University, Western Australia. He was listed in the LMD A-list of Millennial Torchbearers in 2020.



Mr. Devaka Cooray

Non-Executive Director/
Independent

Mr. Devaka Cooray is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Chartered Institute of Management Accountants of the United Kingdom.

He has worked with Ernst & Young for over 40 years. 30 years of which was as a Senior Assurance and Talent Partner. He functioned as the Deputy Managing Partner from 2016 to 2019 and served as a member of Ernst & Young's Management Committee from the time the Management Committee was established in 1998 until his retirement in 2019. He was instrumental in establishing the Ernst & Young Practice in the Republic of Maldives in 1995 and functioned as the Partner responsible for the overall management of the Maldivian Practice from its inception. He represented Sri Lanka and Maldives for a number of years in the EY ASEAN Regional Partner Forum. He was seconded to EY USA for a year, where practical experience was gained by being part of assurance teams that performed audit engagements on several large enterprises.

Mr. Cooray also spearheaded the Ernst and Young Sri Lanka/Maldives Family Business Centre for Excellence which was instrumental in sending several eminent second-generation family members to business schools worldwide. He has also served as a member of the Council of the Chartered Institute of Management Accountants UK. Mr. Cooray is the Managing Director of Management Systems (Pvt) Ltd and a Director of some of its Subsidiaries and also serves as a Director of Hatton National Bank PLC, HVA Foods PLC and Life Insurance Corporation (Lanka) Ltd.



Mrs. Priyanthi Pieris

Non-Executive Director/
Independent

Mrs. Priyanthi Pieris is an Attorney-at-Law of the Supreme Court of Sri Lanka, a Solicitor of England and Wales. With over 39 years of experience in the field of Corporate/ Securities Law, Mrs. Pieris' expertise spans across handling corporate restructuring, privatisations, capital market transactions, take-overs, mergers and amalgamations. Mrs. Pieris also serves on the Boards of Associated Electrical Corporation Ltd, MTN Corporate Consultants (Pvt) Ltd and is the current Chairperson / Consultant of P W Corporate Secretarial (Pvt) Ltd – a firm which provides capital market related services to listed companies. Mrs. Pieris has also served as the Legal Adviser to the Ministry of Finance from 2002 to 2004. She was a Legal consultant to the Colombo Stock Exchange (2004-2011). She is a Member of the Committee of the Securities and Exchange Commission of Sri Lanka on Takeovers and Mergers Code and a Member of the Corporate Governance Committee of the Institute of Chartered Accountants, and a Member of the Law Commission. She has served on the Boards of Asia Asset Finance PLC (2012-2021), Abans Electricals PLC (2012-2021) and LOLC Finance PLC (2012-2021).

9.3. Other Directorships Held by the Board of Directors

Table 9.2 Other Directorships held by Board of Directors of JAT Group

Name	Other Directorships Held
Dr. Sivakumar Selliah	Deputy Chairman – Asiri Hospitals Holdings PLC
	Deputy Chairman – Asiri Surgical Hospital PLC
	Director – HNB Assurance PLC
	Director – Lanka Tiles PLC
	Director – Softlogic Holdings PLC
	Director – ODEL PLC
	Director – Lanka Walltiles PLC
	Director – ACL Cables PLC
	Director – Lanka Ceramic PLC
	Director – Swisstek (Ceylon) PLC
	Director – Swisstek Aluminium (Pvt) Ltd
	Deputy Chairman – Central Hospital (Pvt) Ltd
	Chairman – Cleanco Lanka (Pvt) Ltd
	Chairman – Vydexa (Lanka) Power Corporation (Pvt) Ltd
	Director – Arunodhaya (Pvt) Ltd
	Director – Arunodhaya Investments (Pvt) Ltd
	Director – Arunodhaya Industries (Pvt) Ltd
	Director – Andysel (Pvt) Ltd
	Director – Evoke International Limited
Mr. Aelian Gunawardene	Director – Brush Master (Private) Limited
	Director – JAT Exports (Private) Limited
	Director – JAT Property Group (Private) Limited
	Director – 96 Development (Private) Limited
	Director – 77 Development (Private) Limited
	Director – J Chem Coatings (Private) Limited
	Director – Esteem Lumbers (Pvt) Ltd
	Director – Komari Beach Resort (Pvt) Ltd
	Director – JAT Green Energy (Pvt) Ltd
	Director – James Global (Pvt) Ltd
	Director – Industrial Control Solutions (Pvt) Ltd
	Director – JAT Leisure (Private) Limited
	Director – JAT Capital Holdings PTE. LTD
	Director – Millennium Distributors & Traders (Private) Limited
	Director – JAT – SINO Agri (Pvt) Ltd
	Director – Bileeta (Pvt) Ltd
	Director – Alpha Delta (Pvt) Ltd
Mrs. Joycelyn Gunawardene	Director – Esteem Lumbers (Pvt) Ltd
	Director – Brush Master (Private) Limited
	Director – J Chem Coatings (Private) Limited
	Director – D' Design Mart (Pvt) Ltd
	Director – JAT Leisure (Private) Limited
	Director – Colombo Kade (Pvt) Ltd
Mr. Hussain Akbarally	Director – Windforce Ltd
	Director – Renewgen (Pvt) Ltd
	Director – Nirmalapura Wind Power (Pvt) Ltd
	Director – Daily Life Renewable Energy (Pvt) Ltd
	Director – Powergen Lanka (Pvt) Ltd
	Director – Joule Power (Pvt) Ltd
	Director – Beta Power (Pvt) Ltd
	Director – Seguwntivu Wind Power (Pvt) Ltd
	Director – Vidatamunai Wind Power (Pvt) Ltd
	Director – Terraqua Kokawita (Pvt) Ltd
	Director – Melanka Power Moraketiya (Pvt) Ltd
	Director – Peak Power Delta (Pvt) Ltd
	Director – HPD Power (Pvt) Ltd
	Director – Gurugoda Hydro (Pvt) Ltd
	Director – Vidul Madugeta (Pvt) Ltd
	Director – Vydex Lanka Power Corporation (Pvt) Ltd
	Director – Solar One Ceylon (Pvt) Ltd

Name	Other Directorships Held
	Director – Suryadhanavi (Pvt) Ltd
	Director – Sunny Clime Lanka (Pvt) Ltd
	Director – Hirujanani (Pvt) Ltd
	Director – Seruwawila Photovoltaic (Pvt) Ltd
	Director – Tororo PV Power Company Ltd – Uganda
	Director – Blue Sky Power (Pvt) Ltd
	Director – Akbar Brothers (Pvt) Ltd
	Director – A B Developments (Pvt) Ltd
	Director – A B Properties (Pvt) Ltd
	Director – Diyaviduli (Pvt) Ltd
	Director – Energy Reclamation (Pvt) Ltd
	Director – Ethical Extracts (Pvt) Ltd
	Director – Falcon Developments (Pvt) Ltd
	Director – Falcon Properties (Pvt) Ltd
	Director – Falcon Trading (Pvt) Ltd
	Director – Flinth Commercial Park (Pvt) Ltd
	Director – Land & Buildings (Pvt) Ltd
	Director – Mosaic Art (Pvt) Ltd
	Director – Quick Tea (Pvt) Ltd
	Director – Teafarers Tea (Pvt) Ltd
	Director – Kassanfaru (Pvt) Ltd
	Director – A B Lagoon (Pvt) Ltd
	Director – Akbar Brothers Exports (Pvt) Ltd
	Director – Boralugoda Graphite (Pvt) Ltd
	Director – Chadstone Holdings (Pvt) Ltd
	Director – Clifton Investments (Pvt) Ltd
	Director – Lhaviyani Holdings (Pvt) Ltd
	Director – Mahoma Uganda Limited
	Director – Qualia Lanka (Pvt) Ltd
	Director – Terraqua International (Pvt) Ltd
	Director – Uthurumaafuru Resorts (Pvt) Ltd
Mr. Girish Patil	Director – Cleanline Linen Management (Pvt) Ltd
Mrs. Anika Williamson	Director – JAT Australia PTY LTD
	Director – JAT Global (Private) Limited
	Director – JAT Exports DMCC
Mr. Richard Gunawardene	Director – JAT Property Group (Private) Limited
	Director – 96 Development (Private) Limited
	Director – Worldwide Resins & Chemicals (Private) Limited
	Director – 77 Development (Private) Limited
	Director – JAT Technologies (Private) Limited
	Director – Securitech Systems (Pvt) Ltd
	Director – JAT Green Energy (Pvt) Ltd
	Director – Grand Capital Residencies Thalawathugoda (Private) Limited
	Director – Flexospan Steel Buildings (Pvt) Ltd
	Director – JAT Exports (Private) Limited
	Director – Ceylon Hemp Effect (Pvt) Ltd
	Director – Evolvex Ventures (Pvt) Ltd
	Director – Millennium Distributors & Traders (Private) Limited
	Director – R S S Capital (Private) Limited
Mr. Devaka Cooray	Managing Director – Management Systems (Pvt) Ltd
	Director – Hatton National Bank PLC
	Director – Life Insurance Corporation (Lanka) Limited
	Director – HVA Foods PLC
	Director – Lanka Tours And Trades (Pvt) Ltd
	Director – Secretarial Services (Pvt) Ltd
	Director – Colombo Medical & General Company Ltd
	Director – MSL Management Audit Services (Pvt) Ltd
	Director – United Motors Lanka PLC

Name	Other Directorships Held
Mrs. Priyanthi Pieris	Director – Associated Electrical Corporation Limited
	Director – MT N Corporate Consultants (Pvt) Ltd
	Chairperson – P W Corporate Secretarial (Pvt) Ltd

9.4. Directors of the Subsidiaries and Joint Ventures of JAT

The Directors of subsidiary companies and Joint Ventures of JAT are as follows;

Table 9.3 Directors of Subsidiaries and Joint Ventures of JAT

Name of the Subsidiary/Joint Venture	Names of the Directors
Worldwide Resins & Chemicals (Private) Limited	Mr. S. Sivasubramaniam
	Mr. Richard Gunawardene
	Mr. Mangala Attanayake
Brush Master (Private) Limited	Mr. Aelian Gunawardene
	Mrs. Joycelyn Gunawardene
	Mr. Kalidas Nadar Prem Sagar
	Mr. Kalidas Prabhu Darshan
JAT Global Private Limited	Mr. Dharmendra Ramamoorthy
	Mrs. Anika Williamson
JAT Exports (Private) Limited	Mr. Aelian Gunawardene
	Mr. Richard Gunawardene
JAT Exports DMCC	Mrs. Anika Williamson
JAT – Sino Agri (Pvt) Ltd (50% Joint Venture of JAT)	Mr. Aelian Gunawardene
	Mr. Nishal Ferdinando
	Mr. Bhagwan Kundanmal
	Mr. Dhiren Kundanmal

9.5. Directors' Interest in Shares

9.5.1 Directors' Direct Shareholdings in JAT

The Directors' direct shareholdings in the Company as at date of submission of Initial Listing Application to the CSE (i.e. May 6, 2021) are given below.

Table 9.4 Directors' Direct Shareholding in JAT

Name of Director	Number of Shares Held	Percentage of Shareholding (%)
Dr. Sivakumar Selliah	1,320,000	0.29%
Mr. Aelian Gunawardene	329,856,544	72.56%
Mrs. Joycelyn Gunawardene	9,145,221	2.00%
Mr. Hussain Akbarally	-	-
Mr. Girish Patil	-	-
Mrs. Anika Williamson	13,717,832	3.02%
Mr. Richard Gunawardene	13,717,832	3.02%
Mr. Devaka Cooray	-	-
Mrs. Priyanthi Pieris	-	-

Table 9.5 Directors' Shareholding in Subsidiaries of JAT Group

Name of Director	Name of the Company	Percentage of Shareholding (%)
Dr. Sivakumar Selliah	-	-
Mr. Aelian Gunawardene	Brush Master (Private) Limited	12%
Mrs. Joycelyn Gunawardene	Brush Master (Private) Limited	12%
Mr. Hussain Akbarally	-	-
Mr. Girish Patil	-	-
Mrs. Anika Williamson	-	-
Mr. Richard Gunawardene	-	-
Mr. Devaka Cooray	-	-
Mrs. Priyanthi Pieris	-	-

9.6. Sale and Purchase of JAT Shares by Directors

Share transactions made by Directors during the one-year period preceding the date of the Prospectus are tabulated below.

Table 9.6 Share Transactions of Directors in JAT

Name of Director/Transferee	Date of Transaction	Transaction	Number of Shares Gifted	Price per Share*
Mr. Aelian Gunawardene	June 17, 2020	Gifting of Shares by J Chem Coatings (Private) Limited	3,487,115	Nil
Mrs. Joycelyn Gunawardene	June 17, 2020	Gifting of Shares by J Chem Coatings (Private) Limited	9,145,221	Nil
Mrs. Anika Williamson	June 17, 2020	Gifting of Shares by J Chem Coatings (Private) Limited	13,717,832	Nil

* Mr. Aelian Gunawardene holds 100% stake in J Chem Coatings (Private) Limited. Mr. Aelian Gunawardene and Mrs. Joycelyn Gunawardene, Directors of JAT are also the Directors of J Chem Coatings (Private) Limited.

Apart from those details mentioned in Table 9.6, no Director of the Company has sold or purchased or gifted Shares of JAT Holdings Limited during the one-year period preceding the date of the Prospectus.

9.7. Directors' Emoluments

Aggregate emoluments paid in the form of salaries, bonuses and/or profit-sharing payments to the Directors (including the Managing Director) during the FY 2020/21 amounted to LKR 62,734,544/-. The estimated aggregate emoluments payable by JAT to the Directors (including the Managing Director) during the FY 2021/22 is estimated at approximately LKR 61,252,580/-.

9.8. Directors' Interests in Assets

On September 23, 2019, JAT acquired an apartment in Altair with an area of 2,028 Sqft as an investment property for a consideration of LKR 114,119,455/- (i.e., based on the then market value as published by the developer for buyers in the market, of a similar apartment under construction (partly completed)) from Mr. Aelian Gunawardene, Executive Director/Managing Director of JAT.

On February 23, 2021, a land of an extent of 41.6 perches situated in Biyagama has been acquired by JAT Holdings Limited from J Chem Coatings (Private) Limited for a consideration of LKR 37,500,000/-. Mr. Aelian Gunawardene, Director of JAT is a director and 100% shareholder of J Chem Coatings (Private) Limited. Mrs. Joycelyn Gunawardene, Director of JAT is also a director of J Chem Coatings (Private) Limited. The property was purchased based on a valuation dated February 4, 2021 by Mr. Daya Lalith Palihakkara, Chartered Valuer and Consultant.

JAT has purchased solar plants/AV/ELV systems amounting to LKR 19,922,994/- from JAT Technologies (Pvt) Ltd after a competitive quoting process during the two years preceding the date of listing application. Mr. Aelian Gunawardene, Director of JAT is a shareholder of JAT Technologies (Pvt) Ltd and Mr. Richard Gunawardene Director of JAT is also a Director of JAT Technologies (Pvt) Ltd.

None of the Directors have any interest in any assets acquired, disposed or leased by the Company during the past two years preceding the date of this Prospectus and/or in any assets proposed to be acquired, disposed or leased during the two years succeeding the Offer except as disclosed above.

9.9. Directors' Interests in Contracts

Bileeta (Pvt) Ltd is the ERP service provider for JAT Holdings Limited, Brush Master (Private) Limited, JAT Exports (Private) Limited, JAT Exports DMCC and Worldwide Resins & Chemicals (Private) Limited. Mr. Aelian Gunawardene, Managing Director/Executive Director of JAT holds 12.5% shares in Bileeta (Pvt) Ltd and is also a Director of the Company.

JAT Holdings Bangladesh (Private) Limited is the main export customer of JAT Exports DMCC which is a 100% owned subsidiary of JAT. Mr. Aelian Gunawardene, Managing Director/Executive Director of JAT holds 50% shares in JAT Holdings Bangladesh (Private) Limited.

Alpha Delta (Pvt) Ltd is an export customer of JAT Exports DMCC, a 100% owned subsidiary of JAT Holdings Limited. Mr. Aelian Gunawardene, Managing Director/Executive Director of JAT holds 50% shares in Alpha Delta (Pvt) Ltd and is a Director of the company.

Brush Master (Pvt) Ltd, a 55% owned subsidiary of JAT Holdings Limited is the exclusive manufacturer and supplier of Brush Master brushes to JAT. Mr. Aelian Gunawardene and Mrs. Joycelyn Gunawardene, Directors of JAT are also the Directors and shareholders in Brush Master (Private) Limited holding 12% stake each.

JAT sells commodities related to kitchens, paints etc. to JAT Property Group (Private) Limited. Mr. Aelian Gunawardene, Managing Director/Executive Director of JAT holds 55% shares in JAT Property Group (Private) Limited and Mr. Richard Gunawardene holds 45% shares in JAT Property Group (Private) Limited, and both are Directors of the company.

JAT Exports (Private) Limited, a 100% owned subsidiary supplies J Chem products of JAT to Bangladesh market. Mr. Aelian Gunawardene and Mr. Richard Gunawardene, Directors of JAT are also the Directors of JAT Exports (Private) Limited.

Apart from the those mentioned above, there are no contracts or arrangements in force as of the date of the submission of the Initial Listing Application in which the Directors of JAT are materially interested in relation to the business of the Company.

9.10. Statement – Board of Directors

No Director or a person nominated to become a Director of the Company has been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer.
- Conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

9.11. Corporate Governance Practices

The Board of Directors of JAT believes that Corporate Governance is the gateway for long-term sustainability enhancing value for the stakeholders through ethical business conduct. The Board has the prime responsibility for managing affairs at JAT in a fair and transparent manner. The Board of JAT ensures that the Corporate Governance guidelines and best practices are strictly followed. The Board is aware of its inherent responsibility to disclose timely and accurate information regarding the financial performance as well as navigating the governance of the company through its leadership.

The Board ensures that necessary processes are in place to review and evaluate the operations of the Company. In view of this, the Board has adopted Corporate Governance practices in line with the guidelines specified in Code of Best Practice on Corporate Governance 2013 published jointly by The Securities and Exchange Commission of Sri Lanka, the Institute of Chartered Accountants of Sri Lanka and the CSE Listing Rules. These guidelines assist the Board to make decisions that are independent of the Management.

The Board being responsible for the Company's Corporate Governance, oversees how the Management serves and protects the long-term interests of all its stakeholders. JAT believes that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. This is implemented through the careful selection and maintenance of a well-balanced and diversified Board.

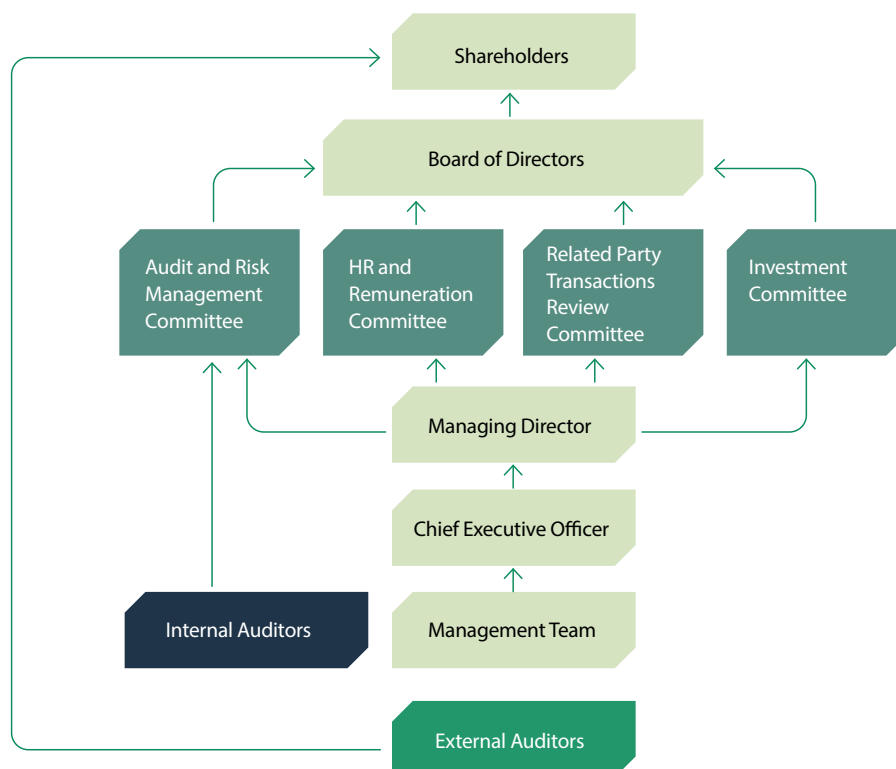
In order to have an appropriate mix of Executive, Non-Executive and Independent Directors to separate the functions of governance and management, the current Board consists of one Executive Director and eight Non-Executive Directors and of which five are Independent Directors. The Board would periodically evaluate the need for change in its composition and size as required.

In view of the best practice in Corporate Governance, the Board has delegated certain responsibilities to the following committees of the Board. The Committees deal with relevant issues according to their Terms of References and make recommendations to the Board.

The Company Secretaries acts as the Secretaries to these Committees.

The governance structure of JAT is depicted below:

Figure 9.1 Governance Structure of JAT



9.11.1 The Audit and Risk Management Committee

The Audit and Risk Management Committee is a sub-committee of the Board of Directors of the Company and reports directly to the Board of Directors of the JAT Group. The Audit and Risk Management Committee comprises of three Independent Directors.

The composition of the committee is as follows:

Name of Director	Designation
Mr. Devaka Cooray	Chairman Non-Executive/Independent
Dr. Sivakumar Selliah	Member Non-Executive/Independent
Mr. Girish Patil	Member Non-Executive/Independent

The Audit and Risk Management Committee is primarily involved in carrying out an independent oversight of the financial reporting process of JAT Group in order to ensure the credibility of the group's financial statements. Responsibilities and duties of the committee include reviewing the Company's internal control systems and risk management systems and making necessary recommendations to the Board for implementation. In addition, the committee also takes responsibility for formulating and implementing appropriate and adequate internal control systems within the Group of Companies of JAT.

Other functions of the committee:

- The Committee and the Board, along with Internal and External Auditors review the internal financial statements and the Annual Financial statements.

- Ensuring compliance with mandatory, statutory and other regulatory requirements are in place.
- Reviewing findings and recommendations of internal audit reports, specifically issues related to significant business risks and control. The assessment of risks such as business and operational risk, finance risk, legal and regulatory risk and strategic risk through appropriate risk indicators and management information and evaluation of the management's plan for the reduction of material risks faced by various business units of the company.
- Reviews the group Internal Audit Plan for the year and verifies that the Internal Audit function is independent of the activities, audits all areas of the business and is performed in an unbiased manner with utmost professional care.
- Assess the independence and performance of the external auditors and make recommendations to the Board on the appointment/re-appointment of external auditors.

9.11.2 Human Resource (HR) and Remuneration Committee

The HR and Remuneration Committee operates within the terms of reference approved by the Board and assists the Board to ensure that the remuneration policies of the company align with its objectives. The HR and Remuneration Committee consists of two independent directors.

The composition of the committee are as follows:

Name of Director	Designation
Dr. Sivakumar Selliah	Chairman Non-Executive/Independent
Mrs. Priyanthi Pieris	Member Non-Executive/Independent

The main responsibilities and duties of the committee are as follows:

- Reviewing of fees, remuneration and perquisites of the chairperson, CEO, Independent Directors, Executive Directors of the company board and key management and the provision of approval for recommendations.
- Reviewing of policies in relation to the remuneration and perks of the group executives.
- Employ and retain a well-qualified and experienced workforce and reward performance through the compensation packages.
- Design appropriate compensation packages which suit each business within the group and determined in line with individual employee's performance, qualifications and level of experience whilst keeping in mind the business performance and long-term shareholder returns.
- Decide the remuneration of the Non-Executive Directors as a whole based on the recommendations of the committee including a fixed fee for attending meetings and committees.

9.11.3 Related Party Transactions Review Committee

The Related Party Transactions Review Committee assists the Board to ensure that interests of shareholders as a whole are taken into consideration when entering into transactions with related parties in order to avoid any conflict of interests. The committee consists of two Independent Directors.

The composition of the committee is as follows:

Name of Director	Designation
Dr. Sivakumar Selliah	Chairman Non-Executive/Independent
Mr. Girish Patil	Member Non-Executive/Independent

Duties and responsibilities of the Committee are as follows:

- Review the aggregate value of transactions with Related Parties and the value of individual transactions with Related Parties (major transactions).
- Review the related party transactions that require shareholder approval.

- Review the related party transactions that require immediate disclosure and those that require disclosure in the annual report.

9.11.4 Investment Committee

The Investment Committee is a subcommittee of the Board of Directors of the Company and reports directly to the Board. The Investment Committee comprises the Chairperson and three other members.

The composition of the committee is as follows:


Name of Director	Designation
Mr. Hussain Akbarally	Chairman Non-Executive/Independent
Mr. Girish Patil	Member Non-Executive/Independent
Mrs. Anika Williamson	Member Non-Executive/Non-Independent
Mr. Devaka Cooray	Member Non-Executive/Independent

The principal duty of the Investment Committee is to evaluate the investments brought forward by the Company's management and providing the required recommendations to the Board of Directors. The nature of investments reviewed by the committee include, investments related to the Company's existing operations, where the investment quantum exceeds LKR 50,000,000 or investments in areas outside Company's existing operations irrespective of the quantum of investment.

9.12. Corporate Management of JAT

Corporate Management of JAT possesses a wealth of experience with motivated individuals playing distinctive roles in pursuing corporate objectives and strategies. The team combines capabilities which aid the Company in providing comprehensive services to clients.

Brief profiles of the corporate management of JAT are provided below.

	<p>Mr. Aelian Gunawardene Founder and Executive Director/ Managing Director</p>	<p>Refer Section 9.2 for the profile.</p>
	<p>Mr. Nishal Ferdinando Chief Executive Officer No. 49/4, Iceland Residencies, Apartment 9C2, Galle Road, Colombo 03</p>	<p>Mr. Ferdinando was appointed to JAT as the CEO in 2017 and has over 10 years of experience in functioning as an Executive Director and over 15 years of experience in the construction, manufacturing and trading industries. As the CEO of JAT Holdings, Mr. Ferdinando provides strong leadership, management experience and skills strategically directing the Company to achieve short and long-term objectives. He also serves as a Board Director in Flexospan Steel Buildings (Pvt) Ltd and JAT – Sino Agri (Private) Limited. He has completed the Program for Leadership Development at Harvard Business School and has obtained the Alumni Status from Harvard University. His other qualifications include an MBA from the University of Wales, an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants (CIMA) and a Post Graduate Certificate in Project Management from University of Southern Queensland.</p>



Mr. Wasantha Gunaratne
Director Sales and Technical - South Asia

Mr. Gunaratne holds over two decades of extensive experience in Sales, Marketing and Technical training at JAT Holdings. Mr. Gunaratne is renowned as the pioneer in introducing the water based wood coating technology to Sri Lanka and continued to extend this technology through technical training programmes conducted amongst painters and other trade staff in Sri Lanka, Bangladesh and India. He brings in wide international exposure overseeing the sales and technical operation in Sri Lanka, including specialised training and exposure working with business principals in Italy, UK, USA and continues to extend his knowledge and expertise across the subcontinent. He holds an MBA from the Anglia Ruskin University, UK.



Mrs. Rizna Dilshard
Director Finance

Mrs. Dilshard joined JAT in 2015. She holds over 25 years of experience in Finance and Management in the manufacturing, retail and export trade. With her well-founded finance and management knowledge, expertise and experience she provides effective direction to the Group's financial strategy formulation. She is a Fellow Member (FCMA, CGMA) of the Chartered Institute of Management Accountants UK.



Mr. Gavin vanDort
General Manager - Project Sales

Mr. vanDort commenced work at JAT in February 2007 and has over 15 years of industry experience related to sales and marketing in the furnishing sector. He has been instrumental in securing prestigious projects for the Company while actively contributing to the Company's topline.



Mr. Dilshan Rodrigo
General Manager - Marketing

Mr. Rodrigo was appointed as a General Manager at JAT Holdings in November 2019 and has over 18 years of industry experience. He holds a Degree in Computer Science and a Postgraduate Diploma in IT from the University of Brunel. Mr. Rodrigo possesses an MBA from the Post Graduate Institute of Management (PIM, affiliated to the University of Sri Jayewardenepura) and is also an Associate Member of the Chartered Institute of Marketing.



Mr. Shamara Wanniarachchi
General Manager - Manufacturing

Mr. Wanniarachchi joined JAT Holdings in March 2019. He has worked as the Senior Production and Quality Assurance Manager at a leading manufacturing and trading company prior to joining JAT and experience over 13 years there. He holds an MBA from University of Colombo and a Bachelor's Degree in BSc. (Hons) from University of Moratuwa specialising in Mechanical Engineering. He is an Associate Member of the Institute of Engineers, Sri Lanka and Japan Sri Lanka Technical and Cultural Association (JASTECA) Furthermore he is a certified 5S auditor.



Mrs. Nirosha Thawalampitiya
General Manager - Commercial

Mrs. Thawalampitiya joined JAT Holdings in February 2007. She has over 22 years of industry experience where she gained local and foreign exposure in various fields and industries such as exports to many countries in South Asian and African countries, imports, manufacturing, trading, printing, scheduling, planning and processing etc.



Mr. Somasundaram SivaSubramaniam
General Manager – Treasury

Mr. SivaSubramaniam joined JAT Holdings in 1999. He has obtained an Associate Membership (ACA) from the Institute of Chartered Accountants, Sri Lanka and holds an MBA from ICBT. He possesses industry experience of over 27 years and provides sound treasury management services to the Company.



Mr. Shane Dirckze
General Manager - Project Implementation

Mr. Dirckze was appointed as a General Manager at JAT Holdings in February 2016. He possesses over 25 years of industry experience including being Factory Director of a leading furnishing company. He's a diploma holder in Engineering.



Mr. Ajith Bandara
General Manager – Research and Development

Mr. Bandara was appointed as a General Manager at JAT Holdings in October 2019 with 18 years of experience in the industry. He has completed his Bachelor's Degree in the field of Chemical Science from University of Kelaniya and MBA from University of Colombo.



Mr. Dharmendra Ramamoorthy
Country Head – India

Mr. Ramamoorthy was appointed as the country head for the business operations of JAT Holdings in India, in April 2017. Mr. Dharmendra has experience of 9 years in the plantations sector prior to joining JAT. He holds an MBA from University of Wolverhampton and Associate Membership of National Institute of Plantations Management.



Mr. Kaushalya Kotuwage
Head of HR and Corporate Sustainability

Mr. Kotuwage was appointed as the Head of Human Resources and Corporate Sustainability of JAT Holdings in October 2018. He has completed his Bachelor's Degree (special) in Environmental Science and Natural Resource Management from Sabaragamuwa University of Sri Lanka and MBA from the University of Wolverhampton in UK. He has obtained ANDHRM qualification and currently reading for CQHRM. He is a Six Sigma Black Belt Practitioner as well.



**Mr. Ranga
Abayakoon**
Country Head –
Bangladesh

Mr. Abayakoon was appointed as Country Head in April 2021 to oversee the operations of Bangladesh. Prior to joining JAT, Mr. Abayakoon gained extensive experience in Bangladesh acting as a General Manager in a leading company and has over 18 years of industry experience across various sectors. He holds an MBA from Cardiff Metropolitan University and a Post Graduate Diploma in Marketing from PIM.



**Mr. D. D.
Rubasinghe**
Head of Recoveries
and Investigations

Mr. Rubasinghe was appointed as an Assistant General Manager at JAT Holdings in October 2014 and has been an Inspector of Police for 25 years prior to joining JAT. He boasts over 10 years of experience in the grips of recoveries.



Mr. Jude Fredrick
Head of Internal Audit

Mr. Fredrick was appointed as the Head of Internal Audit of JAT Holdings in January 2017. Prior to joining JAT, he was engaged with a leading audit firm for 7 years as Manager – Business and Risk Services. He possesses an MBA from Cardiff Metropolitan. His other qualifications include a Diploma in CMA-Australia and Lean 6Sigma Black Belt Certification.



**Mr. Shalinda
Rajapakshe**
Head of IT and ERP

Mr. Rajapakshe was appointed as the Head of IT of JAT Holdings in November 2018 with an experience of over 5 years at a leading automobile company as a MIS Analyst. He has completed his Bachelor's Degree from the University of Kelaniya and Masters in IT from the University of Colombo. He has been a Demonstrator at University of Kelaniya and is a Member of BCS, Chartered Institute for IT.



**Mr. Thushara
Yasarathne**
Head of
Administration and
Facility Management

Mr. Yasarathne was appointed as the Head of Administration of JAT Holdings in July 2018 and has an experience of over 8 years in a leading educational institute attached to the Department of Administration. He holds an MBA from Cardiff Metropolitan University and has completed his Bachelor's in Science (Hons. Special) at University of Sabaragamuwa in Applied Sciences.

9.13. Corporate Management's Emoluments

Total emoluments paid to the corporate management including Managing Director during the FY 2020/21 amounted to LKR 136,848,819.76. The estimated aggregate remuneration to be paid for FY 2021/22, to the corporate management of JAT excluding Executive Directors is expected to be approximately LKR 165,211,880.38.

9.14. Chief Executive Officer

Please refer section 9.12 for the profile of Mr. Nishal Ferdinando, the Chief Executive Officer.

The Chief Executive Officer of JAT has not been involved in any of the following:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer.
- Conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

10. OTHER COMPANY INFORMATION

10.1. Relationship with Key Customers and Suppliers of JAT

10.1.1 Dependency on Customers

As of May 31, 2021, the local retail customer network of JAT constituted 297 direct customers, distributors and industrial customers. Furthermore, JAT offers its products to more than 5,000 island wide outlets through its distributors. Further, JAT has catered its products to 373 project clients over the past 5 years and also carries out direct sales via its website whitebyjat.com. In addition, JAT has expanded its customer base in markets overseas including Bangladesh, India, Pakistan, the Maldives, and the regions of Africa and Asia Pacific.

Consequently, the performance of JAT Group is safeguarded against adverse effects since its dependence is not reliant upon a single entity.

10.1.2 Dependency on Suppliers

As of May 31, 2021, JAT had a local supplier base of 436 parties and a foreign supplier base of 140 parties which supply raw materials, finished goods, project goods etc. Therefore, an insignificant dependence on suppliers prevails as a result of the vagaries of business.

10.2. Dividend Policy

JAT intends to maintain a minimum dividend payout ratio of 40% going forward post-IPO. The Company paid an interim dividend of LKR 100,010,476 for FY21 during the financial year and declared a further dividend (which is deemed as final) of LKR 113,648,268, amounting to a dividend payout ratio of 36% for FY21, despite challenges faced by COVID 19.

The declaration and payment of dividends are based on a number of factors, including but not limited to the Company's earnings, cash flow position, future capital investments, overall financial conditions and any other factors which the Board of Directors may deem relevant. Each Share of the Company confers on the holder thereof the right to an equal share in dividends paid by the Company.

Details of dividends declared during the preceding financial years have been stated under 'Dividends' in the 'Accountants' Report' presented in Annexure F of the Prospectus.

10.3. Details of Material Indebtedness

Particulars of borrowings and other facilities of JAT Group as of March 31, 2021 are given below.

Table 10.1 Details of Borrowings and Other Facilities of JAT Group as at March 31, 2021

Bank/Financial Institution	Type of Facility	Facility Limit in (LKR)	Outstanding Balance as of March 31, 2021 (LKR)	Amount Repayable Within 1 Year (LKR)	Amount Repayable After 1 Year (LKR)
JAT HOLDINGS LIMITED					
Hatton National Bank PLC	Import Loans	100,000,000	10,510,000	10,510,000	-
	Overdraft	-	1,009,986	1,009,986	-
Commercial Bank of Ceylon PLC	Overdraft	67,000,000	-	-	-
	Import Loans	426,400,000	193,300,014	193,300,014	-
	Short Term Loan	50,000,000	50,000,000	50,000,000	-
	Advance Doc Release/ Shipping Guarantee	25,000,000	-	-	-
	Stand by Letter of Credit (EUR)	70,092,000	70,092,000	-	-
	Stand by Letter of Credit (USD)	19,983,000	-	-	-
	Letters of Guarantee	149,800,000	149,743,002	-	-
	Letters of Guarantee Secured (one off)	150,000,000	150,000,000	-	-
	Letters of Guarantee clean basis (one off)	250,000,000	250,000,000	-	-
	Overdraft	50,000,000	663,600	663,600	-
Standard Chartered Bank	Import Loans	275,000,000	-	-	-
	Short Term Loan	50,000,000	-	-	-
	Stand by Letter of Credit (EUR)	233,640,000	28,124,417	-	-
	Stand by Letter of Credit (EUR)	35,046,000	35,046,000	-	-
People's Bank	Overdraft	25,000,000	-	-	-
	Import Loans	225,000,000	200,000,000	200,000,000	-
National Development Bank PLC	Import Loans	286,000,000	-	-	-
	Stand by Letter of Credit (EUR)	220,000,000	220,000,000	-	-
	Pre-Export Finance	110,000,000	-	-	-
Total		2,817,961,000	1,358,489,018	455,483,600	-

Bank/Financial Institution	Facility Name	Facility Limit in (LKR)	Outstanding Balance as of March 31, 2021 (LKR)	Amount Repayable Within 1 Year (LKR)	Amount Repayable After 1 Year (LKR)
BRUSH MASTER (PRIVATE) LIMITED					
Commercial Bank of Ceylon PLC	Term Loan	10,650,000	9,540,625	2,662,500	6,878,125
	1st COVID Loan	8,800,000	8,800,000	5,868,000	2,932,000
	2nd COVID Loan	12,500,000	12,500,000	8,334,000	4,166,000
	Overdraft	-	1,576,384	1,576,384	-
		31,950,000	32,417,009	18,440,884	13,976,125
JAT EXPORTS DMCC					
Commercial Bank of Ceylon PLC	Stand by Letter of Credit (EUR)	186,912,000	186,912,000	-	-
WORLDWIDE RESINS & CHEMICALS (PRIVATE) LIMITED					
Commercial Bank of Ceylon PLC	Overdraft	2,500,000	-	-	-
	Import Loan	85,000,000	-	-	-
	1st COVID Loan	6,600,000	6,600,000	4,404,000	2,196,000
	2nd COVID Loan	7,000,000	7,000,000	4,665,600	2,334,400
		101,100,000	13,600,000	9,069,600	4,530,400

JAT EXPORTS DMCC					
Hatton National Bank PLC	Overdraft	-	642,020	642,020	-

Other than the above-mentioned borrowing and other facilities, JAT Group is devoid of other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptance or acceptance credit as of March 31, 2021.

Table 10.2 Details of Leasing Facilities of JAT Group as of March 31, 2021

Description of Premises	Details of the Lessor	Term	Expiry Date
Provisional Shop No. L3 - 38 /39 Located on the Third Floor One Galle Face Floor Area - 3370 Square Feet	Shangri-La Hotels Lanka (Private) Limited	Three (3) Years	December 1, 2022
Building bearing Assessment No. 16, Narahenpita Road, Nawala Extent - P 10.2 + P 0.4 Floor Area – 1,500 Sqft	Udana Isuru indeewara Suriyarachchi Pandula Suriyaarachchi Ranganie Suriyaarachchi	Two (2) Years	December 19, 2021
Ground Floor building Assessment No. 306, R.A. De Mel Mawatha (Situating at Kollupitiya within Ward No. 38 Bambalapitiya) Extent - P 14 Floor Area – 1,200 Sqft	Yushantha Manoj De Silva	Two (2) Years	September 30, 2021
Premises bearing Assessment Nos. 410 and 412, Galle Road, Rawatawatta, Moratuwa Extent - P 8 Floor Area – 1,300 Sqft	Kahapala Arachchige Jayaratne Fernando	Thirteen (13) years	November 30, 2026

Other than the entities mentioned above, there are no leasing, lease purchase or hire purchase commitments of the Company or JAT Group as of March 31, 2021.

10.4. Working Capital

The Board is of the opinion that the working capital is sufficient for the purpose of carrying out day to day operations of the Company.

10.5. Litigation, Disputes and Contingent Liabilities

The Company filed a Writ Application in the Court of Appeal No. 523/2019 against the Director General of Customs of Sri Lanka in relation to an order made by the customs on an inquiry held with regard to a HS code classification, amounting to LKR 167,275,879. Consequent to court issuing a notice, Customs of Sri Lanka have filed objections and a date has been given for the Company to file counter affidavits. The case is fixed for argument on July 20, 2021.

Apart from the item mentioned above, the Company was not involved in any legal, arbitration or mediation proceedings in the recent past, which has any significant effects on the Company's financial position or profitability.

As of March 31, 2021, there were no material legal, arbitration or mediation proceedings pending against the Company that would materially affect the financial position of future operations or profits of the Company.

As of March 31, 2021, there were no penalties imposed by any regulatory or state authority against the Company.

As of March 31, 2021 there were no other contingent liabilities that would affect current and future profits of the Company.

10.6. Mortgages and Charges on Assets

Details pertaining to mortgages and charges on assets of JAT as at the date of submission of the Initial Listing Application to the CSE (i.e May 6, 2021) are given below.

Table 10.3 Assets Pledged by JAT Holdings Limited as at May, 6 2021

Bank	Nature of the Facility	Limit	Assets Pledged
JAT HOLDINGS LIMITED			
Hatton National Bank PLC	Overdraft (LKR)	100,000,000	Documents of title to goods imported
Commercial Bank of Ceylon PLC	Overdraft (LKR)	67,000,000	<ul style="list-style-type: none">• Lien over Saving deposit No: 71780018870• Primary Mortgage Bond No 285 dated November 14, .2013 for LKR 157Mn over property depicted as lot X in Plan No 12409 dated December 4,.2012, situated at Thalawathugoda, owned by JAT Holdings Ltd, extent OA 2R.58P, Floor area 9,303 sqft• Secondary Mortgage Bond No 286 dated 14.11.2013 for EUR 300,000/- executed over the above property• Quaternary Mortgage Bond No 5415 dated December 10, 2018 for LKR 89Mn executed over the above property• Fire Insurance Policy obtained from Ceylinco Insurance Company PLC for LKR 60Mn for the property situated at Thalawathugoda, Policy No 4K0009CF000049 Expiry September 30, 2021.• Personal Guarantee bonds totalling to LKR. 71Mn obtained from A W Gunawardene**• Letter of Authority and Setoff
	Import Loans (LKR)	426,400,000	
	Short Term Loan (LKR)	50,000,000	
	Advance Doc Release/ Shipping Guarantee (LKR)	25,000,000	
	Stand by Letter of Credit (EUR)	300,000	
	Stand by Letter of Credit (USD)	100,000	
	Letters of Guarantee (LKR)	149,800,000	
People’s Bank	Overdraft (LKR)	25,000,000	Clean basis
	Import/Short-term loan (LKR)	225,000,000	Documents of title to goods imported
HSBC	Stand by Letter of Credit (EUR)	150,000	LKR 40 Mn fixed deposit
Standard Chartered Bank	Overdraft (LKR)	50,000,000	Primary Mortgage over debtors and stocks for LKR 742 Mn stored at Advantis Logistics Hub, Siyambalape.
	Import Loans (LKR)	275,000,000	
	Short Term Loan (LKR)	50,000,000	
	Stand by Letter of Credit (EUR)	1,000,000	
National Development Bank PLC	Import Loans (LKR)	286,000,000	Primary Mortgage over stocks at Kahathuduwa and book debtors for LKR 616 Mn
	Stand by Letter of Credit (EUR)	220,000,000	
	Pre-Export Finance (LKR)	110,000,000	
BRUSH MASTER (PRIVATE) LIMITED			
Commercial Bank of Ceylon PLC	Term Loan (LKR)	10,650,000	Corporate Guarantee from JAT Holdings
	1st COVID Loan (LKR)	8,800,000	Corporate Guarantee from JAT Holdings
	2nd COVID Loan (LKR)	12,500,000	Corporate Guarantee from JAT Holdings
JAT EXPORTS DMCC			
Commercial Bank of Ceylon PLC	Stand By Letter of Credit (EUR)	800,000	Fixed Deposit of Euro 390,000/- and USD 123,500/-
WORLDWIDE RESINS & CHEMICALS (PRIVATE) LTD			
Commercial Bank of Ceylon PLC	Overdraft (LKR)	2,500,000	Corporate Guarantee Bond for LKR 77.5 Mn executed by JAT and balance on cash back
	Import Loan (LKR)	85,000,000	
	1st COVID Loan (LKR)	6,600,000	Joint Guarantee bond for LKR 6.6 Mn of Mr. S Somasundaram & Mr. S M Aththanayake – Directors of the Company
	2nd COVID Loan (LKR)	7,000,000	Joint Guarantee bond for LKR 7 Mn of Mr. S Somasundaram and Mr. S M Aththanayake – Directors of the Company

**** Upon signing off property mortgage bond, this will be replaced**

Other than the above the Company has not provided any mortgages and/or charges on its assets as of May 6, 2021.

10.7. Material Contracts

As at the date of Prospectus, there are no material contracts entered into by JAT within the preceding two (2) years other than those contracts entered into as part of the ordinary course of business.

10.8. Management and Other Agreements

There are no management agreements presently in force or currently being considered by the Company.

Other than agreements that JAT has entered into in the normal course of business, the following shared services to the following affiliate companies for occupying the Head Office building of JAT in Thalawathugoda are charged out.

Table 10.4 Details of Shared Services with Affiliates of JAT

Company	Area (Sqft)	Total Rent per month (LKR)
Flexospan Steel Buildings (Private) Limited	800	118,200
JAT Property Group (Private) Limited	667	110,000
JAT Technologies (Private) Limited	1,000	149,500
Total		377,700

10.9. Details of Commissions Paid

No commission has been paid in the two (02) years preceding the Offering or payable for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares of the Company.

10.10. Details of Benefits Paid to Promoters

No benefit has been paid or given within the two (02) years preceding the Offering and there is no benefit intended to be paid or given to any promoter.

10.11. Details of Transactions Relating to Property

On September 23, 2019, JAT acquired an apartment in Altair with an area of 2,028 sqft as an investment property from Mr. Aelian Winston Gunawardene, Managing Director/Executive Director of JAT for a consideration of LKR 114,119,455/- [i.e., based on the then market value as published by the developer for buyers in the market, of a similar apartment under construction (partly completed)].

On February 23, 2021, a land of an extent of 41.6 perches situated in Biyagama has been acquired by JAT Holdings Limited from J Chem Coatings (Private) Limited for a consideration of LKR 37,500,000/-. The property was purchased based on a valuation dated February 4, 2021 by Mr. Daya Lalith Palihakkara, Chartered Valuer and Consultant. Mr. Aelian Gunawardene Director of JAT and J Chem Coatings (Private) Limited holds 100% shares in J Chem Coatings (Private) Limited and Mrs. Joycelyn Gunawardene Director of JAT is also a Director of J Chem Coatings (Private) Limited.

Other than those mentioned above, there were no transactions relating to the property within the two (2) years preceding the Offer in which any vendor of the property to the Company or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the Company had any interest, direct or indirect.

10.12. Taxation

The Corporate Income Tax rates under Inland Revenue (Amendment) Act No. 24 of 2017 and Value Added Tax (VAT) rates in accordance with the provisions of the Value Added Tax Act No. 14 of 2002 (Amended) applicable rates for JAT and its subsidiaries as at March 31, 2021 are disclosed below:

Table 10.5 Tax Rates Applicable for JAT and its Subsidiaries as at March 31, 2021

	Corporate Income Tax Rates Applicable	Value Added Tax Rates Applicable
JAT Holdings Limited	24%	8%
JAT Holdings Limited - JPC line *	0%	8%
JAT Exports (Private) Limited	14%	0%
JAT Exports DMCC **	0%	0%
Brush Master (Private) Limited	18%	8%
JAT Global (Private) Limited ***	22%	18%
Worldwide Resins & Chemicals (Private) Limited	24%	8%

*Corporate income tax rates applicable for JAT Holdings Limited - JPC line with effect from April 1, 2021 is 24%.

** JAT Exports DMCC is a company incorporated in United Arab Emirates (U.A.E.)

*** JAT Global (Private) Limited is a company incorporated in India

11. CAPITAL STRUCTURE

As at the date on this Prospectus, the Stated Capital of the Company is Sri Lanka Rupees Nine Hundred and Eighteen Million Seven Hundred and Seventy Thousand and Thirteen (LKR 918,770,013/-) represented by Four Hundred and Fifty Four Million Five Hundred and Ninety Three Thousand and Seventy Three (454,593,073) fully paid Ordinary Voting Shares.

11.1. An Overview of the Stated Capital

An overview of the Stated Capital of the Company is set forth below.

Table 11.1 Overview of Stated Capital

	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	Subsequent to the IPO
Stated Capital (LKR)	918,770,013	918,770,013	918,770,013	2,425,766,913
Number of Ordinary Shares in Issue (Refer Table 11.2)	457,261,073	457,261,073	454,593,073	510,407,773

Table 11.2 Changes in Stated Capital of JAT

	Number of Shares	LKR
Balance as of April 01, 2018	457,261,073	918,770,013
Issue of Shares During the Year	-	-
Balance as of March 31, 2019	457,261,073	918,770,013
Issue of Shares During the Year	-	-
Balance as of March 31, 2020	457,261,073	918,770,013
Issue of Shares During the Year	-	-
Repurchase of 2,668,000 Shares @ LKR 21.41 per share on October 02, 2020 (refer Section 11.2)	(2,668,000)	-
Balance as of March 31, 2021	454,593,073	918,770,013
Issue of 55,814,700 New Shares @ LKR 27/- per Share under the Offer for Subscription tranche of the Offering contemplated through this Prospectus (if fully subscribed)	55,814,700	1,506,996,900
Balance immediately subsequent to the IPO	510,407,773	2,425,766,913

11.2. Details of Repurchase and Redemption of Shares by JAT

Details pertaining to the repurchase of Shares by JAT during the last two (02) years preceding the date of this Prospectus are given below.

Table 11.3 Details of Share Repurchase by JAT

Number of Shares Repurchased	Repurchase Price Per Share (LKR)	Amount (LKR)	Date of Repurchase	Transferor
2,668,000	21.41*	57,121,880	October 02, 2020	Mr. Jehan Amaratunga

*Repurchase Price of LKR 21.41 was determined by the Board of Directors and approved by the shareholders of JAT as being a reasonable price for a repurchase of shares in a private company in terms of Companies Act.

Other than the aforesaid details, there were no redemptions, repurchases of shares and reduction of stated capital effected during the two (2) years preceding the date of this Prospectus.

11.3. Establishment of an Employee Share Option Plan (ESOP)

The Shareholders of the Company approved the establishment of an Employees Share Option Plan (ESOP) and it has been set up in terms of Rule 5.6 of the Listing Rule of the CSE. Accordingly, the number of shares underlying the Options that are granted but not exercised by the Employees shall not exceed five per centum (5%) of the total number of Shares issued by the Company at any given time.

Details of the ESOP are given in Annexure E to the Prospectus.

11.4. Details of Transfer of Shares in JAT

Details pertaining to the transfer of shares in JAT are as follows.

Table 11.4 Details of Transfer of Shares in JAT

Name of Transferee	Date of Transfer	Name of Transferor	Number of JAT Shares Transferred as a Gifting of Shares	Price per Share
Mr. Aelian Gunawardene	June 17, 2020	J Chem Coatings (Private) Limited	3,487,115	Nil
Mrs. Joycelyn Gunawardene	June 17, 2020	J Chem Coatings (Private) Limited	9,145,221	Nil
Mrs. Anika Williamson	June 17, 2020	J Chem Coatings (Private) Limited	13,717,832	Nil

Other than the above, there are no Shares of JAT that have been acquired by way of transfer or gifting during the period of twelve (12) months immediately preceding the date of submission of the Initial Listing Application to the CSE (i.e. May 6, 2021).

11.5. Shareholding Structure of JAT

Tabulated below are the shareholders of the Company as of the date of submission of Initial Listing Application to the CSE (i.e., May 6, 2021) and subsequent to the Offering, on the assumption of full subscription.

Table 11.5 Shareholders of JAT

Name of the Shareholder	Prior to IPO		Subsequent to IPO	
	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding
Aelian Gunawardene	329,856,544	72.56%	329,856,544	64.63%
Sivakumar Selliah	1,320,000	0.29%	1,320,000	0.26%
Arunthathi Selliah	4,240,000	0.93%	4,240,000	0.83%
Abiramipillai Kailasapillai	4,240,000	0.93%	4,240,000	0.83%
Kailasapillai Aravinthan	1,320,000	0.29%	1,320,000	0.26%
Arunodhaya (Pvt) Ltd	3,360,000	0.74%	3,360,000	0.66%
Arunodhaya Industries (Pvt) Ltd	3,360,000	0.74%	3,360,000	0.66%
Arunodhaya Investments (Pvt) Ltd	3,360,000	0.74%	3,360,000	0.66%
Andysel (Pvt) Ltd	2,120,000	0.47%	2,120,000	0.42%
Adamjee Lukmanjee & Sons (Pvt) Ltd	5,332,000	1.17%	5,332,000	1.04%
Murtaza Adamjee Lukmanjee	2,668,000	0.59%	2,668,000	0.52%
SDS Spices (Pvt) Ltd	2,668,000	0.59%	2,668,000	0.52%
Falcon Trading (Pvt) Ltd	27,077,498	5.96%	27,077,498	5.31%
Emerald Sri Lanka Fund I Limited	27,090,146	5.96%	-	-
Richard Gunawardene	13,717,832	3.02%	13,717,832	2.69%
Anika Williamson	13,717,832	3.02%	13,717,832	2.69%
Joycelyn Gunawardene	9,145,221	2.00%	9,145,221	1.79%
IPO Shareholders			82,904,846	16.24%
Total	454,593,073	100.00%	510,407,773	100.00%

11.6. Details Pertaining to the Locked-in Shares – Pre and Post IPO

Details pertaining to the locked-in Shares constituting the public and non-public holding are below. In compliance with the CSE Listing Rules, 2.1.1(d) and 2.1.1(e) the Shares continued to be held by the existing 'Non Public' shareholders on assumption of full subscription of the IPO (including shares acquired by way of transfer as given in Table 11.4 and excluding Vendor Shares) will be locked in for a period of six (06) months as specified in the table below from the date of listing of Shares of JAT on the CSE.

Table 11.6 Shares Locked-in – Pre IPO

Name of the Shareholder	Category of Shareholder	Locked-In Shares	Time Period after Which the Shares will be Available for Trading from the Date of Listing	Total Number of Shares	Number of Shares as a Percentage of Total Number of Shares in Issue
Non-Public Shareholders					
Aelian Gunawardene (refer Table 11.7)	Non-Public	Locked-In	6 Months	329,856,544	72.56%
Sivakumar Selliah	Non-Public	Locked-In	6 Months	1,320,000	0.29%
Arunthathi Selliah	Non-Public	Locked-In	6 Months	4,240,000	0.93%
Arunodhaya (Pvt) Ltd	Non-Public	Locked-In	6 Months	3,360,000	0.74%
Arunodhaya Industries (Pvt) Ltd	Non-Public	Locked-In	6 Months	3,360,000	0.74%
Arunodhaya Investments (Pvt) Ltd	Non-Public	Locked-In	6 Months	3,360,000	0.74%
Andysel (Pvt) Ltd	Non-Public	Locked-In	6 Months	2,120,000	0.47%
Falcon Trading (Pvt) Ltd	Non-Public	Locked-In	6 Months	27,077,498	5.96%
Richard Gunawardene	Non-Public	Locked-In	6 Months	13,717,832	3.02%
Anika Williamson (refer Table 11.7)	Non-Public	Locked-In	6 Months	13,717,832	3.02%
Joycelyn Gunawardene (refer Table 11.7)	Non-Public	Locked-In	6 Months	9,145,221	2.00%
				411,274,927	90.47%
Public Shareholders					
Adamjee Lukmanjee & Sons (Pvt) Ltd	Public	Not Locked-In	Not Applicable	5,332,000	1.17%
Abiramipillai Kailasapillai	Public	Not Locked-In	Not Applicable	4,240,000	0.93%
Kailasapillai Aravinthan	Public	Not Locked-In	Not Applicable	1,320,000	0.29%
Murtaza Adamjee Lukmanjee	Public	Not Locked-In	Not Applicable	2,668,000	0.59%
SDS Spices (Pvt) Ltd	Public	Not Locked-In	Not Applicable	2,668,000	0.59%
				16,228,000	3.57%

Note : The terms 'Non-Public Shareholders' and 'Public Shareholders' shall have the same meaning as set out in Rules 2.1.1 (d) of the CSE Listing Rules.

Pre-IPO Public Holding (Shares held by the 'Public' as a percentage (%) of the total Pre-IPO number of Shares), as per the CSE Listing Rules is 3.57%.

In terms of CSE Listing Rule 2.1.1 (d) (iii) the 26,350,168 Shares acquired by way of transfer of shares on June 17, 2020 by Non-Public shareholders would be locked-in for a minimum period of six (6) months from the date of listing the shares of JAT or twelve (12) months from the date of acquisition of such shares; whichever is longer as indicated in Table 11.7 below.

Table 11.7 Shares Locked-in – Pre IPO (Shares acquired by way of Transfer)

Name of the Shareholder	Date of Acquisition	Category of Shareholder	Locked-in Shares	Time Period after Which the Shares will be Available for Trading	Number of Shares	Number of Shares as a Percentage of Total Number of Shares in Issue
Aelian Gunawardene	June 17, 2020	Non-Public	Locked-In	6 Months from the Date of Listing	3,487,115	0.77%
Joycelyn Gunawardene	June 17, 2020	Non-Public	Locked-In	6 Months from the Date of Listing	9,145,221	2.01%
Anika Williamson	June 17, 2020	Non-Public	Locked-In	6 Months from the Date of Listing	13,717,832	3.02%
					26,350,168	6.16%

Table 11.8 Shares Locked-in – Post IPO

Category of Shareholders (Post-Listing)	Locked-in Shares/Not-Locked in Shares	Months After Which the Shares will be Available for Trading	Number of Shares	Number of Shares as a Percentage of Total Number of Shares in Issue (Post-Listing)
Non-Public	Locked-In (Pre-IPO Shares)	6 Months from the Date of Listing	411,274,927	80.58%
Public	Not Locked-in (Pre-IPO Shares)	Not Applicable	16,228,000	3.18%
Non-Public	Locked-In (IPO Shares)	Not Applicable	-	-
Public	Not Locked-in (IPO Shares)	Not Applicable	82,904,846	16.24%
Total			510,407,773	100.00%

Note: The terms 'Non-Public Shareholders' and 'Public Shareholders' shall have the same meaning as set out in Rules 2.1.1 (d) of the CSE Listing Rules.

Post-IPO public holding (total unlocked-Shares post-IPO that will be held by the Public as a percentage (%) of the total Shares in issue Post-IPO), as per the 'Public' definition provided in the CSE Listing Rules is 19.42% representing a float adjusted market capitalisation of LKR 2,676,586,842/-.

There were no other Share transfers carried out within the twelve (12) month period immediately preceding the date of the Initial Listing Application other than the disclosed in Table 11.4.

The Company confirms that the information furnished herewith shall remain unchanged until the date of listing.

11.6.1.Free Transferability of Shares

In accordance with CSE Listing Rule 2.1.1(d): in the event of an Offer for Subscription

- (i) Subject to (iii) and (iv) below, shares held by Non-Public Shareholders prior to the date of the Initial Listing Application shall be locked-in for a period of six (06) months from the Date of Listing the shares of the Entity.
- (ii) Subject to (iii) and (iv) below, shares held by Public Shareholders prior to the date of the Initial Listing Application shall not be locked in.
- (iii) Shares acquired by way of a transfer by Non-Public Shareholders or Public Shareholders during the period of twelve (12) months prior to the date of the Initial Listing Application shall be locked in for a minimum period of six (06) months from the Date of Listing the shares of the Entity or twelve (12) months from the date of acquisition of such shares; whichever is longer.

- (iv) Shares allotted to Non-Public Shareholders or Public Shareholders during the period of twelve (12) months prior to the date of the Initial Listing Application shall be dealt with according to the discretion vested in the SEC in terms of Section 28A of the SEC Act.

In accordance with CSE Listing Rule 2.1.1(e): in the event of an Offer for Sale

- (i) The shareholders who intend to divest their shareholding through the Initial Public Offering should have held such shares for a minimum period of eighteen (18) months prior to the date of the Initial Listing Application.
- (ii) Subject to (iv) and (v) below, shares held by Non-Public Shareholders prior to the date of the Initial Listing Application, which have not been divested through the Initial Public Offering, shall be locked-in for a period of six (06) months from the Date of Listing the shares of the Entity.
- (iii) Subject to (iv) and (v) below, shares held by Public Shareholders prior to the date of the Initial Listing Application shall not be locked in.
- (iv) shares acquired by way of a transfer by Non-Public Shareholders or Public Shareholders during the period of twelve (12) months prior to the date of the Initial Listing Application shall be locked in for a minimum period of six (06) months from the Date of Listing the shares of the Entity or twelve (12) months from the date of acquisition of such shares: whichever is longer.
- (v) Shares allotted to Non-Public Shareholders or Public Shareholders during the period of twelve (12) months prior to date of the Initial Listing Application shall be dealt with according to the discretion vested in the SEC in terms of Section 28A of the SEC Act.

For the purpose of Rule 2.1.1(d) and Rule 2.1.1 (e), 'Non-Public shareholders' shall mean the following parties who directly or indirectly, hold shares of the company:

- a. Its parent, subsidiary or associate companies or any subsidiaries or associates of its parent company.
- b. Its directors who are holding office as directors of the entity and their close family members.
- c. Chief Executive Officer, his/her close family members.
- d. Key Management Personnel and their close family member.
- e. Any party acting in concert with the parties set out in a), b), c) or d) above; or
- f. Any individual or company holding jointly or severally 5% or more of the share of the Company

'Close Family Member' shall mean the spouse or a financially dependent child.

'Key Management Personnel' shall mean those persons having authority and responsibility for planning, directing and controlling the activities of the applicant Entity, directly or indirectly, including any director (whether executive or otherwise) of that Entity.

Public shareholders shall mean any party who holds shares of the company other than the parties identified as 'Non-Public' shareholders' mentioned above.

The details of the lock in periods for the Shares are mentioned in Table 11.6 and Table 11.7, and the Shares that will be subject to a lock in will not be available for trading.

Shares listed on the CSE shall be freely transferable and registration of the transfer of such listed Shares shall not be subject to any restriction, save and except to the disclosure above and to the extent required for compliance with statutory requirements.

11.7. Details of Convertible Debt Securities

The Company has no outstanding convertible debt securities as of the date of this Prospectus.

11.8. Details of Shares Sold Privately in Conjunction with the Offering

No Shares are being offered privately in conjunction with this Offering.

11.9. Details of Take-Over Offers

There have been no take-over offers by third parties in respect of the Company's Shares during the past two (02) years, preceding the date of this Prospectus.

The Company has not made any take-over offers in respect of Shares of a third party during the past two (02) years preceding the date of this Prospectus.

12. INVESTMENT CONSIDERATION AND ASSOCIATED RISKS

Prior to investing in the IPO, prospective investors should pay particular attention to the fact that JAT Group, its business activities and future plans are subject to a number of risk factors which may be within or outside the control of the Management. The risk factors that follow may be considered material to investors in making an informed judgment on Company. If any of the considerations and uncertainties given below develops into actual events, the Company's business, financial conditions or results of operations and prospects could be negatively affected. Such an adverse effect could invariably lead to an unfavourable impact on the value of the Shares.

12.1. Risks Relating to Business Operations and Future Plans

12.1.1. Political and Economic Climate in Sri Lanka

The Government exerts a substantial influence on many aspects of the economy. As such, business and financial performance of JAT Group could be impacted by government policy and political instability. Typically, business activity in the construction/real estate sectors closely follow the fluctuations in economic conditions of the country, and an unstable political environment resulting in adverse economic conditions may dampen performance of the Group.

However, in the recent past, JAT has been able to mitigate these risks by diversifying its export market base. Consequently, export revenue counted for 28% of total revenue in FY20. As such, it is expected to increase further in line with the growth plans of the Company. Construction and real estate related activities are also expected to see a rebound in Sri Lanka, particularly with the backdrop of the existing low interest rate environment. Subsequently, JAT is in a position of strength to capitalise on the same.

12.1.2. COVID 19 Pandemic Related Risks

The existing COVID 19 pandemic has globally impacted many business segments, and as a result overall economic growth in most countries has dwindled. JAT too was similarly impacted, particularly during Q1 and Q2 of FY21, which witnessed a steep decline in sales and production volumes as a direct result of lockdown situation in Sri Lanka and other countries in which JAT operates, supplier related shocks, increased logistics costs etc. Volumes though, have since picked up in Q3 and Q4 of FY21. However, with the continued rapid spread of COVID in Sri Lanka and other countries in which JAT operates and rollout of a vaccine still being at a very early stage, it is possible that there may be certain short-term impact to the business operations of JAT. Moreover, long term implications from factors such as stagnant economic growth, rising inflation, unemployment and other external factors stemming from the pandemic could have an indirect impact on JAT's future performance.

12.1.3. Changes to Tax Regulations

JAT Holdings Limited and its subsidiary, Worldwide Resins & Chemicals (Private) Limited have an income tax rate of 24%. On the other hand, Brush Master (Private) Limited (manufacture and sale of brushes,) JAT Exports (Private) Limited and JAT Exports DMCC (incorporated in Dubai) have income tax rates of 18%, 14% and 0% respectively depending on the existing tax regimes in each of the jurisdictions of the respective entities. Any changes to the tax regulations could impact the profitability of the JAT Group.

12.1.4. Exchange Rate Risk

The depreciation of the LKR would have a direct impact on the Company's gross profit margins due to an increase in cost of sales. However, JAT has historically been able to pass on such cost increases to its customers as evidenced by the Company's fairly stable gross profit margins overtime. Furthermore, continuous innovations in terms of new product introductions (particularly lower cost products targeting a broader customer base) have aided the Company in negating the impact of LKR depreciation. Also, the export revenue acts as a natural hedge against the exchange rate risk. This trend is expected to continue particularly with the establishment of the fully fledged R&D facility as a part of the use of IPO proceeds as per Section 5 of this prospectus.

12.1.5. Increased Competition in the Future

JAT faces competition from local and international players in its core business segments of wood coatings, brushes and paints. However, the Company is the acknowledged market leader in the waterbase and PU wood coating segment with a 55% market share, a strong brand name and a proven track record. The Harris range of brushes, together with projected automation of the factory post IPO is expected to provide the Company an edge in the brush segment, whilst its newest product (Brilliant White emulsion paint) is warranted to be a winning product in the paints category, aiding JAT increase its presence.

12.1.6. Risk of Loss of Key Relationships

JAT maintains many key relationships with global giants in the form of exclusive agencies/distributorships. These include agreements with Sherwin Williams (Principals for Sayerlack), Borma Wachs, Harris Brushers, Herman Miller, SEA etc. However, many of these relationships (particularly in the core wood coating segment) are time tested since they have been maintained for over 20 years. Hence, the risk of loss of the said relationships is minimal.

Further, with regards to the relationship with Sherwin Williams, JAT has also obtained the exclusive agency to sell their products in overseas markets such as Bangladesh, India, the Maldives, the Seychelles, Ghana, Kenya and Mauritius. This endorses the strength of the partnership between the 2 entities and the synonymous/localised nature of JAT with products of Sherwin Williams in the above markets.

In addition, JAT's continued focus on backward integration for its key product segments (which would see greater levels of value addition to its products locally,) as well as its strategy to set up manufacturing plants overseas is expected to further negate any such risks going forward.

12.1.7. Loss of Key Employees

JAT has a professional management team with possessing the requisite skills and experience in their respective fields which guarantees the competitive advantage Company possesses in providing a superior quality product and service to its customers. However, any potential risks caused by the inability to retain the existing team of employees or attract new employees for future requirements may result in the future loss of business and decline in the quality of products and services.

In order to prevent such a scenario, the Company has implemented an annual review process/performance appraisal system to identify the performance level of each employee and implementing adequate training procedures of compensation to facilitate the retention and growth prospects of its employees. The Company has introduced an Employee Share Option Plan (ESOP) to retain talent (refer Annexure E for further details). Furthermore, viable strategies have been incorporated with regards to employee welfare, team building and working, and the development of a performance driven culture are expected to complement the same.

12.1.8. Imposing of Import Restrictions on Selected Goods

In order to address pressure on the LKR depreciation due to a decline in USD reserves, stemming from COVID 19 related impact to the Sri Lankan economy, the GoSL imposed temporary import restrictions on certain large ticket items. JAT's business was marginally impacted due to the same on the back of exposure to its Furniture and Furnishing Projects related segments. However, the Company's revenue from such segments, accounts for less than 20% of the total revenue. Additionally, these revenue segments are closely linked with large real estate/construction projects, including several ongoing projects. Hence, the likelihood of blanket restrictions on related products is unlikely.

12.2. Capital Market Related Risks

12.2.1. Non-existence of Prior Market for the Shares

Prior to the IPO, there has been no public market for the Company's Shares. As such, there can be no assurance that an active trading market for the Shares will develop or if developed, will be sustained, or that the market price of the Shares shall not decline below the Share Offer Price. The Share Offer Price may not be indicative of the market price for the Company's Shares after completion of the IPO.

12.2.2. Price Volatility in the Secondary Market

The price of the Shares may fluctuate due to and not limited to the following: variations in operating results compared to analyst estimates, changes in operating environment or regulatory environment, technological advancements/obsolescence, macroeconomic factors and external events. Market price of the Shares may follow general investor sentiment prevalent in the market at a given time and could also fluctuate as a result of trading volumes.

12.2.3. Shares May Not be a Suitable Investment for All Investors

Each potential investor of Shares must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to evaluate the Shares, the merits and risks of investing in the shares and the information contained or incorporated by reference in this Prospectus.
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of his/her/its particular financial situation, an investment in the Shares and the impact the Shares will have on his/her/its overall investment portfolio.
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the settlement currency is different from the currency in which such investor's principal financial activities are denominated, especially in the instances where foreign investors are concerned.
- understand thoroughly the terms of the Shares and be familiar with any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic indicators, interest rate and other factors that may affect the investment and its ability to bear the applicable risks.

13. Statutory Declarations

13.1. Declaration by the Directors

July 2, 2021

We, the undersigned, being Directors of JAT Holdings Limited, a company incorporated in the Democratic Socialist Republic of Sri Lanka bearing Company Registration No. PB00237072, having its registered office at No. 351, Pannipitiya Road, Thalawathugoda, hereby declare and confirm that we have read the provisions of the Companies Act No.7 of 2007 relating to the issue of the Prospectus and provisions listed therein have been complied with.

This Prospectus has been seen and approved by us and we individually and collectively accept full responsibility for the accuracy of the information given and confirm that the provisions of the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 7 of 2007 and any subsequent amendments made have been complied with and after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that are considered reasonable at the present point in time and according to our best judgments.

We further declare that the profit forecasts have been included in this Prospectus after due and careful enquiry of the information available to the Company and assumptions that are considered to be reasonable at the present point in time and according to our best judgments.

Name of Director	Designation	Signature
Dr. Sivakumar Selliah	Chairman Director - Non-Executive/Independent	Sgd.
Mr. Aelian Gunawardene	Founder and Managing Director Executive/Non-Independent	Sgd.
Mrs. Joycelyn Gunawardene	Director Non-Executive/Non-Independent	Sgd.
Mr. Hussain Akbarally	Director Non-Executive/Independent	Sgd.
Mr. Girish Patil	Director Non-Executive/Independent	Sgd.
Mrs. Anika Williamson	Director Non-Executive/Non-Independent	Sgd.
Mr. Richard Gunawardene	Director Non- Executive/Non-Independent	Sgd.
Mr. Devaka Cooray	Director Non-Executive/Independent	Sgd.
Mrs. Priyanthi Pieris	Director Non-Executive/Independent	Sgd.

13.2. Declaration by the Company

We, JAT Holdings Limited, having our Registered Office No. 351, Pannipitiya Road, Thalawathugoda hereby declare that to the best of our knowledge and belief this Prospectus constitutes full and fair disclosure of all material facts about the Offer and the Company.

An Application has been made to the Colombo Stock Exchange for permission to deal in and for a listing for all the Ordinary Voting Shares issued by the Company and those Ordinary Voting Shares, which are the subject of this Offer. Such permission will be granted when the Ordinary Voting Shares are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Company or of the shares issued.

The Seal of JAT Holdings Limited affixed at Colombo on July 2, 2021 in the presence of two Directors.

Sgd.
Director

Sgd.
Director

13.3. Declarations by The Financial Advisors and Joint Managers to the Offer

13.3.1. NDB Investment Bank Limited

We, NDB Investment Bank Limited of Level 1, NDB Capital Building, 135, Bauddhaloka Mawatha, Colombo 04 hereby declare and confirm to the best of our knowledge and belief this Prospectus constitutes full and fair disclosure of all material facts about the Offer and the Company.

The Common Seal of NDB Investment Bank Limited affixed at Colombo on July 2, 2021 in the presence of two Directors.

Sgd.
Director

Sgd.
Director

13.3.2. Capital Alliance Partners Limited

We, Capital Alliance Partners Limited of Level 05, Millennium House No. 46/58, Nawam Mawatha, Colombo 02 hereby declare and confirm to the best of our knowledge and belief this Prospectus constitutes full and fair disclosure of all material facts about the Offer and the Company, and we have satisfied ourselves that the profit forecasts had been stated by the Directors after due and careful inquiry.

The Seal of Capital Alliance Partners Limited affixed at Colombo on July 2, 2021 in the presence of two Directors.

Sgd.
Director

Sgd.
Director



ANNEXURE A

**COLLECTION
POINTS**

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

JOINT MANAGERS TO THE OFFER

NDB Investment Bank Limited

Level 1, NDB Capital Building
No. 135, Bauddhaloka Mawatha
Colombo 04
Tel: +94 11 2 300 385-90
Fax: +94 11 2 300 393
www.ndbib.com

Capital Alliance Partners Limited

Level 05, Millennium House
No 46/58,
Nawam Mawatha, Colombo 02
Tel: +94 11 231 7777
Fax: +94 11 231 7788
www.cal.lk

PLACEMENT COORDINATOR

Acuity Partners (Private) Limited

53, Dharmapala Mawatha, Colombo 03
Tel: +94 11 2206206
Fax: +94 11 2437149
www.acuity.lk

COMPANY

JAT Holdings Limited

No. 351, Pannipitiya Road
Thalawathugoda
Tel : +94 11 440 7700
Fax : +94 11 277 3793
www.jatholdings.com

REGISTRARS TO THE OFFER

P W Corporate Secretarial (Pvt) Ltd

3/17, Kynsey Road
Colombo 08
Tel : +94 11 464 0640
Fax : +94 11 269 6717

MEMBERS AND TRADING MEMBERS OF THE COLOMBO STOCK EXCHANGE

NDB Securities (Private) Ltd.

Level 2, NDB Capital Building,
No. 135, Bauddhaloka Mawatha, Colombo 4.
Tel: +94 11 2 131 000
Fax: +94 11 2 314 181
E-mail: mail@ndbs.lk

Assetline Securities (Pvt) Ltd.

(Inactivated Operations)
No.120, 120A, Pannipitiya Road, Battaramulla.
Tel: +94 11 4 700 100
Fax: +94 11 4 700 101, +94 11 4 700 112
E-mail: info@assetline.lk

Asha Securities Limited

No.60, 5th Lane, Colombo 3.
Tel: +94 11 2 429 100
Fax: +94 11 2 429 199
E-mail: asl@ashasecurities.net

J B Securities (Pvt) Ltd.

No. 150, St. Joseph Street, Colombo 14.
Tel: +94 11 2 490 900
Fax: +94 11 2 430 070
E-mail: jbs@jb.lk

Asia Securities (Pvt) Ltd.

4th Floor, Lee Hedges Tower,
No. 349, Galle Road, Colombo 3
Tel: +94 11 7 722 000
Fax: +94 11 258 4864
E-mail: inquiries@asiasecurities.lk

S C Securities (Pvt) Ltd.

5th Floor, No. 26B, Alwis Place, Colombo 3.
Tel: +94 11 4 711 000 / +94 11 4 711 001
Fax: +94 11 2 394 405
E-mail: itdivision@sampathsecurities.lk

First Capital Equities (Pvt) Ltd.

No. 2, Deal Place, Colombo 3.
Tel: +94 11 2 639 898
Fax: +94 11 5 736 264
E-Mail: equity@firstcapital.lk

Nation Lanka Equities (Pvt) Ltd.

No.44, Guildford Crescent, Colombo 07.
Tel: +94 11 7898302
Fax: +94 11 2673355
E-mail: info@nlequities.com

Somerville Stockbrokers (Pvt) Ltd.

No. 1A, Park Way, Park Road, Colombo 5.
Tel: +94 11 2 502 852 / +94 11 2 502 854 /
+94 11 2 502 858 / +94 11 2 502 862
Fax: +94 11 2 502 852
E-mail: contact@somerville.lk

John Keells Stock Brokers (Pvt) Ltd.

No. 186, Vauxhall Street, Colombo 2.
Tel: +94 11 2 306 250
Fax: +94 11 2 342 068
E-mail: jkestock@keells.com

Acuity Stockbrokers (Pvt) Ltd.

No. 53, Dharmapala Mawatha, Colombo 3.
Tel: +94 11 2 206 206
Fax: +94 11 2 206 298 / 9
E-mail: sales@acuitystockbrokers.com

Lanka Securities (Pvt) Ltd

No. 228/1, Galle Road, Colombo 4.
Tel: +94 11 4 706 757 / +94 11 2 554 942
Fax: +94 11 4 706 767
E-mail: info@lankasec.com

Capital Trust Securities (Pvt) Ltd.

No. 42, Mohamed Macan Markar Mawatha,
Colombo 3.
Tel: +94 11 2 174 174 / +94 11 2 174 175
Fax: +94 11 2 174 173
E-mail: inquiries@capitaltrust.lk

CT CLSA Securities (Pvt) Ltd.

4-14, Majestic City, 10, Station Road, Colombo-4.
Tel: +94 11 2 552 290 - 4
Fax: +94 11 2 552 289
E-mail: info@ctclsa.lk

Bartleet Religare Securities (Pvt) Ltd.

Level "G", "Bartleet House", No. 65, Braybrooke
Place, Colombo 2.
Tel: +94 11 5 220 200
Fax: +94 11 2 434 985
E-mail: info@bartleetstock.com

LOLC Securities Limited

No. 481, T.B. Jayah Mawatha, Colombo 10.
Tel: +94 11 588 9889
Fax: +94 11 266 2883
E-Mail: info@lolcsecurities.com

Capital Alliance Securities (Pvt) Ltd.

Level 5, "Millennium House", 46/58 Navam Mawatha,
Colombo 2.
Tel: +94 11 2 317 777
Fax: +94 11 2 3177 88
E-mail: info@cal.lk

First Guardian Equities (Pvt) Ltd.

32nd Floor, East Tower, World Trade Centre,
Colombo 1.
Tel: +94 11 5 884 400 (Hunting)
Fax: +94 11 5 884 401
E-mail: info@fge.lk

Candor Equities Ltd.

Level 8, South Wing, Millennium House, 46/58
Nawam Mawatha, Colombo 02.
Tel: +94 11 2 359 100
Fax: +94 11 2 305 522
E-mail: info.cel@candorh.com

Enterprise Ceylon Capital (Private) Limited.

No.73/1, Dharmapala Mawatha, Colombo 7
Tel: +94 11 244 5644, 11 230 1861/2
E-mail: info@ecc.lk

Richard Pieris Securities (Pvt) Ltd.

No.310, High Level Road, Nawinna, Maharagama
Tel: +94 11 431 0500
Fax: +94 11 280 2385
Email: communication@rpsecurities.com

SMB Securities (Pvt) Ltd.

No. 02, Gower Street, Colombo 5.
Tel: +94 11 4 388 138
Fax: +94 11 2670294
E-mail: info@smbsecurities.lk

Taprobane Securities (Pvt) Ltd.

2nd Floor, No. 10, Gothami Road, Colombo 08.
Tel: +94 11 5 328 200, +94 11 5 328 100
Fax: +94 11 5 328 177
E-mail: info@taprobane.lk

Softlogic Stockbrokers (Pvt) Ltd

Level 16, One Galle Face Tower, Colombo 02.
Tel: +94 11 7 277 000
Fax: +94 11 7 277 099
Email: ssb.inquiry@softlogic.lk

TKS Securities (Pvt) Ltd. (Inactivated Operations)

4th Floor, No. 245, Dharmapala Mawatha,
Colombo 7.
Tel: +94 11 7 857 799
Fax: +94 11 7 857 857
E-mail: info@tks.lk

Navara Securities (Pvt) Ltd

No. 12B Gregory's Road, Colombo 7.
Tel: +94 11 2 358 700 / 20
Fax: +94 11 5 005 551
Email: info@navarasecurities.lk

HATTON NATIONAL BANK BRANCH NETWORK

Branch	Address	Telephone
Akkaraipattu	No. 14 Main Street Akkaraipattu	672277500 / 672277895
Akurana	No, 236 B Kurundugahaela Akurana	814743701
Akuressa	No. 18 New Wanigasekara Building Kamburupitiya Rd	412284471 / 414922730
Alawwa	No. 39 Main Street Alawwa	374928864 / 374928846
Aluthgama	No. 303 Galle Road Aluthgama	344743701 / 342271739 / 342271742
Aluthkade	No. 31, 33, 35, Quarry Road, Colombo 12	112445042 / 112324163 / 114743701
Ambalangoda	No. 94/1, New Road Ambalangoda	912258748 / 912258749 / 914743700 / 914743706
Ambalantota	No. 73, Main Street Ambalantota	472223169 / 474379670 / 474379671
Ampara	No 103 Bandula cinema & shopping complex, DS senanayake street, Ampara	632222634 / 634890111 / 634890190
Anamaduwa	No. 11, Chilaw Road Anamaduwa	324928792
Angunakolapelessa	No 112 Hungama Road Angunakolapelessa	474927876 / 475679060
Anuradhapura	No. 30, Maithripala Senanayake Mw., Anuradhapura	254743743 / 255679802
Anuradhapura Metro	No 521/21 New Town Anuradhapura	254580746
Aralaganwila	No. 14/188, Main Street Aralaganwila	272257245
Asiri Hospital Kandy	No; 907, Peradeniya Road, Kandy.	815777444
Asiri Surgical Hospital	No ,21 Kirimandala Mawatha Colombo 5	112369464 / 112369465
Asiri Surgical Kandy	No;907, Ground Floor, Asiri Hospital Kandy, Peradeniya Road,	812224204
Atchchuveli	Bus stand view Atchchuveli	212058610 / 212058611
Athurugiriya	No 46 Main Street Athurugiriya	112744351 / 112744350
Avissawella	No 79A 1/1 Ratnapura Road, Avissawella	362231054 / 364270554 / 362230227
Badulla	No. 15 15 1/1, Udayaraja Mw., Badulla	554641007 / 554641008 / 552222991 / 552224850
Balangoda	No. 70 A/1, Barnes Ratwatte Mw., Balangoda	452287353 / 454925920
Bambalapitiya	No. 285, Galle Road Colombo 04 Credit	112501698 / 112501785 / 114515808 / 112597831
Bandaragama	No 17B Horana Road Bandaragama	385672151 / 384929984
Bandarawela	No. 70, Dharmavijaya Mw., Bandarawela	572230584 / 572230809 / 574743743 / 574743700
Batapola	Mahawatta Batapola	912261700 / 914943074 / 915636665
Batticaloa	No. 120-22, Bazar street Batticaloa	652222813 / 652227700
Beruwala	No. 187, Galle Road Beruwala	344943940 / 345679366
Bibile	No.107 Badulla Road Bibile	555630020
Biyagama	No , 549/9 Walgama Malwana	112465310 / 114743702 / 114813107
Bogawantalawa	No. 41, Main Street Bogawantalawa	522267550
Boralesgamuwa	No. 24, Maharagama Road Boralesgamuwa	112516533 / 112516534
Borella	No. 53/1, D S Senanayake Mw., Colombo 08	112696929 / 112684834 / 112672016
Buttala	No. 58, Monaragala Road Buttala	552273635 / 554921738
Chankanai	No. 146, Main Street Chankanai	212250065 / 212250067 / 214920297
Chavakachcheri	No. 184, Kandy Road Chavakachcheri	212270057 / 212270058
Chilaw	No. 105, Colombo Road Chilaw	322223271 / 322223911
Chunnakam	No. 76-78, K K S Road Chunnakam	212240303 / 212240304 / 212240305
Cinnamon Gardens	85A & 87 Barnes Place Colombo 07	112681718 / 112681721 / 112686537 / 112689176 / 114743712
City Office	No. 16, Janadhipathi Mw., Colombo 01	112421466 / 112421468
Dambulla	No. 700/B, Anuradhapura Rd., Dambulla	664743700 / 664743701
Dankotuwa	No. 114, Pannala Road Dankotuwa	312258797 / 312258863 / 314932232
Dehiattakandiya	No. 27A, New Town Dehiattakandiya	274920978 / 272250462

Branch	Address	Telephone
Dehiwela	No. 196, Galle Road Dehiwela	112723374 / 112723362 / 114209210
Delgoda	No. 348/7, Biyagama Road Delgoda	112402357 / 334674144
Dematagoda	No. 284, Baseline Road Colombo 09	112678582 / 112678583
Deniyaya	No. 99, Main Street Deniyaya	412273777 / 414925227
Devinuwara	No 11 Light House Rd Devinuwara	414932633
Dickwella	No. 87, Mahawela Road Dickwella	414933518 / 412257960
Digana	No. 92/1, New Town Digana Rajawella	814927812
Divulapitiya	No, 13 Circular Road, Divulapitiya	334930589 / 315679059
Ekala	No.115/A Minuwangoda Rd Ekala	115769062
Elpitiya	No. 18, Main Street Elpitiya	912291831 / 912291832 / 915625802
Embilipitiya	Sarathchandra Building Main Street, Embilipitiya	472230300 / 472261444 / 475678804 / 474379453
Eravur	No. 351, Trinco Road Eravur	652241357 / 655677700
Galaha	No. 60, Hewaheta Road Galaha	814951610 / 815632611
Galewela	No. 91, Dambulla Road Galewela	665675477 / 664928536
Galgamuwa	No. 299, Main Street Galgamuwa	255678938 / 374934406
Galle	No. 3, Wackwella Road Galle	912232248 / 912234792
Gampaha	No. 148, Colombo Road Gampaha	332222520 / 334933848 / 332225597 / 332234833
Gampola	No. 142, Kandy Road Gampola	812351974 / 812352864 / 815676596 / 815676556
Ganemulla	No. 181/2, Kandana Road Ganemulla	332262466 / 114362779
Geliya	No.401 Kandy Rd Geliya	815628803 / 812314053 / 814951791
Ginigathhena	No. 02B, Colombo Road Ginigathhena	512242099 / 515679001
Giriulla	No. 125, Negombo Road Giriulla	372288411 / 372288100
Godakawela	No 58 F Main Street Godakawela	452240577 / 454925934
Grandpass	No. 182, St. Joseph's Street Colombo 14	112330514 / 114612282 / 114743725
Greenpath	No. 38, Ananda Coomaraswamy Mw., Colombo 03	115382300
Hakmana	NO, 35 Beliatta Road Hakmana	412287812 / 414935626
Hambantota	No. 47, Wilmot Street Hambantota	472220505 / 474378639
Hanwella	No. 26/1, Dissagewatte Hanwella	362254746
Haputale	No 14, Badulla Road Haputale	572268011 / 574925800
Hatton	No. 171 1/1, Dimbulla Rd., DKW Commercial Complex, Hatton	512223089 / 514451122 / 514451100
Head Office	HNB Towers	112445042
Head Office Branch	No. 479, T B Jayah Mw., Colombo 10	112660160 / 112660310 / 112660110 / 112660227 / 112660112 / 112660205
Hendala	No. 44, Elakanda Road Hendala, Wattala	114360966 / 115733624
Hettipola	No, 112/30 Bogolla Road Hettipola	374928860 / 375625212
Hikkaduwa	No. 261/A Galle Road Hikkaduwa	914943755
Homagama	No. 71, High Level Road Homagama	112857126 / 114440846 / 114543709
Horana	No. 153, Anguruwatota Road Horana	342261595 / 342261337 / 344283139
Hulftsdorp	No. 150, Mihindu Mawatha Colombo 12	112436292 / 112436299 / 114022246
Ingiriya	No 62 Panadura Rd Ingiriya	342268811 / 344947537
Islamic Banking	No 502/1 A, Kollupitiya Road (facing Marine Drive)	115289269 / 112372756 / 112372761
Ja-Ela	No. 73, Old Negombo Road Kanuwana, Ja Ela	112232752 / 112232753 / 114833319
Jaffna	No. 212,214 Hospital road Jaffna	212222787 / 212223463
Jaffna Metro	No. 177, 179 Ponnampalam Rd, Jaffna	212030300
Jampettah Street	No, 97 Jamapettah street Colombo 13	112432655 / 114939089

Branch	Address	Telephone
Kadawatha	Weerasekera Building No. 335, 357/1, Kandy Rd, Weerasekera building,	114813601 / 114813602 / 114813603 / 112901113 / 114813193 / 114743727
Kaduwela	No. 496/A, Avissawella Road, Kaduwela	112579467 / 112538249 / 114411396 / 115664281
Kahawatta	No. 772 A, Main Street Kahawatta	452270210 / 454923626 / 454923627
Kaithady	Kandy Rd Kaithady Juntion Kaithady	214920343 / 215678885
Kalawana	No. 41, Mathugama Road, Kalawana	452255025 / 254928090
Kalmunai	No.30A Batticola Road Kalmunai	672229913 / 674920740 / 674920950
Kalutara	No. 417, Galle Road Kalutara South	342222152 / 344743743 / 342229780
Kaluwanchikudi	Main Street Kaluwanchikudy	655676866 / 654926766
Kandana	No. 52, Negombo Road Kandana	112229389 / 114743728 / 114743742
Kandy	No. 01 Dalada Veediya Kandy	812224204
Kantale	No. 24, Main Street Kantale	262234383 / 262234381
Karaithivu	No. 232, Main Street Karaithivu - 1 (E.P)	672225698
Karapitiya	No, 598-N Hirimbura Road Karapitiya	915620294
Kataragama	No 3 MCW Building Main Street Kataragama	474926957
Kattankudy	No- 183, 185 Main Street, Kattankudy	652247433
Katugastota	No.154/E, Kurunegala Road, Katugastota	814743702 / 812497082 / 812497082
Katunayake	No. 510/2, Dhammaloka Mw., Aweriwatte, Katunayake	112254809 / 112254826 / 112253740
KDU	Kothalawala Defence University Hospital, Werahera	113643388
Kegalle	No. 447/02, Kandy Road, Kegalle	352223731 / 354921663 / 352223732
Kekirawa	No,25 Thalawa Road, Kekirawa.	255678330 / 254932274
Kelaniya	Rajamaha Vihara Junction Biyagama Road, Kelaniya	114362011 / 115230866
Kilinochchi North	Karadipokku Kandy Road, Kilinochchi	214923513 / 212280131
Kilinochchi South	Kanagapuram Road, Kilinochchi	212285343 / 212285344 / 214923457
Kinniya	No. 269, Main Street Kinniya 01	265676717
Kiribathgoda	No. 141, Kandy Road Kiribathgoda	112914414 / 112914415 / 114813196
Kirindiwela	No. 71, Gampaha Road Kirindiwela	332267628 / 332267629 / 334924154
Kirullapone	No. 22, Edmonton Road Kirullapone, Colombo 06	112513299 / 114543705 / 112513244
Kochchikade	No. 42, 42/1, Chilaw Road Kochchikade	314922952 / 312273939
Kodikamam	Point Pedro Road Kodikamam	212050346
Koggala	No.10/7,Modarawella, Matara Rd Habaraduwa	914743701 / 915674388
Kohuwela	No. 179, Dutugemunu Street Kohuwela	114335191 / 115745837
Kollupitiya	No. 324, Galle Road Colombo 03	112576763 / 112576764 / 112564333 / 114939917
Kolonnawa	No. 166, Kolonnawa Road Kolonnawa	112572738 / 114376736
Kotahena	No. 280, George R De Silva Mw., Colombo 13	112472068 / 114619874 / 114743724
Kottawa	No. 40, High Level Road Kottawa	112846082 / 114543708 / 114308438
Kuliyapitiya	No. 225, Main Street Kuliyapitiya	372281909 / 372281910 / 374743704
Kundasale	No. 67/19, Digana Road Naththarampotha Kundasale	812424572 / 814951275
Kurumankadu	No,184 A Mannar Road, Kurumankadu, Vavuniya	244928289 / 242226844
Kurunduwatte	Block -9, Economic Center, Kurunduwatte Bazaar (Via Gampola)	812354299 / 544922662
Kurunegala	No. 6, St. Anne's Street Kurunegala	372223246 / 372225127 / 374743702 / 374690524 / 374690525
Kurunegala Metro	No 126, Colombo Road, Kurunegala.	372231062
Lanka Hospital Branc	No.578, Elvitigala Mawatha, Colombo 05.	112368433
Madampe	No,29 Station Road, Newtown,	324928464

Branch	Address	Telephone
Maharagama	No. 145, Colombo Road Maharagama	112851468 / 112851469 / 114543714
Mahiyanganaya	No. 126 Badulla Road Mahiyanganaya	555676846 / 552258333
Malabe	No. 395/2, New Kandy Road Malabe	114543715
Maligawatte	Maligawatte Secretariat Maligawatte, Colombo 10	112446789 / 112382282
Mallavi	Thunukkai Road, Maalavi, Mullaitivu	212284650
Manipay	No.169, Jaffna Road, Manipay	212255141 / 214923503 / 212255142
Mannar	No. 68, Main Street Mannar	232222154 / 234920707
Maradana	No. 696, Maradana Road Colombo 10	112673371 / 114641136
Marandagahamula	No. 62, Divulapitiya Road Marandagahamula	312246391 / 334743703 / 334932515
Marawila	No. 534, Colombo Road Marawila	322254111 / 324743701 / 324743704
Maruthamunai	No.184 Main Road, Periyaneelavanai, Maruthamunai	672225770 / 674923738
Maskeliya	No. 7-11, New Town Maskeliya	522277341 / 522277446
Matale	No. 104, King Street Matale	662224409 / 662224410 / 662223868
Matara	No. 58D, Esplanade Road Matara	412222588 / 414390588 / 414743743 / 413497788
Mathugama	No. 56-58, Neboda Road Mathugama	344936194 / 342247422
Mawanella	No. 20/A, New Colombo Kandy Rd, Mawanella	352246570 / 354927801 / 354927802
Medawachchiya	No. 102, Jaffna Road Medawachchiya	254927242
Medirigiriya	No.330/3, Main Street, Medirigiriya	274921427
Middeniya	Walasmulla Road Middeniya	475678661
Minuwangoda	No. 41, Samarakkody Rd. Minuwangoda	112296882 / 114743732
Mirigama	No. 89, Giriulla Road Mirigama	334921266 / 335679803
Mirihana	No.240, Kotte Road, Jubilee Post,	112853697 / 114543707 / 114543713
Monaragala	No. 131, Wellawaya Road Monaragala	554743700 / 554743701
Moratumulla	No. 68, Sri Premaratna Mw., Moratumulla	112653120
Moratuwa	No. 143/1, New Galle Road Moratuwa	112647345 / 112648573 / 114543718
Mount Lavinia	No. 605, Galle Road Mount Lavinia	112739121 / 112739122 / 114203257
Mullaitivu	Main Street Mullaitivu	212290090 / 212290091
Mullipathana	No.360, Main Street, Mullipathana	264925195 / 262246201
Muliyawalai	Thanneeroottu West, Muliyawalai, Mullaitivu	212290130
Muttur	No.04, Main Street, Muthur	262238176
Mutwal	No. 523, Ferguson Road Colombo 15	112525433 / 112525434
Nanattan	Uyilankulam Road Nanattan, Mannar	232050008 / 235671000 / 232050009
Narahenpita	No. 209/A, Kirula Road, Narahenpita, Colombo 03	112369913 / 112369914
Nawala	No. 279/A, Nawala Road, Nawala	114852317
Nawalapitiya	No. 68, Gampola Road Nawalapitiya	545553383 / 542222105
Nawaloka Hospital	No.23 Sri Sugathodaya Mw Colombo 2	112345783 / 114743706
Nawam Mawatha	No ,10, Sri Uttarananda Mawatha, (R A De Mel Mawatha)	112304915 / 112304916 / 112304917
Negombo	No. 18, Rajapakse Broadway Negombo	312222585 / 312224301 / 312237146 / 314873165 / 312221471 / 314743743
Negombo Metro	No. 201, Colombo Road Negombo	312244000 / 312244006 / 312244007
Nelliady	No. 30, Point Pedro Road Nelliady	212264149 / 212264150
Nikaweratiya	No. 51, Rathnasekara Building Maho Road, Nikaweratiya	374928859 / 375625334
Ninthavur	37 A, Main Street Ninthavur 13	674923743 / 672251379
Nittambuwa	No. 22, Kandy Road Nittambuwa	332287462 / 334678666 / 334743701

Branch	Address	Telephone
Nochchiyagama	No. 10, Puttalam Road Nochchiyagama	252257813 / 252257640 / 254928950
Norochchole	Kalpitiya Road Norochchole	322268658 / 324928009
Nugegoda	No. 190, 190/1, High Level Road Nugegoda	112853887 / 114411301 / 112828347
Nuwara Eliya	No. 42, Queen Elizabeth Drive, Nuwara Eliya	522222348 / 522222856 / 522223786 / 524743473 / 524743743
Orion City	752, Dr. Danister de Silva Mw Colombo 9	114345219
Overseas School of Colombo	P O Box 09 Pelawatte, Battaramulla	112784920 / 112784921 / 112784922
Padavi Parakramapura	No. 388B, Main Street Padavi Parakramapura	252254488 / 254928773
Padukka	Ingiriya Road Padukka	112830040
Pamankada	No.475,477 Havelock Road, Colombo 03	112365497 / 114969500
Pamunugama	No.27 Bopitiya Junction, Bopitiya, Pamunugama	114376731 / 115288351
Panadura	No. 402, 404, Galle Road Panadura	382235249 / 382239179 / 384743743
Panchikawatte	N. 168, Panchikawatta Road Colombo 10	112327143 / 114722292 / 114743718
Passara	No.400, Main Street, Passara	552288844 / 554926880 / 555674834
Peliyagoda	No. 182 Negombo Road Peliyagoda	114339422 / 115234439
Pelmadulla	No.226 1/1, Gurudola, Pelmadulla	452274714 / 454925921
Peradeniya	No. 618 & 620, Peradeniya Rd Mulgampola, Kandy.	812202078 / 814743703
Pettah	No. 149-151, Main Street Colombo 11	112343800 / 112459811
Pettah Metro	No 88 Main Street Titus Building Colombo 11	115332563 / 114621253
Pilimalalawa	No,175/D, Colombo Road, Pilimalalawa	812577186
Piliyandala	No. 92 A, Moratuwa Road Piliyandala	112614111 / 112614158 / 112618494
Pinnawala	No. 563F, Karandupona Rd. Pinnawala, Rambukkana	355679800 / 354926527 / 352266202
Pitigala	No. 19, Thotupola Road Pitigala	913783111 / 915625801
Point Pedro	No. 29, Thumpalai Road Point Pedro	212264933 / 212264935
Polonnaruwa	No. 467, Main Street Kaduruwela, Polonnaruwa	272223326 / 274743743 / 275675800
Pottuvil	Main Street Pottuvil	634925555 / 632248443
Pugoda	No. 46, Main Street Pugoda	114379829 / 115235450
Pussellawa	No. 510, Nuwara Eliya Road Pussellawa	812478888 / 814940072
Puttalam	No. 06, Kachcheri Road, Puttalam	322265581 / 324743700 / 324743702
Ragala	Udapussellawa Rd, Ragala	522265771 / 522265772 / 524922647
Ragama	No. 60-64, Tewatta Road Ragama	112959721 / 112959722 / 114743736
Rajagiriya	No. 1424, Kotte Road Rajagiriya	112867357 / 114400595 / 114402517 / 112866864
Ratmalana	No 124, Galle Rd Ratmalana	112625644 / 115555676
Ratnapura	No. 9, Senanayake Mw., Ratnapura	452222374 / 452230508 / 454743743
Rikillagaskada	No,06, Dimbulkubura Road Rikillagaskada	812365160 / 815631617 / 814950315
Sammanthurai	No 351/3B Police Station Rd Sammanthurai	672261177
Sea Street	No. 60, Sea Street Colombo 11	112439635 / 112439637 / 112423301 / 112423302 / 112424719
Seeduwa	No.465, Negambo Road, Seeduwa	114830154
Serunuwara	No. 116, Kantale Road RB3, Serunuwara	262251515 / 264924886
SHANGRILA HOTEL PAY	L1-76 One Galle Facemall Shangri-La Hotels(Pvt) Ltd No-1A Centre Road	112660160
Siyambalanduwa	Main Street Siyambalanduwa	554928930 / 555636313
Sooriyawewa	"Saman" Building Main Street, Sooriyawewa	472289195 / 475678806
Sri Lankan Airlines	Administrative Complex BIA, Katunayake	112253808 / 197332262
Tangalle	No. 90, Main Street Tangalle	472240663 / 472241347 / 474927861
Thalangama	No. 253, Kaduwela Road Koswatte, Thalangama	112788430 / 112788431 / 114543728

Branch	Address	Telephone
Thalawakele	No 151 ,153 Nuwara Eliya Road, Thalawakele	524923899
Thalawathugoda	No. 715, Pannipitiya Road Thalawathugoda	112774194
Thambuttegama	No. 284C, Anuradhapura Road, Thambuttegama	252276125 / 252275095
Thandavenvely	No. 503, Trinco Road Thandavenvely Batticaloa	654926772 / 654926736
Thimbirigasyaya	No. 138B, Havelock Rd. Colombo 05	112582668 / 112582606
Thirukkivil	No. 138, Main Street Thirukkivil	672265316 / 674923740
Thirunelvely	No. 5 & 7, Adiyapatham Road Thirunelvely	212220007 / 214920299
Tissamaharama	No. 118, Hambantota Rd., Tissamaharama	472237707 / 472237708 / 474378970
Trincomalee	No. 59, Ehamparam Road Trincomalee	262222572 / 262221092 / 262222801
Trincomalee Metro	No 271 Court Rd Trincomalee	262221003 / 262221004
Udappuwa	Division No. 05 Udappuwa	324928655
Uhana	No. 307, Kandy Road Uhana	634925592 / 635675247
Uppuveli	No. 761, Ehampuram Road, Uppuveli.	264924883 / 265674555
Urubokka	Main street, Urubokka	414935637
Valachchenai	Vipulananda Road Valachchenai	654926762
Vavuniya	No. 43, Inner Circular Road Vavuniya	242222103 / 242222668 / 244588585
Veyangoda	No.229/A, Negambo Road, Veyangoda	354950108 / 335626668
Wadduwa	No. 588, Galle Road Wadduwa	384927346
Walasmulla	No.60, Beliatta Road, Walasmulla	474934149
Warakapola	No. 53, Kandy Road Warakapola	354928830 / 355625908 / 354932332
Wariyapola	No. 65, Kurunegala Road Wariyapola	372268655 / 374928857
Wattala	No. 270, 270/1, Negombo Road Wattala	112931385 / 112931492 / 114812280
Weligama	No,354/53, Matara Road, Weligama	415622544 / 414935547
Welimada	No. 35, Nuwara Eliya Road Welimada	572245108 / 574925108
Weliveriya	No. 109/5, New Kandy Rd., Weliveriya	335628148
Wellawatte	No. 100 & 102, Galle Road Wellawatte	112588702 / 112590636 / 112595880 / 112508621
Wellawaya	No. 70, Kumaradasa Mw., Wellawaya	552274934 / 554922721
Wennappuwa	No. 39, Chilaw Road Wennappuwa	312253063 / 312253064 / 314743702
Wijerama	No 594 Highlevel Rd Wijerama Nugegoda	114926701
World Trade Center	Level 1, World Trade Centre Echelon Square,Colombo 01.	112433719 / 114366784
Yakkala	No. 252/A, Kandy Road Yakkala	335629629 / 334934500
Yakkalamulla	Galle Road, Yakkalamulla	914944063 / 915701070

ANNEXURE B

**CUSTODIAN
BANKS**

Bank of Ceylon

Head Office

11th Floor, 04, Bank of Ceylon Mawatha,
Colombo 01.

Tel: +94 112 204064

Citi Bank, N A

65 C, Dharmapala Mawatha,

P. O. Box 888, Colombo 07.

Tel: +94 114 794728

Commercial Bank of Ceylon PLC

Commercial House

21, Bristol Street, P.O. Box 853, Colombo 01.

Tel: +94 11 2 445 010-15

Deutsche Bank AG

P.O. Box 314, 86, Galle Road, Colombo 03.

Tel: +94 11 2 447 062 / 011 2 438 057

Hatton National Bank PLC

HNB Towers, 479, T. B. Jayah Mawatha,

Colombo 10.

Tel: +94 112 661 762

Union Bank of Colombo PLC

64, Galle Road, Colombo 03.

Tel: +94 112 374205

Nations Trust Bank PLC

256, Sri Ramanathan Mawatha, Colombo 15

Tel: +94 114 313131

Pan Asia Banking Corporation PLC

Head Office

450, Galle Road, Colombo 03.

Tel: +94 11 2 565 565

The Hongkong and Shanghai Banking

Corporation Limited

24, Sir Baron Jayathilake Mawatha, Colombo 01.

Tel: +94 11 2 325 435, +94 11 2 446 591,

+94 11 2 446 303

People's Bank

Head Office - Treasury, 5th Floor, Sir Chittampalam

A. Gardiner Mawatha, Colombo 02.

Tel: +94 11 2 206782

Public Bank Berhad

340, R A De Mel Mawatha, Colombo 03.

Tel: +94 11 2 576 289, +94 11 7 290 200-7

Standard Chartered Bank

37, York Street, P. O. Box 112, Colombo 01.

Tel: +94 112 480450

Sampath Bank PLC

110, Sir James Peiris Mawatha, Colombo 02.

Tel: +94 115 331458, +94 114 730662

State Bank of India

16, Sir Baron Jayathilake Mawatha, Colombo 01.

Tel: +94 114 622350

Seylan Bank PLC

Level 8, Ceylinco Seylan Towers,

90, Galle Road, Colombo 03.

Tel: +94 11 4 701 812, 011 4 701 819

ANNEXURE C

**DETAILED BREAK UP OF COSTS
RELATING TO OBJECTIVES 1, 2 AND 4**

Breakup of Costs to be Incurred for New R&D Facility

Schedule 1.1	Cost (LKR)
Particle Size Analyser (Laser)	12,000,000
MFFT Tester	10,000,000
Conductivity Meter	300,000
Auto matic-Intelligence Karl Fisher Titrion Tester	1,500,000
Flash Point Tester	1,500,000
Portable pH meter	300,000
Data Color 800	8,500,000
Pendulum Hardness Tester	-
Automatic Scratch Tester	3,000,000
Mar Resistance Tester	700,000
Digital Cupping Tester	600,000
Impact Tester	1,100,000
Lab Scale	800,000
Tensile Machine	4,000,000
UV Light Accelerated Weathering Tester	4,000,000
Salt Spray (fog) Cabinet	7,000,000
High-Low Temperature & Humidity Cabinet (Climate Chamber)	5,000,000
pH Meter	500,000
Microscope- Surface Analyser with Computer and Camera	2,000,000
	62,800,000

Schedule 1.2	Cost (LKR)
PERKINELMER FLEXAR HPLC	15,000,000
PERKINELMER CLARUS 690 GC/MS	25,000,000
Infrared Spectrometer	25,000,000
	65,000,000

Breakup of Costs to be Incurred in Setting-up Manufacturing Facility in Bangladesh

Schedule 1.1	Cost (LKR)
Label pasting Machine	2,129,908
Transformer-450kVA and Electrical Installation	8,000,000
Generator-250kVA	2,500,000
Compressor	2,000,000
Compressed air distribution lines	1,200,000
Dust Extraction system	2,000,000
Lights - Explosion Proof high bay lamp	6,000,000
Exhaust Fan	3,000,000
Fire System	3,000,000
Furniture/Computer/ AC / ERP	6,000,000
Cooling Tower	1,000,000
Waste Water Treatment plant	2,000,000
Underground water Tank-Fire System	1,500,000
NC Magazine	2,500,000
Underground Storage for solvent	2,000,000
	44,829,908

Schedule 1.2	Cost (LKR)
Emulsion - White	
High speed dispersing-3000L	6,000,000
Mixing Tank-5000L	1,600,000
Automation	
4 head filling machine	3,205,520
Lid pressing machine	1,000,000
Emulsion - Colours	
High speed dispersing-1000L	6,000,000
Mixing Tank-2000L	2,600,000
Vessels-400L	1,000,000
Automation	
2 head filling machine	5,670,000
Lid pressing machine	295,000
Joint Compound	
Machine	2,500,000
Weight filling machine	500,000
	30,370,520

Schedule 1.3	Cost (LKR)
Basket Mill-200L	4,000,000
Mixing machine	4,500,000
Attritor mill	2,000,000
Vessel-2000L	1,500,000
Vessel-1000L	1,500,000
Vessel-400L	1,250,000
Black: Filling Machine-2 head	2,835,000
Colour: Filling Machine-2 head	2,835,000
White: Filling Machine-2 head	2,835,000
Common automation machines	
Lid pressing machine	1,000,000
Bar code Label Machine	2,812,050
Box sealing machine	468,675
	27,535,725

Schedule 1.4	Cost (LKR)
Mixing Machine-Double shaft	1,500,000
Mixing Machine - Single Shaft	2,400,000
Sandmill	2,000,000
Mixing Vessels - 2000 L	2,500,000
NC stain	
Filling machine-4 Heads	3,213,000
Capping Machine	3,307,500
NC sealer	
Filling machine-2 Heads with screw pump	5,000,000
Capping Machine	1,228,500
	21,149,000

Schedule 1.5	Cost (LKR)
Vessel with Agitator-5000L	10,800,000
WB stain	
Filling Machine-4 heads	3,920,000
Capping machine without automatic cap Feeder	792,061
Bar code Label Machine	2,812,050
Automaic induction sealing machine	843,615
Box sealing machine	468,675
Additional Conveyors	337,446
WB Top Coat	
Filling Machine-4 heads	2,624,580
Capping machine without automatic cap Feeder	792,061
Bar code Label Machine	2,812,050
Automaic induction sealing machine	843,615
Box sealing machine	468,675
Additional Conveyors	337,446
PU base coat and Top Coat	
Filling Machine-4 heads	3,213,000
Capping machine	1,228,500
	32,293,774

Schedule 1.6	Cost (LKR)
Finish Good Store	
Forklift-3MT	8,000,000
Hand Pallette Truck 2T	130,000
Drum Handler	120,000
Raw Material Store	
Forklift-3MT	8,000,000
Hand Pallette Truck 2T	130,000
Drum Handler	360,000
Scale-500kg	375,000
Packing Material Store	
Forklift-3MT	4,000,000
Hand Pallette Truck 2T	130,000
	21,245,000

Breakup of Costs to be Incurred in Setting-up Manufacturing Facility in East Africa

Schedule 1.1	Cost (LKR)
Label pasting Machine	2,129,908
Transformer-450kVA and Electrical Installation	8,000,000
Generator-250kVA	2,500,000
Compressor	2,000,000
Compressed air distribution lines	1,200,000
Dust Extraction system	2,000,000
Lights - Explosion Proof high bay lamp	6,000,000
Exhaust Fan	3,000,000
Fire System	3,000,000
Furniture/Computer/ AC / ERP	6,000,000
Cooling Tower	1,000,000
Waste Water Treatment plant	2,000,000
Underground water Tank-Fire System	1,500,000
NC Magazine	2,500,000
Underground Storage for solvent	2,000,000
	44,829,908

Schedule 1.2	Cost (LKR)
Emulsion - White	
High speed dispersing-3000L	6,000,000
Mixing Tank-5000L	1,600,000
Automation	
4 head filling machine	3,205,520
Lid pressing machine	1,000,000
Emulsion - Colours	
High speed dispersing-1000L	6,000,000
Mixing Tank-2000L	2,600,000
Vessels-400L	1,000,000
Automation	
2 head filling machine	5,670,000
Lid pressing machine	295,000
Joint Compound	
Machine	2,500,000
Weight filling machine	500,000
	30,370,520

Schedule 1.3	Cost (LKR)
Basket Mill-200L	4,000,000
Mixing machine	4,500,000
Attritor mill	2,000,000
Vessel-2000L	1,500,000
Vessel-1000L	1,500,000
Vessel-400L	1,250,000
Black: Filling Machine-2 head	2,835,000
Colour: Filling Machine-2 head	2,835,000
White: Filling Machine-2 head	2,835,000
Common automation machines	
Lid pressing machine	1,000,000
Bar code Label Machine	2,812,050
Box sealing machine	468,675
	27,535,725

Schedule 1.4	Cost (LKR)
Mixing Machine-Double shaft	1,500,000
Mixing Machine - Single Shaft	2,400,000
Sandmill	2,000,000
Mixing Vessels - 2000 L	2,500,000
NC stain	
Filling machine-4 Heads	3,213,000
Capping Machine	3,307,500
NC sealer	
Filling machine-2 Heads with screw pump	5,000,000
Capping Machine	1,228,500
	21,149,000

Schedule 1.5	Cost (LKR)
Vessel with Agitator-5000L	5,400,000
WB stain	
Filling Machine-4 heads	3,920,000
Capping machine without automatic cap Feeder	792,061
Bar code Label Machine	2,812,050
Automaic induction sealing machine	843,615
Box sealing machine	468,675
Additional Conveyors	337,446
WB Top Coat	
Filling Machine-4 heads	2,624,580
Capping machine without automatic cap Feeder	792,061
Bar code Label Machine	2,812,050
Automaic induction sealing machine	843,615
Box sealing machine	468,675
Additional Conveyors	337,446
PU base coat and Top Coat	
Filling Machine-4 heads	3,213,000
Capping machine	1,228,500
	26,893,774

Schedule 1.6	Cost (LKR)
Finish Good Store	
Forklift-3MT	8,000,000
Hand Pallette Truck 2T	130,000
Drum Handler	120,000
Raw Material Store	
Forklift-3MT	8,000,000
Hand Pallette Truck 2T	130,000
Drum Handler	360,000
Scale-500kg	375,000
Packing Material Store	
Forklift-3MT	4,000,000
Hand Pallette Truck 2T	130,000
	21,245,000



ANNEXURE D

GUARANTEES ISSUED BY BANKS TO THIRD PARTIES ON BEHALF OF JAT

Guarantees Issued by Banks to Third Parties on behalf of JAT through the Existing Guarantee Facility as at March 31, 2021.

Bank	Beneficiary	Currency	Amount
Commercial	The Defence Services Command and Staff College	LKR	12,500.00
Commercial	The commander of the army	LKR	9,500.00
Commercial	The commander of the army	LKR	7,500.00
Commercial	The commander of the army	LKR	24,000.00
Commercial	Siyapatha Finance PLC	LKR	500,000.00
Commercial	SAW ENGINEERING (PVT) LTD	LKR	2,372,383.86
Commercial	The Commander of the Navy	LKR	200,000.00
Commercial	The Commander of the Navy	LKR	200,000.00
Commercial	Defense Services Command & Staff College, Sapugaskanda	LKR	113,665.00
Commercial	Commander of the Sri Lankan Air force	LKR	100,000.00
Commercial	Defence head quarters complex project	LKR	38,400.00
Commercial	Defence Headquarters Complex Project	LKR	21,991.00
Commercial	Department Procurement Committee, Sri Lanka Navy	LKR	5,476.42
Commercial	Sanken construction (pvt) ltd	LKR	1,359,480.00
Commercial	NAWALOKA CONSTRUCTION (PVT) LTD	LKR	388,054.00
Commercial	Defence Headquarters Complex Project	LKR	189,377.21
Commercial	Defence Headquarters Complex Project	LKR	13,000.00
Commercial	Commodore Superintendent Logistics Department (East)	LKR	30,646.55
Commercial	Defence head quarters complex project	LKR	32,136.59
Commercial	Director General Logistics, Navy Headquarters	LKR	9,411.18
Commercial	Sampath Bank PLC	LKR	100,000.00
Commercial	Road Development Authority	LKR	25,000.00
Commercial	Simakvin Real State Pvt Ltd	LKR	2,831,750.49
Commercial	Commander of the Sri Lankan Air force	LKR	100,000.00
Commercial	The director general of customs	LKR	3,000,000.00
Commercial	State Timber Corporation	LKR	50,000.00
Commercial	Vallibel Finance PLC	LKR	200,000.00
Commercial	Vallibel Finance PLC	LKR	200,000.00
Commercial	Teaching Hospital, Jaffna	LKR	100,000.00
Commercial	Defence Headquarters Complex Project	LKR	49,521.10
Commercial	Defence Headquarters Complex Project	LKR	250,000.00
Commercial	Vallibel Finance PLC	LKR	200,000.00
Commercial	The director general of customs	LKR	7,000,000.00
Commercial	Defence head quarters complex project	LKR	37,600.00
Commercial	Defence head quarters complex project	LKR	5,652.00
Commercial	The Commander of the Army	LKR	7,500.62
Commercial	Defence head quarters complex project	LKR	7,334.00
Commercial	State Timber Corporation	LKR	389,010.00
Commercial	People's Bank, Supplies Department	LKR	63,000.00
Commercial	Sanken construction (pvt) ltd	LKR	169,935.00
Commercial	Ea macro holdings (pvt) ltd	LKR	18,820,679.00
Commercial	Prime lands (pvt) limited	LKR	34,972,610.00
Commercial	The director general of customs	LKR	1,400,000.00
Commercial	The director general of customs	LKR	200,000.00
Commercial	Director General of Customs	LKR	200,000.00
Commercial	The commander of the Navy	LKR	200,000.00
Commercial	The Commander of the Navy	LKR	200,000.00

Bank	Beneficiary	Currency	Amount
Commercial	Commander of the Sri Lankan Air force	LKR	150,000.00
Commercial	The commander of the Navy	LKR	30,000.00
Commercial	Nawaloka Construction Company (Pvt) Ltd	LKR	2,621,991.00
Commercial	The director general of customs	LKR	550,000.00
Commercial	NAWALOKA CONSTRUCTION (PVT) LTD	LKR	194,027.00
Commercial	Prime lands (pvt) limited	LKR	28,725,236.00
Commercial	Nawaloka construction company pvt ltd	LKR	739,161.00
Commercial	Ea macro holdings (pvt) ltd	LKR	23,390,101.00
Commercial	Ea macro holdings (pvt) ltd	LKR	13,135,370.00
Commercial	WINDFORCE LTD	LKR	150,000,000.00
Commercial	WINDFORCE LTD	LKR	250,000,000.00
Commercial	SHAPOORJI PALLONJI LANKA (PVT) LTD	USD	2,008.88
Commercial	SHAPOORJI PALLONJI LANKA (PVT) LTD	USD	18,741.70
SCB	SHAPOORJI PALLONJI LANKA (PVT) LTD	EUR	113,728.35
SCB	INDOOCEAN DEVELOPERS PRIVATE	USD	7,771.23
HNB	COMMERCIAL HOUSE	LKR	1,207,116.67
HNB	PRIME LANDS RESIDENCES PRIVATE LIMITED	LKR	7,598,912.72
HNB	PRIME LANDS RESIDENCES PRIVATE LIMITED	LKR	13,773,402.64
HNB	SOFIA COLOMBO (PVT) LTD	LKR	680,580.76
HNB	SOFIA COLOMBO (PVT) LTD	LKR	2,041,742.28
HNB	SHAPOORJI PALLONJI LANKA(PVT)LTD	EUR	116,250.00
HNB	SHAPOORJI PALLONJI LANKA (PVT) LTD	EUR	17,073.15
HNB	SHAPOORJI PALLONJI LANKA (PVT) LTD	EUR	31,650.00

Bank	Beneficiary	Currency	Amount
JAT Holdings Limited			
Commercial Bank	SHERWIN WILLIAMS (SBLC)	EUR	300,000.00
HSBC	SHERWIN WILLIAMS (SBLC)	EUR	150,000.00
NDB	SHERWIN WILLIAMS (SBLC)	EUR	1,000,000.00
JAT Exports DMCC			
Commercial Bank	SHERWIN WILLIAMS (SBLC)	EUR	800,000.00



ANNEXURE E

ESTABLISHMENT OF AN EMPLOYEE SHARE OPTION PLAN (ESOP)

The shareholders, of the Company approved on April 27, 2021 the establishment of an Employees Share Option Plan (ESOP). The said ESOP has been set up in terms of Rule 5.6 of the Listing Rule of the CSE. Accordingly, the number of shares underlying the Options that are granted but not exercised by the Employees shall not exceed Five per centum (5%) of the total number of shares issued by the Company at any given time.

1. Objectives of the Plan

The objective of the Share Option Plan (ESOP) is to retain and motivate talented and critical employees for the business; motivate employees to align their self-interests with the best interests of the Company; reward employee performance with ownership in proportion to their contribution; and align individual performance of employees with the Company's objectives.

2. Exercise Period

Participants shall be required to exercise their Options within a window of twelve (12) months immediately after the expiry of three (03) years upon the Options are granted; provided that the Remuneration Committee may with the consent of the Board accelerate, extend or postpone the Exercise Period.

3. Exercise Price

The Exercise Price of any Option granted under the Plan shall be the price at which the Company makes its Initial Public Offering on the Colombo Stock Exchange. Options once granted, may be re-priced only in accordance with the applicable requirements of the Plan.

4. Grant Date

The Grant Date of the Options shall be the date designated by the Remuneration Committee and specified in the Options Grant Agreement as of the date the Option is granted. Accordingly, the expected Grant Date of the Options will be the date of listing of the share of JAT on the CSE..

5. Plan Term

The term of the Plan shall be four (4) years from the date of the Initial Public Offering (the 'Effective Date') and the Board shall not grant any Options under this Plan on or after such Effective Date. All Options which remain outstanding as at the Effective Date shall expire on such date.

6. Basis of Grants

The Remuneration Committee shall determine the criteria inter alia for eligibility to Options and the number of Options to be granted to each Eligible Individual. Such criteria shall be submitted to the Board for approval and upon such approval shall be final and conclusive.

7. Expiration of Options

All Options, whether vested or unvested, shall expire on the 4th anniversary of the Effective Date, unless such Options are forfeited earlier as provided below. With respect to each Participant, such Participant's Option(s), or portion thereof, which have not become vested shall be forfeited on the date such Participant's Employment is terminated for any reason, unless otherwise specified in the Options Grant Agreement.

8. Cancellation and Annulment

If the Participant's Employment is terminated prior to the Exercise Date for any reason other than a termination of Employment by the Company or the Subsidiary without Cause, by the Participant for Good Reason, or by reason of the Participants death or Disability which makes it impossible for the Participant to continue in Employment with the Company or the Subsidiary, or if a Participant whose Employment had ceased due to a termination of Employment by the Company or the Subsidiary without Cause, by the Participant for Good Reason, or by reason of such Participants death or Disability, breaches after his/her cessation of Employment, any restrictions or covenants under the Participant's employment agreement or the Options Grant Agreement, the Company shall be entitled (but not obligated) to cancel and annul any grant of Options which have not been exercised up to that date.

9. Rights as Option Holders

The Participants shall not have any rights as shareholders with respect to any Ordinary Shares covered by or relating to the Options granted pursuant to the Plan until the date the Participants become the registered owners of such Ordinary Shares issued in accordance with and subject to the governing documents of the Company.



ANNEXURE F

ACCOUNTANTS' REPORT AND FIVE YEAR SUMMARY

WRHDS/MDS/AD

The Board of Directors
JAT Holdings Limited
No. 351, Pannipitiya Road
Thalawathugoda.

11 June 2021

Accountants' Report for Inclusion in the Prospectus of JAT Holdings Limited

Dear Sirs/Madams

Introduction

This report has been prepared for the inclusion in the Prospectus in connection with the Initial Public Offering of Eighty Two Million Nine Hundred and Four Thousand Eight Hundred and Forty Six (82,904,846) Ordinary Voting Shares of JAT Holdings Limited ("Company") comprising of an Offer for Subscription of Fifty Five Million Eight Hundred and Fourteen Thousand Seven Hundred (55,814,700) Ordinary Voting Shares and an Offer for Sale of Twenty Seven Million Ninety Thousand One Hundred and Forty Six (27,090,146) Shares at the Share Offer Price of LKR 27/- each

We have examined the financial statements of JAT Holdings Limited and the consolidated financial statements of the Company and subsidiaries for the years ended 31 March 2017 to 31 March 2021 and report as follows.

1. Incorporation

JAT Holdings Limited is a limited liability Company incorporated under Companies Act no 07 of 2007 and domiciled in Sri Lanka. The Company together with its subsidiaries carry on businesses of importers, exporters, agents, distributors, manufacturers, representatives, international traders, suppliers of and dealers in chemicals and chemical products, furniture, electrical and electrical goods, local produce and products.

2. Financial Statements

2.1 Five-Year Summary of Audited Financial Statements

The summary of Statements of Profit or Loss, Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and Statements of Cash Flow of JAT Holdings Limited as at and for year ended 31 March 2017, 31 March 2018, 31 March 2019, 31 March 2020 and 31 March 2021 and summary of Consolidated Statements of Profit or Loss, Consolidated Statements of Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flow of the Company and its subsidiaries as at and for year ended 31 March 2017, 31 March 2018, 31 March 2019, 31 March 2020 and 31 March 2021 are based on the audited financial statements for the respective years.

(Contd..2/-)

EY202106126468

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Forseoka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manalunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeerani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA T P M Ruberu FCMA FCCA

2.2 Audited Financial Statements for the Year Ended 31 March 2021

Our Independent auditors' report on the financial statements of the Company and consolidated financial statement of the Group for the year ended 31 March 2021 together with such financial statements comprising Statement of Financial Position, Statement of Profit and Loss, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows along with the accounting policies and notes thereon is provided in the Prospectus.

2.3 Audit Opinions for the years ended 31 March 2017, 2018, 2019, 2020 and 2021

We have audited the financial statements of the Company and consolidated financial statements of the Group for the years ended 31 March 2017 to 31 March 2021. Unmodified audit opinions have been issued for the said financial years by our reports dated 29 May 2017, 30 May 2018, 15 June 2019, 25 August 2020 and 24 May 2021.

2.4 Accounting Policies used for the years ended 31 March 2017, 2018, 2019, 2020 and 2021

The accounting policies of the Company and its subsidiaries which comply with Sri Lanka Accounting Standards are stated in the audited financial statements of JAT Holdings Limited for the years ended 31 March 2017 to 31 March 2021.

2.5 Dividends

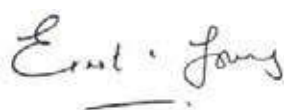
The company has paid dividends in respect of ordinary shares for the years ended 31 March 2017 to 31 March 2021 as follows.

Year	Dividends paid (Rs.)	Dividend per Share (Rs.)
2016/17	205,767,483/-	0.45
2017/18	146,323,548/-	0.32
2018/19	324,923,651/-	0.71
2019/20	200,366,759/-	0.44
2020/21	213,658,744/-	0.47

2.6 Events after Reporting Date

There were no material events that have taken place since 31 March 2021 that require disclosure or/and adjustments in the financial statements for the year ended 31 March 2021.

Yours faithfully



JAT Holdings Limited (Previously JAT Holdings (Pvt) Ltd)
Five Year Summary

STATEMENTS OF FINANCIAL POSITION

As at 31 March	2021		2020		2019		2018		2017	
Assets	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Non-current assets										
Property, Plant and Equipment	1,530,699,457	1,528,228,246	1,435,361,574	1,426,621,941	1,487,443,550	1,474,465,376	1,316,298,723	1,299,825,442	1,084,679,459	1,054,700,700
Intangible Assets	22,480,109	14,504,680	24,156,939	13,865,240	23,873,058	15,999,529	20,344,464	12,333,964	80,529,287	14,941,150
Right of Use Asset	25,520,797	25,520,797	44,390,742	44,390,742	-	-	-	-	-	-
Investment Property	142,421,669	142,421,669	137,235,239	137,235,239	135,235,239	135,235,239	-	-	-	-
Investment in Subsidiary	-	333,818,740	-	333,818,740	-	223,011,448	-	223,011,448	-	215,986,620
Other Investment	2,500,000	2,500,000	2,467,248	2,467,248	19,684,448	19,684,448	14,588,000	14,588,000	14,588,000	14,588,000
Deferred Tax Asset	-	-	-	-	-	-	6,133,016	6,133,016	25,919,758	25,919,758
Consumable Biological Assets	58,120,344	58,120,344	49,241,160	49,241,160	33,822,114	33,822,114	26,368,238	16,217,483	16,217,483	16,217,483
	1,781,742,376	2,105,114,476	1,692,852,902	2,009,640,310	1,700,058,410	1,902,218,154	1,383,732,441	1,582,260,108	1,221,933,986	1,342,353,711
Current Assets										
Inventories	1,562,903,810	1,461,999,666	1,782,316,767	1,669,106,489	1,434,264,359	1,292,538,239	1,630,995,735	1,476,033,358	1,422,601,458	1,062,732,511
Income Tax Recoverable	11,437,292	18,788,089	51,228,687	74,085,127	68,676,197	69,993,205	69,943,833	70,564,527	-	-
Trade and Other Receivables	2,836,316,766	2,315,246,921	2,989,366,864	2,102,542,315	3,061,758,980	2,946,524,495	2,650,414,596	2,453,190,275	2,482,934,223	2,325,204,535
Advances and Prepayments	85,983,114	75,934,260	83,937,410	52,190,829	364,751,520	342,724,427	80,881,780	80,881,780	244,868,438	183,042,446
Amount Due From Related Parties	70,818,034	246,056,188	59,585,255	233,886,036	47,092,631	92,210,336	53,350,841	103,920,421	69,718,610	132,908,282
Short Term Financial Assets	214,306,589	214,306,589	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	494,283,570	216,355,313	497,379,506	378,198,499	316,697,956	307,102,355	366,035,100	362,122,392	250,948,367	238,455,223
	5,276,049,175	4,548,687,026	5,463,814,490	4,510,009,295	5,293,241,643	5,051,093,057	4,851,821,885	4,546,721,753	4,471,071,096	3,942,342,996
Total Assets	7,057,791,551	6,653,801,502	7,156,667,391	6,519,649,605	6,993,300,053	6,953,311,211	6,235,554,326	6,128,981,861	5,693,005,084	5,284,696,707
Equity										
Stated Capital	918,770,013	918,770,013	918,770,013	918,770,013	918,770,013	918,770,013	918,770,013	918,770,013	918,770,013	918,770,013
Retained Earnings	4,451,031,491	4,372,129,973	4,073,144,201	4,063,668,240	3,674,269,393	3,800,916,480	2,939,031,115	3,023,711,714	2,454,670,452	2,498,056,383
Reserves	(24,866,701)	-	(23,849,583)	-	(24,298,241)	-	(26,865,305)	-	4,075,771	-
	5,344,934,803	5,290,899,986	4,968,064,631	4,982,438,253	4,568,741,165	4,719,686,493	3,830,935,823	3,942,481,727	3,377,516,236	3,416,826,396
Non Controlling Interest	(4,369,381)	-	(6,089,990)	-	(1,103,326)	-	(372,091)	-	3,466,807	-
Total Equity	5,340,565,422	5,290,899,986	4,961,974,641	4,982,438,253	4,567,637,839	4,719,686,493	3,830,563,732	3,942,481,727	3,380,983,043	3,416,826,396
Non-Current Liabilities										
Interest Bearing Loans and Borrowings	39,199,622	20,051,973	36,500,846	29,178,971	62,332,065	62,332,065	232,205,387	232,205,387	230,879,149	210,203,918
Deferred Tax Liability	-	-	19,182,904	19,182,904	19,170,797	19,170,797	-	-	-	-
Retirement Benefit Obligation	57,308,540	56,079,631	46,338,309	45,624,470	36,306,416	35,602,551	33,556,928	32,900,113	24,328,246	23,948,221
	96,508,162	76,131,604	102,022,059	93,986,345	117,809,278	117,105,413	265,762,315	265,105,500	255,207,395	234,152,139
Current Liabilities										
Trade and Other Payables	1,127,339,229	820,994,171	1,206,267,576	595,085,804	962,035,114	836,600,664	1,373,465,590	1,229,552,255	1,275,383,159	1,140,643,332
Amount Due to Related Parties	91,617	-	50,795	-	1,066,865	947,489	20,418,203	991,579	17,526,280	621,300
Interest Bearing Loans and Borrowings	493,287,121	465,775,741	886,352,320	848,139,203	1,344,750,957	1,278,971,152	745,344,486	690,850,800	715,791,679	444,797,511
Income tax Payable	-	-	-	-	-	-	-	-	48,113,528	47,655,029
	1,620,717,967	1,286,769,912	2,092,670,691	1,443,225,007	2,307,852,936	2,116,519,305	2,139,228,279	1,921,394,634	2,058,814,646	1,633,718,172
Total Equity and Liabilities	7,057,791,551	6,653,801,502	7,156,667,391	6,519,649,605	6,993,300,053	6,953,311,211	6,235,554,326	6,128,981,861	5,693,005,084	5,284,696,707

Summarised financial information and its extraction from audited financial statements, as set out in pages 01 to 06 is the responsibility of the Board of Directors.

Signed for and on behalf of the Board of Directors by :


Director


Director



11 June 2021
Colombo

JAT Holdings Limited (Previously JAT Holdings (Pvt) Ltd)
Five Year Summary

STATEMENTS OF PROFIT OR LOSS

For the year ended 31 March	2021		2020		2019		2018		2017	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Revenue	5,359,510,190	4,512,726,994	6,295,513,667	4,428,459,732	6,547,228,876	6,313,251,937	5,446,689,000	5,087,339,086	5,782,965,328	5,424,355,746
Cost of Sales	(3,715,213,356)	(3,064,492,333)	(4,556,690,210)	(3,082,976,868)	(4,615,570,992)	(4,440,034,655)	(3,839,611,981)	(3,642,160,440)	(3,710,965,729)	(3,479,777,565)
Gross Profit	1,644,296,834	1,448,234,661	1,738,823,457	1,345,482,864	1,931,657,884	1,873,217,282	1,607,077,019	1,445,178,646	2,071,999,600	1,944,578,181
Other Income	52,597,141	157,243,260	75,230,888	290,145,451	18,902,946	39,339,692	39,168,328	47,008,678	57,117,237	59,182,689
Selling and Distribution Expenses	(710,914,449)	(626,542,152)	(666,567,852)	(623,075,762)	(591,838,018)	(575,629,259)	(582,038,807)	(566,461,294)	(684,297,542)	(663,056,370)
Administrative Expenses	(301,113,105)	(360,950,669)	(310,873,260)	(330,639,254)	(305,644,720)	(257,203,683)	(371,008,549)	(245,725,666)	(334,436,537)	(206,131,587)
Finance Cost	(82,956,367)	(73,490,875)	(133,105,173)	(126,048,294)	(129,252,510)	(113,845,885)	(118,342,054)	(68,758,339)	(98,503,004)	(83,434,929)
Finance Income	42,581,814	21,007,911	47,166,901	29,599,808	17,436,100	17,436,100	12,143,712	11,785,476	15,479,746	23,843,468
Gain/(Loss) on Disposal of Subsidiary	-	-	-	-	-	-	(685,473)	255,367	4,141,336	-
Profit/(Loss) Before tax	644,491,868	565,502,136	750,674,961	585,464,813	941,261,682	983,314,247	586,314,176	623,282,868	1,031,500,836	1,074,981,452
Income Tax Reversal/(Expense)	(44,054,405)	(36,259,447)	(43,624,797)	(9,538,192)	(60,291,578)	(57,188,174)	48,463,543	50,913,430	(129,198,152)	(125,403,253)
Profit/(Loss) for the year	600,437,463	529,242,689	707,050,164	575,926,621	880,970,104	926,126,073	634,777,720	674,196,298	902,302,684	949,578,199
Profit for the year attributable to Owners of the Parent	598,668,246	529,242,689	712,049,669	575,926,621	884,049,872	926,126,073	636,499,268	674,196,298	900,425,284	949,578,199
Non-Controlling Interest	1,769,217	-	(4,999,505)	-	(3,079,768)	-	(1,721,548)	-	1,877,399	-
Earnings Per Share- Basic/Diluted (Rs.)	1.31	1.16	1.56	1.26	1.93	2.03	1.39	1.47	2.01	2.12
Dividends per share	0.47	0.47	0.44	0.44	0.71	0.71	0.32	0.32	0.45	0.45



JAT Holdings Limited (Previously JAT Holdings (Pvt) Ltd)
Five Year Summary

STATEMENTS OF COMPREHENSIVE INCOME

	2021		2020		2019		2018		2017	
	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Profit/ (Loss) for the year	600,437,463	529,242,689	707,050,164	575,926,621	880,970,104	926,126,073	634,777,720	674,194,298	902,302,684	949,578,199
Other comprehensive income not to be reclassified to profit or loss in subsequent										
Effect of Translation of Foreign Operation	(1,065,726)	-	461,499	-	2,609,600	-	(31,600,750)	-	4,290,285	-
Actuarial Gains/(Losses) On Defined Benefit Plans	(605,477)	(605,477)	(2,734,782)	(2,734,782)	2,742,844	2,742,844	(3,079,748)	(3,079,748)	4,043,904	4,043,904
Income Tax Effect	145,314	145,314	765,739	765,739	(658,286)	(767,996)	862,329	862,329	(1,132,293)	(1,132,293)
Other Comprehensive Income, net of tax	(1,525,889)	(460,163)	(1,507,544)	(1,969,043)	4,694,158	1,974,848	(33,818,169)	(2,217,419)	7,201,896	2,911,611
Total Comprehensive Income	598,911,574	528,782,526	705,542,620	573,957,578	885,664,262	928,100,921	600,959,549	671,976,879	909,504,580	952,489,810
Total Comprehensive Income attributable to										
Owners of the Parent	597,190,965	528,782,526	710,529,284	573,957,578	888,701,497	928,100,921	603,340,772	671,976,879	907,412,666	952,489,810
Non-Controlling Interest	1,720,609	-	(4,986,664)	-	(3,037,235)	-	(2,381,223)	-	2,091,913	-
	598,911,574	528,782,526	705,542,620	573,957,578	885,664,262	928,100,921	600,959,549	671,976,879	909,504,580	952,489,810




JAT Holdings Limited (Previously JAT Holdings (Pvt) Ltd)
Five Year Summary

STATEMENTS OF CASH FLOWS

For the year ended 31 March

Cash Flows From / (Used in) Operating Activities
Profit/ (Loss) before Tax from continuing operations



	2021	2020	2019	2018	2017
Group Rs.	644,491,868	565,502,136	750,674,961	585,464,813	941,261,682
Company Rs.	109,524,129	110,392,978	94,222,740	93,615,151	81,770,691
Adjustments for:					
Depreciation of Property, Plant & Equipment	5,401,830	4,557,130	3,281,576	3,361,966	2,861,960
Amortization For Intangible Assets	18,869,945	8,637,605	7,597,708	6,941,241	4,166,779
Depreciation of Right of Use Assets	11,093,577	9,217,085	7,500,658	2,012,298	9,718,845
Provision For Defined Benefit Plans	19,260,730	(11,325,208)	5,500,000	3,664,199	4,626,598
Inventory Write off/Provision	(32,199,866)	(31,330,280)	(2,877,367)	(253,367)	(4,141,336)
Disposal (Gain)/Loss on Property, Plant and Equipment	-	-	-	-	-
Disposal (Gain)/Loss on Subsidiaries	-	-	-	-	-
Changes in Fair Value of Biological Assets	(8,879,184)	(15,086,046)	(7,453,876)	(10,150,755)	(8,323,733)
Changes in Fair Value of Investment in Other Financial Assets	(1,606,148)	(2,629,200)	-	-	-
Changes in Fair value of Investment Properties	(1,196,000)	(2,000,000)	-	-	-
Impairment on Plant and Equipment	2,894,011	5,496,643	-	-	-
Temporary Concessions of Right of Use Assets	(5,948,177)	-	-	-	-
Allowances for Expected Credit Losses	57,305,256	88,594,512	13,501,862	5,504,950	9,819,788
Other Bad Debts Written off	(170,500)	(95,940)	32,386,076	-	-
Dividend Income	(42,381,814)	(97,616,619)	(203,849,599)	-	-
Finance Costs	82,556,367	(21,007,911)	126,048,294	(17,436,100)	(15,479,746)
Operating Profit/(Loss) before Working Capital Changes	863,650,142	737,969,174	1,204,505,503	1,216,758,329	1,228,857,529
Company Rs.	121,444,841	103,456,795	191,231,376	177,995,119	(210,406,575)
(Increase) / Decrease in Inventories	(121,444,841)	(260,102,665)	(336,727,139)	(471,115,340)	(413,131,145)
(Increase) / Decrease in Trade and Other Receivables	(1,132,779)	(48,278,975)	(2,095,376)	(18,541,790)	(108,488,438)
(Increase)/Decrease in Amount Due From Related Parties	(2,045,705)	(23,743,429)	(285,147,273)	(163,860,740)	16,167,769
(Increase) / Decrease in Advances & Prepayments	-	-	(1,016,069)	(947,489)	163,986,658
(Increase) / Decrease in Amount Due To Related Parties	(40,822)	-	(19,351,138)	(44,090)	2,891,923
Increase / (Decrease) in Trade & Other Payables	(47,263,108)	259,596,122	214,084,194	(656,232,900)	83,510,514
Cash Generated from Operations	1,124,283,442	858,897,022	1,123,962,600	791,395,785	457,072,541
Company Rs.	(21,880,811)	-	(34,488,126)	(32,081,035)	(44,842,611)
Income Tax Paid	(1,243,843)	(1,919,975)	(1,821,551)	(2,105,376)	(792,307)
Retiring Gratuity Paid	(82,956,367)	(73,490,875)	(131,805,504)	(118,342,054)	(68,758,339)
Finance Cost Paid	1,018,202,421	784,162,304	953,042,854	641,033,403	581,831,919
Net Cash From/(Used in) Operating Activities	(178,091,747)	(177,547,058)	(201,547,605)	(311,851,842)	(303,267,921)
Company Rs.	(3,725,000)	(4,841,011)	(6,810,169)	(908,438)	(254,774)

Net Cash From/(Used in) Operating Activities	(178,091,747)	(177,547,058)	(201,547,605)	(311,851,842)	(303,267,921)
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	(3,725,000)	(4,841,011)	(6,810,169)	(908,438)	(254,774)
Acquisition of Intangible Assets	(48,225,430)	(333,000)	(333,000)	(333,000)	-
Cost Incurred on Investment Property	-	-	-	-	-
Maintenance Cost of Consumable Biological Assets	-	-	-	-	-
Proceeds From Property, Plant and Equipment Disposal	17,151,490	198,239,958	44,092,940	2,516,000	197,199
Acquisition of a Subsidiary, net of cash acquired	-	-	-	(3,233,821)	-
Disposal of Subsidiary, net of cash	-	-	-	-	-
Investment in Other Assets	-	-	-	-	-
Proceeds From Sale of Equity Shares	-	-	-	-	-
Investment in Money Market Funds	(210,000,000)	-	-	-	-
Dividend Income Received	170,500	95,940	203,849,599	-	-
Interest Income Received	42,381,814	97,616,619	17,436,100	11,785,476	15,479,746
Net Cash Flows From/(Used in) Investing Activities	(380,138,373)	(303,721,468)	(397,464,658)	(341,273,578)	(329,485,932)
Company Rs.	(8,879,184)	(252,669,020)	406,257,347	215,341,857	290,000,013

Net Cash Flows From/(Used in) Investing Activities	(380,138,373)	(303,721,468)	(397,464,658)	(341,273,578)	(329,485,932)
Cash Flows from (Used in) Financing Activities					
Shares Issued During The Year	(185,741,525)	(167,853,544)	(265,855,247)	-	290,000,013
Net Increase/ (Decrease) of Import and Short Term Loans	(36,051,875)	(35,608,125)	(183,609,474)	215,341,857	(287,769,100)
Bank Loan Repayments	34,900,000	-	(150,665,789)	(137,029,645)	(32,437,459)
Lease Rentals Paid	(7,289,013)	(2,245,686)	(1,127,200)	152,390,000	305,542,926
Dividends Paid	(199,619,860)	(199,619,860)	(274,785,818)	(987,166)	(791,678)
Ordinary Share Buy Back	(57,121,880)	(57,121,880)	(150,896,155)	(146,323,548)	(286,923,139)
Net Cash Flows From/(Used in) Financing Activities	(450,924,153)	(467,492,422)	(715,846,225)	(4,036,438)	(87,779,363)
Company Rs.	187,139,895	12,948,414	275,977,812	236,521,913	(31,662,159)

Net Increase/(Decrease) in Cash and Cash Equivalents

Cash and Cash Equivalents at the beginning of the Year

Cash and Cash Equivalents at the end of the Year

JAT Holdings Limited (Previously JAT Holdings (Pvt) Ltd)

Five Year Summary

STATEMENTS OF CHANGES IN EQUITY

Company	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
As at 31 March 2016	628,770,000	1,832,489,712	2,461,259,713
Profit for the Year	-	949,578,199	949,578,199
Other Comprehensive Income	-	2,911,611	2,911,611
Shares Issued During The Year	290,000,013	-	290,000,013
Dividend Paid	-	(286,923,139)	(286,923,139)
As at 31 March 2017	918,770,013	2,498,056,383	3,416,826,396
Profit for the Year	-	674,196,298	674,196,298
Other Comprehensive Income	-	(2,217,419)	(2,217,419)
Dividend Paid	-	(146,323,548)	(146,323,548)
As at 31 March 2018	918,770,013	3,023,711,714	3,942,481,727
Profit for the Year	-	926,126,073	926,126,073
Other Comprehensive Income	-	1,974,848	1,974,848
Dividend Paid	-	(150,896,155)	(150,896,155)
As at 31 March 2019	918,770,013	3,800,916,480	4,719,686,493
Profit for the Year	-	575,926,621	575,926,621
Other Comprehensive Income	-	(1,969,043)	(1,969,043)
Dividend Paid	-	(311,205,818)	(311,205,818)
As at 31 March 2020	918,770,013	4,063,668,240	4,982,438,253
Profit for the Year	-	529,242,689	529,242,689
Other Comprehensive Income, Net of Taxes	-	(460,163)	(460,163)
Distribution on buy back of Ordinary shares	-	(57,121,880)	(57,121,880)
Dividend Paid	-	(163,198,913)	(163,198,913)
As at 31 March 2021	918,770,013	4,372,129,973	5,290,899,986



JAT Holdings Limited (Previously JAT Holdings (Pvt) Ltd)

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

Group	Stated Capital	Retained Earnings	Translation Reserve	Shareholders Funds	Non- Controlling Interest	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Balance as at 31 March 2016	628,770,000	1,838,256,696	-	2,467,026,696	(593,568)	2,466,433,128
Profit For The Year	-	900,425,284	-	900,425,284	1,877,399	902,302,683
Other Comprehensive Income, Net of Tax	-	2,911,611	4,075,771	6,987,382	214,514	7,201,896
Total Comprehensive Income	-	903,336,895	4,075,771	907,412,666	2,091,913	909,504,579
Non-controlling interest of subsidiary acquired	-	-	-	-	1,968,462	1,968,462
Shares Issued During The Year	290,000,013	-	-	290,000,013	-	290,000,013
Dividend Paid	-	(286,923,139)	-	(286,923,139)	-	(286,923,139)
Balance as at 31 March 2017	918,770,013	2,454,670,452	4,075,771	3,377,516,236	3,466,807	3,380,983,043
Profit For The Year	-	636,499,268	-	636,499,268	(1,721,548)	634,777,720
Other Comprehensive Income, Net of Tax	-	(2,217,419)	(30,941,076)	(33,158,495)	(659,675)	(33,818,170)
Total Comprehensive Income	-	634,281,849	(30,941,076)	603,340,773	(2,381,223)	600,959,551
Non-controlling interest of subsidiary acquired	-	(3,597,638)	-	(3,597,638)	505,921	(3,091,717)
Disposal of Subsidiary	-	-	-	-	(1,963,596)	(1,963,596)
Dividend Paid	-	(146,323,548)	-	(146,323,548)	-	(146,323,548)
Balance as at 31 March 2018	918,770,013	2,939,031,114	(26,865,305)	3,830,935,823	(372,091)	3,830,563,732
Profit For The Year	-	884,049,872	-	884,049,872	(3,079,768)	880,970,104
Other Comprehensive Income, Net of Tax	-	2,084,561	2,567,064	4,651,625	42,533	4,694,158
Total Comprehensive Income	-	886,134,433	2,567,064	888,701,497	(3,037,235)	885,664,262
Issues of Shares to Non-Controlling Interest	-	-	-	-	2,306,000	2,306,000
Dividend Paid	-	(150,896,155)	-	(150,896,155)	-	(150,896,155)
Balance as at 31 March 2019	918,770,013	3,674,269,393	(24,298,241)	4,568,741,165	(1,103,326)	4,567,637,839
Profit For The Year	-	712,049,669	-	712,049,669	(4,999,505)	707,050,164
Other Comprehensive Income, Net of Tax	-	(1,969,043)	448,658	(1,520,385)	12,841	(1,507,544)
Total Comprehensive Income	-	710,080,626	448,658	710,529,284	(4,986,664)	705,542,620
Dividend Paid	-	(311,205,818)	-	(311,205,818)	-	(311,205,818)
Balance as at 31 March 2020	918,770,013	4,073,144,200	(23,849,583)	4,968,064,631	(6,089,990)	4,961,974,641
Profit For The Year	-	598,668,246	-	598,668,246	1,769,217	600,437,463
Other Comprehensive Income, Net of Tax	-	(460,163)	(1,017,118)	(1,477,281)	(48,608)	(1,525,889)
Total Comprehensive Income	-	598,208,083	(1,017,118)	597,190,965	1,720,609	598,911,574
Distribution on buy back of Ordinary shares	-	(57,121,880)	-	(57,121,880)	-	(57,121,880)
Dividend Paid	-	(163,198,913)	-	(163,198,913)	-	(163,198,913)
Balance as at 31 March 2021	918,770,013	4,451,031,491	(24,866,701)	5,344,934,803	(4,369,381)	5,340,565,422





ANNEXURE G

**AUDIT REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED
MARCH 31, 2021**

WRHD/MDS/IR/TW

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JAT HOLDINGS LIMITED

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of JAT Holdings Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021, and statements of Profit or Loss and Other Comprehensive Income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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 Group in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information included in the 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, 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.

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Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulugamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Mahalinga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeerani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of both Company and Group.

Auditor's responsibilities for the audit of the financial statements

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

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

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

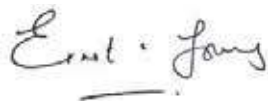
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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



24 May 2021
Colombo

JAT Holdings Limited

STATEMENT OF FINANCIAL POSITION


As at 31 March 2021


ASSETS	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Non-Current Assets					
Property, Plant and Equipment	4	1,530,699,457	1,435,361,574	1,528,228,246	1,426,621,941
Intangible Assets	5	22,480,109	24,156,939	14,504,680	15,865,240
Right of Use Asset	24	25,520,797	44,390,742	25,520,797	44,390,742
Investment Property	6	142,421,669	137,235,239	142,421,669	137,235,239
Investment In Subsidiary	7.1	-	-	333,818,740	333,818,740
Other Investment	7.2	2,500,000	2,467,248	2,500,000	2,467,248
Consumable Biological Assets	8	58,120,344	49,241,160	58,120,344	49,241,160
		<u>1,781,742,376</u>	<u>1,692,852,902</u>	<u>2,105,114,476</u>	<u>2,009,640,310</u>
Current Assets					
Inventories	9	1,562,903,810	1,782,316,767	1,461,999,666	1,669,106,489
Income Tax Recoverable		11,437,292	51,228,687	18,788,089	74,085,127
Trade and Other Receivables	10	2,836,316,766	2,989,366,864	2,315,246,921	2,102,542,315
Advances and Prepayments		85,983,114	83,937,410	75,934,260	52,190,829
Amount Due From Related Parties	11	70,818,034	59,585,255	246,056,188	233,886,036
Short Term Financial Assets	7.3	214,306,589	-	214,306,589	-
Cash and Cash Equivalents	17.1	494,283,570	497,379,506	216,355,313	378,198,499
		<u>5,276,049,175</u>	<u>5,463,814,489</u>	<u>4,548,687,026</u>	<u>4,510,009,295</u>
Total Assets		<u>7,057,791,551</u>	<u>7,156,667,391</u>	<u>6,653,801,502</u>	<u>6,519,649,605</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	12	918,770,013	918,770,013	918,770,013	918,770,013
Retained Earnings		4,451,031,491	4,073,144,201	4,372,129,973	4,063,668,240
Other Reserves	12.1	(24,866,701)	(23,849,583)	-	-
		<u>5,344,934,803</u>	<u>4,968,064,631</u>	<u>5,290,899,986</u>	<u>4,982,438,253</u>
Non Controlling Interest		(4,369,381)	(6,089,990)	-	-
Total Equity		<u>5,340,565,422</u>	<u>4,961,974,641</u>	<u>5,290,899,986</u>	<u>4,982,438,253</u>
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	14.2	39,199,622	36,500,846	20,051,973	29,178,971
Deferred Tax Liability	23.2	-	19,182,904	-	19,182,904
Retirement Benefit Obligation	13	57,308,540	46,338,309	56,079,631	45,624,470
		<u>96,508,162</u>	<u>102,022,059</u>	<u>76,131,604</u>	<u>93,986,345</u>
Current Liabilities					
Trade and Other Payables	15	1,127,339,229	1,206,267,576	820,994,171	595,085,804
Amount Due to Related Parties	16	91,617	50,795	-	-
Interest Bearing Loans and Borrowings	14.1	493,287,121	886,352,320	465,775,741	848,139,203
		<u>1,620,717,967</u>	<u>2,092,670,691</u>	<u>1,286,769,912</u>	<u>1,443,225,007</u>
Total Equity and Liabilities		<u>7,057,791,551</u>	<u>7,156,667,391</u>	<u>6,653,801,502</u>	<u>6,519,649,605</u>

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.


Rizna Dilshad
Finance Director

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by:


Dr. Sivakumar Selliah
Chairman


Aeljan Gunawardene
Managing Director

The Accounting Policies and Notes on pages 09 to 55 form an integral part of these financial statements.

24 May 2021
Colombo



JAT Holdings Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue from Contracts with Customers	18	5,359,510,190	6,295,513,667	4,512,726,994	4,428,459,732
Cost of Sales		(3,715,213,356)	(4,556,690,210)	(3,064,492,333)	(3,082,976,868)
Gross Profit		1,644,296,834	1,738,823,457	1,448,234,661	1,345,482,864
Other Income	19	52,597,141	75,230,888	157,243,260	290,145,451
Selling and Distribution Costs		(710,914,449)	(666,567,852)	(626,542,152)	(623,075,762)
Administrative Expenses		(301,113,105)	(310,873,260)	(360,950,669)	(330,639,254)
Finance Cost	20	(82,956,367)	(133,105,173)	(73,490,875)	(126,048,294)
Finance Income	21	42,581,814	47,166,901	21,007,911	29,599,808
Profit Before Tax	22	644,491,868	750,674,961	565,502,136	585,464,813
Income Tax Expense	23	(44,054,405)	(43,624,797)	(36,259,447)	(9,538,192)
Profit For The Year		600,437,463	707,050,164	529,242,689	575,926,621
Profit for the year attributable to					
Owners of the Parent		598,668,246	712,049,669	529,242,689	575,926,621
Non-Controlling Interest		1,769,217	(4,999,505)	-	-
		600,437,463	707,050,164	529,242,689	575,926,621
Other Comprehensive Income					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Effect of Translation of Foreign Operation		(1,065,726)	461,499	-	-
Actuarial Gains/(Losses) On Defined Benefit Plans	13.1	(605,477)	(2,734,782)	(605,477)	(2,734,782)
Income Tax Effect	23.2	145,314	765,739	145,314	765,739
Other Comprehensive Income, net of tax		(1,525,889)	(1,507,544)	(460,163)	(1,969,043)
Total Comprehensive Income		598,911,574	705,542,620	528,782,526	573,957,578
Total Comprehensive Income attributable to					
Owners of the Parent		597,190,965	710,529,284	528,782,526	573,957,578
Non-Controlling Interest		1,720,609	(4,986,664)	-	-
		598,911,574	705,542,620	528,782,526	573,957,578
Earnings Per Share		1.31	1.56	1.16	1.26

The Accounting Policies and Notes on pages 09 to 55 form an integral part of these financial statements.



JAT Holdings Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

Group	Note	Stated Capital Rs.	Retained Earnings Rs.	Translation Reserve Rs.	Shareholders Funds Rs.	Non- Controlling Interest Rs.	Total Rs.
Balance as at 1 April 2019		918,770,013	3,674,269,393	(24,298,241)	4,568,741,165	(1,103,326)	4,567,637,839
Profit For The Year		-	712,049,669	-	712,049,669	(4,999,505)	707,050,164
Other Comprehensive Income		-	(1,969,043)	448,658	(1,520,385)	12,841	(1,507,544)
Total Comprehensive Income		-	710,080,626	448,658	710,529,284	(4,986,664)	705,542,620
Dividend Paid		-	(311,205,818)		(311,205,818)	-	(311,205,818)
Balance as at 31 March 2020		918,770,013	4,073,144,201	(23,849,583)	4,968,064,631	(6,089,990)	4,961,974,641
Profit For The Year		-	598,668,246	-	598,668,246	1,769,217	600,437,463
Other Comprehensive Income, Net of Tax		-	(460,163)	(1,017,118)	(1,477,281)	(48,608)	(1,525,889)
Total Comprehensive Income		-	598,208,083	(1,017,118)	597,190,965	1,720,609	598,911,574
Distribution on buy back of Ordinary shares	12	-	(57,121,880)	-	(57,121,880)	-	(57,121,880)
Dividend Paid		-	(163,198,913)	-	(163,198,913)	-	(163,198,913)
Balance as at 31 March 2021		<u>918,770,013</u>	<u>4,451,031,491</u>	<u>(24,866,701)</u>	<u>5,344,934,803</u>	<u>(4,369,381)</u>	<u>5,340,565,422</u>

The Accounting Policies and Notes on pages 09 to 55 form an integral part of these financial statements.



JAT Holdings Limited

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2021

Company	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 1st April 2019		918,770,013	3,800,916,480	4,719,686,493
Profit for the Year		-	575,926,621	575,926,621
Other Comprehensive Income		-	(1,969,043)	(1,969,043)
Dividend Paid		-	(311,205,818)	(311,205,818)
Balance as at 31 March 2020		918,770,013	4,063,668,240	4,982,438,253
Profit for the Year		-	529,242,689	529,242,689
Other Comprehensive Income, Net of Taxes		-	(460,163)	(460,163)
Distribution on buy back of Ordinary shares	12	-	(57,121,880)	(57,121,880)
Dividend Paid		-	(163,198,913)	(163,198,913)
Balance as at 31st March 2021		918,770,013	4,372,129,973	5,290,899,986

The Accounting Policies and Notes on pages 09 to 55 form an integral part of these financial statements.



JAT Holdings Limited
STATEMENT OF CASH FLOWS
Year ended 31 March 2021



		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash Flows From/(Used In) Operating Activities					
Profit Before Tax		644,491,868	750,674,961	565,502,136	585,464,813
Adjustments for,					
Depreciation of Property, Plant & Equipment	4	113,443,228	110,392,978	109,524,129	105,704,741
Amortization For Intangible Assets	5	5,401,830	4,557,130	5,085,560	4,497,400
Depreciation of Right of Use Assets	24	18,869,945	8,637,605	18,869,945	8,637,605
Provision For Defined Benefit Plans	13	11,608,597	9,217,085	11,093,527	9,108,687
Inventory Write off/Provision		19,260,730	(11,325,268)	13,650,028	(11,325,268)
Disposal (Gain)/Loss on Property, Plant and Equipment	19	(32,199,866)	(51,330,280)	(32,199,866)	(51,330,280)
Changes in Fair Value of Biological Assets	8	(8,879,184)	(15,086,046)	(8,879,184)	(15,086,046)
Changes in Fair value of Investment in Other Financial Assets		(1,606,148)	2,629,200	(1,606,148)	2,629,200
Changes in Fair value of Investment Properties	6.1	(1,196,000)	(2,000,000)	(1,196,000)	(2,000,000)
Impairment on Plant and Equipment		2,894,011	5,496,643	-	5,496,643
Temporary Concessions of Right of Use Assets	14.5	(5,948,177)	-	(5,948,177)	-
Allowances for Expected Credit Losses		57,305,256	88,594,512	73,098,055	73,334,605
Other Write Offs		-	-	36,108,824	-
Dividend Income	19	(170,500)	(95,940)	(97,616,619)	(203,849,599)
Finance Income	21	(42,581,814)	(47,166,901)	(21,007,911)	(29,599,808)
Finance Costs	20	82,956,367	133,105,173	73,490,875	126,048,294
Operating Profit before Working Capital Changes		863,650,142	986,300,850	737,969,174	607,730,987
(Increase) / Decrease in Inventories		200,152,227	(336,727,139)	193,456,795	(471,115,340)
(Increase) / Decrease in Trade and Other Receivables		121,444,841	(16,202,397)	(260,102,665)	770,647,572
(Increase) / Decrease in Amount Due From Related Parties		(11,232,779)	2,095,376	(48,278,975)	(127,087,700)
(Increase)/Decrease in Advances & Prepayments		(2,045,703)	275,427,785	(23,743,429)	285,147,273
Increase / (Decrease) in Amount Due To Related Parties		40,822	(1,016,069)	-	(947,489)
Increase / (Decrease) in Trade & Other Payables		(47,726,108)	214,084,194	259,596,122	(272,979,518)
Cash Generated From Operations		1,124,283,442	1,123,962,600	858,897,022	791,395,785
Tax Paid		(21,880,811)	(37,194,267)	-	(23,792,206)
Gratuity Paid	13	(1,243,843)	(1,919,975)	(1,243,843)	(1,821,551)
Finance Costs Paid		(82,956,367)	(131,805,504)	(73,490,875)	(124,748,625)
Net Cash Flows From/(Used In) Operating Activities		1,018,202,421	953,042,854	784,162,304	641,033,403
Cash Flows From/(Used In) Investing Activities					
Acquisition of Property, Plant and Equipment	4	(178,091,747)	(201,547,605)	(177,547,058)	(201,097,906)
Acquisition of Intangible Assets	5	(3,725,000)	(4,841,011)	(3,725,000)	(4,363,111)
Cost Incurred on Investment Property	6.1	(48,225,430)	-	(48,225,430)	-
Maintenance Cost of Consumable Biological Assets	8	-	(333,000)	-	(333,000)
Proceeds From Property, Plant and Equipment Disposal	4	17,151,490	198,239,958	17,151,490	198,239,958
Acquisition of a Subsidiary, net of cash acquired		-	-	-	(4,934,932)
Investment in Money Market Funds		(210,000,000)	-	(210,000,000)	-
Dividend Income Received		170,500	95,940	97,616,619	203,849,599
Interest Income Received		42,581,814	47,166,901	21,007,911	29,599,808
Net Cash Flows From/(Used In) Investing Activities		(380,138,373)	38,781,183	(303,721,468)	220,960,416
Cash Flows From/(Used In) Financing Activities					
Net Increase/ (Decrease) of Import and Short Term Loans		(185,741,525)	(265,855,247)	(167,853,544)	(252,569,020)
Bank Loan Repayments	14	(36,051,875)	(183,609,474)	(35,608,125)	(182,943,849)
Bank Loan Obtained	14	34,900,000	10,650,000	-	-
Lease Rentals Paid		(7,289,013)	(2,245,686)	(7,289,013)	(2,245,686)
Dividends Paid		(199,619,860)	(274,785,818)	(199,619,860)	(274,785,819)
Ordinary Share Buy Back		(57,121,880)	-	(57,121,880)	-
Net Cash Flows From/(Used In) Financing Activities		(450,924,153)	(715,846,225)	(467,492,422)	(712,544,374)
Net Decrease in Cash and Cash Equivalents		187,139,895	275,977,812	12,948,414	149,449,444
Cash & Cash Equivalents at the beginning of the year	17	303,251,685	27,273,873	201,733,313	52,283,869
Cash & Cash Equivalents at the end of the year	17	490,391,580	303,251,685	214,681,727	201,733,313

The Accounting Policies and Notes on pages 09 to 55 form an integral part of these financial statements.

1. CORPORATE INFORMATION**1.1 Reporting Entity****1.1.1 General**

JAT Holdings Limited (Parent Company, Previously referred to as JAT Holdings (Pvt) Ltd) is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 351, Pannipitiya Road, Thalawathugoda and the principal place of business is located at the above address.

1.1.2 Principal Business Activities, Nature of operations of the group and ownership by the parent Company in its Subsidiaries

JAT Holdings Limited - The Company carries on businesses of importers, exporters, agents, distributors, manufacturers, representatives, international traders, suppliers of and dealers in chemicals and chemical products, furniture, electrical and electrical goods, local produce and products.

Subsidiaries

The consolidated financial statements of the Group include:

Name	Principal Activity	County of Incorporation	% of Equity Interest	
			2021	2020
Worldwide Resins & Chemicals (Private Limited)	Trading of chemicals to the local market	Sri Lanka	100%	100%
Brush Master (Private) Limited	Manufacturing and Trading of brushes and rollers to the local market	Sri Lanka	55%	55%
JAT Global (Private) Limited	Importing and trading of chemical products	India	98.37%	98.37%
JAT Exports (Private) Limited	Business of exporters and offshore businesses of chemical products	Sri Lanka	100%	100%
JAT Exports DMCC	Offshore businesses of chemical products	United Arab Emirates (U.A.E)	100%	100%

1.1.3 Parent and Ultimate Parent Enterprise

JAT Holdings Ltd does not have identifiable Parent of its own. JAT Holding Ltd is the ultimate parent of the Group.

1.1.4 Consolidation of Entities with Different Accounting Periods

The Financial Statements of all entities in the Group other than JAT Exports DMCC, are prepared for a common financial year, which ends on 31 March.

JAT Exports DMCC with a 31 December financial year end prepares for consolidation purpose, additional financial information as of the same date as the financial statements of the parent.



1.1.5 Number of Employees

The number of employees of the Group at the end of the year was 351 (2020 – 366), Company – 322 (2020–333).

1.1.6 Date of Authorization for Issue

The Financial Statement of JAT Holdings Limited for year ended 31 March 2021 was authorized for issue in accordance with a resolution of the Board of Directors dated 21 May 2021.

1.2 BASIS OF PREPARATION**1.2.1 Statement of Compliance**

The consolidated Financial Statements of the Group and the separate Financial Statements of the Company, have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs), laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

1.2.2 Basis of Measurement

The financial statements of the Company and the Group have been prepared on a historical cost basis, except for,

- Consumable Biological Assets measured at fair value
- Land and Buildings which are recognised as Investment Property which are measured on initial recognition and subsequently carried at fair value.
- Financial instruments reflected at fair value through profit or loss and fair value through OCI.

Where appropriate, the specific policies are explained in the succeeding notes.

1.2.3 Events Occurring After the Reporting Period

The materiality of the events occurring after the reporting date is considered and appropriate adjustments or disclosures are made in the Financial Statements in Note 26.

1.2.4 Functional and Presentation Currency

The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

The Financial Statements are presented in Sri Lankan Rupees which is the functional currency of the Company and the Group.

Functional currency of all the group companies is Sri Lankan Rupees, other than the following companies whose functional currency is given below.

Company	Country of Incorporation	Functional Currency
JAT Global (Pvt) Ltd	India	Indian Rupees
JAT Exports DMCC	United Arab Emirates	US Dollars

Refer Note 2.2.2 for the accounting policies.



1.2.5 Changes in Accounting Policies

The Group applied for the first-time certain standard and amendments, which are effective for annual period beginning on or after 1 April 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to SLFRS 3: Definition of a Business

The amendment to SLFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to SLFRS 7, SLFRS 9 and LKAS 39 Interest Rate Benchmark Reform

The amendments to SLFRS 9 and LKAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to LKAS1 and LKAS 8: Definition of Material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Amendments to references to the conceptual framework in SLFRS standards

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

1.2.6 Comparative Information

The consolidated financial statements provide comparative information in respect of the previous period. The Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.



1.2.7 Use of Estimates and Judgments

The preparation of the Financial Statements in conformity with SLFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The Estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about the carrying amount of assets and liabilities that are not readily apparent from other sources. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes to these financial statements.

Critical accounting estimate/judgement	Notes
Going Concern	1.2.7
Income and Deferred Taxation	2.16/ 23
Consumable Biological Assets	2.9/ 8
Retirement Benefit Obligations	2.15/ 13
Useful lives of Tangible and Intangible Assets	
Property, Plant & Equipment	2.5/ 4
Intangible Assets	2.7/ 5
Valuation of Inventories	2.10/ 9
Provision for Obsolete Stocks	9
Allowance for Expected Credit Loss on Trade Receivables	2.11/ 10.2
Provisions and Contingencies	2.14/25/26

Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

The Management has taken note of the existing and possible effects that may arise from the COVID-19 pandemic on the Going Concern assessment made.

The Management implemented many measures during the lock down period in Sri Lanka in order to sustain business operations and the liquidity position of the company.

The Company commenced the manufacture and sale of Hand Sanitizers which continues to be in high demand and also introduced online paint sales during the period, which resulted in continued cashflows. All capital expenditure was temporary halted except the ones that were essential for the short- and medium-term operation, cash disbursements were subjected to strict scrutiny and collections closely monitored which resulted in the company being able to operate within the approved borrowing limits.

The Company has since returned to regular operations subsequent to the ceasing of the lockdown, however taken precautionary measures to minimize the risk of the spread of COVID-19 in the organization by ensuring that strict health guidelines are adhered to by the employees.

Therefore, the Financial Statements continue to be prepared on the going concern basis.



Taxation

Uncertainties exist with respect to the interpretation of complex tax regulation, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and the complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on upon the likely timing and the level of future taxable profits together as with future tax planning strategies.

Fair Valuation of Consumer Biological Assets

The group measures consumable Biological Assets at fair value and changes in value being recognised in the statement of profit or loss. Fair valuation involves use of assumptions which are provided in Note 8. Such estimations are subject to significant uncertainties due to the sensitivity of assumptions used.

Employee Benefit Liability - Gratuity

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long term nature of employee benefits, such estimates are subject to significant uncertainty.

Provision for Obsolete Stocks

A provision for slow moving inventories is recognized based on the best estimates available to management on their future recovery. As Management uses present conditions and historical information as the basis to determine the future recoverability, actual future losses on inventories could vary from the allowance made in these financial statements.

Impairment losses on Trade & Other Receivables

The Company reviews its individually significant Receivables at each reporting date to assess whether an impairment loss should be recorded in the Statement of Profit or Loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the impairment allowance. The Company applies a simplified approach in calculating ECLs for the impairment assessment, due to the adoption of SLFRS 09.

Receivables that have been assessed individually and found not to be impaired and all individually insignificant Receivables are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident.

The Allowance for Expected Credit Losses is disclosed in Notes 10.2.



1.2.8 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on ‘Presentation of Financial Statements’.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Business Combination and Goodwill

Business combinations are accounted for using acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Control is the power to govern the financial and operating policies of an entity under a statute or an agreement, so as to obtain benefits from its activities. The Group considers all relevant facts and circumstances in assessing whether it has power over an investee which includes; the contractual arrangement with the other vote holders of the investee, rights arising from other contractual arrangements and the Group’s voting rights and potential voting rights over the investee.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed.

After the control of an entity is obtained, changes in ownership interest that do not result in a loss of control is accounted as equity transactions and gain or loss from these changes are not recognised in the profit or loss.

The goodwill arising on acquisition of subsidiaries is presented as an intangible asset. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2.1.1 Basis of Consolidation

The Group’s Financial Statements at 31st March 2021 comprise, Consolidated Financial Statements of the Company and its Subsidiaries in terms of the Sri Lanka Accounting Standard – SLFRS 10 on ‘Consolidated Financial Statements’.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company except for as described in the Note 1.1.4, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

2.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of Subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date when control ceases.



Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee.

2.1.3 Non-Controlling Interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Subsequently, profit or loss and each component of Other Comprehensive Income are attributed to equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.1.4 Loss of Control

When the Group loses control over subsidiary derecognises the assets and liabilities of the Subsidiary, any non-controlling interests and other components of equity. Any surplus or deficit arising on the loss of control is recognised in the Profit or Loss. Any interest retains in the previous Subsidiary, is measured at fair value as at the date that control is lost.

2.1.5 Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.2 Foreign Currency

2.2.1 Foreign Currency Translations and Balances

Transactions in foreign currencies are translated into the respective functional currencies of Group Companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the Reporting date are translated into the functional currency at the exchange rate at the Reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit and loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

2.2.2 Foreign Operations

The results and financial position of overseas operations that have a Functional Currency different from the company's Presentation Currency are translated into the company's Presentation Currency as follows:

- Assets and liabilities are translated at the rates of exchange ruling at the Reporting date.
- Income and expenses are translated at the average exchange rate for the period, unless this average rate is not a reasonable approximation of the rate prevailing at the transaction date, in which case income and expenses are translated at the exchange rates ruling at the transaction date.

All resulting exchange differences are recognised in the OCI and accumulated in the Foreign Currency Translation Reserve (Translation Reserve), which is a separate component of Equity, except to the extent that the translation difference is allocated to the NCI.



2.3 Assets and Bases of their Valuation

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

2.4 Fair Value Measurement

The Group measures financial instruments such as financial assets at fair value through profit or loss, and non-financial assets such as Biological assets and Investment Property, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the Note 29

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.



All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as Land. Involvement of external values is decided upon annually by the Management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management presents the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

The Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.5 Property, Plant and Equipment

2.5.1 Basis of recognition

Property, plant and equipment is recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be reliably measured.

2.5.2 Measurement and Subsequent Costs

Property, plant and equipment are initially stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group & Company recognise such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.



2.5.3 Depreciation

Depreciation is calculated on a straight-line basis over the useful life of the assets. Depreciation rates for the current and comparative periods are as follows.

Buildings	2%
Office Equipment	15%
Furniture and Fittings	10%-16.67%
Motor Vehicles	16.67%-25%
Stores Equipment	10%-16.67%
Computer Hardware	25%
Sign Board	20%
Plant and Machinery	4%-10%
Lab Equipment	15%
Factory Equipment	15%
Lease Hold Improvements	25%

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at end of each reporting period. An estimation change in the useful life of fixed asset during the period has occurred and the underlying assumptions considered are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively.

2.5.4 Assets in the Course of Construction

Capital expenditure incurred in relation to fixed assets which are not completed as at the reporting date are shown as capital work-in-progress and is stated at cost. On completion, the related assets are transferred to property, plant and equipment. Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

2.5.5 Derecognition

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss statement in the year the asset is derecognized.

2.6 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2.6.1 Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



2.6.1.1 Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right of Use assets - 2 to 5 years (approximated)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.6.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings

2.6.1.3 Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.7 Intangible Assets**2.7.1 Basis of recognition**

An Intangible asset is recognised if it is probable that the future economic benefits associated with the assets will flow to the Group and cost of the assets can be reliably measured.

2.7.2 Measurement and Subsequent Costs

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the profit or loss statement in the year in which the expenditure is incurred.



2.7.3 Amortisation

The useful lives of intangible assets are assessed to be either finite or indefinite. The estimated useful lives of intangible assets with finite lives are as follows.

Asset class	Useful life
Computer software	5 years

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the profit or loss statement in the expense category consistent with the function of the intangible asset.

2.7.4 Derecognition

Intangible assets are de-recognised on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

2.8 Investment Property**2.8.1 Basis of recognition**

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

2.8.2 Measurement

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property.

Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date. Gains or losses arising from changes in fair value are included in the statement of profit or loss in the year in which they arise. Fair values are evaluated with sufficient frequency by an accredited external, independent valuer. Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the statement of profit or loss in the year of retirement or disposal.

2.8.3 Inability to measure fair value reliably

Investment properties under construction are measured subsequently at cost until either its fair value become reliably measurable or construction is completed (whichever is earlier).



2.8.4 Transfers

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.8.5 Derecognition

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of retirement or disposal.

2.9 Fair Valuation of Biological Assets

The entity recognize the biological assets when, and only when, the entity controls the assets as a result of past event, it is probable that future economic benefits associated with the assets will flow to the entity and the fair value or cost of the assets can be measured reliably.

Consumable Biological Assets, comprise of managed timber trees, are measured on initial recognition and at the end of each reporting period at its fair value less cost to sell in terms of LKAS 41- Agriculture. The cost is treated as approximation to fair value of young plants as the impact on biological transformation of such plants to price during this period is immaterial.

The fair value of timber trees are measured using discounted cash flow method taking in to consideration the current market prices of the Sandalwood of the root per kg, applied to estimated Scented of Heart wood of a sandelwood tree at the maturity by an independent professional valuer.

The main variables in Discounted Cash Flow model concerns,

Variable	Comment
Timber content	Estimate based on physical verification of girth, height and considering the growth of the each species. Factor all the prevailing statutory regulations enforced against harvesting of timber coupled with forestry plan of the Company.
Economic useful life	Estimated based on the normal life span of each species by factoring the forestry plan of the Company.
Selling price	Estimated based on prevailing Sri Lankan market price. Factor all the conditions to be fulfilled in bringing the trees in to saleable condition
Discount Rate	Discount rate reflects the possible variations in the Cash flows and the risk related to the biological assets.

The gain or loss arising on initial recognition of biological assets at fair value less cost to sell and from a change in fair value less cost to sell of biological assets are included in the Statement of Profit or Loss for the period in which it arises.



2.10 Inventories

Inventories are valued at the lower of cost and net realizable value, after making due allowances for obsolete and slow moving items. Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae:-

Finished Goods and Work-In-Progress	-	At the cost of direct materials, direct labor and an appropriate portion of factory overhead on normal operating capacity.
Raw Materials	-	At purchase cost on First in First (FIFO) basis
Goods in Transit	-	At actual cost

2.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

2.11.1 Financial Assets**a) Financial Assets - Initial Recognition and Subsequent Measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)





- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and amounts due from related parties.

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group's financial assets at fair value through profit or loss include investment in quoted equity instruments and investment in un-quoted equity instruments under other non-current financial assets.

c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

d) Impairment of Financial Assets

Further disclosure relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Trade receivables, including contract assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



2.11.2 Financial Liabilities**a) Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings, financial guarantee contracts, derivatives and amounts due to related parties.

b) Subsequent Measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss so designated at the initial date of recognition, and only if criteria of SLFRS 9 are satisfied. The group has not designated any financial liability at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit or Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit or Loss.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.11.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if;

- There is a currently enforceable legal right to offset the recognised amounts and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.



2.11.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 29.

2.12 Cash and Cash Equivalents

Cash and cash equivalents are cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

2.13 Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the group of non-financial asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell or its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of non-financial assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The amount of impairment losses are recognized in the profit and loss during the reporting period.

2.14 Liabilities and Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Liabilities classified as current liabilities in the Statement of Financial Position are those obligations payable on demand or within one year from the reporting date.



2.15 Retirement benefit Obligations**2.15.1 Defined Contribution Plans– Employees’ Provident Fund & Employees’ Trust Fund**

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Company contributes 12 % and 3% of gross emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

2.15.2 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated by independent actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates 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.

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 13. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The gratuity liability is not funded in the planned assets.

2.16 Taxation**2.16.1 Current Income Tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes relating to items recognized directly in Other Comprehensive Income are also recognized in Other Comprehensive Income and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2.16.2 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 liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognized directly in statement of other comprehensive income are also recognized in statement of other comprehensive income and not in the statement of profit or loss.

Deferred tax assets and liabilities are set off if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.16.3 Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable

Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.17 Statement of Profit or Loss

For the purpose of presentation of the statement of profit or loss, the function of expenses method is adopted.

2.17.1 Revenue from Contracts with Customers

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes. The following specific recognition criteria are used for the purpose of recognition of revenue:



a) Goods transferred at a point in time

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer. In relation to sales with local customers, this point is generally the delivery of goods, exports also take in to account the term related to each shipment of goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

b) Services transferred over time

The Group determines, at contract inception, whether it satisfies the performance obligation over time or at appoint in time. For each performance obligation satisfied over time, the Group recognises revenue over time, by using an output method to measure progress towards complete satisfaction of that performance obligation.

In determining the transaction price for the sale of goods and the services the Group considers the effects of variable consideration the existence of significant financing, non-cash considerations and consideration payable to customer (if any). However,

- The Group does not offer discounts, warranties or incentives to its customers.
- The Group does not receive long-term advances from its customers for the services which entails a financing element.
- The period between the transfer of the promised service to the customer and when the customer pays for that good will be one year or less

c) Presentation and disclosure requirements

As required for the financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to Note 18 for the disclosure on disaggregated revenue.

d) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

e) Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contact liabilities of the Group have been disclosed in the Note 18.2

2.17.2 Other Income**a) Dividends**

Dividend income is recognized when the shareholder's right to receive payment is established.

b) Rental Income

Rental income is recognized on an accrual basis.



c) Gains and Losses

Net gains and losses of a revenue nature on the disposal of Property, Plant & Equipment and other non-current assets including investments are accounted for in the Statements of Profit or Loss, after deducting from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

d) Other Income

Other income is recognized on an accrual basis.

2.17.3 Expenditure Recognition

Expenses are recognized in the statement of profit or loss on the basis of a direct association between the cost incurred and the earnings of specific items of income.

All expenditure incurred in the running of the business has been charged to income in arriving at the profit for the year.

Repairs and renewals are charged to statement of profit or loss in the year in which the expenditure is incurred.

2.17.4 Finance Income and Finance Costs

Finance income comprises interest income on funds invested. Interest income is recognised based on the EIR in the Statement of Profit or Loss.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, and losses on hedging instruments that are recognised in the statement of profit or loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.17.5 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset. The amounts of the borrowing costs which are eligible for capitalisation are determined in accordance with the in LKAS 23 - Borrowing Costs.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

2.18 Earnings Per Share

The Group presents basic and diluted Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.



3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements.

SLFRS 17: Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace IFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

SLFRS 17 is effective for annual reporting periods beginning on or after 01 January 2023.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021.

Amendments to SLFRS 16 - COVID – 19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 01 June 2020.

Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.



Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS16-Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts - Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the group in the foreseeable future.





4. PROPERTY, PLANT AND EQUIPMENT

4.1 Group

4.1.1 Gross Carrying Amounts

At Cost	Balance As at 01.04.2020 Rs.	Additions Rs.	Disposal / Transfer Rs.	Balance As at 31.03.2021 Rs.
Freehold				
Land	232,893,589	64,754,000	-	297,647,589
Office and Factory Building	899,494,156	53,985,099	(212,625)	953,266,630
Office Equipments	35,927,559	2,506,220	(5,011,501)	33,422,278
Computers	32,956,061	10,136,088	-	43,092,149
Furniture and Fittings	71,288,381	3,804,717	(5,263,575)	69,829,523
Motor Vehicles	198,146,257	28,372,550	(42,769,141)	183,749,666
Store Equipments	-	596,651	-	596,651
Sign Boards	2,922,400	325,000	-	3,247,400
Factory Equipments	947,646	5,190,310	-	6,137,956
Lab Equipments	10,081,500	1,987,664	-	12,069,164
Plant and Machinery	166,570,900	60,948,601	(4,186,700)	223,332,801
	<u>1,651,228,449</u>	<u>232,606,900</u>	<u>(57,443,542)</u>	<u>1,826,391,807</u>
Leasehold				
Leasehold Improvements	30,373,784	1,884,512	(10,815,373)	21,442,923
	<u>30,373,784</u>	<u>1,884,512</u>	<u>(10,815,373)</u>	<u>21,442,923</u>
Total Value of Depreciable Assets	<u>1,681,602,233</u>	<u>234,491,412</u>	<u>(68,258,915)</u>	<u>1,847,834,730</u>
In the Course of Construction				
Capital Work in Progress	14,075,307	3,450,334	(15,615,000)	1,910,641
	<u>14,075,307</u>	<u>3,450,334</u>	<u>(15,615,000)</u>	<u>1,910,641</u>
Total Gross Carrying Amount	<u>1,695,677,540</u>	<u>237,941,746</u>	<u>(83,873,915)</u>	<u>1,849,745,371</u>

4.1.2 Depreciation

At Cost	Balance As at 01.04.2020 Rs.	Charge for the year Rs.	Disposal / Transfer Rs.	Balance As at 31.03.2021 Rs.
Freehold				
Office and Factory Building	106,682,928	17,220,589	(7,796)	123,895,721
Office Equipments	7,174,515	6,348,052	(3,902,001)	9,620,566
Computers	5,973,451	10,199,415	-	16,172,866
Furniture and Fittings	9,173,047	7,576,361	(1,373,714)	15,375,694
Motor Vehicles	104,068,806	29,311,351	(39,321,784)	94,058,373
Store Equipments	-	57,818	-	57,818
Sign Boards	405,889	992,978	-	1,398,867
Factory Equipments	803,147	561,638	-	1,364,785
Lab Equipments	1,400,208	3,451,066	-	4,851,274
Plant and Machinery	16,100,961	29,540,859	(407,040)	45,234,780
	<u>251,782,952</u>	<u>105,260,127</u>	<u>(45,012,335)</u>	<u>312,030,744</u>
Leasehold				
Leasehold Improvements	8,533,014	8,183,100	(9,700,944)	7,015,171
	<u>8,533,014</u>	<u>8,183,100</u>	<u>(9,700,944)</u>	<u>7,015,171</u>
Total Depreciation	<u>260,315,966</u>	<u>113,443,227</u>	<u>(54,713,279)</u>	<u>319,045,914</u>

4. PROPERTY, PLANT AND EQUIPMENT (Contd...)**4.1.3 Net Book Values**

Group	2021 Rs.	2020 Rs.
Freehold		
Land	297,647,589	232,893,589
Office and Factory Building	829,370,909	792,811,228
Office Equipments	23,801,712	28,753,044
Computers	26,919,283	26,982,610
Furniture and Fittings	54,453,829	62,115,334
Motor Vehicles	89,691,293	94,077,451
Store Equipments	538,833	-
Sign Boards	1,848,533	2,516,511
Factory Equipments	4,773,170	144,499
Lab Equipments	7,217,890	8,681,292
Plant and Machinery	178,098,021	150,469,939
	<u>1,514,361,063</u>	<u>1,399,445,497</u>
Leasehold		
Leasehold Improvements	14,427,753	21,840,770
	<u>14,427,753</u>	<u>21,840,770</u>
In the Course of Construction		
Capital Work in Progress	1,910,641	14,075,307
	<u>1,910,641</u>	<u>14,075,307</u>
	<u><u>1,530,699,457</u></u>	<u><u>1,435,361,574</u></u>

4.1.4 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs 178,091,747/- (2020 - Rs. 201,547,605/-). Cash payments amounting to Rs 178,091,747/- (2020 - Rs. 201,547,605/-) were made during the year for purchase of Property, Plant and Equipment.

4.1.5 As at 31 March 2021 the Group had a total of fully depreciated assets still in use amounting to Rs. 20,111,637/- and Rs. 33,944,019/- as at 31 March 2020.

4.1.6 In 2021, the Group sold Property Plant and Equipment with a total net carrying amount of Rs. 10,651,624/- for a cash consideration of Rs. 42,851,490/-. In 2020, the Group sold Property Plant and Equipment with a net carrying amount of Rs. 147,716,363/- for a cash consideration of Rs. 198,239,958/-. The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss.





4. PROPERTY, PLANT AND EQUIPMENT (Contd...)

4.2 Company

4.2.1 Gross Carrying Amounts

	Balance As at 01.04.2020 Rs.	Additions Rs.	Disposal / Transfer Rs.	Balance As at 31.03.2021 Rs.
At Cost				
Freehold				
Land	232,893,589	64,754,000	-	297,647,589
Office and Factory Building	899,494,157	53,985,099	(212,625)	953,266,631
Office Equipments	30,749,248	2,394,515	(697,000)	32,446,763
Computers	30,436,096	10,136,088	-	40,572,184
Furniture and Fittings	61,727,840	3,794,217	(2,524,800)	62,997,257
Motor Vehicles	197,849,157	28,372,550	(42,769,141)	183,452,566
Store Equipments	-	596,651	-	596,651
Sign Boards	2,922,400	325,000	-	3,247,400
Factory Equipments	146,350	5,097,825	-	5,244,175
Lab Equipments	10,081,500	1,987,664	-	12,069,164
Plant and Machinery	158,890,351	60,618,601	(4,186,700)	215,322,252
	<u>1,625,190,688</u>	<u>232,062,210</u>	<u>(50,390,266)</u>	<u>1,806,862,632</u>
Leashold				
Leasehold Improvements	23,008,300	1,884,512	(3,449,888)	21,442,924
	<u>23,008,300</u>	<u>1,884,512</u>	<u>(3,449,888)</u>	<u>21,442,924</u>
Total Value of Depreciable Assets	<u>1,648,198,988</u>	<u>233,946,722</u>	<u>(53,840,154)</u>	<u>1,828,305,556</u>
In the Course of Construction				
Capital Work in Progress	14,075,307	3,450,334	(15,615,000)	1,910,641
	<u>14,075,307</u>	<u>3,450,334</u>	<u>(15,615,000)</u>	<u>1,910,641</u>
Total Gross Carrying Amount	<u>1,662,274,295</u>	<u>237,397,056</u>	<u>(69,455,154)</u>	<u>1,830,216,197</u>

4.2.2 Depreciation

	Balance As at 01.04.2020 Rs.	Charge for the year Rs.	Disposal / Transfer Rs.	Balance As at 31.03.2021 Rs.
At Cost				
Freehold				
Office and Factory Building	106,682,928	17,220,589	(7,796)	123,895,721
Office Equipments	3,966,713	5,393,591	(212,972)	9,147,332
Computers	3,532,403	10,151,757	-	13,684,160
Furniture and Fittings	2,900,787	7,129,391	(184,100)	9,846,078
Motor Vehicles	103,771,706	29,311,351	(39,321,784)	93,761,273
Store Equipments	-	57,818	-	57,818
Sign Boards	405,889	992,978	-	1,398,867
Factory Equipments	1,850	522,886	-	524,736
Lab Equipments	1,400,208	3,451,066	-	4,851,274
Plant and Machinery	9,697,711	28,514,851	(407,040)	37,805,522
	<u>232,360,195</u>	<u>102,746,278</u>	<u>(40,133,692)</u>	<u>294,972,781</u>
Leashold				
Leasehold Improvements	3,292,159	6,777,849	(3,054,838)	7,015,170
	<u>3,292,159</u>	<u>6,777,849</u>	<u>(3,054,838)</u>	<u>7,015,170</u>
Total Depreciation	<u>235,652,354</u>	<u>109,524,127</u>	<u>(43,188,530)</u>	<u>301,987,951</u>



4. PROPERTY, PLANT AND EQUIPMENT (Contd...)

	Company	
	2021	2020
	Rs.	Rs.
Freehold		
Land	297,647,589	232,893,589
Office and Factory Building	829,370,910	792,811,229
Office Equipments	23,299,431	26,782,535
Computers	26,888,024	26,903,693
Furniture and Fittings	53,151,179	58,827,053
Motor Vehicles	89,691,293	94,077,451
Store Equipments	538,833	-
Sign Boards	1,848,533	2,516,511
Factory Equipments	4,719,439	144,500
Lab Equipments	7,217,890	8,681,292
Plant and Machinery	177,516,730	149,192,640
	1,511,889,851	1,392,830,493
Leashold		
Leasehold Improvements	14,427,754	19,716,141
	14,427,754	19,716,141
In the Course of Construction		
Capital Work In Progress	1,910,641	14,075,307
	1,910,641	14,075,307
Total Carrying Amount of Property, Plant and Equipment	1,528,228,246	1,426,621,941

4.2.4 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 177,547,058/- (2020 - Rs.201,097,906/-). Cash payments amounting to Rs. Rs.177,547,058/- (2020 - Rs. 201,097,906/-) were made during the year for purchase of Property, Plant and Equipment.

4.2.5 As at 31 March 2021 the Company had a total of fully depreciated assets still in use amounting to Rs. 16,604,923/- and Rs. 27,163,719/- as at 31 March 2020.

4.2.6 In 2021, the Company sold Property Plant and Equipment with a total net carrying amount of Rs. 10,651,624/- for a cash consideration of Rs. 42,851,490/-. In 2020, the Company sold Property Plant and Equipment with a net carrying amount of Rs. 147,716,363 for a cash consideration of Rs. 198,239,958. The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss.

5. INTANGIBLE ASSETS

5.1 Group

	Goodwill		Computer Software	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
5.1.1 Cost				
As at 1 April	7,663,026	7,663,026	36,535,578	31,694,567
Additions during the year	-	-	3,725,000	4,841,011
As at 31 March	7,663,026	7,663,026	40,260,578	36,535,578
5.1.2 Amortization/Impairment				
As at 1 April	-	-	20,041,665	15,484,535
Charge for the year	-	-	5,401,830	4,557,130
As at 31 March	-	-	25,443,495	20,041,665
Carrying Value as at 31 March	7,663,026	7,663,026	14,817,083	16,493,913
			2021	2020
			Rs.	Rs.
Total Carrying value of Intangible Assets as at 31 March			22,480,109	24,156,939

5. INTANGIBLE ASSETS (Contd...)

5.2 Company	Computer Software	
	2021	2020
	Rs.	Rs.
5.2.1 Cost		
As at 1 April	35,341,025	30,977,914
Additions during the year	3,725,000	4,363,111
As at 31 March	<u>39,066,025</u>	<u>35,341,025</u>
5.2.2 Amortization		
As at 1 April	19,475,785	14,978,385
Charge for the year	5,085,560	4,497,400
As at 31 March	<u>24,561,345</u>	<u>19,475,785</u>
Carrying Value as at 31 March	<u>14,504,680</u>	<u>15,865,240</u>

6. INVESTMENT PROPERTY

	Group / Company	
	2021	2020
	Rs.	Rs.
6.1 Land and Building at Fair Value		
Opening Balance as at 1 April	43,039,000	41,039,000
Additions /Transfers to Property Plant and Equipment	(44,235,000)	-
Fair Value Gain/(Loss)	1,196,000	2,000,000
As at 31 March	<u>-</u>	<u>43,039,000</u>
6.2 In the course of construction at Cost		
Opening Balance as at 1 April	94,196,239	94,196,239
Incurred during the year	48,225,430	-
As at 31 March	<u>142,421,669</u>	<u>94,196,239</u>
Closing balance at 31 March	<u>142,421,669</u>	<u>137,235,239</u>

6.3 The Group's / Company's investment properties consisted of one property in Hokandara Road, Thalawathugoda and one condominium Property in Altair Residential Building Colombo 02. At the reporting date, The Group/Company decided to classify the investment property in Hokandara Road, Thalawathugoda to a Property Plant and Equipment by considering the Group's/Company's plan to use it for business purposes in the future.

6.4 As at 31 March 2021 and 2020, the fair value of the Land and Building is based on valuations performed by Mr. W.M. Chandrasena., an accredited independent valuer. Mr. W.M. Chandrasena. is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

6.5 The Group / Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

6.6 Description of valuation techniques used and key inputs to valuation of investment properties:

Valuation technique		Significant unobservable inputs	Range (weighted average)	
			2021	2020
Office Property	Direct Capital Comparison Approach	Rates per Perch	Rs. 2,550,000	Rs. 2,500,000
		Price per Square Foot	Rs. 6,000	Rs. 6,000



Year ended 31 March 2021

7. INVESTMENTS

7.1 Investment In Subsidiary

	No of Shares		Shareholding		Company	
	2021	2020	2021	2020	2021	2020
					Rs.	Rs.
Worldwide Resins & Chemicals (Pvt) Ltd	1,000,000	1,000,000	100%	100%	10,000,000	10,000,000
JAT Global (Pvt) Ltd	7,546,198	7,546,198	98.37%	98.37%	173,011,448	173,011,448
Brush Master (Pvt) Ltd	281,944	281,944	55%	55%	40,000,000	40,000,000
JAT Exports (Pvt) Ltd	10,587,236	10,587,236	100%	100%	105,872,360	105,872,360
JAT Exports DMCC	100	100	100%	100%	4,934,932	4,934,932
					<u>333,818,740</u>	<u>333,818,740</u>

7.2 Other Investments

Investments in Equity Securities	Company/ Group			
	No. of Shares		Market Value	Market Value
	2021	2020	2021 Rs.	2020 Rs.
<u>Quoted Investments</u>				
Hatton National Bank PLC	-	23,000	-	2,467,248
			-	2,467,248
	No. of Shares		Carring Value	Carring Value
	2021	2020	2021	2020
			Rs.	Rs.
<u>Non - Quoted Investments</u>				
JAT- Sino Agri (Pvt) Ltd	5,000	-	2,500,000	-
			2,500,000	-
			2,500,000	2,467,248

7.3 Short Term Financial Assets

Short Term Financial Assets	Company/ Group			
	No. of Shares		Market Value	Market Value
	2021	2020	2021	2020
			Rs.	Rs.
<u>Investment in Quoted Equity Shares</u>				
Expo Lanka Holdings PLC	898,000	-	898,000	-
Tokyo Cements Company (Lanka) PLC	2,007,000	-	2,007,000	-
<u>Investment in Money Market Funds</u>				
First Capital Holdings PLC			61,253,644	-
Commercial Bank PLC			150,147,945	-
			<u>214,306,589</u>	<u>-</u>



JAT Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

8. CONSUMABLE BIOLOGICAL ASSETS

	Company/ Group	
	2021	2020
	Rs.	Rs.
At the beginning of the year	49,241,160	33,822,114
Changes in Fair Value less costs to sell	8,879,184	15,086,046
Maintenance Costs	-	333,000
At the end of the year	<u>58,120,344</u>	<u>49,241,160</u>

The Group's / Company's biological assets consist of a Sandalwood plantation situated in the Village of Meegahakiula.

As at 31 March 2021, the Group / Company had 356 of immature sandalwood trees (2020: 356).

8.1 Valuation of biological assets

The fair value less costs to sell of sandalwood trees is determined based on estimates of yield, costs to incur until harvest, Cost of sells, expected Scented of heartwood content per a tree and market prices at harvest and Sandalwood quality. In 2021, Sandalwood's market price is estimated to Rs. 18,000/- per kilogram (2020: Rs. 18,000/- per kilogram). Significant unobservable inputs used in fair value measurements of sandalwood are the following:

	2021	2020
Total No of Trees	356	356
Total No of Harvestable Trees (12% allowance for death)	313	313
Harvest at Maturity	302 @ 20 Kg	302 @ 20 Kg
Estimated Scented of Heartwood	6,260 Kg	6,260 Kg
Value at Harvest (per Kg)	Rs. 18000	Rs. 18000
Discount Rate	18%	18%
No of Years to Maturity	4	5
Wood Content per tree at maturity	20Kg	20Kg

8.2 Valuation processes

The Group / Company has an External Valuer (Mr. W. M. Chandrasena) that performs the valuation of biological assets. When considering the appropriate market prices for sandalwood to use, the valuer reviews available information, including: the age of trees, the maturity age of trees, the annual marginal increase in growth in the timber content, the number of years to harvest in case of trees for harvest, the timber content of immature trees at an estimated future harvestable date, estimate the current price of sandalwood of the root per kg at relevant date.

9. INVENTORIES

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Raw Materials	651,777,860	558,632,221	629,078,742	525,098,891
Goods In Transits	81,287	22,569,942	-	-
Work in Progress	157,690,337	162,872,183	152,930,524	156,493,778
Finished Goods	839,939,424	1,105,580,618	747,080,222	1,040,953,614
	<u>1,649,488,908</u>	<u>1,849,654,964</u>	<u>1,529,089,488</u>	<u>1,722,546,283</u>
Less-Provision For Obsolete Stocks	(86,585,098)	(67,338,197)	(67,089,822)	(53,439,794)
	<u>1,562,903,810</u>	<u>1,782,316,767</u>	<u>1,461,999,666</u>	<u>1,669,106,489</u>



JAT Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Receivables (Note 10.1)	2,769,372,027	2,837,765,977	2,264,681,108	1,965,778,714
Other Receivables	66,944,739	90,450,887	50,565,813	75,613,601
Proceeds Receivable for Disposal of Subsidiary	-	61,150,000	-	61,150,000
	<u>2,836,316,766</u>	<u>2,989,366,864</u>	<u>2,315,246,921</u>	<u>2,102,542,315</u>

10.1 Trade Receivables

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Debtors - Local	2,027,061,569	1,567,330,389	1,926,074,400	1,439,416,386
Project Debtors	375,982,314	503,324,058	375,982,313	503,324,057
Export Debtors	466,448,510	848,762,409	36,677,737	88,096,807
	<u>2,869,492,393</u>	<u>2,919,416,856</u>	<u>2,338,734,450</u>	<u>2,030,837,250</u>
Allowance for expected credit losses (Note 10.2)	<u>(100,120,366)</u>	<u>(81,650,879)</u>	<u>(74,053,342)</u>	<u>(65,058,536)</u>
	<u>2,769,372,027</u>	<u>2,837,765,977</u>	<u>2,264,681,108</u>	<u>1,965,778,714</u>

10.2 Allowance For Expected Credit Losses

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Movement in Allowance for Expected Credit Losses				
Balance at the Beginning of the Year	81,650,879	51,246,837	65,058,536	49,744,975
Provision for the Year	57,474,681	30,404,042	48,000,000	15,313,561
Written off during the Year	<u>(39,005,194)</u>	<u>-</u>	<u>(39,005,194)</u>	<u>-</u>
Balance at the Year End	<u>100,120,366</u>	<u>81,650,879</u>	<u>74,053,342</u>	<u>65,058,536</u>

11. AMOUNT DUE FROM RELATED PARTIES

	Relationship	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Solid Land Developments (Pvt) Ltd	Affiliate	14,409,025	15,399,754	14,409,025	15,399,754
JAT Trading (Pvt) Ltd	Affiliate	14,588,000	14,588,000	14,588,000	14,588,000
JAT Global (Pvt.) Ltd.	Subsidiary	-	-	-	36,108,824
Securitech Systems (Pvt) Ltd	Affiliate	27,207,736	27,207,736	27,207,736	27,207,736
Worldwide Resins & Chemicals (Pvt) Ltd	Subsidiary	-	-	6,818,573	10,356,529
JAT Exports DMCC	Subsidiary	-	-	168,419,581	110,228,320
JAT Exports (Pvt) Ltd	Subsidiary	-	-	-	17,783,528
JAT Holdings Bangladesh (Pvt) Ltd	Affiliate	-	752,920	-	576,500
JAT Property Group (Pvt) Ltd	Affiliate	-	1,200,000	-	1,200,000
JAT Technologies (Pvt) Ltd	Affiliate	-	436,845	-	436,845
Amount Due from Key Management Personal		<u>14,613,273</u>	<u>-</u>	<u>14,613,273</u>	<u>-</u>
		<u>70,818,034</u>	<u>59,585,255</u>	<u>246,056,188</u>	<u>233,886,036</u>



12. STATED CAPITAL

	Company / Group 2021		Company / Group 2020	
	Number of shares	Rs.	Number of shares	Rs.
Fully Paid Ordinary Shares				
Balance at the Beginning of the Year	457,261,073	918,770,013	457,261,073	918,770,013
Share Buy Back	(2,668,000)	-	-	-
Issued During The Year	-	-	-	-
Balance at the End of the Year	<u>454,593,073</u>	<u>918,770,013</u>	<u>457,261,073</u>	<u>918,770,013</u>

As approved by the shareholders at the extraordinary shareholders' meeting on 02 October 2020, the Company bought back 2,668,000 shares under the Section No 64 of the Companies Act No. 7 of 2007 for a consideration of LKR 57,121,880/-.

12.1 Other Reserves

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Translation Reserve	(24,866,701)	(23,849,583)	-	-
	<u>(24,866,701)</u>	<u>(23,849,583)</u>	<u>-</u>	<u>-</u>

13. RETIREMENT BENEFIT OBLIGATION

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Balance as at 1 April	46,338,309	36,306,416	45,624,470	35,602,551
Current Service Cost	6,992,041	5,204,678	6,531,080	5,096,280
Interest Cost	4,616,556	4,012,407	4,562,447	4,012,407
Actuarial (Gain)/Loss	605,477	2,734,782	605,477	2,734,782
Payments During the Year	(1,243,843)	(1,919,975)	(1,243,843)	(1,821,551)
As at 31 March	<u>57,308,540</u>	<u>46,338,309</u>	<u>56,079,631</u>	<u>45,624,470</u>

13.1 Net Benefit Expense Recognised to Comprehensive Income

Net benefit expense (recognised in profit or loss)

Current Service Cost	6,992,041	5,204,678	6,531,080	5,096,280
Interest Cost	4,616,556	4,012,407	4,562,447	4,012,407
	<u>11,608,597</u>	<u>9,217,085</u>	<u>11,093,527</u>	<u>9,108,687</u>

Net benefit expense (recognised in other comprehensive Income)

Actuarial (Gain)/Loss	605,477	2,734,782	605,477	2,734,782
Net benefit expense	<u>12,214,074</u>	<u>11,951,867</u>	<u>11,699,004</u>	<u>11,843,469</u>

13.2 The Principal Assumptions used in determining Defined Benefit Obligation are shown below:

	Group		Company	
	2021	2020	2021	2020
Discount Rate	7.58%	10.00%	7.58%	10.00%
Salary Increment	8%	8%	8%	8%
Staff Turnover	18%	23%	18%	23%
Retirement Age	50-55 years	50-55 years	50-55 years	50-55 years





13. RETIREMENT BENEFIT OBLIGATION (Contd...)

13.3 Sensitivity of Assumptions Employed in Actuarial Valuation

		2021		2020	
13.3.1 Group		Effect on Comprehensive Income Increase / (reduction)	Effect on employee benefit obligation Increase / (reduction) in the Liability	Effect on Comprehensive Income Increase / (reduction)	Effect on employee benefit obligation Increase / (reduction) in the Liability
		Rs.	Rs.	Rs.	Rs.
Increase/ (decrease) in Discount Rate	+ 1 %	1,918,463	(1,918,463)	1,273,362	(1,273,362)
	- 1 %	(2,087,984)	2,087,984	(1,357,343)	1,357,343
Increase/ (decrease) in Salary Increment	+ 1 %	(2,272,323)	2,272,323	(1,412,513)	1,412,513
	- 1 %	2,125,965	(2,125,965)	1,347,770	(1,347,770)
13.3.2 Company					
Increase/ (decrease) in Discount Rate	+ 1 %	1,877,324	(1,877,324)	1,253,746	(1,253,746)
	- 1 %	(2,043,210)	2,043,210	(1,336,434)	1,336,434
Increase/ (decrease) in Salary Increment	+ 1 %	(2,223,596)	2,223,596	(1,390,754)	1,390,754
	- 1 %	2,080,376	(2,080,376)	1,327,007	(1,327,007)

13.4 The following are the expected payments to the defined benefit plan in future years

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Within the next 12 months	23,008,075	8,598,085	22,813,185	8,598,085
Between 2 and 5 Years	19,934,896	30,557,414	19,889,079	30,557,414
Between 5 and 10 Years	9,482,041	5,870,727	9,452,041	5,156,888
Beyond 10 Years	4,883,528	1,312,083	3,925,326	1,312,083
Total Expected Payments	57,308,540	46,338,309	56,079,631	45,624,470

14. INTEREST BEARING LOANS AND BORROWINGS

14.1 Current Interest Bearing Loans and Borrowings

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Lease Liabilities (Note 14.5)	10,292,086	14,402,278	10,292,086	14,402,278
Bank Loans (Note 14.4)	25,292,976	38,270,625	-	35,608,125
Import and Short Term Loans (Note 14.3)	453,810,069	639,551,596	453,810,069	621,663,614
Bank Overdrafts (Note 17.2)	3,891,990	194,127,821	1,673,586	176,465,186
	493,287,121	886,352,320	465,775,741	848,139,203

14.2 Non-current Interest Bearing Loans and Borrowings

Lease Liabilities (Note 14.5)	20,051,973	29,178,971	20,051,973	29,178,971
Bank Loans (Note 14.4)	19,147,649	7,321,875	-	-
	39,199,622	36,500,846	20,051,973	29,178,971

14. INTEREST BEARING LOANS AND BORROWINGS (Contd..)

14.3 Import and Short Term Loans

14.3.1 Group	As At 01.04.2020 Rs.	Loan Obtained Rs.	Repayment Rs.	As At 31.03.2021 Rs.	Current Rs.	Non-Current Rs.
Short Term Loans						
Standard Chartered Bank	50,000,000	150,000,000	(200,000,000)	-	-	-
Hatton National Bank PLC	-	1,335,447	(1,335,447)	-	-	-
People's Bank	-	200,000,000	-	200,000,000	200,000,000	-
Commercial Bank PLC	50,000,000	59,269,283	(59,269,283)	50,000,000	50,000,000	-
	100,000,000	410,604,730	(260,604,730)	250,000,000	250,000,000	-
Import Loans						
Hongkong & Shanghai Banking Corporation	176,057,305	69,453,767	(245,511,072)	-	-	-
Hatton National Bank PLC	31,218,056	47,826,366	(68,534,366)	10,510,056	10,510,056	-
Commercial Bank PLC	323,077,983	816,061,180	(945,839,150)	193,300,013	193,300,013	-
Standard Chartered Bank	9,198,252	-	(9,198,252)	-	-	-
	539,551,596	933,341,313	(1,269,082,840)	203,810,069	203,810,069	-
Import and Short Term Loans	639,551,596	1,343,946,043	(1,529,687,570)	453,810,069	453,810,069	-

14.3.2 Company

	As At 01.04.2020 Rs.	Loan Obtained Rs.	Repayment Rs.	As At 31.03.2021 Rs.	Current Rs.	Non-Current Rs.
Short Term Loans						
Standard Chartered Bank	50,000,000	150,000,000	(200,000,000)	-	-	-
Hatton National Bank PLC	-	1,335,447	(1,335,447)	-	-	-
People's Bank	-	200,000,000	-	200,000,000	200,000,000	-
Commercial Bank PLC	50,000,000	59,269,283	(59,269,283)	50,000,000	50,000,000	-
	100,000,000	410,604,730	(260,604,730)	250,000,000	250,000,000	-
Import Loans						
Hongkong & Shanghai Banking Corporation	176,057,305	69,453,767	(245,511,072)	-	-	-
Hatton National Bank PLC	31,218,056	47,826,366	(68,534,366)	10,510,056	10,510,056	-
Commercial Bank PLC	305,190,001	707,837,389	(819,727,377)	193,300,013	193,300,013	-
Standard Chartered Bank	9,198,252	-	(9,198,252)	-	-	-
	521,663,614	825,117,522	(1,142,971,067)	203,810,069	203,810,069	-
Import and Short Term Loans	621,663,614	1,235,722,252	(1,403,575,797)	453,810,069	453,810,069	-

14.4 Bank Loans

14.4.1 Group	As At 01.04.2020 Rs.	Loan Obtained Rs.	Repayment Rs.	As At 31.03.2021 Rs.	Current Rs.	Non-Current Rs.
Hatton National Bank PLC - USD Loan	35,608,125	-	(35,608,125)	-	-	-
Commercial Bank PLC-Term Loan	9,984,375	34,900,000	(443,750)	44,440,625	25,292,976	19,147,649
	45,592,500	34,900,000	(36,051,875)	44,440,625	25,292,976	19,147,649
14.4.2 Company	As At 01.04.2020 Rs.	Loan Obtained Rs.	Repayment Rs.	As At 31.03.2021 Rs.	Current Rs.	Non-Current Rs.
Hatton National Bank PLC - USD Loan	35,608,125	-	(35,608,125)	-	-	-
	35,608,125	-	(35,608,125)	-	-	-

14.5 Lease liabilities

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 01 April	43,581,249	-	43,581,249	-
Effect of adoption of SLFRS 16 as at 1 April 2019	-	1,292,733	-	1,292,733
Additions	-	46,349,289	-	46,349,289
Accretion of interest	4,266,713	1,679,592	4,266,713	1,679,592
Adjustment on Temporary Concessions	(5,948,177)	-	(5,948,177)	-
Payments made	(11,555,726)	(5,740,365)	(11,555,726)	(5,740,365)
As at 31 March	30,344,058	43,581,249	30,344,058	43,581,249
Current Liability	10,292,086	14,402,278	10,292,086	14,402,278
Non Current Liability	20,051,973	29,178,971	20,051,973	29,178,971



14. INTEREST BEARING LOANS AND BORROWINGS (Contd...)

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
14.5.1 The following are the amounts recognised in profit or loss:				
Depreciation expense of right-of-use assets	18,869,945	8,637,605	18,869,945	8,637,605
Interest expense on lease liabilities	4,266,713	1,679,592	4,266,713	1,679,592
Temporary Concessions	5,948,177	-	5,948,177	-

The Group had total cash outflows for leases of Rs. 11,555,726/- in 2021 (Rs. 2,245,686/- in 2020). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 30.3 (Maturity Note.)

14.6	Loan Type	Bank	Borrower	Interest rate	Maturity	Repayment Terms
14.6.1	<u>Company / Group</u>					
	Short Term Loan	Standard Chartered Bank	JAT Holdings Ltd	AWPLR+0.5%	90 days from the granted date	within 90 Days
	Short Term Loan	Commercial Bank PLC	JAT Holdings Ltd	AWPLR	90 days from the granted date	within 90 Days
	Import Loan	Hattion National Bank PLC	JAT Holdings Ltd	AWPLR + 0.5%	within maximum 90 Days tenor	within maximum 90 Days tenor
	Import Loan	Commercial Bank PLC	JAT Holdings Ltd	AWPLR	within maximum 120 Days tenor	within maximum 120 Days tenor
	Import Loan	Standard Chartered Bank	JAT Holdings Ltd	AWPLR	Maximum Tenor for period up to 90 Days	Maximum Tenor for period up to 90 Days
	Import Loan/Short Term Loan	People's Bank	JAT Holdings Ltd	AWPLR + 0.5%	120 days from the granted date	within 120 Days
	Import Loan	National Development Bank PLC	JAT Holdings Ltd	AWPLR + 0.5%	Maximum 03 Months	within 03 Months
	Term Loan	Commercial Bank PLC	Brush Master (Pvt) Ltd	AWPLR+1.5%	Jun-24	48 Installments of Rs. 221,875
	Term Loan 01 (COVID)	Commercial Bank PLC	Brush Master (Pvt) Ltd	4% p.a (Fixed)	Jul-22	06 Months Grace period & repayable in 18 installments
	Term Loan 02 (COVID)	Commercial Bank PLC	Brush Master (Pvt) Ltd	4% p.a (Fixed)	Oct-22	06 Months Grace period & repayable in 18 installments
	Import Loan	Commercial Bank PLC	Worldwide Resins & Chemicals (Pvt) Ltd	AWPLR + 0.5%	within 120 days	within 120 Days
	Term Loan 01 (COVID)	Commercial Bank PLC	Worldwide Resins & Chemicals (Pvt) Ltd	4% p.a (Fixed)	Jul-22	06 Months Grace period & repayable in 18 installments
	Term Loan 02 (COVID)	Commercial Bank PLC	Worldwide Resins & Chemicals (Pvt) Ltd	4% p.a (Fixed)	Oct-22	06 Months Grace period & repayable in 18 installments

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Trade Payables	613,283,555	796,472,298	340,868,026	220,692,840
Other Payables	458,145,552	385,259,890	424,216,023	366,489,156
Advances Received	48,482,258	16,309,886	48,482,258	68,276
Sundry Creditors Including Accrued Expenses	7,427,864	8,225,502	7,427,864	7,835,532
	<u>1,127,339,229</u>	<u>1,206,267,576</u>	<u>820,994,171</u>	<u>595,085,804</u>

16. AMOUNT DUE TO RELATED PARTIES

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Amount due to Directors	91,617	50,795	-	-
	<u>91,617</u>	<u>50,795</u>	<u>-</u>	<u>-</u>

**17. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Favourable Cash and Cash Equivalent Balances				
17.1 Cash and Bank Balances	253,184,226	166,171,370	88,884,475	150,565,663
Fixed Deposit (3 Months Maturity Period)	241,099,344	331,208,135	127,470,838	227,632,836
	<u>494,283,570</u>	<u>497,379,506</u>	<u>216,355,313</u>	<u>378,198,499</u>
Unfavourable Cash and Cash Equivalent Balances				
17.2 Bank Overdrafts (Note 14)	(3,891,990)	(194,127,821)	(1,673,586)	(176,465,186)
Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement	<u>490,391,580</u>	<u>303,251,685</u>	<u>214,681,727</u>	<u>201,733,313</u>

18. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Local Sales	4,554,151,275	3,527,766,806	4,325,422,268	3,401,634,827
Export Sales	618,054,189	1,740,974,630	-	52,674
Project Sales	187,304,726	1,026,772,231	187,304,726	1,026,772,231
	<u>5,359,510,190</u>	<u>6,295,513,667</u>	<u>4,512,726,994</u>	<u>4,428,459,732</u>

18.1 Disaggregation of Revenue

	Group		Company	
Based on the nature of the product sold	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Wood Coatings	3,845,109,362	4,186,816,484	3,189,319,391	2,400,420,403
Paints, Chemicals and Other Products	1,006,303,713	847,012,249	815,310,488	766,354,395
Brushes	280,472,199	221,622,513	280,472,199	221,622,513
Furnitures	40,320,190	12,307,555	40,320,190	12,307,555
Finishing and Furnishing Projects	187,304,726	1,027,754,866	187,304,726	1,027,754,866
	<u>5,359,510,190</u>	<u>6,295,513,667</u>	<u>4,512,726,994</u>	<u>4,428,459,732</u>

Wood Coatings

This segment focuses on importing and manufacturing of a range of water based and polyurethane based wood coatings solutions and sand papers.

Paints, Chemicals and Other Products

This segment focuses on manufacturing of emulsion paints, resins, chemicals and other industrial solutions.

Brushes

This segment focuses on manufacturing of brushes, rollers and handlers and other paint and wood coating application

Furnitures

This segment focuses on importing of chairs, work stations, tables, cupboards, Sofas, Coffee machines, shadders and other office and domestic furnishing solutions.

In Wood Coatings, Brushes, Paints, Chemicals and Other Products and Furnitures segments, the Revenue is recognized at the point of time when the control of the asset is transferred to the customer, which is generally upon delivery of the goods. Revenue is measured based on actual sales, and therefore the output method is used for revenue recognized.

Finishing and Furnishing Projects

This segment focus on undertaking of domestic and industrial finishing, furnishing and development projects.

At inception of the contract, the entity determines whether it satisfies the performance obligation over time or at a point in time. Timing and amount of cash flow will be determined according to the agreement.



18. REVENUE FROM CONTRACTS WITH CUSTOMERS (Contd...)**18.1 Disaggregation of Revenue (Contd...)**

Based on the geographical locations of the customers	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Sri Lanka	4,696,253,194	4,508,756,225	4,512,726,994	4,428,407,058
India	99,432,930	61,310,727	-	52,674
Bangladesh	540,964,597	1,656,047,349	-	-
Pakistan	-	-	-	-
Maldives	6,340,000	55,676,159	-	-
Others	16,519,469	13,723,207	-	-
	<u>5,359,510,190</u>	<u>6,295,513,667</u>	<u>4,512,726,994</u>	<u>4,428,459,732</u>
Revenue from contract with customers				
	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Goods transferred at a point of time	5,172,205,464	5,508,127,979	4,325,422,268	3,641,074,044
Services transferred over time	187,304,726	787,385,688	187,304,726	787,385,688
	<u>5,359,510,190</u>	<u>6,295,513,667</u>	<u>4,512,726,994</u>	<u>4,428,459,732</u>

18.2 Contract Balances

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Receivables (Note 10.1)	2,769,372,027	2,837,765,977	2,264,681,108	1,965,778,714
Contract Liabilities (Note 15)	48,482,258	16,309,886	48,482,258	68,276

Contract liabilities include short term advances received for the finishing and furnishing projects.

19. OTHER INCOME

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Sundry Income	2,597,266	6,718,622	8,597,266	16,679,526
Rent Income	-	-	1,200,000	1,200,000
Dividend Income	170,500	95,940	97,616,619	203,849,599
Changes in fair value of Biological Assets	8,879,184	15,086,046	8,879,184	15,086,046
Changes in fair value of Investment Properties	1,196,000	2,000,000	1,196,000	2,000,000
Changes in fair value of Financial Assets	1,606,148	-	1,606,148	-
Temporary Concession of Right of Used Assets	5,948,177	-	5,948,177	-
Asset Disposal Gain	32,199,866	51,330,280	32,199,866	51,330,280
	<u>52,597,141</u>	<u>75,230,888</u>	<u>157,243,260</u>	<u>290,145,451</u>

**20. FINANCE COST**

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Overdraft Interest	9,012,016	35,996,102	8,281,036	33,120,551
Import Loan Interest	41,446,000	73,738,621	39,620,749	70,636,037
Interest on Lease Liabilities	4,266,713	1,679,592	4,266,713	1,679,592
Loan Interest	12,786,366	21,551,832	7,651,152	20,612,114
Foreign Exchange Loss	15,445,272	139,026	13,671,225	-
	<u>82,956,367</u>	<u>133,105,173</u>	<u>73,490,875</u>	<u>126,048,294</u>

21. FINANCE INCOME

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Interest Income	24,712,373	24,833,458	21,007,911	24,545,358
Foreign Exchange Gain	17,869,441	22,333,443	-	5,054,450
	<u>42,581,814</u>	<u>47,166,901</u>	<u>21,007,911</u>	<u>29,599,808</u>



22. PROFIT BEFORE TAX

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Include in Cost of Sales				
Employees Benefits including the following				
- Defined Contribution Plan Costs - EPF&ETF	5,687,140	5,767,098	5,009,393	4,962,366
Depreciation	38,677,077	34,749,111	37,588,110	34,675,412
Included in Administrative Expenses				
Employees Benefits including the following				
- Defined Contribution Plan Costs - EPF&ETF	9,170,898	9,361,454	8,736,174	8,650,479
Depreciation	39,339,587	42,884,148	34,856,940	38,269,609
Amortization of Intangible Assets	5,217,654	4,557,129	5,085,560	4,497,400
Auditors Remuneration	2,163,200	1,762,306	660,000	660,000
Impairment of obsolete stocks	19,260,730	6,000,000	13,650,028	6,000,000
Included in Selling & Distribution Expenses				
Employees Benefits including the following				
- Defined Benefit Plan Costs	11,608,597	9,217,085	11,093,527	9,108,687
- Defined Contribution Plan Costs - EPF&ETF	13,932,108	13,870,487	13,603,455	13,870,487
Allowance for Expected Credit Loss	121,364,825	88,594,512	73,098,055	73,334,607
Depreciation	37,079,077	32,759,719	37,079,077	32,759,719
Depreciation of Right of Use Assets	18,869,945	8,637,605	18,869,945	8,637,605

23. INCOME TAX EXPENSE

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Current Income Tax				
Current income tax charge (Note 23.1)	7,794,958	34,086,605	-	-
Under/ (Over) provision of current taxes in respect of prior periods	-	8,760,346	-	8,760,346
Irrecoverable Economic Service Charge	55,297,037	-	55,297,037	-
	<u>63,091,995</u>	<u>42,846,951</u>	<u>55,297,037</u>	<u>8,760,346</u>
Deferred Income Tax				
Deferred Taxation Charge/(Reversal) (Note 23.2)	(19,037,590)	777,846	(19,037,590)	777,846
	<u>44,054,405</u>	<u>43,624,797</u>	<u>36,259,447</u>	<u>9,538,192</u>

23.1 A Reconciliation Between Tax Expense and the Product of Accounting Profit / (Loss)

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit Before Taxation	644,491,868	750,674,961	565,502,136	585,464,812
Aggregated Disallowable Expenses	505,329,460	538,083,877	496,646,738	537,155,588
Aggregated Allowable Expenses	(480,559,889)	(380,182,072)	(567,462,422)	(557,876,197)
Utilisation of Tax lossess	(73,244,820)	(684,880)	(56,641,713)	(203,753,659)
Exempt Income	(562,375,073)	(674,792,631)	(494,686,452)	(564,744,203)
Other Income	170,500	684,880	56,641,713	203,753,659
Taxable Income	<u>33,812,046</u>	<u>233,784,135</u>	<u>-</u>	<u>-</u>
Tax on balance taxable income	7,794,958	34,086,605	-	-

23. INCOME TAX EXPENSE (Contd...)**23.2 Deferred Income Tax**

	Company / Group Statement of Financial Position		Company / Group Statement of Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Accelerated depreciation for tax purposes	(38,836,947)	(69,798,852)	30,961,905	(4,224,093)
Biological Assets	(11,974,463)	(11,484,035)	(490,428)	(15,856,472)
Retirement Benefit Obligation	13,459,112	12,774,852	684,260	2,806,138
Provision for doubtful debts	17,772,802	18,216,390	(443,588)	4,287,797
Provision for obsolete inventories	16,101,557	14,963,142	1,138,415	(3,171,076)
Implication from SLFRS 16	1,157,583	1,887,884	(730,301)	1,887,884
Losses available for offsetting against future taxable income	2,320,356	14,257,715	(11,937,359)	14,257,715
Deferred Tax (Expense) / Benefit			19,182,904	(12,107)
Net Deferred tax Asset / (Liabilities)	-	(19,182,904)		
Reflected in the statement of financial position as follows:				
Deferred tax assets	50,811,410	62,099,983		
Deferred tax liabilities	(50,811,410)	(81,282,887)		
Deferred tax liabilities, net	-	(19,182,904)		

Reconciliation of deferred tax liabilities, net

	Company / Group	
	2021 Rs.	2020 Rs.
Opening Balance	(19,182,904)	(19,170,797)
Tax expense during the period recognised in profit or loss	19,037,590	(777,846)
Tax income/(expense) during the period recognised in OCI	145,314	765,739
Closing Balance	-	(19,182,904)

24. RIGHT OF USE ASSET

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 01 April	44,390,742	-	44,390,742	-
Effect of adoption of SLFRS 16 as at 1 April 2019	-	6,679,058	-	6,679,058
Additions during the year	-	46,349,289	-	46,349,289
Depreciation Expense	(18,869,945)	(8,637,605)	(18,869,945)	(8,637,605)
As at 31 March	25,520,797	44,390,742	25,520,797	44,390,742



25. COMMITMENTS AND CONTINGENCIES**25.1 Commitments**

There are no material commitments as at the reporting date.

25.2 Contingencies**25.2.1 Company / Group**

The Company/Group has given corporate guarantees to the following parties on behalf of the Group of Companies and other affiliates to obtain finance facilities. Directors do not expect Liabilities to arise from these guarantees.

Institution	2021 Rs.	2020 Rs.
Bank of Ceylon	150,000,000	150,000,000
Commercial Bank PLC	182,450,000	163,650,000
The Hongkong and Shanghai Banking Corporation Limited	-	25,000,000
People's Bank	265,000,000	265,000,000
National Development Bank PLC	60,000,000	60,000,000
Hatton National Bank PLC	30,000,000	30,000,000
Others	46,049,059	46,049,059
	<u>733,499,059</u>	<u>739,699,059</u>

26. EVENTS OCCURRING AFTER THE REPORTING DATE

There have no other material events occurring after the reporting date that require adjustments to or disclosure in the financial statements other than mentioned below.

26.1 Non-Adjustable Event

The Company declared and paid a final dividend of Rs. 0.25 per share for the year ended 31st March 2021 on 27th April 2021.

27. ASSETS PLEDGED

The following assets have been pledged as security for liabilities

Nature of the Assets Pledged	Nature of the Liability	Carrying amount pledged	
		2021 Rs.	2020 Rs.
Hatton National Bank PLC			
1) Lien over Fixed Deposit 142300004790	SBLC	-	18.1 Mn
2) Fixed Deposit Euro	Guarantee Facility	-	125.6 Mn

In addition the Company/Group also has Documents of Title & Duly Completed Usance Drafts (LC), Import Loan Agreement (Import Loans) with the Bank.



27. ASSETS PLEDGED (Contd...)

Nature of the Assets Pledged	Nature of the Liability	Carrying amount pledged	
		2021 Rs.	2020 Rs.
Commercial Bank of Ceylon			
1) Lien Over Savings Deposit	Overdraft	Rs.9.5 Mn	1.16 Mn
2) Floating Primary Mortgage Bond	Letter of Credit	Rs.157 Mn	157 Mn
3) Secondary Mortgage Bond for Euro 300,000	Short Term Loan	Rs.72 Mn	61.5 Mn
4) Floating Quaternary Mortgage Bond	Import Loan	Rs.89 Mn	89 Mn
5) Insurance Policy	Release of Usance Documents	Rs.60 Mn	60 Mn

In addition the Company / Group also has Documents of title over Goods Imported (LG), Duly Accepted Drafts (SG) and Guarantee Indemnity (SBLC) with the Bank.

Hongkong & Shanghai Banking Corporation

1) Primary Mortgage Over Property	Overdraft	-	68.67 Mn
2) Primary Mortgage Over Land & Building	Guarantees	-	-
3) Primary Mortgage Over Stock and Debt	Import Loan	-	200 Mn
4) Supplementary Mortgage Over Property	Term Loan	-	51 Mn
5) Lien Over Fixed Deposit	Stand By Letter of Credit	Rs.40 Mn	-

In addition the Company / Group also has Blanket Counter Indemnity and Letter of Negative Pledge with the Bank.

National Development Bank

1) Primary Mortgage over Stocks & Book Debts	Stand By Letter of Credit		
	Post Import Loans	Rs. 616 Mn	-
	Pre Export Finance		

In addition the Company / Group also has Documents of title over Goods Imported (LG), Duly Accepted Drafts (SG) and Guarantee Indemnity (SBLC) with the Bank.

Standard Chartered Bank

1) Primary Mortgage Over Stock and Debt	Short Term Loans		
	Overdraft		
	Shipping Guarantees		
	Import Letter of credit	Rs. 742 Mn	Rs 742 Mn
	Import Loan		
	Bonds and Guarantees		
	Financial Guarantees/SBLC		

In addition the Company / Group also has Documents of title over Goods Imported (LG), Duly Accepted Drafts (SG) and Guarantee Indemnity (SBLC) with the Bank.



28. RELATED PARTY DISCLOSURES

Details of significant related party transactions are as follows;

	Company		Group	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
28.1 Transactions with Subsidiaries				
Trade Sales	70,885,810	113,492,670	-	-
Trade Purchases	(104,475,467)	(87,409,036)	-	-
Settlements and Net Fund Transfers	(14,281,032)	(44,970,807)	-	-
Expenses Incurred on behalf of subsidiaries	78,097,393	106,163,593	-	-
Dividend Income	97,446,120	203,753,659	-	-
Other Service Income	7,776,000	8,114,000	-	-
Other Service Expenses	(6,845,829)	(604,780)	-	-
Interest Charged	1,692,638	656,586	-	-
Net Loan Granted	22,761,799	110,228,320	-	-
28.2 Transactions with Affiliates				
Trade Sales	-	-	36,811,106	1,278,770,507
Non-Trade Purchases	(9,543,308)	(19,053,024)	(9,543,308)	(19,053,024)
Settlements and Net Fund Transfers	(10,347,576)	(524,013,499)	(474,076,754)	(1,130,055,646)
Expenses Incurred on behalf of other related parties	6,117,359	5,339,049	6,117,359	5,993,726
Interest Charged	-	8,157,545	-	8,157,545

Terms and conditions of transactions with related parties

Companies within the Group engage in trading transactions under relevant commercial terms and conditions. Outstanding current account balances at the year end are unsecured, charged with weighted average cost of debt rate, and settlements occur in cash.

Transactions with JAT Holdings Bangladesh (Pvt) Ltd, JAT Property Group (Pvt) Ltd, Crest Marketing (Pvt) Ltd, JAT Technologies (Pvt) Ltd, Solid Land Development (Pvt) Ltd, JAT Trading (Pvt) Ltd, Flexospan Steel Buildings (Pvt) Ltd and Alpha Delta (Pvt) Ltd are given above under details of related party transactions with affiliates.

28.3 Transactions with Key Management Personnel

The key management personnel of the Company are the members of its Board of Directors. There are no transaction with such KMP and their close family members, other than mentioned below.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Short-term employee benefits	66,606,564	53,600,244	66,606,564	53,600,244
Proceeds on Disposal of Subsidiary	-	61,150,000	-	61,150,000
Ordinary Shares Buy Back	57,121,880	-	57,121,880	-
	<u>123,728,444</u>	<u>114,750,244</u>	<u>123,728,444</u>	<u>114,750,244</u>



JAT Holdings Limited
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021



29. FAIR VALUE MEASUREMENT

The fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants of the measurement date.

29.1 Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments and certain non-financial asset that are carried in the Financial Statements.

29.1.1 Group	Carrying Amount		Fair Value	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Financial Assets				
Equity instrument designated at fair value through profit or loss				
- Quoted equity shares	2,905,000	2,467,248	2,905,000	2,467,248
- Un-Quoted equity shares	2,500,000	-	2,500,000	-
Other financial instruments designated at fair value through profit or loss				
- Money Market Funds	211,401,590	-	211,401,590	-
Financial Assets Carried at Amortized Costs				
- Trade and other receivables	2,836,316,766	2,989,366,864	2,836,316,766	2,989,366,864
- Amount Due From Related Parties	70,818,034	59,585,256	70,818,034	59,585,256
Cash and short term deposits	494,283,570	497,379,506	494,283,570	497,379,506
Total	3,618,224,960	3,548,798,874	3,618,224,960	3,548,798,874
Non-Financial Assets				
Investment Properties	-	43,039,000	-	43,039,000
Consumable Biological Assets	58,120,344	49,241,160	58,120,344	49,241,160
Total	58,120,344	92,280,160	58,120,344	92,280,160
Financial Liabilities				
Interest-bearing loans and borrowings				
- Obligations under finance leases	30,344,059	43,581,249	30,344,059	43,581,249
- Long term loans	44,440,625	45,592,500	44,440,625	45,592,500
- Short term loans and bank overdraft	457,702,059	833,679,417	457,702,059	833,679,417
Trade and other payables	1,127,339,229	1,206,267,576	1,127,339,229	1,206,267,576
Amount Due to Related parties	91,617	50,795	91,617	50,795
Total	1,659,917,590	2,129,171,537	1,659,917,590	2,129,171,537
29.1.2 Company				
Financial Assets				
Equity instrument designated at fair value through profit or loss				
- Quoted equity shares	2,905,000	2,467,248	2,905,000	2,467,248
- Un-Quoted equity shares	2,500,000	-	2,500,000	-
Other financial instruments designated at fair value through profit or loss				
- Money Market Funds	211,401,590	-	211,401,590	-
Financial Assets Carried at Amortized Costs				
- Trade and other receivables	2,315,246,922	2,102,542,315	2,315,246,922	2,102,542,315
- Amount Due From Related Parties	246,056,188	233,886,036	246,056,188	233,886,036
Cash and short term deposits	216,355,313	378,198,499	216,355,313	378,198,499
Total	2,994,465,013	2,717,094,099	2,994,465,013	2,717,094,099
Non-Financial Assets				
Investment Properties	-	43,039,000	-	43,039,000
Consumable Biological Assets	58,120,344	49,241,160	58,120,344	49,241,160
Total	58,120,344	92,280,160	58,120,344	92,280,160
Financial Liabilities				
Interest-bearing loans and borrowings				
- Obligations under finance leases	30,344,059	43,581,249	30,344,059	43,581,249
- Long term loans	-	35,608,125	-	35,608,125
- Short term loans and bank overdraft	455,483,656	798,128,798	455,483,656	798,128,798
Trade and other payables	820,994,171	595,085,805	820,994,171	595,085,805
Amount Due to Related parties	-	-	-	-
Total	1,306,821,885	1,472,403,976	1,306,821,885	1,472,403,976

29. FAIR VALUE MEASUREMENT (Contd...)**29.2 The following methods and assumptions were used to estimate the fair values:**

Cash and short term deposits, trade and other receivables, amounts due to/from related parties and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments.

Fair value of quoted equity shares are based on market prices available in Colombo stock exchange at the reporting date.

Long term loans and financial leases approximate their carrying amount as majority of the loan portfolio consist of loans obtained at variable interest rates.

The methods and assumptions used to estimate fair value of investment property and biological assets are reflected in Note 2.8 & 2.9.

29.3 Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments and non financial assets by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2021 the Group/Company held the following financial assets and other non-financial assets carried at fair value in the Statement of Financial Position:

Assets Measured at Fair Value	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Level 01				
Equity Shares	2,905,000	2,467,248	2,905,000	2,467,248
Total	<u>2,905,000</u>	<u>2,467,248</u>	<u>2,905,000</u>	<u>2,467,248</u>
Level 02				
Money Market Funds	211,401,590	-	211,401,590	-
Total	<u>211,401,590</u>	<u>-</u>	<u>211,401,590</u>	<u>-</u>
Level 03				
Equity Shares	2,500,000	-	2,500,000	-
Investment Properties	-	43,039,000	-	43,039,000
Consumable Biological Assets	58,120,344	49,241,160	58,120,344	49,241,160
Total	<u>60,620,344</u>	<u>92,280,160</u>	<u>60,620,344</u>	<u>92,280,160</u>



During the reporting period ended 31 March 2021 there were no transfers between Level 1 and Level 2 fair value measurements

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The senior management is supported by the Board of Directors (BOD) that advises on financial risks and the appropriate financial risk governance framework for the Group. BOD provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with group policies and group risk appetite. It is the Group's policy that all activities for risk management purposes are required to be approved by Board of Directors of JAT Holdings Limited.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

30.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.


30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)**30.1.1 Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with fixed interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's policy is to maintain an appropriate balance between fixed and variable rate borrowings.

30.1.2 Interest Rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

 2021 LKR	Increase / decrease in basis points	Increase / decrease Rate	Company Effect on profit before tax	Group Effect on profit before tax
	+ 50	+ 0.5%	(3,223,051)	(3,453,537)
	- 50	- 0.5%	3,223,051	3,453,537

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

30.1.3 Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the import of raw materials, finished goods and packing materials.

30.1.4 Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EURO exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Company Effect on profit before tax	Group Effect on profit before tax	Change in EURO rate	Company Effect on profit before tax	Group Effect on profit before tax
2021	+ 5%	(130,860)	3,986,469	+ 5%	(1,846,683)	979,913
	- 5%	130,860	(3,986,469)	- 5%	1,846,683	(979,913)

30.1.5 Equity Price Risk

The Group's quoted and unquoted equity securities are securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed and unlisted equity securities at fair value was Rs. 2,500,000/- (2020 - Nil).

30.2 Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

30.2.1 Trade Receivables

Customer credit risk is managed by each company subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the established credit risk evaluation policy and individual credit limits are defined in accordance with this assessment.

Outstanding customer receivables are regularly monitored.

Minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

Management has assessed the existing and anticipated effect of COVID -19 on recoverability of trade and other receivable and concluded that Company and its subsidiaries don't have significant doubt on recoverability of trade and other receivable. Therefore, no incremental impairment allowance has been recognised.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd...)**30.2.2 Cash Deposits**

Credit risk from balances with banks is managed in accordance with the Group treasury policy. Investments of surplus funds are made only with approved counterparties as per this policy.

30.3 Liquidity Risk

The Group monitors its risk to a shortage of funds by setting up a minimum liquidity level. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12

Year ended 31 March 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Group						
Bank Loans	-	2,802,768	22,490,208	19,147,649	-	44,440,625
Short Term Loans & Import Loans	-	176,433,560	277,376,508	-	-	453,810,068
Lease Liability	-	6,738,858	13,313,115	10,292,086	-	30,344,059
Company						
Short Term Loans & Import Loans	-	176,433,560	277,376,509	-	-	453,810,069
Lease Liability	-	6,738,858	13,313,115	10,292,086	-	30,344,059
Year ended 31 March 2020	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Group						
Bank Loans	-	-	38,270,625	7,321,875	-	45,592,500
Short Term Loans & Import Loans	-	68,125,327	571,426,269	-	-	639,551,596
Lease Liability	-	2,327,730	12,074,548	29,178,971	-	43,581,249
Company						
Bank Loans	-	-	35,608,125	-	-	35,608,125
Short Term Loans & Import Loans	-	50,631,862	571,031,752	-	-	621,663,614
Lease Liability	-	2,327,730	12,074,548	29,178,971	-	43,581,249

Management has assessed the existing and anticipated effect of COVID -19 on liquidity of the Company and its subsidiaries to settle liabilities when it is due and management are satisfied that the Company and its subsidiaries don't have significant concerns relating to the Group's liquidity.

30.3.1 Capital Management

Capital includes ordinary shares. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.





ANNEXURE H

INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED MARCH 31, 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		Company	
	6 Months Ended 31st March		6 Months Ended 31st March	
	Non-Audited	Non-Audited	Non-Audited	Non-Audited
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Revenue	3,550,835,243	3,392,790,113	2,907,172,578	2,253,438,732
Cost of Sales	(2,458,572,112)	(2,321,204,341)	(1,975,810,768)	(1,413,441,390)
Gross Profit	1,092,263,131	1,071,585,773	931,361,809	839,997,342
Other Income	48,447,895	74,115,209	85,998,778	280,801,153
Selling and Distribution Costs	(368,310,859)	(389,399,761)	(298,324,112)	(343,980,732)
Administrative Expenses	(125,862,335)	(149,150,054)	(203,615,356)	(182,409,752)
Finance Cost	(20,319,070)	(61,500,591)	(23,091,929)	(55,749,246)
Finance Income	34,628,929	31,530,923	13,165,023	13,991,616
Profit Before Tax	660,847,692	577,181,498	505,494,212	552,650,381
Income Tax Expense	(39,260,115)	(15,387,826)	(33,374,877)	(1,214,202)
Profit For The Year	621,587,577	561,793,672	472,119,335	551,436,179
Profit for the year attributable to				
Owners of the Parent	620,186,738	565,740,077	472,119,335	551,436,179
Non-Controlling Interest	1,400,839	(3,946,405)	-	-
	621,587,577	561,793,672	472,119,335	551,436,179
Other Comprehensive Income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Effect of Translation of Foreign Operation	(524,809)	461,499	-	-
Actuarial Gains/(Losses) On Defined Benefit Plans	(605,477)	(2,734,782)	(605,477)	(2,734,782)
Income Tax Effect	145,314	765,739	145,314	765,739
Other Comprehensive Income, net of tax	(984,972)	(1,507,544)	(460,163)	(1,969,043)
Total Comprehensive Income	620,602,605	560,286,128	471,659,172	549,467,136
Total Comprehensive Income attributable to				
Owners of the Parent	619,222,349	564,225,011	471,659,172	573,957,578
Non-Controlling Interest	1,380,256	(3,938,883)	-	-
	620,602,605	560,286,128	471,659,172	573,957,578
Earnings Per Share	1.36	1.24	1.04	1.21



ANNEXURE I

RESEARCH REPORT PUBLISHED TO ASCERTAIN THE VALUE OF ORDINARY VOTING SHARES OF JAT HOLDINGS LIMITED

JAT HOLDINGS LIMITED

Research Report Prepared by



CAPITAL ALLIANCE PARTNERS LIMITED

Level 05, "Millennium House",
No. 46/58, Nawam Mawatha,
Colombo 02,
Sri Lanka.

We, Capital Alliance Partners Limited ("CAL"), hereby declare that we possess the requisite expertise to perform reports of this nature involving a quoted company categorised under the GICS Sector Classification: Materials.

Please note that the valuation of JAT was conducted by CAL primarily based on the assumptions and the financial information provided by Board of Directors and Senior Management of JAT and CAL has employed best efforts to independently review and analyse the assumptions provided by the management in comparison with the historical financial performance of the Company, industry trends and peer information.

Further, we declare that the Research Report has been prepared in conformity with the disclosures stated in the 'Guidance Note' pertaining to the preparation of a Valuation/Research report.



The Board of Directors,

JAT Holdings Limited,
No. 351,
Pannipitiya Road,
Thalawathugoda,
Sri Lanka.

Dear Sir/Madam,

Valuation Report to the Board of Directors and Shareholders of JAT Holdings Limited on the proposed Initial Public Offering

We, Capital Alliance Partners Limited, in the capacity of Joint Managers and Financial Advisors to the Initial Public Offering (IPO) of JAT Holdings Limited, wish to submit the enclosed Research Report wholly prepared by us in accordance with Section 3.1.4 (c) of the Colombo Stock Exchange Listing Rules.

Please find enclosed herewith the detailed Research Report for your reference.

Thank you,
Yours faithfully,

CAPITAL ALLIANCE PARTNERS LIMITED

Sgd

Vishnu Balachandran
Executive Vice President
Head of Investment Banking

CAPITAL ALLIANCE PARTNERS LIMITED
Level 5, Millennium House, 46/58, Nawam Mawatha,
Colombo 02, Sri Lanka.

☎ +94 11 231 7777 ☎ +94 11 231 7788 ☎ www.cal.lk

Company Reg: No. PB 4861

BOARD OF DIRECTORS
Mr. W. A. T. Fernando | Mr. D. A. De Zoysa | Mr. T. J. William

Table of Contents

	Glossary of terms and Abbreviations	186
1.0	Introduction	187
1.1	Executive Summary	187
1.2	Background to the Assignment	188
1.3	Terms of Reference	188
2.0	Overview – JAT Holdings Limited	189
3.0	Industry Overview	190
3.1	Overview on the global coating industry:	190
3.2	Unforeseen times: impact of the global covid-19 pandemic	192
3.3	Industry prospects by country	193
4.0	Financial Forecasts and Assumptions	195
4.1	Revenue Forecasts and Assumptions	195
4.2	Cost of Sales Forecasts and Assumptions	200
4.3	Selling and Distribution Expenses	204
4.4	Administrative Expenses	204
4.5	Working Capital	204
5.0	Valuation Methodology	205
5.1	Discounted Cash Flow (DCF) Method	205
5.2	P/E Relative	205
6.0	Valuation Results	206
6.1	Discounted Cash Flow (DCF) Valuation Method	206
6.2	Forward PER Valuation Method	212
7.0	Value Recommendation	214
8.0	Forecast Statement of Financial Performance	215
8.1	JAT Group	215
8.2	JATH	215
8.3	BM	216
8.4	WWRC	216
8.5	JATE	216
8.6	DMCC	217
8.7	JATG	217
8.8	JATB	217
8.9	JATA	218
9.0	Risks	219
10.0	Individuals Materially Participating in the Valuation Assignment	220
10.1	CAL Team	220
11.0	Disclaimer	221

Glossary of terms and Abbreviations

APAC	Asia Pacific
ASPI	All Share Price Index
AWPLR	Average Weighted Prime Lending Rate
BDT	Bangladeshi Taka
BM	Brush Master (Pvt) Ltd
CAGR	Compound Annual Growth Rate
CAL	Capital Alliance Partners Limited
Capex	Capital Expenditure
DMCC	JAT Exports DMCC
Comps	Comparable Companies to JAT
CSE	Colombo Stock Exchange
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest & Tax
EBIT (1 – T)	Tax Adjusted Earnings Before Interest & Tax
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization
EPS	Earnings per Share
ETB	Ethiopian Birr
EV	Enterprise Value
FCFF	Free Cashflow to Firm
FY	Financial Year
INR	Indian Rupee
IPO	Initial Public Offer
JAT	JAT Group
JATA	JAT East African Plant
JATB	JAT Bangladesh Plant
JATE	JAT Exports (Pvt) Ltd
JATH	JAT Holdings Limited
JATG	JAT Global (Pvt) Ltd
LKR	Sri Lankan Rupee
LKR Bn	Sri Lankan Rupee (in billion)
LKR Mn	Sri Lankan Rupee (in million)
Market Cap	Market Capitalization
NAV	Net Asset Value
NAVPS	Net Asset Value per Share
NC	Nitrocellulose
PAT	Profit After Tax
P/E Relative or PER	Price to Earnings Ratio
PU	Polyurethane
Point Valuation	A Single Price Point Arrived at Using a Single Basis
SEC	Securities & Exchange Commission of Sri Lanka
USD	United States Dollar
USD Bn	United States Dollar (in billions)
USD Mn	United States Dollar (in millions)
the Assignment	Provide an independent valuation to be included in the IPO Prospectus of JAT Holdings Limited
the Board	The Board of Directors of JAT Holdings Limited
Ordinary Voting Shares	Ordinary Voting Shares of JAT Holdings Limited
Offeror	JAT Holdings Limited
Shareholders	Shareholders of JAT Holdings Limited
SOTP	Sum of the Parts
TTM	Trailing Twelve Months
Valuation Date	Wednesday, 31 March 2021
WACC	Weighted Average Cost of Capital
WC Inv.	Investment in Working Capital
WWRC	Worldwide Resins and Chemicals (Pvt) Ltd

1.0 Introduction

1.1 Executive Summary

CAL valued JAT Holdings Limited ("JAT"/"Company") using two fundamental valuation methods: Sum of the Parts ("SOTP") valuation using Discounted Cash Flow ("DCF") analysis and PER Relative. Based on this, we conclude the value of JAT of LKR 32.70; based on our primary valuation metrics – the SOTP using DCF and PER.

We would also like to bring to the reader's attention that the IPO price of LKR 27.00 per share is at a c. 17.4% discount to our reference Point Valuation, based on the DCF and PER, of LKR 32.70. This IPO discount is provided to investors in order to provide a potential upside on the investment.

The table below sets out the findings from the valuation methodologies mentioned above. Please refer Section 6.0 – Valuation Results for a more detailed discussion.

Method	Intrinsic Value of Equity (LKR Mn)	Weightage	Value Per Share (LKR)*
DCF	16,589	90%	32.50**
Forward PER	17,615	10%	34.51
Average Value Per Share (LKR)			32.70

*Based on the total number of shares in issue post IPO

**The DCF value per share setout herein, is subject to the viability of the said forecasts/assumptions made in section 4 of this Research Report

However, we offer the following cautions to investors:

Point valuations are highly subjective. We considered a few methods to provide balance, but concluded that a SOTP was more appropriate vis-à-vis the available alternatives due to the following reasons.

- JAT has significant investments in several companies in Sri Lanka and overseas consolidated as Subsidiaries. Thus, we believe SOTP valuation using DCF analysis is the best model to grasp the full value of JAT as it captures the future potential and profitability of the Group.
- We have considered several CSE-listed peers as well as Bangladeshi listed peers for our Forward PER valuation. The 'Materials and Capital Goods' Sector Peers as per the GICS classification on the CSE – included Royal Ceramics Lanka PLC, Tokyo Cement Lanka PLC, Alumex PLC, ACL Cables PLC and Lanka Walltiles PLC and the 'Paints and Building Products' Industry Peers as per industry classification on the S&P Capital IQ – included Berger Paints Bangladesh Limited, Nahee Aluminium Composite Panel Ltd, Fu-Wang Ceramic Industry Limited and RAK Ceramics (Bangladesh) Limited – all of which are listed companies engaged in the manufacturing and trading businesses. These companies are operationally comparable to JAT as the peers are in the construction space, however, not direct comparables and the company level PERs exhibit a broad variation. Therefore, we have allocated a 10% weightage to PER valuation as part of our primary valuation mode.

Bangladeshi peers were considered as a significant amount of revenue of JAT is attributable to Bangladesh and presence in Bangladesh is expected to increase going forward with the establishment of the manufacturing facility in Bangladesh.

We have used the Forward PER valuation method as opposed to trailing PER valuation method as the profitability in FY21 was heavily impacted due to the subdued economic impact of COVID-19. Therefore, FY21 results do not accurately reflect company's earnings capability.

- The NAV was not considered as a valuation basis. Since the NAV of the individual companies is not directly related to the earnings capacity of the respective entities based on the nature of operations, we have not considered it as a valuation mode.

1.2 Background to the Assignment

Incorporated in 1993, JAT Holdings Limited has progressed in establishing itself as one of the leading paints and coating companies in Sri Lanka over the last 25 years. The Company has expanded regionally across Bangladesh, India, the Maldives as well as internationally in East Africa. JAT's regional operations now account for c. 25% of its business. JAT has also ventured into the furnishing and buildings field and has added leading furniture brands such as SEA, Hermann Miller, Armstrong and Houros under JAT's product portfolio.

At this juncture, JAT is considering obtaining a listing on the CSE via an IPO to meet the dual objectives of raising additional capital for the following business expansion projects and of providing an exit option for Emerald Sri Lanka Fund 1 Limited, that has a c. 5.96% holding in JAT.

	Description	Fund Utilization	Expected Utilization Timeline
1	Investment in enhancing the existing R&D facility to a fully-fledged state-of-the-art facility for all coatings	433,165,000	Q2 of FY22 – Q4 of FY22
2	Setting up manufacturing facility in Bangladesh	515,423,927	Q2 of FY22 – Q4 of FY22
3	Investment in expanding the "WHITE by JAT" Marketing and Development Initiatives	256,884,046	Q2 of FY22 – Q4 of FY23
4	Setting up a Manufacturing Facility in East Africa	301,523,927	Q2 of FY23 – Q4 of FY23
		1,506,996,900	

Thus, the Board of Directors of JAT has appointed CAL, to conduct a valuation of JAT shares.

1.3 Terms of Reference

Our terms of reference in respect to this Assignment involve presenting to the Board of Directors and Shareholders of JAT| (the Shareholders) the value of JAT shares at the point of the IPO.

2.0 Overview – JAT Holdings Limited

JAT Holdings Limited was incorporated in 1993 and have since been the distributor of the leading brand names in the paints and coatings industry including Sayerlack and Borma Wachs. Among its many achievements, JAT was placed among LMD's Top 20 Conglomerate Brands in Sri Lanka by Brands Annual 2020 and among the Top 100 Most Respected Companies cited by LMD for four consecutive years. The company has achieved a meteoric rise under the competent leadership of Mr. Aelian Gunawardene who was on the LMD's A List for three consecutive years commencing in 2018 and won the Entrepreneur of the Year award in 2017.

While enjoying a dominant position in the timber coating market with an enviable share of c. 55%¹ in water base and PU wood coating along with its strong presence in South Asia has enabled JAT to be the largest distributor in the world for Sayerlack², which is the wood coating brand of The Sherwin-Williams Company.

Its newest product, 'WHITE by JAT' was launched in December 2020 and is a superlative quality emulsion paint. The Company aims to match superior quality with affordability for their consumers (homeowners, shop owners and corporates) in an efficient and convenient manner as these paints are sold online and are delivered to their consumers.

Further to having been in the paints and coatings industry for a significant time period, JAT has recently ventured into the furnishing and buildings field. The company has partnered with leading furniture brands such as Hermann Miller, Armstrong and Houros to name just a few. By partnering with the SEA Group, JAT has become a component of many high-profile projects in the construction of Sri Lanka's most desirable residential and commercial properties. These include the completion of kitchen sets, wardrobes and vanities at Altair Residential Project, 606 The Address and Prime Grand etc.

JAT has a significant market presence in Bangladesh ever since they entered the wood coating market in 2001 with brands such as 'Sayerlack' and 'J Chem'. Given the large market share in Bangladesh and the expectations for this to grow significantly over the years, there is an even greater scope for JAT to widen its operations in Bangladesh. This is a task made achievable by setting up a manufacturing plant within Bangladesh itself so JAT could cater to the expanding consumer segment and the rising middle-class portion of Bangladesh population.

Innovation has been the driving force behind JAT ever since its inception. In keeping with this principle, in 2018, the company made strides in together fusing innovation with sustainability. This was achieved with the introduction of waterbase wood coatings to Sri Lanka and Polyurethane (PU) coatings to Bangladesh which revolutionised these markets. The latest innovation is the launch of JAT's Petal Paint which gained recognition in New York, Thailand, United Kingdom etc. JAT pioneered the idea of utilizing the volumes of discarded flowers made as offerings at temples and extracting the pigments out of the flowers to manufacture paints. The paints were then used by enterprising artists who would utilize their creative efforts to repaint and restore the existing murals of the temples.

JAT Holdings Limited – Group Structure



¹ Pepper Cube Consultants (Pvt) Ltd - Outlet Census Survey, 2021

² Sherwin Williams Letter dated 4th of May 2021

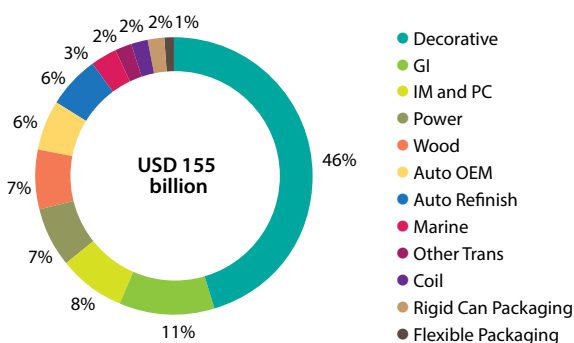
3.0 Industry Overview

3.1. Overview on the global coating industry:

The global wood coating industry is a highly specialized industry that is designated as indoor and outdoor coating of residential, commercial and institutional buildings. The market is inextricably linked and is therefore driven by the construction and furnishing sectors as it forms a key component in their processes.

The coatings market can be analyzed by way in which it is divided into different segments. As depicted in the figure below decorative paints lead the industry and is followed by general industrial, industrial maintenance and protective coatings and also powder and wood coatings. The decorative paints industry consists of paints for interiors and exteriors and includes emulsion and enamel paints. Recently, it has become popular in 'Do It Yourself' (DIY) projects among new homeowners and those looking to remodel their homes themselves. The market for wood coatings comprises a niche since protective coatings and wood coatings are used on an industrial scale with larger building projects and complexes.

Sectoral Split of The Global Coatings Industry - 2019

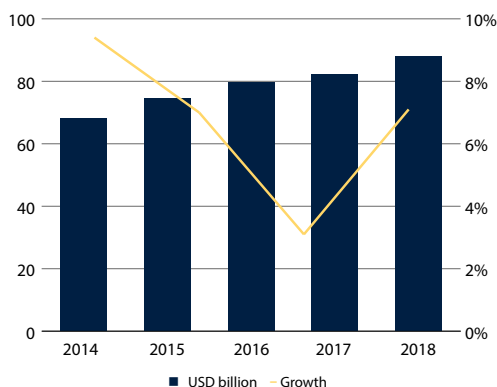


Source: Global Coatings Report, 2020

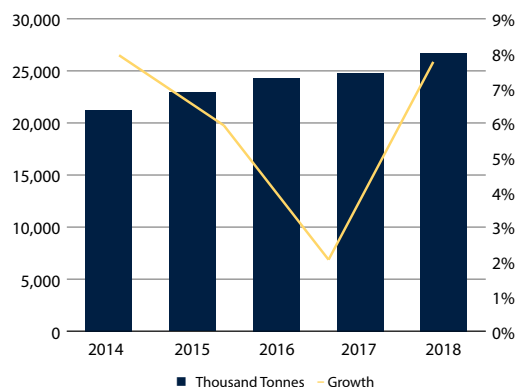
3.1.1. Asia Pacific market segmentation:

The Asia Pacific (APAC) market is a highly lucrative for the coating and paints industry. The APAC coating and paints industry achieved a total revenue of USD 87,906.9 million as recorded in 2018, with a CAGR of c. 6.6% between 2014-2018³.

Market Value (USD billion) during 2014-2018



Market Volume (Thousand Tonnes) during 2014-2018



Source: Marketline, 2019

A key driver of the lucrative coating and paints industry in APAC is the share of the construction sector and its relative success in this region. This is owed to the fact that the higher the number of commercial, office and residential buildings being built, the greater the demand for paints and coatings required for these buildings. Studies carried out by the Market Data indicate that the APAC construction sector accounts for the largest share of the global construction sector. This is attributable to the successful growth stories in India and China, which in turn, led to the boom in the multifaceted construction sector; not just in terms of infrastructure development but more importantly residential, commercial and office buildings⁴.

³ Marketline Research. 2019.

⁴ Market Data. 2018

Global Construction Output Growth (Real USD), Average % Change During 2018-2022



Source: Global Data Construction Intelligence Centre, 2018

3.1.2 Analysis of the Local Paints and Coating Industry:

The local paints and coatings industry can be divided into two main segments as Wood Coating and Decorative Paints segments. The local wood coating market is mainly composed of Water-Based, Polyurethane (PU) and Nitrocellulose (NC) products where JAT is the market leader in the Water-Based and PU space commanding a c. 55% market share in terms of market presence⁵. Water-Based and PU products are considered as higher value products with premium quality compared to NC products. Although Sri Lanka used to be primarily a NC based market, a gradual shift from NC based products to more premium quality Water-Based and PU products could be identified over the last 15 years.

Further, there is no disclosures regarding the market share related to NC segment as there is no formal research carried out with respect to this segment.

Sayerlack shows a strong presence in the wood coating category and ranks among the top two across all provinces as the highest selling wood coating product in Sri Lanka as depicted by the below table.

Provincial Ranking – Wood Coating									
	Western Province	Southern Province	North-Western Province	Central Province	Sabaragamuwa Province	Uva Province	North-Central Province	Eastern Province	Northern Province
1	Sayerlack	Competitor 1	Others	Sayerlack	Sayerlack	Sayerlack	Sayerlack	Sayerlack	Competitor 3
2	Others	Sayerlack	Sayerlack	Others	Competitor 1	Competitor 3	Competitor 4	Competitor 1	Sayerlack
3	Competitor 1	Others	Competitor 2	Competitor 1	Others	Competitor 1	Others	Competitor 3	Others

Source: Outlet Census Survey, Pepper Cube Consultants (Pvt) Ltd, 2021

The decorative paints market is partially consolidated in nature, with only few major brands dominating the segment. This segment can be mainly segregated into two main categories as Interior and Exterior Decorative Paints.

Provincial Ranking – Interior Decorative Paints									
	Western Province	Southern Province	North-Western Province	Central Province	Sabaragamuwa Province	Uva Province	North-Central Province	Eastern Province	Northern Province
1	Competitor 2	Competitor 1	Competitor 4	Competitor 5	Competitor 1	Competitor 1	Competitor 2	Competitor 3	Competitor 3
2	Competitor 3	Competitor 4	Competitor 6	Competitor 3	Competitor 3	Competitor 5	Competitor 6	Competitor 1	Competitor 5
3	Competitor 5	Competitor 3	Competitor 2	Competitor 2	Competitor 2	Competitor 3	Competitor 4	Competitor 4	Competitor 4

Provincial Ranking – Exterior Decorative Paints									
	Western Province	Southern Province	North-Western Province	Central Province	Sabaragamuwa Province	Uva Province	North-Central Province	Eastern Province	Northern Province
1	Competitor 2	Competitor 1	Competitor 4	Competitor 5	Competitor 1	Competitor 1	Competitor 6	Competitor 3	Competitor 3
2	Competitor 3	Competitor 3	Competitor 6	Competitor 4	Competitor 2	Competitor 5	Competitor 5	Competitor 1	Competitor 5
3	Competitor 1	Competitor 5	Competitor 2	-	Competitor 3	Competitor 3	Competitor 3	Competitor 5	Competitor 1

Source: Outlet Census Survey, Pepper Cube Consultants (Pvt) Ltd, 2021

⁵ Outlet Census Survey, Pepper Cube Consultants (Pvt) Ltd, 2021

Paint brush market can be divided into Black and Gold Brushes and Roller Brushes and JAT ranks highest in both these segments in Sri Lanka. The provincial ranking in the two segments has been illustrated below.

Provincial Ranking – Black and Gold Brushes									
	Western Province	Southern Province	North-Western Province	Central Province	Sabaragamuwa Province	Uva Province	North-Central Province	Eastern Province	Northern Province
1	Brush Master	Competitor 4	Competitor 1	Brush Master	Competitor 5	Competitor 3	Brush Master	Brush Master	Competitor 5
2	Harris Classic	Competitor 6	Others	Competitor 3	Brush Master	Harris Classic	Competitor 3	Competitor 3	Competitor 2
3	Competitor 1	Competitor 5	Harris Classic	Competitor 5	Competitor 4	Competitor 4	Harris Classic	Competitor 6	Competitor 3

Provincial Ranking – Roller Brushes									
	Western Province	Southern Province	North-Western Province	Central Province	Sabaragamuwa Province	Uva Province	North-Central Province	Eastern Province	Northern Province
1	Brush Master	Others	Competitor 1	Others	Competitor 5	Others	Brush Master	Brush Master	Others
2	Harris Classic	Competitor 6	Others	Competitor 6	Harris Classic	Competitor 2	Competitor 2	Competitor 2	Competitor 5
3	Competitor 2	Brush Master	Competitor 6	Competitor 1	Competitor 6	Competitor 6	Competitor 6	Competitor 6	Competitor 1

Source: Outlet Census Survey, Pepper Cube Consultants (Pvt) Ltd, 2021

The roller brushes segment indicates low market concentration as evidenced by large number of brands with a smaller market share which are categorized as 'Others' in the above table.

The names of the competitors of JAT and their relative market share is not disclosed herein, as the market studies carried out by JAT in this regard is considered to be confidential by the company.

3.2. Unforeseen times: impact of the global COVID-19 pandemic

The onset of the COVID-19 pandemic towards the end of 2019, brought with it extreme unprecedented circumstances. It impacted nearly every industry in the world and its reverberations have continued to be felt to the present day. A notable impact on the wood coating and paints industry was caused by the disruption in supply chains due to the imposition of national lockdowns and closing of international borders to contain the spread of the virus. Given that the industry imports c. 50% of its raw materials to process solvents, resins and add on components to the overall product mix, this invariably led to lags in the supply of coatings and paints⁶. This had the knock-on effect of short supply for a period of time till paint companies were able to maneuver through this and ensure a steady stream of raw materials supply.

A further impact is that during the imposed lockdowns and the following of mandatory social distancing, the dearth of labour to paint houses which led to a fall in demand for paints. As a result, customers had to postpone their re-painting cycle for an unforeseeable future. Given that countries have shown an ability to were grow as lockdowns eased, there is likely to be a success story at the end, as these consumers will create an effect of pent-up demand when they are eventually able to purchase paints and have their homes re-painted.

Therefore, it is worth noting that the ongoing pandemic is not indicative of a bleak industry outlook. Studies have shown that despite weak performance in the construction sector in the shorter run, the sector is likely to pick up in the medium run as governments are following through with fiscal stimulus packages which will ensure economic recovery⁷. Studies conducted by Oxford Economists highlight that despite the pandemic, given the roll out of the vaccines, the construction industry is said to experience a c. 35% growth by 2030, amounting to USD 5.8 trillion⁸. As such, there is a great potential for demand in the coating and paint sector to pick up.

Moreover, with the projected growth of the global urban population especially in the Asia Pacific region, there will be rising demand for residential and commercial property which will greatly benefit the construction sector. Research undertaken by the Economic and Social Affairs Department of the UN show that the current global urban population amounts to c. 55% and this is forecast to increase by 38% by 2050 as an additional 2.5 billion people are estimated to move to urban areas⁹.

Therefore, despite the severe impact of the COVID-19 pandemic, it is clear that the rapid rate of urbanization and the construction sector booms in both local and international contexts ensure that the demand for the coating and paints industry will rise exponentially.

⁶Nirmal Bang Institutional Equities Research. 2020.

⁷Independent Commodity Intelligence Services. 2020

⁸Industry Arc Research report. N.d.

⁹Outlet Census Survey, Pepper Cube Consultants (Pvt) Ltd, 2021

3.3. Industry prospects by country

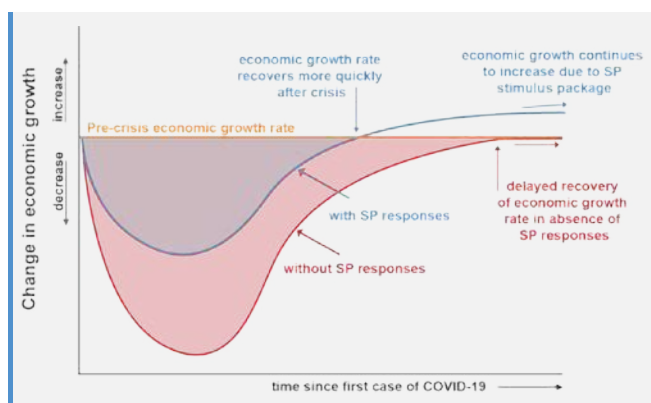
3.3.1. Sri Lanka:

The construction industry is supported by the government in the wake of the COVID-19 pandemic with the state providing a liquidity facility to contractors and suppliers of government projects at an interest rate of 4%¹⁰. The reduction of mortgage-backed housing loans to an unprecedented 7% is a favorable outcome for those venturing to purchase homes or other residential property such as apartments¹¹. In the first quarter there was only a reported 671 less total housing approvals compared to the final quarter of 2019; a definitive sign that residential and building projects are continuing to rise despite a small decrease even in the midst of the pandemic¹².

Further, an analysis carried out by house.lk, a leading property website shows a c. 26% increase in site viewing activity in January 2021 compared to December 2020, which attests to greater interest in the property market¹³. A study undertaken by the Real Estate Intelligence Unit of Sri Lanka shows that tier 3 (Colombo 04-15/ non-prime land) property are being offered at a discounted price by up to c. 15% which makes it even more affordable for property hunters, the first-time property or homeowners in search of property within central Colombo¹⁴. The report also showed a keen interest by expats in renting or owning a home in Sri Lanka as their second home, a factor which adds to the demand for property in the country.

All these factors aid in projecting a more optimistic outlook for the construction sector boom which is also compounded by the fact that the Sri Lankan government's rapid deployment of stimulus packages which have helped keep the economy afloat.

Impact of Fiscal Stimulus Packages (SP) During The COVID-19 Pandemic



Source: UN Working Paper, 2020

3.3.2. Bangladesh:

There has been an increase in manufacturing activities in large cities such as Dhaka and Chattogram which have contributed to the increase in success of the paints industry. In 2019, the annual consumption of paints was 180,000 tonnes with a YoY growth of c. 6%¹⁵.

Success in this sector is owed to the country's growing market size brought about by the rise in investment by local and foreign entities, especially in the industrial and infrastructure sectors which have led to a greater demand for paints and the regular repainting of interiors¹⁶. In a similar vein to India, Bangladesh too has a rapidly growing urban population which has called for the development of metro cities and metro hubs in order to create equitable spread of demographics¹⁷. This will no doubt lead to increased construction activities and consequently a greater demand for coating paints which will be a boon to the industry.

Further, Bangladesh already has a substantial market segment and this is projected to grow exponentially in future due to their rapid increase in population. This creates a more optimistic perspective for the industry to extend their operations as there is ample scope to meet the demands of the Bangladeshi population as the country navigates the post COVID-19 era.

3.3.3. India:

India is the world's third largest consumer of paints according to a study conducted by HDFC Securities. The paint market was valued at Rs. 520 billion in 2020 and the market is dominated by the decorative paints segment which includes wall paint, exterior paints, wood finishes and enamel¹⁸.

¹⁰Central Bank of Sri Lanka. 2020

¹²Housing Approval Index, Central Bank of Sri Lanka. Quarterly statistics 2003-2020

¹⁵Coatings World. 2020

¹¹Monetary Law Act Order, Central Bank of Sri Lanka. 2020

¹³Lanka Business Online. 2021

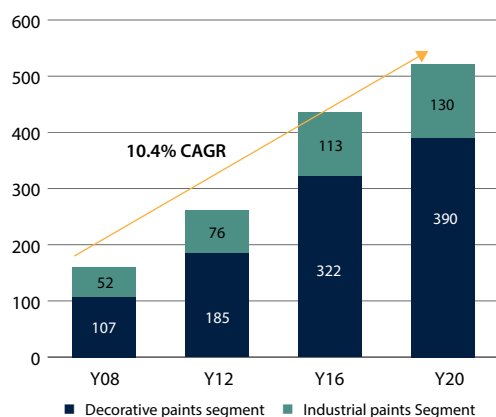
¹⁶The Daily Star. 2019

¹⁴Daily FT. 2021

¹⁷The Daily Star. 2021

¹⁸Nirmal Bang Institutional Equities

Indian Paint Industry Growth (INR billion) 2008-2020

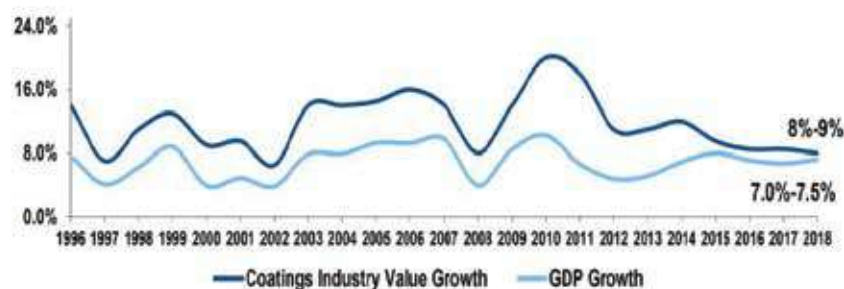


Source: Nirmal Bang Institutional Equities Research, 2020

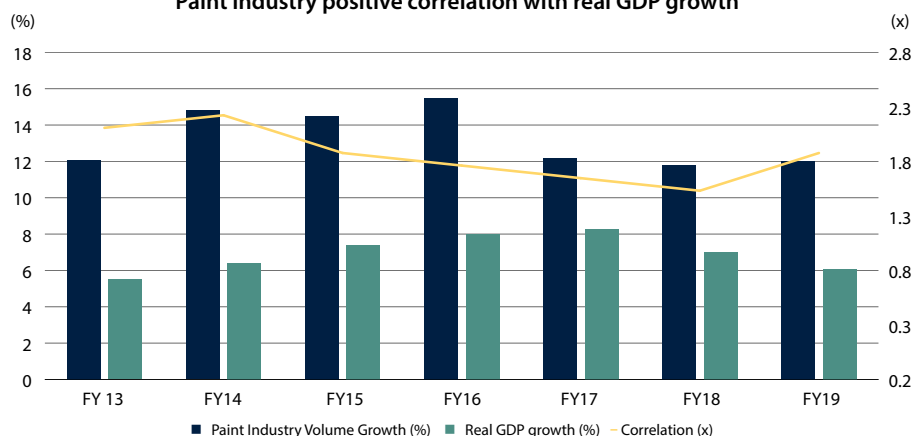
Despite the impact of the pandemic in the short term, the coating and paints and construction industries are expected to boom for several reasons. The growth of the population which is expected to reach 1.61 billion by 2047¹⁹ which will fuel the demand for greater homes and residential property thus driving up demand in both the construction and paints sector. Urbanization rates are also on the rise in India as most of the population move into the urban areas. The United Nations estimates c. 40% of the Indian population to transition into urban centers by 2030²⁰ which will add greater pressure on the need for housing thereby leading to a rise in construction of residential properties.

As the paints industry is greatly correlated with GDP growth in the country, it directly impacts the disposable incomes of the population. As growth picks up in the last quarters of 2021 and in 2022, studies predict that this will lead to a raise in demand for the paints industry as more people will be able to afford repainting at shorter paint cycles which has been the more recent trend²¹.

Coatings Industry Growth Vs GDP Growth



Paint industry positive correlation with real GDP growth



Source: Nirmal Bang Institutional Equities Research, 2020

¹⁹The Policy Times, 2021

²⁰India Today, 2021

²¹HDFC Securities, 2020

4.0 Financial Forecasts and Assumptions

We have forecasted the financial statements of JAT based on the audited financial statements for the period ending 31st March 2021. Key inputs from management were also obtained in order to better understand the business operations of the Company. The forecast financial performance also considered the future outlook of the coating and paint industry in Asia Pacific region.

CAL has established that the assumptions used in the forecasts and outlook given in this report are fair and reasonable to the best of our knowledge.

Following exchange rates have been considered in our forecast.

	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
EUR/LKR	217.0	249.6	262.0	275.1	286.1	297.6
Depreciation rate		15.0%	5.0%	5.0%	4.0%	4.0%
USD/LKR	187.2	198.5	210.4	220.9	231.9	241.2
Depreciation rate		6.0%	6.0%	5.0%	5.0%	4.0%
INR/LKR	2.5	2.6	2.7	2.9	3.0	3.2
Depreciation rate		4.8%	4.8%	4.8%	4.8%	4.8%
EUR/INR	86.8	95.3	95.5	95.7	95.0	94.4
Depreciation rate		9.8%	0.2%	0.2%	-0.7%	-0.7%
USD/BDT	84.7	86.3	87.9	89.5	91.2	92.9
Depreciation rate		1.9%	1.9%	1.9%	1.9%	1.9%
BDT/LKR	2.2	2.3	2.4	2.5	2.5	2.6
Depreciation rate		4.1%	4.1%	3.1%	3.1%	2.1%
EUR/BDT	98.2	108.5	109.5	111.5	112.5	114.6
Depreciation rate		10.5%	0.9%	1.9%	0.9%	1.9%
INR/BDT	1.1	1.1	1.1	1.2	1.2	1.2
Depreciation rate		0.7%	0.7%	1.6%	1.6%	2.6%
ETB/LKR	4.9	4.6	4.3	4.0	3.7	3.5
Depreciation rate		-6.6%	-6.6%	-6.6%	-6.6%	-6.6%
EUR/INR	86.8	95.3	95.5	95.7	95.0	94.4
Depreciation rate		9.8%	0.2%	0.2%	-0.7%	-0.7%

4.1 Revenue Forecasts and Assumptions

Group recorded LKR 5,360 Mn in FY21 in the backdrop of the pandemic situation. The declining trend observed in overall revenue of JAT Holdings in FY20 (-4%) and FY21 (-15%) are due to the external market factors that occurred during the respective years, Easter attacks and the Covid-19 which had a significant impact on the operations of JAT. The Group is expected to record c. 73.6% YoY growth in FY22E due to the pent-up demand and improvements in macro-economic variables as the pandemic situation eases. Total revenue of the Group is expected to grow at a 5-year CAGR of c. 18.2% during the forecast period.

Group Revenue (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Local Revenue	4,850	4,509	4,696	6,970	7,877	9,096	10,659	12,452
Foreign Revenue	1,697	1,787	664	2,334	2,910	3,787	4,909	5,697
Total Revenue	6,547	6,296	5,360	9,305	10,787	12,882	15,568	18,149

We have considered growth in volumes and prices for each category of products based on management expectations while taking into consideration the actual results up to 31st March 2021 when forecasting revenue for each entity under JAT.

Revenue – JAT Holdings Limited (Company)

Revenue of JAT Holdings Limited (JATH) comprises sale of wood coatings, decorative paints, brushes, furniture and project revenue with the revenue from wood coatings accounting for c. 75.1% of the total revenue on average over the last four years. Revenue from export sales has accounted for c. 27% on average over the three years leading up to FY19. In FY20, the Group formed two new entities, JAT Exports (Pvt) Ltd and JAT Exports DMCC which purely focused on exports. Hence JATH's revenue from FY20 onward consists only local sales.

Revenue (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Sayerlack								
Revenue	2,578	2,080	2,834	3,274	3,709	4,202	4,978	5,989
YoY Growth		-19%	36%	16%	13%	13%	18%	20%
Borma Wachs								
Revenue	167	149	200	231	262	296	334	377
YoY Growth		-11%	34%	16%	13%	13%	13%	13%
Masters								
Revenue	96	101	103	315	361	413	468	532
YoY Growth		4%	2%	208%	14%	14%	13%	13%
J Chem								
Revenue	303	273	350	386	422	461	498	539
YoY Growth		-10%	28%	10%	9%	9%	8%	8%
Others								
Revenue	64	95	138	138	138	246	461	676
YoY Growth		49%	45%	0%	0%	78%	87%	47%
J Chem – Katunayake Plant								
Revenue	234	66	53	320	-	-	-	-
YoY Growth		-72%	-19%	499%				
Wood Coating - Exports								
Revenue	1,413	-	-	-	-	-	-	-
Total Wood Coating Revenue	4,856	2,765	3,679	4,664	4,891	5,618	6,739	8,112
Decorative Paints								
Revenue	259	165	119	173	189	206	223	241
YoY Growth		-36%	-28%	45%	9%	9%	8%	8%
WHITE by JAT								
Revenue	-	-	75	316	474	734	918	1,056
YoY Growth				320%	50%	55%	25%	15%
Total Decorative Paints Revenue	259	165	194	489	663	940	1,141	1,297
Brush Master and Harris								
Revenue	206	219	278	394	453	506	571	641
YoY Growth		6%	27%	42%	15%	12%	13%	12%
Total Brushes Revenue	206	219	278	394	453	506	571	641
Furnitures								
Revenue	13	12	54	68	85	106	117	128
YoY Growth		-7%	348%	25%	25%	25%	10%	10%
SEA Kitchens								
Revenue	29	74	28	126	139	153	160	168
YoY Growth		152%	-62%	350%	10%	10%	5%	5%
Total Furnitures Revenue	42	86	82	194	224	259	277	297
Projects								
Revenue	950	1,194	266	1,287	1,372	1,484	1,628	1,786
YoY Growth		26%	-78%	383%	7%	8%	10%	10%
Total Projects Revenue	950	1,194	266	1,287	1,372	1,484	1,628	1,786
Total Revenue	6,313	4,428	4,500	7,028	7,602	8,807	10,356	12,133

JATH's revenue is largely seasonal, where over c. 60% of the total revenue is generated in the last two quarters of the Financial Year. Revenue in FY20 was affected as a result of slowdown in retail market in Q1 FY20 due to the Easter attacks and in Q4 FY20 due to the COVID-19 pandemic while FY21 revenue was largely affected by the pandemic situation which prevailed in the country.

Total revenue from wood coatings is expected to increase by c. 26.8% in FY22E, where JATH is expected to launch a 3 in 1 wood coating product for ceilings under Masters brand which would increase Masters revenue by c. 208% YoY. JAT has been successful in introducing many new successful products in the past, proven by JAT's most recent addition, 'WHITE by JAT' as mentioned below. The new product under 'Masters' is expected to add c. LKR 190 million to the top line while existing products under the same brand is expected to grow at a CAGR of 10% in FY22E (LKR 128 million) compared to FY19 (LKR 96 million).

Furthermore, JAT is also expecting a 499% increase in the revenue generated through J Chem- Katunayaka Plant in FY22E compared to revenue recorded during FY20 and FY21 (LKR 66 million and LKR 53 million respectively), which were significantly low due to the external factors such as

Covid-19 pandemic and Easter attack resulting in export disruptions. The rapid development of large cities such as Dhaka and Chittagong, has resulted in an exponential growth in construction and real estate development sectors. This, coupled with the rise in investments by local and foreign entities into the industrial and infrastructure sectors, has led to the success of the paints and coating industry in Bangladesh²². JAT's strong brand presence in Bangladesh would aid them in capitalizing off the growing construction sector. Accordingly, the revenue projected for J Chem-Katunayaka for FY22E (LKR 320 million) is at a c. 11% CAGR compared to FY19 (LKR 234 million) which is in line with the historical 3-year CAGR of construction sector in Bangladesh (c. 15%)²³.

It should also be noted that the R&D center is expected to increase revenue with the inclusion of innovative products developed in-house to secure local market needs. JATH's revenue from wood coating is expected to grow at a 5-year CAGR of c. 14.8% during the forecast period.

Revenue from decorative paints is expected to grow at a CAGR of c. 27.6% from FY22E due to the 'WHITE by JAT' range; the newest addition to the JAT portfolio. 'WHITE by JAT' was launched at the end of December 2020 as a brilliant white emulsion product and achieved LKR 75 million within the first three months of the launch. JATH intends to promote its direct-to-consumer e-commerce strategy as the primary driver for this range supported by a rigorous marketing and business development strategy which is planned for FY22E and FY23E respectively.

JATH acquired exclusive rights to manufacture and distribute Harris brushes, rollers & accessories in FY19. Harris is considered as a premium product in the brush segment and is a part of Orkla – a leading brush company in the Scandinavian region. However, the growth in brush category was affected due to the ban of importation of roller brushes with reference to the luxury goods ban and COVID-19 shutdowns in FY21. Therefore, JAT is yet to unlock the full potential of revenue from the Harris brand. JATH has obtained special approval from the Government to import roller brushes and the growth in JAT's brush segment is expected to be led by Harris going forward. Revenue from the brushes sector is expected to increase by c. 41.7% in FY22E due to the increase in sales of Harris roller brushes. Revenue from brush category is expected to grow at a CAGR of c. 13.0% from FY22E with the expected increase in brush production as a result of the automation of the brush factory in FY22E.

Revenue from furniture and projects are expected to grow at a CAGR of c. 11.2% and c. 8.5% respectively during the forecast period. SEA Kitchens revenue was affected in FY21 due to the ban on import of kitchen items with relevance to the luxury goods ban. However, JATH has obtained special approval from the Government to import kitchen items thereafter. Lower cost of capital with low borrowing rates (mortgage-backed loan interest rates reduced to 7%) is expected to catalyze potential first-time home buyers of homes and drive demand for SEA Kitchens. As a result, SEA Kitchens is expected to grow at a c. 31% 2-year CAGR to record revenue of LKR 126 Mn in FY22E. Project revenue decreased by c. 77.7% YoY in FY21 due to the delays in overall commencement and completion of projects as a result of the pandemic. This is expected to increase in FY22E by c. 382.9% due to the spill over revenue from secured projects backed by the expected construction industry growth amidst the low interest rate environment.

Revenue – Brush Master (Pvt) Ltd

Revenue generated from Brush Master (Pvt) Ltd (BM) consists of revenue from sale of paint related brushes. BM generated total revenue of LKR 91 Mn for the year ending March 2021. In FY22, BM is expected to generate revenue of LKR 101 Mn. Total revenue of BM is expected to grow at a CAGR of c. 11.6% during the forecast period.

Revenue (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Brush Master								
Revenue	110	66	91	101	113	126	141	157
YoY Growth		-40%	38%	12%	12%	12%	12%	12%
Total Revenue	110	66	91	101	113	126	141	157

Revenue – Worldwide Resins & Chemicals (Pvt) Ltd

Worldwide Resins & Chemicals (Pvt) Ltd. (WWRC) engages in the sale of resins and chemicals to industrial clients. WWRC generated total revenue of LKR 238 Mn for the year ending March 2021 and is expected to grow at a CAGR of c. 5.0% during the forecast period.

Revenue (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Chemicals								
Revenue	215	191	238	262	275	289	303	318
YoY Growth		-11%	25%	10%	5%	5%	5%	5%
Total Revenue	215	191	238	262	275	289	303	318

Revenue – JAT Exports (Pvt) Ltd

The revenue generated from JAT Exports (Pvt) Ltd (JATE) in FY20 comprised revenue from exports of J Chem products to Bangladesh and revenue from entrepot trading of wood coating and decorative paint products. From FY21 onwards, JATE will be only exporting J Chem products to Bangladesh until the Bangladesh factory (JATB) commences its operations. In FY21, JATE's revenue declined to LKR 75 Mn as a result of shutdowns

²² Coatings World, 2020

²³ CEIC Databases and CAL estimates

due to the COVID-19 pandemic and is expected to record LKR 395 Mn Revenue in FY22E.

Revenue (LKR Mn)

FY 31st March	FY20	FY21	FY22E
J Chem			
Revenue	279	75	395
YoY Growth		-73%	425%
Entrepot Trading			
Revenue	1,392	-	-
Total Wood Coating Revenue	1,671	75	395
Total Decorative Paints Revenue	10	-	-
Total Revenue	1,681	75	395

Revenue – JAT Exports DMCC

JAT Exports DMCC (DMCC) is situated in The United Arab Emirates and carries out entrepot trading. DMCC is the main export arm of JAT and caters to markets such as Bangladesh, India, the Maldives and the African region. In FY21, export revenue was adversely affected due to the COVID-19 pandemic and DMCC recorded a revenue of LKR 571 Mn as a result, which is a c. 62.7% decrease compared to the average export revenue from FY17 to FY19 under JATH (LKR 1,534 Mn). However, DMCC is expected to increase revenue in FY22E to surpass the Group's past performance in exports, recording a c. 236.1% YoY growth in wood coating revenue in FY22E.

Starting from FY23E, DMCC is expected to supply raw materials to JATB. As such, DMCC's revenue from Bangladesh from FY23E is estimated at 100% from the sales to JATB. Sayerlack sales to other countries include Maldives, Pakistan and East African markets with sales to the African region expected to commence in FY23E. However, with the commencement of JATA in FY24E, the revenue from other countries is expected to decrease by c. 43.1% YoY.

Total revenue of DMCC is expected to grow at a CAGR of c. 24.8% during the forecast period mainly attributable to the growth in Bangladesh.

Revenue (LKR Mn)

FY 31st March	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Sayerlack - Bangladesh							
Revenue	75	480	1,637	2,175	2,843	3,696	4,266
YoY Growth		536%	241%	33%	31%	30%	15%
Sayerlack - India							
Revenue	-	67	134	169	187	204	222
YoY Growth			102%	26%	10%	9%	9%
Sayerlack - Other Countries							
Revenue	-	2	149	246	140	160	167
YoY Growth				65%	-43%	14%	4%
Other							
Revenue	-	23	-	-	-	-	-
Total Wood Coating Revenue	75	571	1,921	2,591	3,170	4,060	4,655
Furnitures							
Revenue	-	-	-	50	54	58	61
YoY Growth					7%	7%	6%
Total Furnitures Revenue	-	-	-	50	54	58	61
Total Revenue	75	571	1,921	2,641	3,224	4,118	4,717

Revenue – JAT Global (Pvt) Ltd

JAT Global (Pvt) Ltd (JATG) is situated in India and carries out the trading and distribution of wood coating products in India. JATG generated a total revenue of INR 18 Mn for the year ending March 2021. JATG only operated in Karnataka region in the past but it is expected to expand sales beyond Karnataka region from FY22E onwards. JATG has already secured sales to original equipment manufacturers ("OEM") in India and sales beyond Karnataka through distributors. With the commencement of JATB, products manufactured by JATB are expected to be distributed to the Indian market through JATG, while reducing the direct imports from the supplier. Total revenue of JATG is expected to grow at a CAGR of c. 10.0% during the forecast period.

Revenue (INR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Sayerlack								
Revenue	19	16	18	58	70	63	58	56
YoY Growth		-14%	9%	231%	20%	-10%	-8%	-3%
Borma Wachs								
Revenue		2	0	-	-	-	-	-
J Chem/Masters/R&D new products								
Revenue	-	-	-	-	-	14	23	29
YoY Growth							66%	24%
Total Revenue	19	18	18	58	70	78	81	85

Revenue – Bangladesh Plant

JAT plans to set up a manufacturing plant in Bangladesh to capitalize on the experience JAT has built in operating in Bangladesh for over 10 years while achieving a competitive edge through backward vertical integration.

Bangladesh Plant (JATB) is expected to commence operations at the beginning of FY23E and is expected to achieve a revenue of BDT 1,012 Mn during the year by focusing only on Bangladesh. From FY24E onwards, JATB is expected to cater to India and The Maldives in addition to Bangladesh. Total revenue of JATB is expected to grow at a CAGR of c. 23.0% during the forecast period mainly backed by the growth of the Bangladeshi economy and its population.

Revenue (BDT Mn)

FY 31st March	FY23E	FY24E	FY25E	FY26E
Sayerlack/J Chem/Masters/R&D new products - Bangladesh				
Revenue	1,012	1,283	1,618	1,829
YoY Growth		27%	26%	13%
Sayerlack/J Chem/Masters/R&D new products - India				
Revenue	-	14	24	30
YoY Growth			68%	27%
Sayerlack/J Chem/Masters/R&D new products - Maldives				
Revenue	-	14	16	24
YoY Growth			11%	53%
Total Revenue	1,012	1,311	1,657	1,883

Revenue – East African Plant

JAT plans to set up a manufacturing plant in East Africa to exploit a virgin market in terms of wood coatings by introducing manufactured, low-cost products while capitalizing on the regional trade agreements within the African region.

East African Plant (JATA) is expected to commence operations at the beginning of FY24E and is expected to achieve a revenue of ETB 50 Mn in the first year. Total revenue of JATA is expected to grow at a CAGR of c. 34.9% during the forecast period with the focus on distribution while capturing the market by building a viable brand presence over the period.

Revenue (ETB Mn)

FY 31st March	FY24E	FY25E	FY26E	FY27E	FY28E
Sayerlack					
Revenue	25	31	38	44	48
YoY Growth		23%	24%	15%	10%
J Chem/Masters/R&D new products					
Revenue	25	57	89	106	117
YoY Growth		128%	56%	20%	10%
Total Revenue	50	87	126	150	165

4.2 Cost of Sales Forecasts and Assumptions

The cost of sales of the Group was forecasted separately for each company as a percentage of revenue for each product category. Cost of sales of the group is expected to grow at a 5-year CAGR of c. 16.4% during the forecast period.

Group Cost of Sales (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Cost of Sales	4,616	4,557	3,715	6,703	7,284	8,835	10,541	12,308

We have considered both management input as well as the performance of each individual companies in arriving at cost of sales assumptions for each company under JAT Group.

Cost of Sales - JATH

We have assumed a 2% margin improvement for wood coating, decorative paint and brush categories in FY23E and FY25E as a result of the Research and Development ("R&D") facility which is expected to commence operations in FY22E. However, the actual margin improvement is expected to be less than 2% as a result of the increase in raw material prices due to currency depreciation.

The total cost of sales of wood coating is expected to increase by c. 39.1% in FY22E in line with the revenue growth. The increase in cost is greater than revenue in FY22E as a result of increase in raw material prices due to the expected currency depreciation. Cost of sales of wood coating is expected to grow at a CAGR of c. 13.6% thereafter.

The total cost of sales of decorative paints is expected to increase by c. 127% in FY22E. Cost of sales of decorative paints is expected to grow at a CAGR of c. 26.2% from FY22E. Historically, the J Chem Paints line under decorative paints segment supplied products under Crown and Permoglaze brands which predominantly targeted Government tenders. This resulted in low margins for the product in order for JAT to be price competitive. From FY22E onwards, Crown and Permoglaze brands are expected to be replaced by a more premium quality product under JAT's own brand, "J Chem", targeting a wider range of customers including high-end retail segment which is expected to improve margins.

With the completion of the automation of brush manufacturing facility at the end of FY22E, the overall cost of production of brushes is expected to reduce resulting a 5% gross profit margin improvement in FY23E. Cost of sales of brushes is expected to grow at a CAGR of c. 9.7% from FY22E.

JATH is expected to maintain cost of sales of Furniture and SEA Kitchens at 70% and 75% of revenue respectively during the forecast period. Gross profit margins of projects shrunk during FY21 due to delays as a result of lockdown situation prevailed in the country, whereas JATH continued to incur direct overhead costs such as employee salaries. However, from FY22E onwards, the gross profit margin of projects is expected to improve as the construction industry reverts to pre-pandemic levels from the misfortunes of the pandemic.

Cost of Sales (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Sayerlack								
Cost of Sales	1,396	1,048	1,366	1,643	1,825	2,109	2,424	2,976
As a % of Sales	54.1%	50.4%	48.2%	50.2%	49.2%	50.2%	48.7%	49.7%
Borma Wachs								
Cost of Sales	109	88	126	153	171	197	218	250
As a % of Sales	65.4%	59.1%	62.8%	66.3%	65.3%	66.3%	65.3%	66.3%
Masters								
Cost of Sales	80	84	81	259	293	339	377	434
As a % of Sales	83.1%	83.5%	78.6%	82.1%	81.1%	82.1%	80.6%	81.6%
J Chem								
Cost of Sales	253	226	273	301	325	359	383	420
As a % of Sales	83.7%	82.6%	78.0%	78.0%	77.0%	78.0%	77.0%	78.0%
Others								
Cost of Sales	55	83	88	101	100	185	351	522
As a % of Sales	85.1%	87.4%	64.1%	73.1%	72.1%	75.1%	76.1%	77.1%
J Chem – Katunayake Plant								
Cost of Sales	192	63	51	304	-	-	-	-
As a % of Sales	82.0%	94.3%	95.0%	95.0%				

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Other Exports								
Cost of Sales	1,152	-	-	-	-	-	-	-
Total Wood Coating	3,236	1,592	1,985	2,762	2,712	3,189	3,754	4,602
J Chem Paints								
Cost of Sales	223	143	113	136	147	162	172	188
As a % of Sales	85.9%	86.4%	85.1%	78.6%	77.6%	78.6%	77.1%	78.1%
WHITE by JAT								
Cost of Sales	-	-	57	249	364	563	686	789
As a % of Sales			75.7%	78.7%	76.7%	76.7%	74.7%	74.7%
Total Decorative Paints	223	143	170	385	510	725	858	977
Brush Master and Harris								
Cost of Sales	171	182	228	323	340	379	417	468
As a % of Sales	83.0%	83.3%	82.2%	82.0%	75.0%	75.0%	73.0%	73.0%
Total Brushes	171	182	228	323	340	379	417	468
Furnitures								
Cost of Sales	9	9	34	47	59	74	82	90
As a % of Sales	70.9%	73.8%	61.8%	70.0%	70.0%	70.0%	70.0%	70.0%
SEA Kitchens								
Cost of Sales	22	55	21	95	104	115	120	126
As a % of Sales	75.0%	75.0%	75.4%	75.0%	75.0%	75.0%	75.0%	75.0%
Total Furnitures	31	64	55	142	164	189	202	216
Projects								
Cost of Sales	746	1,076	280	1,068	1,111	1,202	1,318	1,447
As a % of Sales	78.6%	90.1%	105.2%	83.0%	81.0%	81.0%	81.0%	81.0%
Total Projects	746	1,076	280	1,068	1,111	1,202	1,318	1,447
Depreciation	32	26	32	38	59	63	67	70
As a % of Total Depreciation	34.1%	24.6%	29.6%	33.0%	33.0%	33.0%	33.0%	33.0%
Stock Provisions	-	-	315	176	152	176	207	243
As a % of Sales			7.0%	2.5%	2.0%	2.0%	2.0%	2.0%
Total Cost of Sales	4,440	3,083	3,064	4,894	5,048	5,923	6,823	8,022

Cost of Sales- BM

Cost of sales of BM was forecasted on a similar basis as disclosed above for JATH. The margins were affected during FY20 and FY21 due to the reduction in sales as a result of unfavorable market conditions mentioned earlier and the fixed overhead cost BM had to incur. With the expected increase in volumes, margins are expected to improve in FY22E coupled with an increase in prices by 5%. The automation of brush manufacturing facility and the commencement of the R&D center as mentioned above, is expected to result in a 7% gross profit margin improvement excluding depreciation in FY23E and a further 2% margin improvement in FY25E.

Cost of Sales (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Brush Master								
Cost of Sales	90	57	80	79	80	90	97	108
As a % of Sales	82.8%	88.6%	87.5%	78.0%	71.0%	71.0%	69.0%	69.0%
Depreciation	1	1	1	1	6	6	6	7
As a % of Total Depreciation	86.1%	86.5%	98.9%	98.9%	98.9%	98.9%	98.9%	98.9%
Total Cost of Sales	91	58	81	80	87	96	104	115

Cost of Sales - WWRC

Cost of sales of WWRC is expected to be 79% of revenue during the forecast period.

Cost of Sales (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Chemicals								
Cost of Sales	183	159	187	207	217	228	240	252
As a % of Sales	84.9%	83.0%	78.4%	79.0%	79.0%	79.0%	79.0%	79.0%
Total Cost of Sales	183	159	187	207	217	228	240	252

Cost of Sales – JATE

Cost of sales of JATE is equivalent to JATH's J Chem sales from its Katunayake Plant. JATE is expected to keep a gross profit margin of 19.0% on these products in FY22E.

Cost of Sales (LKR Mn)

FY 31st March	FY20	FY21	FY22E
J Chem			
Cost of Sales	229	53	320
As a % of Sales	82.0%	71.0%	81.0%
Indenting			
Cost of Sales	1,095	-	-
Total Wood Coating	1,324	53	320
Total Decorative Paints	10	-	-
Total Cost of Sales	1,334	53	320

Cost of Sales - DMCC

DMCC is generally expected to maintain the following gross profit margins respective to the following geographies;

- Bangladesh - 16.0%
- India - 12.0%
- Other Countries (the Maldives, Counties in the African Region, etc.) - 38.0%

However, due to the expected currency depreciation of regional countries as against the Euro, it is assumed DMCC to reduce prices by 2.0% YoY from FY22E to FY24E with margins reducing in Bangladesh to provide a competitive edge to JATB over competitors in the Bangladeshi market.

With the commencement of JATB, DMCC is expected to supply raw materials to JATB which is expected to improve the combined margins of these products supplied to the market by 10.5% effective FY23E; due to the product improvements planned.

Similarly, a 2.0% price reduction is expected in India in FY22E in order to maintain c. 10.0% gross profit margin during the forecast period. Revenue from other countries is mainly composed of exports to Maldives and the cost is expected to remain around c. 61.0% of revenue during the forecast period.

Cost of sales of SEA Kitchens to Australia is expected to be c. 80.0% of revenue during the forecast period.

Cost of Sales (LKR Mn)

FY 31st March	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Sayerlack - Bangladesh							
Cost of Sales	59	376	1,410	1,690	2,269	2,949	3,405
As a % of Sales	79.0%	78.4%	86.1%	77.7%	79.8%	79.8%	79.8%
Sayerlack - India							
Cost of Sales	-	66	121	152	168	183	200
As a % of Sales		99.2%	90.0%	90.0%	90.0%	90.0%	90.0%
Sayerlack - Other Countries							
Cost of Sales	-	1	94	163	85	98	102
As a % of Sales			63.0%	66.0%	61.0%	61.0%	61.0%
Other							
Cost of Sales	-	17	-	-	-	-	-
Total Wood Coating	59	460	1,625	2,005	2,522	3,230	3,706
Furnitures							
Cost of Sales	-	-	-	40	43	46	49
As a % of Sales				80.0%	80.0%	80.0%	80.0%
Total Furnitures	-	-	-	40	43	46	49
Total Cost of Sales	59	460	1,625	2,045	2,565	3,277	3,756

Cost of Sales - JATG

Historically, JATG recorded low margins as a result of fixed overhead costs and low sales volumes achieved in India. However, JATG is expected to maintain a gross profit margin of 12% during FY22E and FY23E as a result of the expected increase in volumes through sales expansion mentioned under revenue assumptions in page 205. Gross profit margin is expected to improve by a further c. 3.0% in FY24E due to the collaboration with the R&D facility. JATG is expected to maintain a margin of 15% on products manufactured by JATB.

Cost of Sales (INR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Sayerlack								
Cost of Sales	17	21	20	51	62	54	49	48
As a % of Sales	92%	127%	114%	88%	88%	85%	85%	85%
Borma Wachs								
Cost of Sales	-	3	0	-	-	-	-	-
J Chem/Masters/R&D new products								
Cost of Sales	-	-	-	-	-	12	20	25
As a % of Sales						85%	85%	85%
Total Cost of Sales	17	24	20	51	62	66	69	73

Cost of Sales - JATB

Cost of sales of JATB is assumed to be 90%, 92% and 80% of revenue for Bangladesh, India and Maldives respectively.

Cost of Sales (BDT Mn)

FY 31st March	FY23E	FY24E	FY25E	FY26E
Sayerlack/J Chem/Masters/R&D new products - Bangladesh				
Cost of Sales	909	1,153	1,453	1,643
As a % of Sales	90%	90%	90%	90%
Sayerlack/J Chem/Masters/R&D new products - India				
Cost of Sales	-	13	22	27
As a % of Sales		92%	92%	92%
Sayerlack/J Chem/Masters/R&D new products - Maldives				
Cost of Sales	-	11	13	19
As a % of Sales		80%	80%	80%
Total Cost of Sales	909	1,177	1,488	1,690

Cost of Sales - JATA

Cost of sales of JATA is assumed to be 80.0% and 70.0% of revenue for Sayerlack products and own brand products respectively.

Cost of Sales (ETB Mn)

FY 31st March	FY24E	FY25E	FY26E	FY27E	FY28E
Sayerlack					
Cost of Sales	20	24	30	35	38
As a % of Sales	80%	80%	80%	80%	80%
J Chem/Masters/R&D new products					
Cost of Sales	17	40	62	74	82
As a % of Sales	70%	70%	70%	70%	70%
Total Cost of Sales	37	64	92	109	120

4.3 Selling and Distribution Expenses

Selling and distribution expenses of JATH consist primarily of marketing and business development, staff related expenses and sales commission expenses. Selling and distribution expenses are expected to increase by c. 30.3% and c. 14.4% in FY22E and FY23E respectively as a result of additional expenses incurred such as advertising, promotions and website developments in order to promote WHITE by JAT; the newest addition to JATH's emulsion range. Selling and distribution expenses are expected to grow at a CAGR of c. 5.9% over the remaining projected years.

Selling & Distribution Expenses (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
JATH	576	623	627	817	934	870	983	1,110
YoY Growth		8.2%	0.6%	30.3%	14.4%	-6.9%	13.0%	12.9%
WWRC	9	9	12	13	15	16	17	19
YoY Growth		2.4%	37.4%	8.7%	8.7%	8.8%	8.8%	8.8%
JATE	-	34	32	32	-	-	-	-
YoY Growth			-7.4%	0.4%				
DMCC	-	-	40	1	1	2	2	2
YoY Growth				-96.6%	5.0%	5.0%	5.0%	5.0%

4.4 Administrative Expenses

Administrative expenses of JATH consist primarily of personnel cost, director remuneration, depreciation and amortization charges and warehouse expenses and other general administrative expenses. In FY21, JATH and BM incurred one off expenditures of LKR 36 Mn to fund the Indian operation and LKR 4 Mn write off of import advances respectively. As a result, the net effect of increase in expenses against the one-off expenses is expected to reduce the administration expenses of JATH and BM by 2.2% and 25.4% respectively. The total administrative expenses of JATH are expected to grow at a CAGR of c. 13.2% in the forecast period.

Administration Expenses (LKR Mn)

FY 31st March	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
JATH	257	331	361	353	471	511	552	581
YoY Growth		28.6%	9.2%	-2.2%	33.4%	8.6%	8.0%	5.1%
BM	19	16	13	10	11	12	13	14
YoY Growth		-12.9%	-16.4%	-25.4%	8.5%	7.4%	7.5%	7.6%
WWRC	9	8	8	8	8	8	8	9
YoY Growth		-7.6%	-8.1%	0.3%	2.4%	2.5%	2.6%	2.8%
JATE	-	1	0	1	-	-	-	-
YoY Growth			-53.4%	125.5%				
DMCC	-	0	2	3	3	3	4	4
YoY Growth			3063.0%	10.0%	10.0%	10.0%	10.0%	10.0%
JATG (INR Mn)	13	11	5	5	6	6	6	6
YoY Growth		-14.0%	-55.9%	5.0%	5.0%	5.0%	5.0%	5.0%
JATB (BDT Mn)	-	-	-	-	40	43	46	50
YoY Growth						7.4%	7.5%	7.6%
JATA (ETB Mn)	-	-	-	-	-	14	15	16
YoY Growth							7.1%	7.2%

4.5 Working Capital

Working capital cycle for the forecasted period has been based on the historical averages and management input.

Days	JATH	BM	WWRC	JATE	DMCC	JATG	JATB	JATA
Inventory	150	120	90	-	-	120	60	60
Receivables	165	90	135	100	115	120	90	90
Payables	65	-	90	100	100	100	100	100

5.0 Valuation Methodology

CAL considered the following valuation methodologies in order to arrive at a fair value for JAT's shares based on the relevance and appropriateness of the respective valuation methodology for a company that engages in importing, manufacturing, trading and distribution of finishing and furnishing products.

- Discounted Cash Flow (DCF) Method
- P/E Relative Valuation

5.1 Discounted Cash Flow (DCF) Method

A discounted cash flow (DCF) analysis was used in order to arrive at an intrinsic value for JAT. A DCF analysis can be used to measure a company's ability to generate future cash flows. A DCF method can capture a company's growth potential and provide a more reflective result of the entire value of a business. Free cash flow to firm (FCFF) was calculated using the following formula:

Earnings Before Interest and Tax x (1-tax rate)
+ Depreciation and Amortization
- Capital Expenditure
+ Working Capital Investment
= FCFF

In deriving an intrinsic value for JAT, the present value of FCFFs was calculated using the following:

$$V_0 = \left[\sum_{t=1}^n \frac{FCFF_t}{(1+WACC)^t} \right] + TVn$$

Where:

V_0 = Intrinsic Value in year 0
 $FCFF_t$ = Free Cash flow to firm in year t
 $WACC$ = Weighted Average Cost of Capital
 TVn = Present value of terminal value at year n

Further, the Gordon Growth Model (GGM) was used to derive TVn with the following formula:

$$TVn = \frac{FCFFn (1+g)}{(WACC - g) \times (1+WACC)^n}$$

Where:

g = Growth rate of FCFF
 $WACC$ = Weighted Average Cost of Capital

The discount rate used in a DCF calculation is the Weighted Average Cost of Capital (WACC) which captures the effects of both equity and debt capital in a company when calculating the required rate of return. The following formula is used to calculate the WACC:

$$WACC = We(Ke) + Wd(Kd(1-t))$$

Where:

We = Weightage of Equity
 Wd = Weightage of Debt
 $Kd(1-t)$ = After Tax Cost of Debt
 Ke = Cost of Equity

In arriving at the intrinsic value per share for JAT, the following formula was used:

$$\text{Intrinsic Value of JAT} = \frac{\text{Present Value of FCFFs} - \text{Net Debt}}{\text{Number of Shares in Issue}}$$

5.2 P/E Relative

A P/E ratio measures a company's market value to its earnings. The relative value for JAT's shares using a P/E ratio would be calculated as follows:

$$\text{Implicit Value of JAT} = \left(\text{Earnings of JAT} * \frac{P}{E} \text{Multiple} \right)$$

Where:

P/E Multiple: Weighted Average of the Peer Group P/E Multiple
Earnings = Profit Attributable to Equity Holders of JAT

6.0 Valuation Results

This section details out the assumptions used for the valuation and results based on the valuation methods described in Section 5.0 – Valuation Methodology.

6.1 Discounted Cash Flow (DCF) Valuation Method

Valuation Summary based on DCF Method (LKR Mn)

Entity	Enterprise Value	Net Debt	Intrinsic Value	Stake	Market Value
JAT Holdings Limited	8,926	326	8,601	100.00%	8,601
JAT Exports (Pvt) Ltd	146	(19)	165	100.00%	165
JAT Exports DMCC	6,681	(240)	6,921	100.00%	6,921
Brush Master (Pvt) Ltd	126	33	92	55.00%	51
Worldwide Resins & Chemicals (Pvt) Ltd	213	(5)	218	100.00%	218
JAT Global (Pvt) Ltd	115	(0)	115	98.37%	113
Bangladesh Plant	494	-	494	100.00%	494
East African Plant	51	-	51	100.00%	51
Total Value					16,589
Number of Shares*					510,407,773
Value per share of JAT (LKR)					32.50

*Based on the total number of shares in issue post IPO

Based on the DCF analysis, the total equity of JAT is LKR 16,601 million with LKR 32.50 per voting share.

JATH (LKR Mn)

FY 31st March	FY22E	FY23E	FY24E	FY25E	FY26E
EBIT	972	1,156	1,510	2,004	2,428
Tax	12%	14%	14%	14%	24%
EBIT (1-T)	856	994	1,298	1,724	1,845
Depreciation and amortisation	135	198	208	221	215
Working Capital	(1,116)	(148)	(759)	(919)	(1,097)
Capex	(513)	(82)	(89)	(97)	(106)
Non-Cash Items	176	152	176	207	243
Acquisition of balance stake in BM	(8)	-	-	-	-
FCFF	(467)	1,114	834	1,135	1,099
Terminal value	-	-	-	-	11,870
FCFF including terminal value	(467)	1,114	834	1,135	12,970
Discounting Factor	0.886	0.785	0.696	0.617	0.554
Discounted FCFF	(413)	875	580	700	7,184

As at 31st March 2021	LKR Mn
Debt	542
Cash	(216)
Net Debt	326
Enterprise value	8,926
Net Debt	(326)
Equity value	8,601

WACC and Terminal Growth Rate	FY22E	Up to FY25E	FY26E onwards
Risk free rate	7.1%	7.1%	7.1%
AWPLR	5.5%	5.5%	5.5%
Debt spread	2.0%	2.0%	2.0%
Tax	12.0%	14.0%	24.0%
Kd (1-t)	6.6%	6.5%	5.7%
Debt weightage	40.0%	40.0%	40.0%
Equity risk premium	10.0%	10.0%	10.0%
Ke	17.1%	17.1%	17.1%
WACC	12.9%	12.8%	12.5%
Terminal growth rate	3.0%	3.0%	3.0%

We have considered three WACCs at three stages to discount the cashflows of JATH. As per the 2021 government budget, the tax rate applicable will reduce by 50% in the year of listing after which it's subject to a 14% concessionary tax rate for 3 subsequent years. From FY26E onwards, JATH will be taxable at 24%.

Based on the DCF analysis, the total equity of JATH is LKR 8,601 million.

Sensitivity Analysis (LKR Mn)

WACC								
Terminal Growth Rate		11.0%	11.5%	12.0%	12.5%	13.0%	13.5%	14.0%
	1.5%	8,997	8,491	8,036	7,625	7,251	6,911	6,600
	2.0%	9,416	8,862	8,366	7,919	7,516	7,149	6,816
	2.5%	9,885	9,274	8,730	8,243	7,805	7,409	7,049
	3.0%	10,411	9,734	9,135	8,601	8,123	7,693	7,305
	3.5%	11,008	10,251	9,586	8,998	8,475	8,006	7,584
	4.0%	11,689	10,837	10,094	9,442	8,865	8,351	7,891
	4.5%	12,474	11,506	10,670	9,941	9,301	8,735	8,230

BM (LKR Mn)

FY 31st March	FY22E	FY23E	FY24E	FY25E	FY26E
EBIT	12	16	19	25	29
Tax	18%	18%	18%	18%	18%
EBIT (1-T)	9	13	15	20	24
Depreciation and amortisation	1	6	6	7	7
Working Capital	(41)	18	(5)	(5)	(6)
Capex	(55)	(0)	(1)	(1)	(1)
FCFF	(86)	37	16	21	23
Terminal value	-	-	-	-	248
FCFF including terminal value	(86)	37	16	21	271
Discounting Factor	0.887	0.787	0.698	0.619	0.550
Discounted FCFF	(77)	29	11	13	149

As at 31st March 2021	LKR Mn
Debt	34
Cash	(0)
Net Debt	33
Enterprise value	126
Net Debt	(33)
Equity value	92

WACC and Terminal Growth Rate	
Risk free rate	7.1%
AWPLR	5.5%
Debt spread	2.0%
Tax	18.0%
Kd (1-t)	6.2%
Debt weightage	40.0%
Equity risk premium	10.0%
Ke	17.1%
WACC	12.7%
Terminal growth rate	3.0%

Based on the DCF analysis, the total equity of BM is LKR 92 million.

Sensitivity Analysis (LKR Mn)

WACC								
Terminal Growth Rate		11.2%	11.7%	12.2%	12.7%	13.2%	13.7%	14.2%
	1.5%	102	91	81	72	64	57	50
	2.0%	110	98	88	78	70	62	55
	2.5%	120	107	95	85	76	67	60
	3.0%	130	116	104	92	82	73	65
	3.5%	142	127	113	100	89	80	71
	4.0%	156	138	123	109	97	87	77
	4.5%	172	152	135	120	106	94	84

WWRC (LKR Mn)

FY 31st March	FY22E	FY23E	FY24E	FY25E	FY26E
EBIT	34	35	37	38	39
Tax	24%	24%	24%	24%	24%
EBIT (1-T)	26	27	28	29	30
Depreciation and amortisation	0	0	0	0	0
Working Capital	(19)	(5)	(5)	(5)	(6)
Capex	(0)	(0)	(0)	(0)	(0)
FCFF	7	22	23	23	24
Terminal value	-	-	-	-	262
FCFF including terminal value	7	22	23	23	287
Discounting Factor	0.889	0.790	0.702	0.623	0.554
Discounted FCFF	6	17	16	15	159

As at 31st March 2021	LKR Mn
Debt	14
Cash	(18)
Net Debt	(5)
Enterprise value	213
Net Debt	5
Equity value	218

WACC and Terminal Growth Rate	
Risk free rate	7.1%
AWPLR	5.5%
Debt spread	2.0%
Tax	24.0%
Kd (1-t)	5.7%
Debt weightage	40.0%
Equity risk premium	10.0%
Ke	17.1%
WACC	12.5%
Terminal growth rate	3.0%

Based on the DCF analysis, the total equity of WWRC is LKR 218 million.

Sensitivity Analysis (LKR Mn)

WACC								
Terminal Growth Rate		11.0%	11.5%	12.0%	12.5%	13.0%	13.5%	14.0%
	1.5%	229	217	206	196	187	179	172
	2.0%	238	225	213	203	193	184	176
	2.5%	248	234	221	210	200	190	182
	3.0%	260	244	230	218	207	196	187
	3.5%	273	256	240	227	214	203	193
	4.0%	288	269	252	236	223	211	200
	4.5%	305	283	264	247	233	220	208

JATE (LKR Mn)

FY 31st March	FY22E
EBIT	42
Tax	14%
EBIT (1-T)	37
Depreciation and amortisation	-
Working Capital	128
Capex	-
FCFF	165
Terminal value	-
FCFF including terminal value	165
Discounting Factor	0.886
Discounted FCFF	146

As at 31st March 2021	LKR Mn
Debt	1
Cash	(19)
Net Debt	(19)
Enterprise value	146
Net Debt	19
Equity value	165

WACC and Terminal Growth Rate	
Risk free rate	7.1%
AWPLR	5.5%
Debt spread	2.0%
Tax	14.0%
Kd (1-t)	6.5%
Debt weightage	40.0%
Equity risk premium	10.0%
Ke	17.1%
WACC	12.8%

Based on the DCF analysis, the total equity of JATE is LKR 165 million.

Sensitivity Analysis (LKR Mn)

WACC						
11.3%	11.8%	12.3%	12.8%	13.3%	13.8%	14.3%
167	166	166	165	164	164	163

DMCC (LKR Mn)

FY 31st March	FY22E	FY23E	FY24E	FY25E	FY26E
EBIT	292	591	654	836	956
Tax	0%	0%	0%	0%	0%
EBIT (1-T)	292	591	654	836	956
Depreciation and amortisation	-	-	-	-	-
Working Capital	(163)	(112)	(41)	(87)	(58)
Capex	-	-	-	-	-
FCFF	129	480	613	749	898
Terminal value	-	-	-	-	9,013
FCFF including terminal value	129	480	613	749	9,911
Discounting Factor	0.883	0.780	0.688	0.608	0.536
Discounted FCFF	114	374	422	455	5,317

As at 31st March 2021	LKR Mn
Debt	-
Cash	(240)
Net Debt	(240)
Enterprise value	6,681
Net Debt	240
Equity value	6,921

WACC and Terminal Growth Rate	
Risk free rate	7.1%
AWPLR	5.5%
Debt spread	2.0%
Tax	0.0%
Kd (1-t)	7.5%
Debt weightage	40.0%
Equity risk premium	10.0%
Ke	17.1%
WACC	13.3%
Terminal growth rate	3.0%

Based on the DCF analysis, the total equity of DMCC is LKR 6,921 million.

Sensitivity Analysis (LKR Mn)

WACC								
Terminal Growth Rate		11.8%	12.3%	12.8%	13.3%	13.8%	14.3%	14.8%
	1.5%	7,266	6,892	6,553	6,243	5,959	5,698	5,457
	2.0%	7,553	7,148	6,782	6,449	6,145	5,866	5,609
	2.5%	7,871	7,430	7,033	6,674	6,347	6,048	5,775
	3.0%	8,226	7,743	7,310	6,921	6,568	6,247	5,954
	3.5%	8,623	8,091	7,617	7,193	6,811	6,464	6,150
	4.0%	9,072	8,481	7,960	7,495	7,078	6,703	6,363
	4.5%	9,582	8,922	8,343	7,831	7,375	6,966	6,597

JATG (INR Mn)

FY 31st March	FY22E	FY23E	FY24E	FY25E	FY26E
EBIT	2	3	6	6	6
Tax	22%	22%	22%	22%	22%
EBIT (1-T)	1	2	4	5	5
Depreciation and amortisation	0	0	0	0	0
Working Capital	13	(3)	(2)	(1)	(1)
Capex	(0)	(0)	(0)	(0)	(0)
FCFF	15	(1)	2	4	4
Terminal value	-	-	-	-	45
FCFF including terminal value	15	(1)	2	4	49
Discounting Factor	0.892	0.796	0.711	0.634	0.566
Discounted FCFF	13	(1)	2	2	28

As at 31st March 2021	INR Mn
Debt	-
Cash	(0)
Net Debt	(0)
Enterprise value	44
Net Debt	0
Equity value	44

WACC and Terminal Growth Rate	
Risk free rate	5.5%
Base Rate	8.8%
Tax	22.0%
Kd (1-t)	6.9%
Debt weightage	40.0%
Equity risk premium	10.0%
Ke	15.5%
WACC	12.1%
Terminal growth rate	3.0%

Based on the DCF analysis, the total equity of JATG is INR 44 million (LKR 115 million**).

**Converted at INR/LKR spot rate of 2.61 as at 27 April 2021

Sensitivity Analysis (INR Mn)

WACC								
Terminal Growth Rate		10.6%	11.1%	11.6%	12.1%	12.6%	13.1%	13.6%
	1.5%	46	44	42	40	39	37	36
	2.0%	48	46	43	42	40	38	37
	2.5%	50	47	45	43	41	39	38
	3.0%	52	49	47	44	42	40	39
	3.5%	55	52	49	46	44	42	40
	4.0%	58	54	51	48	45	43	41
	4.5%	61	57	53	50	47	45	43

JATB (BDT Mn)

FY 31st March	FY22E	FY23E	FY24E	FY25E	FY26E
EBIT	-	63	91	123	143
Tax	35%	35%	35%	35%	35%
EBIT (1-T)	-	41	59	80	93
Depreciation and amortisation	-	9	9	9	9
Working Capital	-	(150)	(44)	(51)	(34)
Capex	(224)	-	(4)	(4)	(4)
FCFF	(224)	(100)	20	34	65
Terminal value	-	-	-	-	745
FCFF including terminal value	(224)	(100)	20	34	810
Discounting Factor	0.893	0.797	0.712	0.636	0.568
Discounted FCFF	(200)	(80)	14	22	460

As at 31st March 2021	BDT Mn
Enterprise value	216
Net Debt	-
Equity value	216

Based on the DCF analysis, the total equity of JATG is BDT 216 million (LKR 494 million).

***Converted at BDT/LKR spot rate of 2.29 as at 27 April 2021*

WACC and Terminal Growth Rate	
Risk free rate	6.5%
Lending Rate	8.0%
Tax	35.0%
Kd (1-t)	5.2%
Debt weightage	40.0%
Equity risk premium	10.0%
Ke	16.5%
WACC	12.0%
Terminal growth rate	3.0%

Sensitivity Analysis (INR Mn)

WACC								
Terminal Growth Rate		10.5%	11.0%	11.5%	12.0%	12.5%	13.0%	13.5%
	1.5%	238	205	176	150	126	105	86
	2.0%	267	231	198	170	144	121	100
	2.5%	299	259	223	192	164	138	116
	3.0%	336	290	251	216	185	157	133
	3.5%	377	326	282	243	209	178	151
	4.0%	426	367	317	274	235	202	172
	4.5%	482	415	357	308	265	228	195

JATA (ETB Mn)

FY 31st March	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E
EBIT	-	(2)	8	18	23	26
Tax	35%	35%	35%	35%	35%	35%
EBIT (1-T)	-	(2)	5	11	15	17
Depreciation and amortisation	-	3	3	3	3	3
Working Capital	-	(8)	(6)	(7)	(4)	(2)
Capex	(71)	5	(1)	(1)	(2)	(2)
FCFF	(71)	(2)	0	7	13	16
Terminal value	-	-	-	-	-	136
FCFF including terminal value	(71)	(2)	0	7	13	152
Discounting Factor	0.755	0.656	0.570	0.495	0.430	0.374
Discounted FCFF	(53)	(1)	0	3	5	57

As at 31st March 2021	ETB Mn
Enterprise value	11
Net Debt	-
Equity value	11

Based on the DCF analysis, the total equity of JATG is ETB 11 million (LKR 51 million).

***Converted at ETB/LKR spot rate of 4.62 as at 27 April 2021*

WACC and Terminal Growth Rate	
Risk free rate	8.9%
Lending Rate	14.3%
Tax	35.0%
Kd (1-t)	9.3%
Debt weightage	40.0%
Equity risk premium	10.0%
Ke	18.9%
WACC	15.1%
Terminal growth rate	3.0%

Sensitivity Analysis (ETB Mn)

WACC								
Terminal Growth Rate		13.6%	14.1%	14.6%	15.1%	15.6%	16.1%	16.6%
	1.5%	15	11	8	5	2	(0)	(3)
	2.0%	18	14	10	7	4	1	(1)
	2.5%	21	16	12	9	6	3	0
	3.0%	24	19	15	11	8	5	2
	3.5%	27	22	18	14	10	7	4
	4.0%	31	26	21	16	12	9	6
	4.5%	35	29	24	19	15	11	8

6.2 Forward PER Valuation Method

CAL used the following Comparable Peers for the relative valuation of JAT. The peer group for JAT was selected based off the companies listed under the Materials and Capital Goods industry groups based on GICS classification on the CSE and the Paints and Building Products industry groups in Bangladesh as per industry classification on the S&P Capital IQ.

The applicable ratios for the Comparable Peers are provided in the tables below.

Comparable Peer	Country	Market Cap* (USD Mn) **	TTM PAT (USD Mn) **	PER	Weightage (1-Discount)	Discounted PER
Royal Ceramics Lanka PLC	Sri Lanka	216.85	31.03	7.0x	100%	7.0x
Tokyo Cement Company (Lanka) PLC	Sri Lanka	144.25	27.44	5.3x	100%	5.3x
Alumex PLC	Sri Lanka	40.27	4.25	9.5x	100%	9.5x
ACL Cables PLC	Sri Lanka	52.47	6.03	8.7x	100%	8.7x
Lanka Walltiles PLC	Sri Lanka	92.23	14.97	6.2x	100%	6.2x
Berger Paints Bangladesh Limited	Bangladesh	991.53	27.97	35.4x	90%	31.9x
Nahee Aluminum Composite Panel Ltd.	Bangladesh	31.94	1.42	22.5x	100%	22.5x
Fu-Wang Ceramic Industry Limited	Bangladesh	18.49	0.65	28.3x	100%	28.3x
RAK Ceramics (Bangladesh) Limited	Bangladesh	159.57	4.41	36.2x	100%	36.2x
Average Peer PER				17.7x		17.3x

Source: Colombo Stock Exchange, Dhaka Stock Exchange, Respective Company Financials

*Market Capitalization as at 04 June 2021

**Converted at USD/LKR spot rate of 197.72 and USD/BDT spot rate of 84.75 as at 08 June 2021

	LKR Mn
FY22E PAT Attributable to Shareholders	1,194
Cost of Equity	17.1%
PV of FY22E PAT Attributable to Shareholders	1,020
Average Peer PER	17.3x
Value of JAT	17,615
Number of Shares*	510,407,773
Value per Share of JAT (LKR)	34.51

*Based on the total number of shares in issue post IPO

The impact of COVID-19, disruptions to supply chain and overall slowdown in sales due to subdued economic and consumer activity heavily impacted profitability in FY21 and as a result is not an accurate reflection of the company's earnings capability. Therefore, we have used the Forward PER valuation method as opposed to trailing PER valuation method. The FY22E PAT attributable to shareholders was discounted using the cost of equity of JATH and multiplied by the peer PER to arrive at the valuation of JAT as at the valuation date.

Based on the Average Peer PER, the total equity value of JAT is LKR 17,615 million with a per share value of LKR 34.51 per voting share.

7.0 Value Recommendation

We summarise the rationale for our recommendation as follows:

- The SOTP DCF valuation indicates a price of LKR 32.50
- The Forward PER relative valuation indicates a price of LKR 34.51

We conclude our valuation recommendation of LKR 32.70 a share of JAT based on our primary valuation metric – the SOTP using DCF and PER.

8.0 Forecast Statement of Financial Performance

8.1 JAT Group

FY 31st March (LKR Mn)	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Revenue	6,547	6,296	5,360	9,305	10,787	12,882	15,568	18,149
Cost of Sales	(4,616)	(4,557)	(3,715)	(6,703)	(7,284)	(8,835)	(10,541)	(12,308)
Gross profit	1,932	1,739	1,644	2,601	3,503	4,047	5,027	5,841
Other Income	19	75	53	-	-	-	-	-
Selling and Distribution Costs	(592)	(667)	(711)	(863)	(950)	(887)	(1,002)	(1,131)
Administration Expenses	(306)	(311)	(301)	(381)	(596)	(707)	(763)	(806)
Operating Profit	1,053	837	685	1,357	1,957	2,453	3,263	3,904
Finance Cost	(129)	(133)	(83)	(52)	(87)	(129)	(167)	(211)
Finance Income	17	47	43	19	14	13	13	15
Gain/(Loss) on Disposal of Subsidiaries	-	-	-	-	-	-	-	-
Profit Before Tax	941	751	644	1,323	1,884	2,336	3,108	3,708
Income tax	(60)	(44)	(44)	(129)	(212)	(279)	(380)	(696)
Profit After Tax	881	707	600	1,194	1,672	2,057	2,728	3,012
Non-Controlling Interest	(3)	(5)	2	0	0	0	0	0
Profit Attributable to Equity Holders	884	712	599	1,194	1,671	2,057	2,728	3,012
Group Profit After Tax	881	707	600	1,194	1,672	2,057	2,728	3,012

8.2 JATH

FY 31st March (LKR Mn)	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Revenue	6,313	4,428	4,513	7,028	7,602	8,807	10,356	12,133
Cost of Sales	(4,440)	(3,083)	(3,064)	(4,894)	(5,048)	(5,923)	(6,823)	(8,022)
Gross profit	1,873	1,345	1,448	2,135	2,554	2,884	3,533	4,111
Other Income	39	290	157	321	629	717	940	1,096
Selling and Distribution Costs	(576)	(623)	(627)	(817)	(934)	(870)	(983)	(1,110)
Administration Expenses	(257)	(331)	(361)	(353)	(471)	(511)	(552)	(581)
Operating Profit	1,080	682	618	1,286	1,778	2,220	2,937	3,516
Finance Cost	(114)	(126)	(73)	(47)	(59)	(70)	(89)	(120)
Finance Income	17	30	21	12	9	10	8	9
Gain/(Loss) on Disposal of Subsidiaries	-	-	-	-	-	-	-	-
Profit Before Tax	983	585	566	1,251	1,728	2,160	2,856	3,406
Income tax	(57)	(10)	(36)	(112)	(155)	(203)	(269)	(556)
Profit After Tax	926	576	529	1,138	1,573	1,957	2,587	2,850

8.3 BM

FY 31st March (LKR Mn)	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Revenue	110	66	91	101	113	126	141	157
Cost of Sales	(91)	(58)	(80)	(80)	(87)	(96)	(104)	(115)
Gross profit	19	7	11	22	26	30	37	42
Other Income	3	1	6	-	-	-	-	-
Selling and Distribution Costs	-	-	-	-	-	-	-	-
Administration Expenses	(19)	(16)	(13)	(10)	(11)	(12)	(13)	(14)
Operating Profit	3	(8)	4	12	16	19	25	29
Finance Cost	(8)	(3)	(2)	(4)	(4)	(2)	(2)	(1)
Finance Income	-	-	-	0	0	0	0	0
Gain/(Loss) on Disposal of Subsidiaries	-	-	-	-	-	-	-	-
Profit Before Tax	(4)	(11)	2	8	12	16	23	28
Income tax	(1)	-	(1)	(1)	(2)	(3)	(4)	(5)
Profit After Tax	(5)	(11)	1	6	10	13	19	23

8.4 WWRC

FY 31st March (LKR Mn)	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Revenue	215	191	238	262	275	289	303	318
Cost of Sales	(183)	(159)	(187)	(207)	(217)	(228)	(240)	(252)
Gross profit	32	33	51	55	58	61	64	67
Other Income	-	0	-	-	-	-	-	-
Selling and Distribution Costs	(9)	(9)	(12)	(13)	(15)	(16)	(17)	(19)
Administration Expenses	(9)	(8)	(8)	(8)	(8)	(8)	(8)	(9)
Operating Profit	14	15	31	34	35	37	38	39
Finance Cost	(9)	(3)	(3)	(1)	(0)	(0)	(0)	(0)
Finance Income	-	-	-	1	0	0	1	1
Gain/(Loss) on Disposal of Subsidiaries	-	-	-	-	-	-	-	-
Profit Before Tax	6	12	28	34	35	37	39	41
Income tax	(2)	(3)	(7)	(8)	(8)	(9)	(9)	(10)
Profit After Tax	4	9	22	26	27	28	29	31

8.5 JATE

FY 31st March (LKR Mn)	FY20	FY21	FY22E
Revenue	1,682	75	395
Cost of Sales	(1,334)	(53)	(320)
Gross profit	347	22	75
Other Income	-	-	-
Selling and Distribution Costs	(34)	(32)	(32)
Administration Expenses	(1)	(0)	(1)
Operating Profit	312	(10)	42
Finance Cost	(0)	(0)	(0)
Finance Income	17	18	1
Gain/(Loss) on Disposal of Subsidiaries	-	-	-
Profit Before Tax	329	8	43
Income tax	(31)	0	(6)
Profit After Tax	298	8	37

8.6 DMCC

FY 31st March (LKR Mn)	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Revenue	75	571	1,921	2,641	3,224	4,118	4,717
Cost of Sales	(59)	(460)	(1,625)	(2,045)	(2,565)	(3,277)	(3,756)
Gross profit	16	112	296	596	658	841	961
Other Income	-	-	-	-	-	-	-
Selling and Distribution Costs	-	(40)	(1)	(1)	(2)	(2)	(2)
Administration Expenses	(0)	(2)	(3)	(3)	(3)	(4)	(4)
Operating Profit	16	69	292	591	654	836	956
Finance Cost	(1)	(5)	-	-	-	-	-
Finance Income	0	3	5	2	1	2	2
Gain/(Loss) on Disposal of Subsidiaries	-	-	-	-	-	-	-
Profit Before Tax	15	67	297	594	655	837	957
Income tax	-	-	-	-	-	-	-
Profit After Tax	15	67	297	594	655	837	957

8.7 JATG

FY 31st March (INR Mn)	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Revenue	19	18	18	58	70	78	81	85
Cost of Sales	(18)	(24)	(20)	(51)	(62)	(66)	(69)	(73)
Gross profit	2	(6)	(3)	7	8	12	12	13
Other Income	0	-	0	-	-	-	-	-
Selling and Distribution Costs	-	-	-	-	-	-	-	-
Administration Expenses	(13)	(11)	(5)	(5)	(6)	(6)	(6)	(6)
Operating Profit	(12)	(17)	(9)	2	3	6	6	6
Finance Cost	-	-	-	-	-	-	-	-
Finance Income	-	-	-	0	1	1	1	1
Gain/(Loss) on Disposal of Subsidiaries	(5)	27	37	-	-	-	-	-
Profit Before Tax	(17)	10	28	2	4	6	7	7
Income tax	-	-	-	(0)	(1)	(1)	(2)	(2)
Profit After Tax	(17)	10	28	1	3	5	5	6

8.8 JATB

FY 31st March (BDT Mn)	FY23E	FY24E	FY25E	FY26E
Revenue	1,012	1,311	1,657	1,883
Cost of Sales	(909)	(1,177)	(1,488)	(1,690)
Gross profit	103	134	169	193
Other Income	-	-	-	-
Selling and Distribution Costs	-	-	-	-
Administration Expenses	(40)	(43)	(46)	(50)
Operating Profit	63	91	123	143
Finance Cost	(10)	(22)	(27)	(31)
Finance Income	-	-	-	-
Gain/(Loss) on Disposal of Subsidiaries	-	-	-	-
Profit Before Tax	53	70	96	112
Income tax	(19)	(24)	(34)	(39)
Profit After Tax	35	45	63	73

8.9 JATA

FY 31st March (ETB Mn)	FY24E	FY25E	FY26E	FY27E	FY28E
Revenue	50	87	126	150	165
Cost of Sales	(37)	(64)	(92)	(109)	(120)
Gross profit	12	23	34	41	45
Other Income	-	-	-	-	-
Selling and Distribution Costs	-	-	-	-	-
Administration Expenses	(14)	(15)	(16)	(18)	(19)
Operating Profit	(2)	8	18	23	26
Finance Cost	(1)	(2)	(3)	(3)	(3)
Finance Income	-	-	-	-	-
Gain/(Loss) on Disposal of Subsidiaries	-	-	-	-	-
Profit Before Tax	(3)	6	15	20	22
Income tax	-	(2)	(5)	(7)	(8)
Profit After Tax	(3)	4	10	13	14

9.0 Risks

The future performance of JAT is subject to a number of risks that may or may not be within the control of the Company. Should any of the risks highlighted here materialize, it could have an adverse effect on the performance of the Company and its ordinary share price. This section highlights the main sources (but not necessarily all) of the risks faced by the Company.

Macroeconomic Instability

Due to the company's global presence, JAT will also be affected by global macro-economic factors. Policies adopted by the different governments and on the political stability in different geographies play a crucial role in the company's performance as it has a direct impact on foreign investments. For example, instabilities in political environments could lead to a lengthy and more bureaucratic processes to establish manufacturing plants resulting in delays in construction and cost overruns. Furthermore, inflation rates of a country will affect consumer spending power and indirectly impact the company's performance.

Impacts of the global pandemic

The global effect of COVID-19 pandemic is substantial and has resulted in a downturn of economic growth. Increase in costs and lead times in the supply chain, decline in sales due to lockdowns and supplier shocks has affected JAT along with reduced capacity. With the vaccination process well on its way the company has managed to regain its momentum and has increased sales in comparison to those prevalent in the initial stages of the pandemic. However, it should be noted that the long-term effects of rising unemployment, raw material price increases and stagnant economic growth can adversely affect the company and its performance.

Exchange rate risks

JAT is exposed to exchange risks due to its operations globally. Currently JAT mainly imports using USD and EURO and any depreciation against these currencies can lead to higher raw material costs which would affect gross profit margins. However, the company has managed to maintain its margins through constant innovation and by passing the costs to its customers. With the establishment of manufacturing plants in East Africa and Bangladesh these exchange rate risks need to be monitored regularly.

Increase in competition

The African region is a premature market and as it progresses along the way, more competitors might enter the market posing challenges to JAT's the market share. Furthermore, India and Bangladesh have well established competitors operating efficiently creating a more competitive environment and if operations are not managed efficiently, it can lead to eroded margins. However, JAT has remained competitive throughout with its innovative products and customer engagement strategies and will be further leveraging on research and development through its full-fledged research facility.

Loss of strategic relationships

JAT has established exclusive agencies and distributorships with companies such as SEA, Herman Miller etc. Any loss of these relationships can have a negative impact on the company's performance. However, JAT has been able to build close relationships with such strategic customers and is confident in continuing these relationships in the foreseeable future. Furthermore, to reduce risks, the company is also focusing on backward integration.

Import restrictions and tax regulations

JAT is heavily dependent on imports for its manufacturing and distribution services thus any restrictions imposed on raw material can severely impact JAT. Bangladesh operations can be heavily affected if any import restrictions are placed as it is highly dependent on DMCC imports. Furthermore, the company benefits from certain tax regimes such as the Dubai operations bearing 0% tax. Thus, changes in tax can influence the company's performance.

Lack of online penetration

'WHITE by JAT' is expected to be promoted via online purchasing. In the event of speed of shifting towards online marketing in the country is stagnant, the expected sales may not be achieved by the company. Also, there is a risk of competitors copying the strategy adopted by JAT which may result in its inability to achieve the expected volume growths.

10.0 Individuals Materially Participating in the Valuation Assignment

10.1 CAL Team

Deshan Pushparajah, CFA, FCMA, FCCA, BSc – Managing Director, Global Markets & Investment Banking

Deshan is an expert at public and private capital markets, both buy-side and sell-side M&A and enjoys the trust of an established network of clients in the local and international capital markets. He has been with the group since 2007 and has overseen the team through the changing post-conflict economic realities and has been instrumental in CAL emerging as a market leader in Equity capital markets and a considerable force in Debt capital markets. Deshan is a CFA Charter holder (USA) and a Fellow Member of the Chartered Institute of Management Accountants, UK and the Association of Chartered Certified Accountants, UK. He also holds a Bachelor's in Applied Accounting from Oxford Brookes University, UK

Vishnu Balachandran, CFA, ACMA, BBA – Executive Vice President - Head of Investment Banking

Vishnu joined CAL in 2011 and has been a key driver in concluding many noteworthy M&A advisory transactions and debt issuances. Prior to joining CAL, he worked as an Equity Analyst at Amba Research, covering FMCG and retail markets in East Asia. Vishnu is a CFA Charter holder (USA), an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a Bachelor's in Business Administration from the University of Colombo.

Rizny Faisal, CFA, ACMA, – Senior Vice President - Head of Equity Capital Markets and M&A

Rizny carries with him over a decade of financial consultancy field experience in providing buy-side financial due diligence, financial valuation, vendor assistance and external audit and assurance services. He has provided transaction advisory services with a particular emphasis on financial due diligence reviews across a range of industries including hospitality, manufacturing, FMCG retail and distribution, power and energy, financial services, construction and apparel. He also has experience in a range of audit and assurance services, covering a diverse range of industries including hospitality, manufacturing, financial services, retail and distribution, FMCG and shipping. Rizny is a Chartered Financial Analyst and an Associate Member of the Chartered Institute of Management Accountants UK.

Udesh Rajeendra, BSc – Assistant Vice President – Investment Banking

Udesh joined CAL in 2016 and has been involved in a number of capital market transactions. He holds a Bachelor's in Economics and Management and a Diploma in Economics from the University of London.

Dakshitha Vithanage, BSc – Assistant Manager - Investment Banking

Dakshitha joined CAL in early 2018 and has been involved in a number of capital market transactions including M&A, Corporate restructuring and company listings. He holds a Bachelor's in Finance from the University of Sri Jayewardenepura and he is a Passed Finalist of the Chartered Institute of Management Accountants (UK).

Divyanjee Thrimanne, LLB – Analyst - Investment Banking

Divyanjee joined CAL in early 2021, prior to which she worked as an Analyst in the Corporate Finance and Valuation Consulting Division of PricewaterhouseCoopers. She holds a Bachelor's degree in Law from the University of Colombo and she is a Passed Finalist of the Chartered Institute of Management Accountants (UK). Divyanjee is an Attorney-at Law of the Supreme Court of Sri Lanka.

11.0 Disclaimer

Our analysis is based on information obtained from the audited financials and additional information supplied by JAT management. We accepted all such information as accurate and acted with due care and consideration in preparing the report. However, nothing has come to our attention to believe that the facts and data set forth in the report are incorrect. However, we assume no responsibility for errors or omissions in information furnished by JAT.

Neither CAL nor any of its employees involved in this assignment have a financial interest in JAT. The fee for the preparation of this report is not contingent upon results reported.

We did not investigate either property titles or the directors' claims of JAT's ownership of said properties. Neither have we explored the possibility of liens or encumbrances lodged against the properties.

This report is for the use of the Board of Directors and shareholders of JAT for the purpose set out in Section 1.2 of this report and should not be used for any other purpose.

In carrying out this Assignment, analyses deemed to be appropriate and assessments that were possible and practical within the time available have been carried out. Financial information and market data from the CSE and S&P Capital IQ have also been used for this Assignment.

The value recommendations given in this report are valid as of Tuesday, 22 June 2021 and will be valid for a period of five months from the date of issuance of the Prospectus. A factor to be considered for this report is that the valuations carried out are done based on financial data released by JAT. Where the data provided were incomplete, we have used reasonable judgment.

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JAT Holdings Limited

No. 351, Pannipitiya Road, Thalawathugoda

Tel : +94 11 440 7700

Fax : +94 11 277 3793