



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



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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



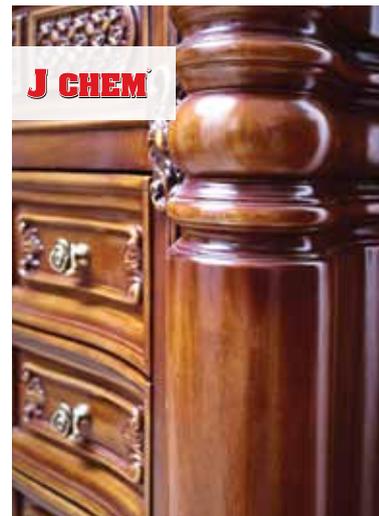
JAT[®]

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.



SEA III
GERMAN KITCHENS

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.



JAT[®]

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.



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
(Most Recognized
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



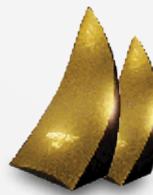
Top 25
Great Place to Work
Sri Lanka
2016



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.

■ The Written Consent of the Bankers to the Offer

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.

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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 | 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 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 |
| Placement Coordinator | Acuity Partners (Private) Limited 53, Dharmapala Mawatha Colombo 03 Tel : +94 11 220 6206 Fax : +94 11 243 7149 |
| Lawyer to the Offer | Mrs. Priyanthi Pieris Attorney-at-Law No. 3/14D Kynsey Road Colombo 08 Tel : +94 11 461 0476/+94 777 385 997 |
| Auditors and Reporting Accountants to the Offer | Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10 Tel : +94 11 246 3500 Fax : +94 11 269 7369 |
| 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 |
| Bankers to the Offer | Hatton National Bank PLC No. 715, Pannipitiya Road Thalawathugoda Tel : +94 11 277 4194 Fax : +94 11 277 4195 |

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 | NDB Investment Bank Limited (NDBIB) Capital Alliance Partners Limited (CAL) |
| 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



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 a reality.



Values of JAT

- In depth knowledge of the entire business
- Leadership at all levels
- Complete customer satisfaction
- Continuous Improvement and Innovation

Figure 7.1 Vision, Mission and Values of JAT

7.3. Key Milestones

1993
Incorporation of JAT Holdings Limited

1995
Partners Sayerlack, the global leader in wood coatings

1996
First Company to introduce PU wood coatings which revolutionized the wood finishing market with innovating wood coatings moving away from NC coatings

1998
First company to introduce islandwide training on wood finishing for applicators, architects, institutes, wood working industries. To date over 20,000 professionals in South Asia are trained away from NC coatings

1999
JAT Partners with Borma Wachs, Europe's largest wood cosmetics producers.

Furthermore JAT became the first company to introduce Water Base Putty into market

2000
First company to introduce Water Base Coatings in Sri Lanka & region. Thereby transforming South Asia's wood coating industry

First company to actively promote environmentally friendly low VOC products

2001
Enters the Bangladesh market with Sayerlack, JChem & Borma Wachs

2005
Enters Maldives with Sayerlack & Borma Wachs

2010
JAT launches Brush Master, the premium paint brush made with DuPont filament

2011
Reaches Rs. 1 billion in sales

Partners with Tarkett, Rebo and Daso, global leaders in environmentally sustainable wooden flooring and bamboo decking

Partners with Armstrong, a global leader in ceilings & flooring.

Partners with Herman Miller, the global leader in ergonomic office furniture thereby entering the office furnishing market

2013
JAT successfully enters the Indian market

2015
JAT Holdings was ranked 9th in Top 10 Conglomerate Brands in Sri Lanka

2016
JAT Commences construction of new head office

2017
Enters into a Chemical Leasing Agreement with MAS Capital (Pvt) Ltd, demonstrating its commitment towards long-term environmental sustainability

Ranked 30th on 'Most Respected Entities' published by LMD

Acquires Eurometalic Ceiling manufacturing unit from

Access Projects Limited

Partners with SEA Group (Germany) introducing state-of-the-art Kitchens and Wardrobes

2018
JAT records the highest export turnover at over USD \$10 Million, highest project turnover of Rs. 701 Million

Completes the construction of a 45,000 sqft Head Office complex

2019
JAT acquired Harris exclusive agency

JAT Introduced Petal Paint

2020
Introduced the Experience Centre concept

Ventured into the East African market

Introduced SIKKA waterproofing to local market

Launched WHITE by JAT

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 | |
| <p>Waterbase Wood Coatings</p>  | <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> |
| <p>Polyurethane (PU) Basecoat and Topcoats</p>  | <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> |
| <p>Ultraviolet (UV) coatings</p>  | <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> |
| <p>Polyester coatings</p>  | <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> |

| | | | |
|--|---|---|---|
| <p>Special Effects Wood Coatings</p>  | <p>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.</p> | | |
| <p>Epoxy resin coatings</p>  | <p>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.</p> | | |
| <p>J CHEM</p> | | | |
| <p>Solvent based Wood Coatings</p> | | | |
| <p>J Chem NC Sanding Sealer and Lacquer</p>  | <p>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.</p> | <p>J Chem NC Super Thinner</p>  | <p>J Chem NC Super Thinner is mainly used for diluting all forms of enamels, undercoats and lacquers to provide a brighter finish.</p> |
| <p>J Chem Wood Stain</p>  | <p>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.</p> | <p>J Chem Polyurethane Varnish Gloss</p>  | <p>J Chem Polyurethane Varnish Gloss provides the protection and glossy effect on interior timber furniture.</p> |
| <p>J Chem – Enamel</p>  | <p>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.</p> | <p>J Chem Wood Preservative</p>  | <p>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.</p> |
| <p>J Chem Anticorrosive</p>  | <p>J Chem Anticorrosive Paint is based on long oil alkyd 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.</p> | | |
| <p>Floor Paints</p> | | | |
| <p>J Chem Floor Paint</p>  | <p>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.</p> | | |

| MASTERS | |
|--|---|
| <p>Water base top coat</p>  | <p>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.</p> |
| <p>Wood Stain</p>  | <p>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.</p> |
| <p>Ceiling coat</p>  | <p>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.</p> |
| BORMA WACHS | |
| <p>Water Base Wood Putty</p>  | <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> |
| Hours | |
|  | <p>Hours 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. Hours 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 residencies, 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 Jayawardenepera



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 to 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 | |
|--|---|
|  <p><i>A globally renowned brand based in Italy and partners since 1995</i></p> | <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) |
|  <p><i>Partners since 1999</i></p> | <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><i>Acquisition of Harris exclusive agency</i></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><i>Introduced in December 2020</i></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><i>Sri Lankan Subsidiary and launched in 2010</i></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><i>Owned brand by JAT and launched in 2016</i></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><i>A globally renowned brand and partners since 2011</i></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><i>A globally renowned brand and partners since 2017</i></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><i>A globally renowned brand and partners since 2011</i></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><i>2017 bought over and solely owned by JAT Holdings</i></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 | |
|---|--|
|  <p>BUILDING TRUST</p> <p>Partnered in 2019</p> | <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 |
|  <p>Introduced in 2020</p> | <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.

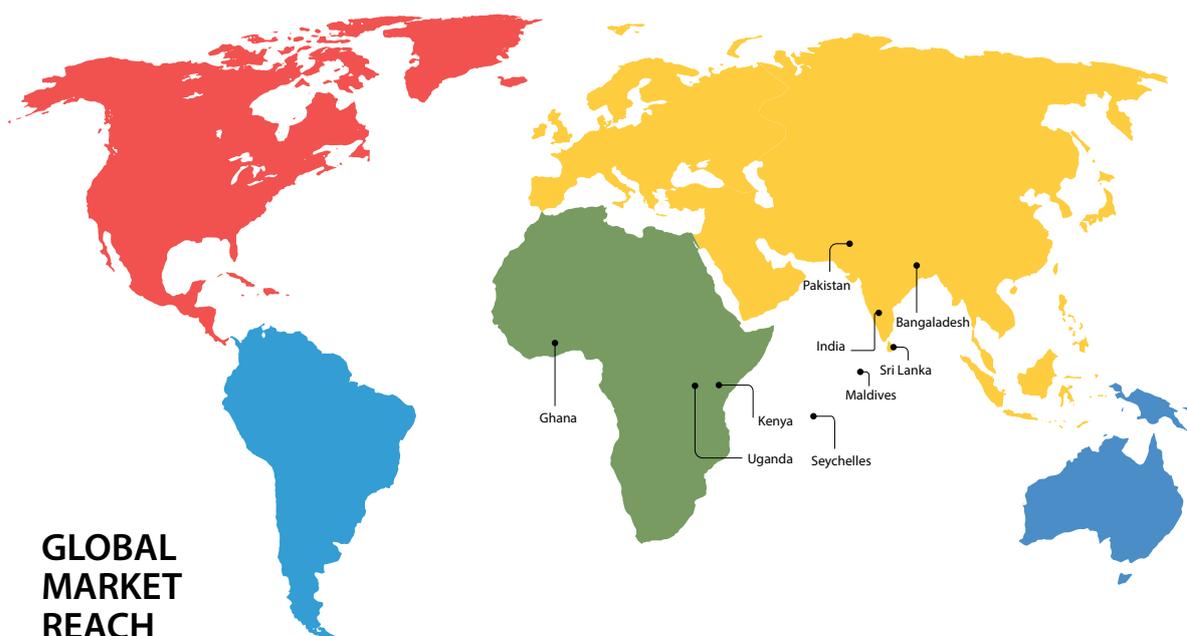


Figure 7.5 Market Presence of JAT

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 |
|---|---|
|  | <p>JAT Sports Fiesta</p> <p>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.</p> |
|  | <p>Children's Day Workshop</p> <p>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.</p> |
|  | <p>Fitness and Weight Loss Program</p> <p>'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.</p> |
|  | <p>Employee Engagement Nights</p> <p>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> |

| | |
|---|--|
|  | <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. |



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.



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.

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 |
| <i>GP Margin %</i> | 29.5% | 29.5% | 27.6% |
| Net Operating Expenses | (914.6) | (878.6) | (902.2) |
| EBITDA | 789.5 | 1,155.9 | 951.6 |
| <i>EBITDA Margin %</i> | 14.5% | 17.7% | 15.1% |
| EBIT | 692.5 | 1,053.1 | 836.6 |
| <i>EBIT Margin %</i> | 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 |
| <i>PAT Margin %</i> | 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.

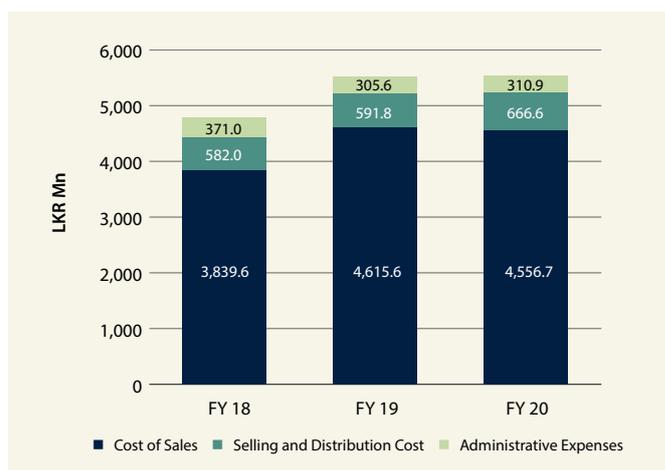


Figure 8.1 Composition of Operating Expenses of JAT

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.

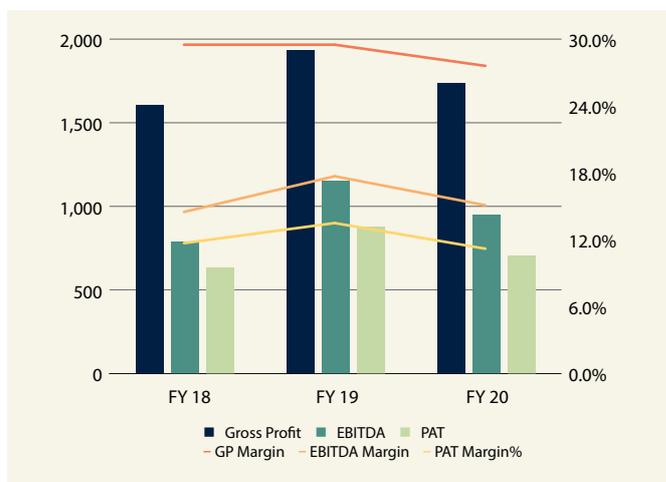


Figure 8.2 Profitability Ratios of JAT

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 |
| <i>GP Margin %</i> | 30.5% | 30.8% | 30.7% |
| EBITDA | 102.1 | 701.6 | 803.7 |
| <i>EBITDA Margin %</i> | 5.6% | 19.8% | 15.0% |
| EBIT | 38.3 | 646.5 | 684.9 |
| <i>EBIT Margin %</i> | 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 |
| <i>PAT Margin %</i> | -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 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 |
| | Director – JAT Australia PTY LTD |
| Mrs. Anika Williamson | Director – JAT Global (Private) Limited |
| | Director – JAT Exports DMCC |
| | 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 |
| Mr. Richard Gunawardene | 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 |
| | Managing Director – Management Systems (Pvt) Ltd |
| Mr. Devaka Cooray | 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 – M T 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 | Gift of Shares by J Chem Coatings (Private) Limited | 3,487,115 | Nil |
| Mrs. Joycelyn Gunawardene | June 17, 2020 | Gift of Shares by J Chem Coatings (Private) Limited | 9,145,221 | Nil |
| Mrs. Anika Williamson | June 17, 2020 | Gift 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.

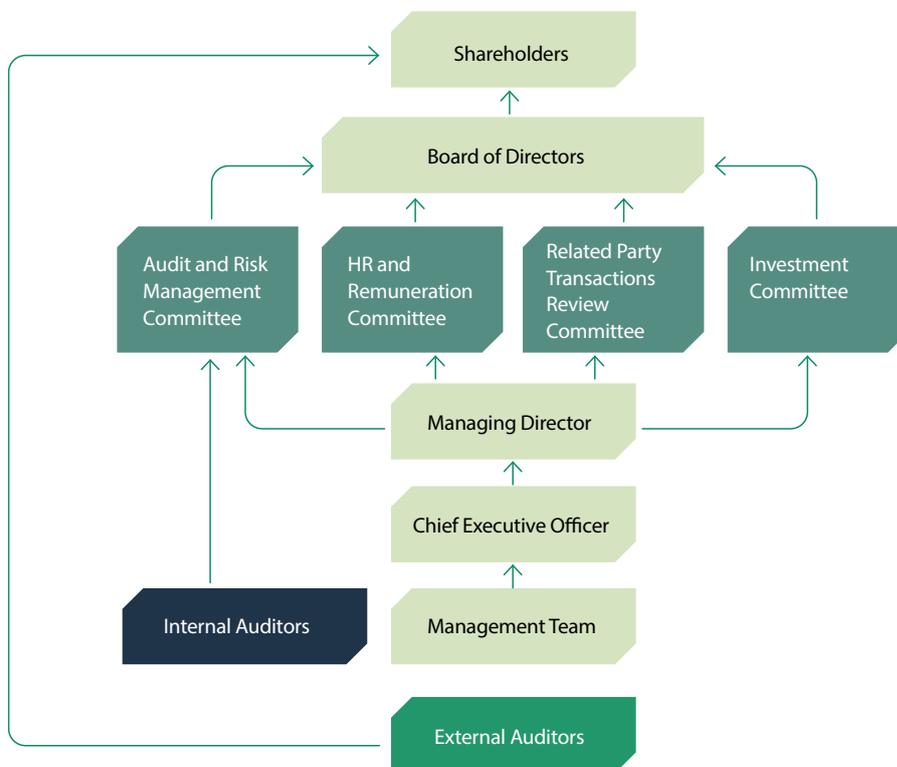
In order to have an appropriate mix of Executive, Non-Executive and Independent Directors to separate the functions of governance and management, the current Board consists of one Executive Director and eight Non-Executive Directors and of which five are Independent Directors. The Board would periodically 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 bought 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
Rajapakse**
Head of IT and ERP

Mr. Rajapakse 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 | - | - |
| Standard Chartered Bank | Overdraft | 50,000,000 | 663,600 | 663,600 | - |
| | Import Loans | 275,000,000 | - | - | - |
| | Short Term Loan | 50,000,000 | - | - | - |
| | Stand by Letter of Credit (EUR) | 233,640,000 | 28,124,417 | - | - |
| HSBC | 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 Brushes, 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: jkstock@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@ctcls.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 |
| Atchchueli | Bus stand view Atchchueli | 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 | 33222520 / 334933848 / 332225597 / 332234833 |
| Gampola | No. 142, Kandy Road Gampola | 812351974 / 812352864 / 815676596 / 815676556 |
| Ganemulla | No. 181/2, Kandana Road Ganemulla | 332262466 / 114362779 |
| Geliyoa | No,401 Kandy Rd Geliyoa | 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 |
| Karaitivu | No. 232, Main Street Karaitivu - 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, Jaffana 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 |
| Mulliyawalai | Thanneeroottu West, Mulliyawalai, 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 | 54555383 / 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 |
| Thimbrigasyaya | 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 A65 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 PLCHNB 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

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

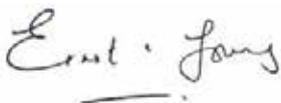
The company has paid dividends in respect of ordinary shares for the years ended 31 March 2017 to 31 March 2021 as follows.

| 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 | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Group Rs. | Company Rs. |
| Assets | | | | | | | | | | |
| 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 | 15,865,240 | 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 | 137,235,239 | 137,235,239 | - | - | - | - |
| Investment Property | 142,421,669 | 142,421,669 | 333,818,740 | 333,818,740 | 19,684,448 | 19,684,448 | 14,588,000 | 14,588,000 | 14,588,000 | 14,588,000 |
| Investment in Subsidiary | 2,500,000 | 2,500,000 | 2,467,248 | 2,467,248 | - | - | 6,133,016 | 6,133,016 | 25,919,758 | 25,919,758 |
| Other Investment | - | - | - | - | - | - | - | - | - | - |
| Deferred Tax Asset | 58,120,344 | 58,120,344 | 49,241,160 | 49,241,160 | 33,822,114 | 33,822,114 | 26,368,238 | 26,368,238 | 16,217,483 | 16,217,483 |
| Consumable Biological Assets | 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 | 47,092,651 | 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 | 4,548,687,026 | 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 | 5,463,814,490 | 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) | (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 | 56,079,651 | 46,338,309 | 45,624,470 | 35,306,416 | 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 | 47,656,029 |
| | 1,620,717,967 | 1,286,769,912 | 2,092,670,691 | 1,443,225,007 | 2,307,852,936 | 2,116,519,805 | 2,139,228,279 | 1,921,394,654 | 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

| | 2021 | | 2020 | | 2019 | | 2018 | | 2017 | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Group Rs. | Company Rs. |
| For the year ended 31 March | | | | | | | | | | |
| 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 | 1,074,981,432 |
| 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 Rs. | Company 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 period | | | | | | | | | | |
| 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

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------|---------------|---------------|---------------|---------------|
| | Group Rs. | Company Rs. | Group Rs. | Company Rs. | Group Rs. |
| Cash Flows From / (Used in) Operating Activities | | | | | |
| Profit/ (Loss) before Tax from continuing operations | 644,491,868 | 565,502,136 | 941,251,682 | 586,314,176 | 1,031,500,836 |
| Adjustments for: | | | | | |
| Depreciation of Property, Plant & Equipment | 113,443,228 | 109,524,129 | 99,491,432 | 93,615,151 | 94,798,487 |
| Amortization For Intangible Assets | 5,401,830 | 5,085,560 | 4,497,130 | 3,361,966 | 3,668,008 |
| Depreciation of Right of Use Assets | 18,869,945 | 18,869,945 | 8,637,605 | 6,941,241 | 4,166,779 |
| Provision For Deferred Benefit Plans | 11,608,597 | 11,093,577 | 9,108,687 | 2,012,298 | 9,718,845 |
| Inventory Write off/Provision | 19,260,730 | 13,690,028 | 5,800,000 | 3,664,199 | 4,626,598 |
| Disposal (Gain)/Loss on Property, Plant and Equipment | (32,199,866) | (52,199,866) | (2,877,367) | (253,367) | (4,141,336) |
| Disposal (Gain)/Loss on Investments | - | - | - | 685,473 | - |
| Changes in Fair Value of Biological Assets | (8,879,184) | (8,879,184) | (7,453,876) | (10,150,755) | (8,323,733) |
| Changes in Fair Value of Investment in Other Financial Assets | (1,606,148) | (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 | - | - | - | - |
| Temporary Concessions of Right of Use Assets | (5,948,177) | (5,948,177) | - | - | - |
| Allowances for Expected Credit Losses | 57,305,256 | 73,098,055 | 13,501,862 | 5,504,950 | 9,819,788 |
| Other Bad Debts Written off | (170,500) | 36,108,824 | 32,386,076 | - | - |
| Dividend Income | (42,381,814) | (97,616,619) | (17,436,100) | (12,143,712) | (15,479,746) |
| Finance Costs | 82,556,367 | 73,490,875 | 129,252,510 | 113,845,885 | 98,503,004 |
| Operating Profit/(Loss) before Working Capital Changes | 863,650,142 | 737,969,174 | 1,204,505,503 | 798,147,041 | 1,228,857,529 |
| (Increase) / Decrease in Inventories | 200,152,227 | 193,456,795 | 191,331,376 | (210,406,575) | (687,545,056) |
| (Increase) / Decrease in Trade and Other Receivables | 121,444,841 | (26,102,665) | (432,231,322) | (505,325,219) | (303,223,078) |
| (Increase) / Decrease in Amount Due From Related Parties | (1,132,779) | (48,278,975) | (18,541,790) | (28,987,861) | 101,429,698 |
| (Increase) / Decrease in Advances & Prepayments | (2,045,703) | (25,743,429) | (283,860,740) | 163,986,658 | (76,888,854) |
| Increase / (Decrease) in Amount Due To Related Parties | 40,822 | (1,016,069) | (94,489) | (44,090) | 17,526,280 |
| Increase / (Decrease) in Trade & Other Payables | (47,226,108) | 259,596,122 | (272,979,518) | (2,891,923) | 305,097,865 |
| Cash Generated from Operations | 1,124,283,442 | 1,123,962,022 | 2,772,255,223 | 835,308,891 | 1,886,446,392 |
| Income Tax Paid | (21,880,811) | (37,194,267) | (34,488,126) | (44,842,611) | (176,497,147) |
| Retiring Gratuity Paid | (1,243,845) | (1,919,975) | (2,105,376) | (2,105,376) | (52,260) |
| Finance Cost Paid | (82,956,367) | (73,490,875) | (129,252,510) | (118,342,054) | (98,503,004) |
| Net Cash From/(Used in) Operating Activities | 1,018,202,421 | 784,162,304 | 1,066,209,211 | 581,831,919 | 310,202,209 |
| Cash Flows from / (Used in) Investing Activities | | | | | |
| Acquisition of Property, Plant and Equipment | (178,091,747) | (177,547,058) | (201,547,605) | (201,097,906) | (303,267,921) |
| Acquisition of Intangible Assets | (3,725,000) | (4,841,011) | (6,810,169) | (908,438) | (25,704,686) |
| Cost Incurred on Investment Property | (48,225,430) | (48,225,430) | (135,235,239) | (254,774) | (17,284,436) |
| Maintenance Cost of Consumable Biological Assets | - | (333,000) | - | - | - |
| 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 | - | - | - | - | (1,602,600) |
| Investment in Other Assets | - | - | (5,096,448) | - | (14,588,000) |
| Proceeds From Sale of Equity Shares | (210,000,000) | (210,000,000) | - | - | 330 |
| Investment in Money Market Funds | 170,500 | 95,940 | - | - | - |
| Dividend Income Received | 42,381,814 | 97,616,619 | 20,849,599 | - | - |
| Interest Income Received | (80,138,373) | 21,007,911 | 29,699,808 | 11,785,476 | 23,843,468 |
| Net Cash Flows from/(Used in) Investing Activities | (380,138,373) | (303,721,468) | (397,464,638) | (329,638,602) | (453,537,624) |
| Cash Flows from / (Used in) Financing Activities | | | | | |
| Shares Issued During The Year | (183,741,525) | (167,853,544) | (265,855,247) | (252,869,020) | 290,000,013 |
| Net Increase/(Decrease) of Import and Short Term Loans | (36,051,875) | (35,608,125) | (183,609,474) | (182,943,849) | (275,742,100) |
| Bank Loan Repayments | 34,900,000 | - | (10,650,000) | (150,665,789) | (32,437,459) |
| Bank Loan Obtained | (7,289,013) | (7,289,013) | (2,245,686) | (1,127,200) | 218,115,000 |
| Lease Rentals Paid | (199,619,860) | (199,619,860) | (274,785,819) | (150,896,155) | (791,678) |
| Ordinary Share Buy Back | (57,121,880) | (57,121,880) | - | - | (286,923,139) |
| Dividend Share Buy Back | (450,924,153) | (467,492,422) | (715,846,225) | (712,344,375) | (87,279,363) |
| Net Cash Flows from/(Used in) Financing Activities | 187,139,895 | 12,948,414 | (275,977,812) | (187,687,244) | (118,064,569) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 303,251,685 | 201,733,113 | 277,273,873 | 52,383,869 | 52,122,963 |
| Cash and Cash Equivalents at the beginning of the Year | 490,391,580 | 214,681,727 | 303,251,685 | 201,733,113 | 170,187,532 |
| Cash and Cash Equivalents at the end of the Year | 793,643,265 | 416,414,840 | 580,525,558 | 254,116,982 | 222,310,495 |



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**



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

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ey.com

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.

(Contd...2/)

EY202106156517

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 Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA 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.

(Contd...3/)



- 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.

A handwritten signature in black ink, appearing to read 'Ernst & Young', with a horizontal line underneath.

24 May 2021
Colombo

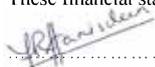
JAT Holdings Limited

STATEMENT OF FINANCIAL POSITION

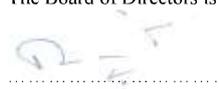
As at 31 March 2021

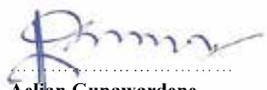
| ASSETS | Note | Group | | Company | |
|---------------------------------------|------|----------------------|----------------------|----------------------|----------------------|
| | | 2021 Rs. | 2020 Rs. | 2021 Rs. | 2020 Rs. |
| Non-Current Assets | | | | | |
| Property, Plant and Equipment | 4 | 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

| | Note | Group | | Company | |
|--|------|----------------------|----------------------|----------------------|----------------------|
| | | 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 | | <u>1,644,296,834</u> | <u>1,738,823,457</u> | <u>1,448,234,661</u> | <u>1,345,482,864</u> |
| 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 | <u>644,491,868</u> | <u>750,674,961</u> | <u>565,502,136</u> | <u>585,464,813</u> |
| Income Tax Expense | 23 | (44,054,405) | (43,624,797) | (36,259,447) | (9,538,192) |
| Profit For The Year | | <u>600,437,463</u> | <u>707,050,164</u> | <u>529,242,689</u> | <u>575,926,621</u> |
| 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 | | <u>1,769,217</u> | <u>(4,999,505)</u> | <u>-</u> | <u>-</u> |
| | | 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 | | <u>(1,525,889)</u> | <u>(1,507,544)</u> | <u>(460,163)</u> | <u>(1,969,043)</u> |
| Total Comprehensive Income | | <u>598,911,574</u> | <u>705,542,620</u> | <u>528,782,526</u> | <u>573,957,578</u> |
| Total Comprehensive Income attributable to | | | | | |
| Owners of the Parent | | 597,190,965 | 710,529,284 | 528,782,526 | 573,957,578 |
| Non-Controlling Interest | | <u>1,720,609</u> | <u>(4,986,664)</u> | <u>-</u> | <u>-</u> |
| | | 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.



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 | | <u>918,770,013</u> | <u>4,063,668,240</u> | <u>4,982,438,253</u> |
| 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 | | <u><u>918,770,013</u></u> | <u><u>4,372,129,973</u></u> | <u><u>5,290,899,986</u></u> |

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



| | Note | Group | | Company | |
|---|------|---------------|---------------|---------------|---------------|
| | | 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 be 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:

- o The rights to receive cash flows from the asset have expired or;
- o 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 financials assets are also provided in the following notes:

- o Disclosures for significant assumptions
- o 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>1,530,699,457</u> | <u>1,435,361,574</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...)

| 4.2.3 Net Book Values | Company | |
|---|----------------------|----------------------|
| | 2021 Rs. | 2020 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 |
| | <u>1,511,889,851</u> | <u>1,392,830,493</u> |
| Leashold | | |
| Leasehold Improvements | 14,427,754 | 19,716,141 |
| | <u>14,427,754</u> | <u>19,716,141</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> |
| Total Carrying Amount of Property, Plant and Equipment | <u>1,528,228,246</u> | <u>1,426,621,941</u> |

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

| 5.1.1 Cost | Goodwill | | Computer Software | |
|--|------------------|------------------|---------------------|---------------------|
| | 2021 Rs. | 2020 Rs. | 2021 Rs. | 2020 Rs. |
| 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 | <u>7,663,026</u> | <u>7,663,026</u> | <u>40,260,578</u> | <u>36,535,578</u> |
| 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 | <u>-</u> | <u>-</u> | <u>25,443,495</u> | <u>20,041,665</u> |
| Carrying Value as at 31 March | <u>7,663,026</u> | <u>7,663,026</u> | <u>14,817,083</u> | <u>16,493,913</u> |
| | | | 2021 Rs. | 2020 Rs. |
| Total Carrying value of Intangible Assets as at 31 March | | | <u>22,480,109</u> | <u>24,156,939</u> |

5. INTANGIBLE ASSETS (Contd...)

| 5.2 Company | Computer Software | |
|-------------------------------|-------------------|-------------------|
| | 2021 Rs. | 2020 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

| 6.1 Land and Building at Fair Value | Group / Company | |
|--|--------------------|--------------------|
| | 2021 Rs. | 2020 Rs. |
| 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 Price per Square Foot | Rs. 2,550,000 Rs. 2,500,000 Rs. 2,500,000 Rs. 6,000 |



JAT Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

7. INVESTMENTS

7.1 Investment In Subsidiary

| | No of Shares | | Shareholding | | Company | |
|--|--------------|------------|--------------|--------|--------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 Rs. | 2020 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 | No. of Shares | | Company/ Group | |
|----------------------------------|---------------|--------|-----------------------------|-----------------------------|
| | 2021 | 2020 | Market Value 2021 Rs. | Market Value 2020 Rs. |
| Quoted Investments | | | | |
| Hatton National Bank PLC | - | 23,000 | - | 2,467,248 |
| | | | <u>-</u> | <u>2,467,248</u> |
| | No. of Shares | | Carring Value | |
| | 2021 | 2020 | 2021 Rs. | 2020 Rs. |
| Non - Quoted Investments | | | | |
| JAT- Sino Agri (Pvt) Ltd | 5,000 | - | 2,500,000 | - |
| | | | <u>2,500,000</u> | <u>-</u> |
| | | | <u>2,500,000</u> | <u>2,467,248</u> |

7.3 Short Term Financial Assets

| | No. of Shares | | Company/ Group | |
|---|---------------|------|-----------------------------|-----------------------------|
| | 2021 | 2020 | Market Value 2021 Rs. | Market Value 2020 Rs. |
| Investment in Quoted Equity Shares | | | | |
| Expo Lanka Holdings PLC | 898,000 | - | 898,000 | - |
| Tokyo Cements Company (Lanka) PLC | 2,007,000 | - | 2,007,000 | - |
| Investment in Money Market Funds | | | | |
| 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) | (100,120,366) | (81,650,879) | (74,053,342) | (65,058,536) |
| | <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

| Movement in Allowance for Expected Credit Losses | Group | | Company | |
|--|--------------------|-------------------|-------------------|-------------------|
| | 2021 Rs. | 2020 Rs. | 2021 Rs. | 2020 Rs. |
| 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 | (39,005,194) | - | (39,005,194) | - |
| 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 | 14,409,025 | 15,399,754 | 14,409,025 | 15,399,754 |
| JAT Trading (Pvt) Ltd | 14,588,000 | 14,588,000 | 14,588,000 | 14,588,000 |
| JAT Global (Pvt.) Ltd. | - | - | - | 36,108,824 |
| Securitech Systems (Pvt) Ltd | 27,207,736 | 27,207,736 | 27,207,736 | 27,207,736 |
| Worldwide Resins & Chemicals (Pvt) Ltd | - | - | 6,818,573 | 10,356,529 |
| JAT Exports DMCC | - | - | 168,419,581 | 110,228,320 |
| JAT Exports (Pvt) Ltd | - | - | - | 17,783,528 |
| JAT Holdings Bangladesh (Pvt) Ltd | - | 752,920 | - | 576,500 |
| JAT Property Group (Pvt) Ltd | - | 1,200,000 | - | 1,200,000 |
| JAT Technologies (Pvt) Ltd | - | 436,845 | - | 436,845 |
| Amount Due from Key Management Personal | 14,613,273 | - | 14,613,273 | - |
| | <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

| 13.3.1 Group | | | 2021 | | 2020 | |
|--|-------|-------------|---|---|---|---|
| | | | 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 | Loan Obtained | Repayment | As At | Current | Non-Current |
|---|--------------------|----------------------|------------------------|--------------------|--------------------|-------------|
| | 01.04.2020 | | | 31.03.2021 | | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | 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 | - |
| | <u>100,000,000</u> | <u>410,604,730</u> | <u>(260,604,730)</u> | <u>250,000,000</u> | <u>250,000,000</u> | <u>-</u> |
| 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) | - | - | - |
| | <u>539,551,596</u> | <u>933,341,313</u> | <u>(1,269,082,840)</u> | <u>203,810,069</u> | <u>203,810,069</u> | <u>-</u> |
| Import and Short Term Loans | <u>639,551,596</u> | <u>1,343,946,043</u> | <u>(1,529,687,570)</u> | <u>453,810,069</u> | <u>453,810,069</u> | <u>-</u> |

14.3.2 Company

| 14.3.2 Company | As At | Loan Obtained | Repayment | As At | Current | Non-Current |
|---|--------------------|----------------------|------------------------|--------------------|--------------------|-------------|
| | 01.04.2020 | | | 31.03.2021 | | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | 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 | - |
| | <u>100,000,000</u> | <u>410,604,730</u> | <u>(260,604,730)</u> | <u>250,000,000</u> | <u>250,000,000</u> | <u>-</u> |
| 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) | - | - | - |
| | <u>521,663,614</u> | <u>825,117,522</u> | <u>(1,142,971,067)</u> | <u>203,810,069</u> | <u>203,810,069</u> | <u>-</u> |
| Import and Short Term Loans | <u>621,663,614</u> | <u>1,235,722,252</u> | <u>(1,403,575,797)</u> | <u>453,810,069</u> | <u>453,810,069</u> | <u>-</u> |

14.4 Bank Loans

| 14.4.1 Group | As At | Loan Obtained | Repayment | As At | Current | Non-Current |
|-------------------------------------|-------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| | 01.04.2020 | | | 31.03.2021 | | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | 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 |
| | <u>45,592,500</u> | <u>34,900,000</u> | <u>(36,051,875)</u> | <u>44,440,625</u> | <u>25,292,976</u> | <u>19,147,649</u> |

14.4.2 Company

| 14.4.2 Company | As At | Loan Obtained | Repayment | As At | Current | Non-Current |
|-------------------------------------|-------------------|---------------|---------------------|------------|----------|-------------|
| | 01.04.2020 | | | 31.03.2021 | | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Hatton National Bank PLC - USD Loan | 35,608,125 | - | (35,608,125) | - | - | - |
| | <u>35,608,125</u> | <u>-</u> | <u>(35,608,125)</u> | <u>-</u> | <u>-</u> | <u>-</u> |

14.5 Lease liabilities

| | Group | | Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| | Rs. | Rs. | Rs. | 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 | <u>30,344,058</u> | <u>43,581,249</u> | <u>30,344,058</u> | <u>43,581,249</u> |
| 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 |
| 14.5.1 | Rs. | Rs. | Rs. | Rs. |
| 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 | Company / Group | | | | | |
| | 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 Rs. | 2020 Rs. | 2021 Rs. | 2020 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

| Based on the nature of the product sold | Group | | Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2021 Rs. | 2020 Rs. | 2021 Rs. | 2020 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 | 2020 | 2021 | 2020 |
| | Rs. | Rs. | Rs. | 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 | 2020 |
| | Rs. | 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 | 2020 | 2021 | 2020 |
| | Rs. | Rs. | Rs. | 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 | | |
| | Pre Export Finance | Rs. 616 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.

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;

| | Transaction Amount | | | |
|--|--------------------|---------------|---------------|-----------------|
| | Company | | Group | |
| | 2021 | 2020 | 2021 | 2020 |
| | Rs. | Rs. | Rs. | 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 | 2020 | 2021 | 2020 |
| | Rs. | Rs. | Rs. | Rs. |
| Short-term employee benefits | 66,606,564 | 53,600,244 | 66,606,564 | 53,600,244 |
| Proceeds on Disposal of Subsidiary Ordinary Shares Buy Back | - | 61,150,000 | - | 61,150,000 |
| | 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> |





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 | | | | |
| | 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 | 2,315,246,922 | 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 | 2,905,000 | 2,467,248 | 2,905,000 | 2,467,248 |
| Level 02 | | | | |
| Money Market Funds | 211,401,590 | - | 211,401,590 | - |
| Total | 211,401,590 | - | 211,401,590 | - |
| 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 | 60,620,344 | 92,280,160 | 60,620,344 | 92,280,160 |



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:

| | | Increase / decrease in basis points | Increase / decrease Rate | Company Effect on profit before tax | Group Effect on profit before tax |
|------|--|---|-----------------------------|---|---|
| 2021 | | | | | |
| LKR | | + 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 | | | | | | |
| 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 2021 | Non-Audited 2020 | Non-Audited 2021 | Non-Audited 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

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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.

- a. 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.
- b. 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.

- c. 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

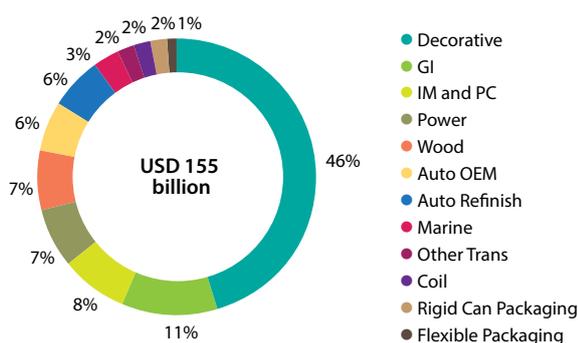
3.0 Industry Overview

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

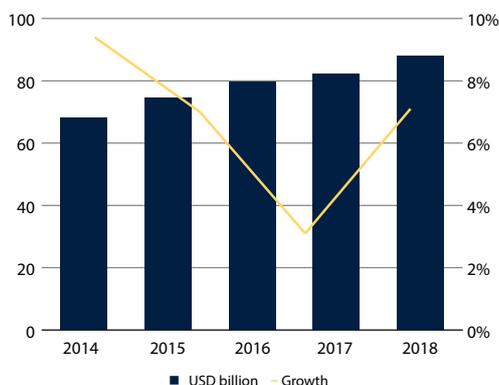


Source: Global Coatings Report, 2020

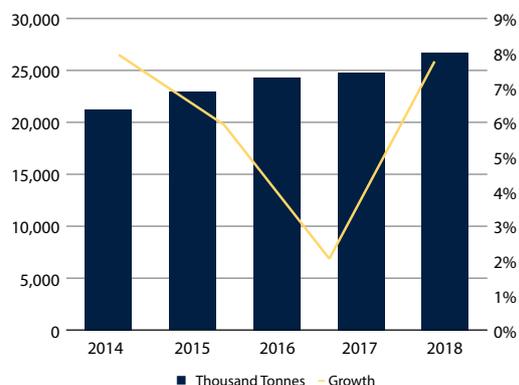
3.1.1. Asia Pacific market segmentation:

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.

⁶Nimal 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

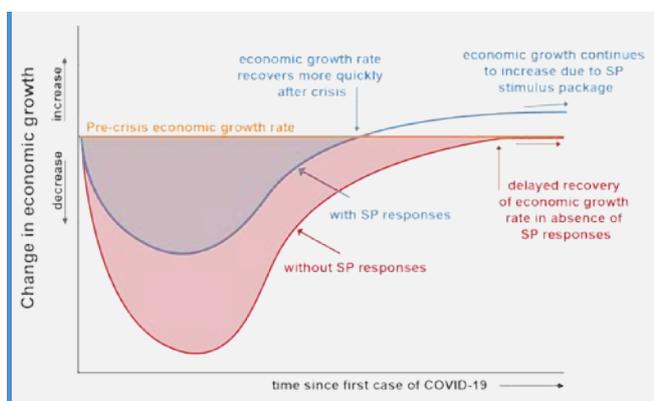
3.3.1. Sri Lanka:

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

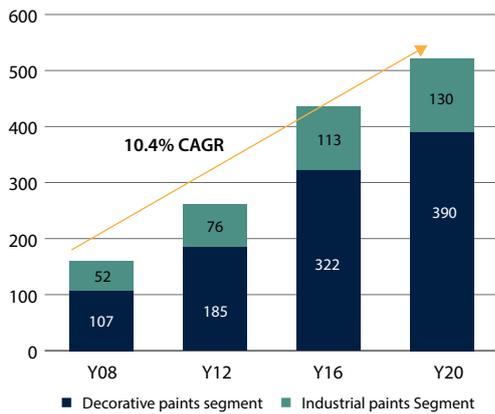
¹⁶The Daily Star. 2019

¹⁴Daily FT. 2021

¹⁷The Daily Star. 2021

¹⁸Nirmal Bang Institutional Equities

Indian Paint Industry Growth (INR billion) 2008-2020

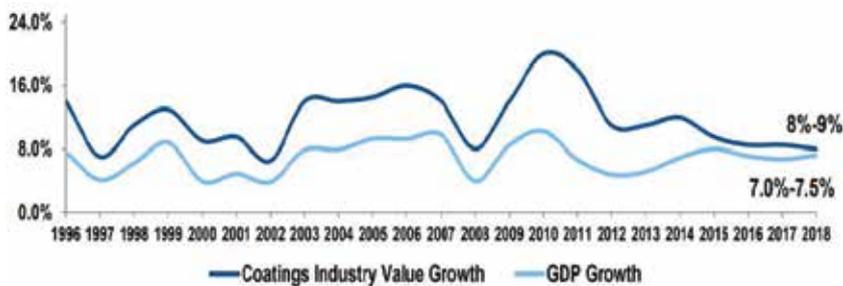


Source: Nirmal Bang Institutional Equities Research, 2020

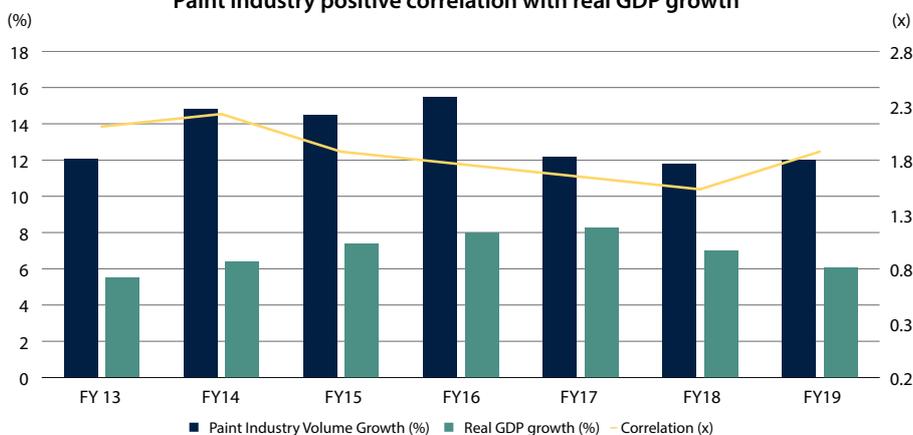
Despite the impact of the pandemic in the short term, the coating and paints and construction industries are expected to boom for several reasons. The growth of the population which is expected to reach 1.61 billion by 2047¹⁹ which will fuel the demand for greater homes and residential property thus 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% | 7.6% |
| JATA (ETB Mn) | - | - | - | - | - | 14 | 15 | 16 |
| YoY Growth | | | | | | 7.1% | 7.2% | 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:

$$V_0 = \left[\sum_{t=1}^n \frac{FCFF_t}{(1+WACC)^t} \right] + TV_n$$

Where:

V_0 = Intrinsic Value in year 0
 $FCFF_t$ = Free Cash flow to firm in year t
 $WACC$ = Weighted Average Cost of Capital
 TV_n = Present value of terminal value at year n

Further, the Gordon Growth Model (GGM) was used to derive TV_n with the following formula:

$$TV_n = \frac{FCFF_n (1+g)}{(WACC-g) \times (1+WACC)^n}$$

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 | | | | | | |
|----------------------|------|--------|--------|--------|-------|-------|-------|-------|
| | | 11.0% | 11.5% | 12.0% | 12.5% | 13.0% | 13.5% | 14.0% |
| Terminal Growth Rate | 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 |

| 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% |

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

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 |

| 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% |

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

Sensitivity Analysis (ETB Mn)

| | | WACC | | | | | | |
|----------------------|------|-------|-------|-------|-------|-------|-------|-------|
| | | 13.6% | 14.1% | 14.6% | 15.1% | 15.6% | 16.1% | 16.6% |
| Terminal Growth Rate | 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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