

JAT HOLDINGS LIMITED

# GREATNESS PURPOSE FORTITUDE

ANNUAL REPORT 2020/21

## 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.

## OUR VALUES

The employees at JAT are required to practice four values in order to achieve this Vision and Mission:

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





# GREATNESS PURPOSE FORTITUDE

Traversing through a progressive path for over 28 years we have grown exponentially across many dimensions. Since our inception, we have strived to revolutionise and lead the way in creating innovative products. Carving a unique pathway in this transformative journey, we have reached many heights of success; financial strength, stability and success in the international sphere.

JAT is recognised as a brand synonymous with quality and we transform surfaces and interiors with quintessential perfection. All these achievements have elevated us as one of Sri Lanka's most respected corporate entities. Driven by a strong ethical conscience and purpose, we have committed ourselves to many social endeavours. With strength and fortitude, we have weathered many challenges in our journey, and we are well-positioned to lead the Company to the next phase of growth with renewed strength and vigour.

# CONTENTS



“Despite being a privately held concern, JAT has proactively adopted best practices in governance, voluntarily adopting the Code of Best Practice on Corporate Governance and gradually strengthening governance mechanisms and frameworks to be line with the requirements set for listed companies.”

## CHAIRMAN’S REVIEW 22



“In a year of unprecedented uncertainty and complete disruption to the ways we worked, the JAT team rallied together with extraordinary spirit and agility, swiftly adapting to post-pandemic realities and realigning its strategy to emerge as a stronger, leaner organisation.”

## MANAGING DIRECTOR’S REVIEW 24

ABOUT OUR REPORT	3
A SNAPSHOT OF US	4
OUR JOURNEY OF GROWTH	6

## OUR LEADERSHIP TEAM

BOARD OF DIRECTORS	8
CORPORATE MANAGEMENT COMMITTEE	11
SENIOR MANAGEMENT	13
SUBSIDIARY DIRECTORS	15
THE YEAR AT A GLANCE	16
FINANCIAL HIGHLIGHTS	16
NON-FINANCIAL HIGHLIGHTS	17
KEY EVENTS	18
INVESTING IN OUR BRAND THROUGH SPORTS	21
CHAIRMAN’S REVIEW	22
MANAGING DIRECTOR’S REVIEW	24

## STRATEGIC REVIEW

VALUE CREATION MODEL	28
STAKEHOLDER ENGAGEMENT	30
MATERIALITY	31
STRATEGY AND RESOURCE ALLOCATION	33
OPERATING ENVIRONMENT	34
CORPORATE GOVERNANCE	36
BOARD COMMITTEE REPORTS	46
REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE	46
REPORT OF THE HR AND REMUNERATION COMMITTEE	47
REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE	48
REPORT OF THE INVESTMENT COMMITTEE	49

## CAPITAL REPORTS

FINANCIAL CAPITAL	51
MANUFACTURED CAPITAL	55
HUMAN CAPITAL	57
INTELLECTUAL CAPITAL	62
SOCIAL AND RELATIONSHIP CAPITAL	66
NATURAL CAPITAL	72
MANAGING RISKS	75
ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY	79
BOARD OF DIRECTORS – COMMUNICATION POLICY	83
CHIEF EXECUTIVE OFFICER’S AND CHIEF FINANCIAL OFFICER’S RESPONSIBILITY STATEMENT	84
STATEMENT OF DIRECTORS RESPONSIBILITY	85

## FINANCIAL STATEMENTS

INDEPENDENT AUDITOR’S REPORT	88
STATEMENT OF FINANCIAL POSITION	90
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	91
STATEMENT OF CHANGES IN EQUITY	92
STATEMENT OF CASH FLOWS	94
NOTES TO THE FINANCIAL STATEMENTS	95
SHAREHOLDER INFORMATION	140
10 YEAR SUMMARY - GROUP	141
OUR PRESENCE	142
GRI INDEX	143
NOTICE OF MEETING	148
FORM OF PROXY	149
SHAREHOLDER FEEDBACK FORM	151
CORPORATE INFORMATION	Inner Back cover

# ABOUT OUR REPORT

## JAT HOLDINGS LIMITED

Annual Report 2020/21



We are proud to present to you our fourth Integrated Annual Report, a balanced and concise assessment of how we created value during the year, our strategic imperatives and our performance against financial and non-financial objectives. As we strive towards our aspiration of listing our shares on the Colombo Stock Exchange, we are keen to embrace best practices in corporate reporting, thereby providing investors with relevant, timely and balanced information on the Group's ability to create value.

### Scope and Boundary

This Report covers the operations of JAT Holdings Limited - previously known as JAT Holdings (Private) Limited (referred to as "JAT" or "the Company") and its 5 subsidiaries (collectively referred to as "the Group") for the period from 1st April 2020 to 31st March 2021. The Group adopts an annual reporting cycle, and this Report builds on the Group's previous annual report for the year ended 31st of March 2020. The financial and non-financial information presented in the narrative report represents consolidated information,

unless otherwise mentioned. There were no major changes in the Group's organisational structure, size or supply chain during the year under review.

### Materiality

We have adopted the concept of materiality throughout the report by focusing on aspects that are deemed to be material and relevant to the Group's operations and to our key stakeholders. The process for determining materiality is described further on page 31 of this Report. Given the unprecedented operating conditions that followed the outbreak of the COVID-19 pandemic, we have also sought to clearly demonstrate the implications of the pandemic on our short-to-medium term objectives, strategy, and performance.

### Reporting Principles

The guiding principles, regulations, codes and Acts used for financial and narrative reporting is depicted below.

### Navigating Our Report

The following navigation icons have been used throughout the report to demonstrate connectivity between information as prescribed by the <IR> Framework.

Financial Capital	
Manufactured Capital	
Human Capital	
Intellectual Capital	
Social and Relationship Capital	
Natural Capital	

### Strategic Priorities



Financial Reporting  
Sri Lanka Financial Reporting Standards  
Sri Lanka Accounting Standards

Narrative Reporting  
Integrated Reporting Framework of the International Integrated Reporting Council (IIRC)

Sustainability Reporting  
GRI Standards - In Accordance 'Core'

Corporate Governance  
Companies Act No. 7 of 2007  
Listing Requirements of CSE  
Code of Best Practice on Corporate Governance Issued by the SEC and ICASL

Assurance Financial Statements : Messrs Ernst & Young Chartered Accountants

### Feedback

We value your feedback as it enables us to continuously improve our reporting and we encourage you to forward your comments to :

Rizna Dilshard – Director Finance  
email: rizna@jatholdings.com

JAT Holdings Limited  
Annual Report 2020/21



Print  
Available on request



Online  
Available as PDF



# A SNAPSHOT OF US

## Our Business

JAT Holdings is Sri Lanka's leading provider of finishing and furnishing solutions, commanding dominant positions in its key business lines of wood coatings, brushes and luxury kitchens. Since its humble beginnings in 1993, the Group has gradually and consistently expanded and diversified its operations by proactively identifying emerging demand trends and catering to these needs through innovation-led, superior quality product offerings.

The Group's ability to sharpen its competitive edge and drive customer penetration has been supported by its relentless focus on innovation and its ability to obtain and retain the exclusive

agency for several world-leading brands such as Sayerlack, Harris brushes, Herman Miller ergonomic office furniture, Knauf ceiling solutions and SEA Kitchen solutions, among others. Meanwhile home-grown brands such as J Chem – solvent based paints, WHITE by JAT – brilliant white emulsion paint and Brush Master.

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

### Wood Coatings

A range of interior and exterior, water-based and solvent based wood coating products



### Decorative Paints & Accessories

A wide range of high-quality interior and exterior emulsion paints, innovative decorating tools, paint brushes and rollers



### Furnishing

Modern furnishing solutions, including luxury kitchens, seating, desking and storage, doors and partitioning for residential and commercial projects



## Our Brands

The Group's brand portfolio consists of a wide range of locally and internationally renowned brands.



## Masters

### Our Socio-economic Impact

Tax contribution (with indirect taxes) <b>Rs. 521 million</b>	Forex revenue <b>Rs.618 million</b>
Direct employment <b>351</b>	No. of distributors <b>27</b>
Supplier payments <b>Rs. 3,607 million</b>	Loyalty base <b>100,000+</b>

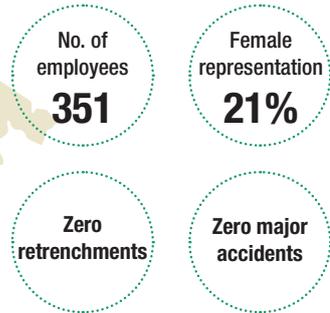
## Our Presence

The Group has developed an island-wide presence through its extensive distribution network which covers all 25 districts in all 9 provinces. The Group has also expanded its geographical footprint, building a strong presence in regional markets such as Bangladesh, India Pakistan and the Maldives. More recently the Group has also ventured into the African region, with a growing presence in Ghana, Kenya, Uganda etc.



## Our People

A team of 351 dynamic and high-performing employees drive our strategic aspirations through innovation, facilitating the customer experience and living our corporate values.



## Awards and Recognition

### 2020

- LMD's Top 20 Conglomerate Brands
- ICRA A+ (Stable) rating since 2016

### 2019

- National Chamber of Commerce of Sri Lanka (NCCSL)-Overall Winner 2019 - Bronze Award
- National Chamber of Commerce of Sri Lanka (NCCSL)-Trading Sector - Gold Award
- National Chamber of Commerce of Sri Lanka (NCCSL)- Extra Large Category - 2nd Runner up
- National Chamber of Commerce of Sri Lanka (NCCSL)-Excellence in Local Market Reach - Merit Award
- Best Employer Brand Award
- CNCI National Merit Awards (The Ceylon National Chamber of Industries)
- Top 10 Winner – CNCI Achiever Awards (The Ceylon National Chamber of Industries)
- Annual Report Awards-Trading Companies- Compliance Award (The Institute of Chartered Accountants of Sri Lanka)

### 2018

- National Business Excellence Awards
- Presidential Export Awards-Merit Award Entrepot Trade
- CA Annual Report Awards- Trading Companies Bronze Award

### 2017

- Top 10 Winner – CNCI Achiever Awards (The Ceylon National Chamber of Industries)
- Sri Lankan Entrepreneur of the Year 2017 National Platinum Award
- Sri Lankan Entrepreneur of the Year 2017 Provincial Gold Award
- CA Annual Report Awards- Trading Companies Bronze Award



One of the first private corporates to be recognised with a rating of A+ with a stable outlook for 5 consecutive years



An unprecedented four accolades at the National Business Excellence Awards 2019 including the 'Bronze Award for Overall Excellence', '2nd Runner Up in the Extra-large Sector' and 'Gold Award in the Trading Sector'



Top 10 winner' in 2019 and 2016 at CNCI Achiever Awards by the Ceylon National Chamber of Industries



Recognition at the Presidential Export Awards 2019.



Recognised among the Top 100 Most Respected Companies for four consecutive years.

Ranked amongst LMD's Top 20 Conglomerate Brands in Sri Lanka in 2020

# OUR JOURNEY OF GROWTH

## 1993

Incorporation of JAT Holdings Ltd.

## 1995

Partnered with 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

## 1999

Partnered with Borma Wachs, Europe's largest wood cosmetics producers to become the first company to introduce Water Base Putty into the Sri Lankan 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

Entered the Bangladesh market with Sayerlack, J Chem & Borma Wachs.

## 2003

Successfully completes 10 years in business

## 2005

Entered the Maldives market with Sayerlack & Borma Wachs.

## 2010

Launches Brush Master, the premium paint brush made with DuPont filament.

## 2011

Reaches Rs. 1 Billion sales  
Partners with Permoglaze Paints

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 Crown Paints, the world's premier paint brand

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

## 2013

Partners with Norton, the world leader in abrasives.

Enters Indian Market.

Completes 20 years in the business.



## 2014

Private placement with 6% of total market value.

## 2015

Ranked #9 in Top 10 Conglomerate Brands in Sri Lanka with 75% of wood coatings market in Sri Lanka.

## 2016

Incorporation of JAT Global (Pvt) Ltd.

Commences construction of new head office.

## 2017

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

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

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

Acquires Eurometalic Ceiling manufacturing unit from Access Projects Limited.

## 2018

Highest export turnover recorded at over USD \$10 Mn.

Highest project turnover of Rs. 701 Mn recorded.

Partners with Lifewood Australia JAT.

Completes 25th year in operation.

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



## 2019

Acquisition of Harris exclusive agency.

Introduced Petal Paint to the market.

Launch of Brush Master Wood.

## 2020

Entered the African Market.

Introduced the Experience Centre concept.

Introduction of SIKA waterproofing and Harris Budget range to local market.

Outsourced the finished goods warehousing facility.



## 2021

Launch of JAT care hand sanitizer range.

Launch of premium quality decorative paint, WHITE by JAT.

Launch of an exclusive e-commerce website for WHITE by JAT





**OUR  
LEADERSHIP  
TEAM**

# BOARD OF DIRECTORS



*Left to right:*

**Devaka Cooray**-Non-Executive Director

**Priyanthi Pieris**-Non-Executive Director

**Dr. Sivakumar Selliah**-Chairman/Non-Executive Director

**Richard Gunawardene**-Non-Executive Director

**Anika Williamson**-Non-Executive Director

**Aelian Gunawardene**-Founder and Managing Director/Executive Director

**Hussain Akbarally**-Non-Executive Director

**Joyce Gunawardene**-Non-Executive Director

*Absent:*

**Girish Patil**-Non-Executive Director



### **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 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 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.



### **Aelian Gunawardene**

**Founder and Managing Director  
Executive Director**

Aelian 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.

Aelian 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 three consecutive years commencing in 2018; a list that features the top leaders of the business world in Sri Lanka.



### **Joyce Gunawardene**

**Non-Executive Director  
Non-Independent**

Joyce 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.



### **Hussain Akbarally**

**Non-Executive Director  
Independent**

Hussain holds a degree in Science from the University of Melbourne, and an MBA from Harvard Business School. Hussain 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.



### **Richard Gunawardene**

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

Richard, 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, Richard 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.

## BOARD OF DIRECTORS



### Girish Patil

**Non-Executive Director/  
Independent**

Girish 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 investment 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, Girish worked in prominent investment firms such as Nalanda Capital (Singapore), Warburg Pincus (India) and Sage Capital (India). He also serves on the Board of Cleanline Linen Management (Pvt) Limited. He holds a Post-Graduate Degree in Business Administration from SDM-IMD, India.



### Anika Williamson

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

Anika 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, Anika 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.



### Devaka Cooray

**Non-Executive Director/  
Independent**

Devaka 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 he gained practical experience by being part of assurance teams that performed audit engagements on several large enterprises.

Devaka 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. Devaka 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.



### Priyanthi Pieris

**Non-Executive Director/  
Independent**

Priyanthi is an Attorney-at-Law of the Supreme Court of Sri Lanka, and a Solicitor of England and Wales. With over 39 years of experience in the field of Corporate/Securities Law, Priyanthi's expertise spans across handling corporate restructuring, privatisations, capital market transactions, take-overs, mergers and amalgamations. Priyanthi also serves on the Boards of LOLC Finance PLC, 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. She has also served as the Legal Advisor to the Ministry of Finance from 2002 to 2004. She was a Legal consultant to the Colombo Stock Exchange (2004-2011), a Member of the Committee of the Securities and Exchange Commission of Sri Lanka on Takeovers and Mergers Code, a Member of the Corporate Governance Committee of the Institute of Chartered Accountants, and a Member of the Law Commission (2020). She has served on the Boards of Asia Asset Finance PLC (2012-2021) and Abans Electricals PLC (2012-2021).

# CORPORATE MANAGEMENT COMMITTEE



## **Aelian Gunawardene**

Founder and Managing Director/  
Executive Director

Please refer profile under Board of Directors on page 9.



## **Nishal Ferdinando**

Chief Executive Officer

Nishal was appointed 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. 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 and an Advanced Diploma in Management Accounting.



## **Wasantha Gunaratne**

Director – Sales and Technical

Wasantha holds over two decades of experience in Sales, Marketing and Technical training at JAT Holdings. He has pioneered the introduction of waterbase wood coatings to Sri Lanka. He brings in wide international exposure including specialised training and exposure working with business principals in Italy, UK and USA. He holds an MBA from Anglia Ruskin University, UK.



## **Rizna Dilshard**

Director Finance

Rizna 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 knowledge, expertise and experience in finance and management 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.



## **Somasundaram Sivasubramaniam**

Senior General Manager – Treasury

Siva joined JAT Holdings in 1999. He has obtained an Associate Membership (ACA) from the Institute of Chartered Accountants, Sri Lanka and holds an MBA in Finance from Cardiff Metropolitan University UK. He possesses industry experience of over 27 years and provides sound treasury management services.



## **Gavin vanDort**

General Manager – Project Sales

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

## CORPORATE MANAGEMENT COMMITTEE



**Shamara Wanniarachchi**  
General Manager – Manufacturing

Shamara joined JAT Holdings in March 2019 with 13 years of experience. Prior to joining JAT, he has worked as the Senior Production and Quality Assurance Manager at a leading manufacturing and trading company and holds over 13 years of experience. He holds an MBA from the 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 at the Japan Sri Lanka Technical and Cultural Association (JASTECA) Furthermore he is a certified 5S auditor.



**Dilshan Rodrigo**  
General Manager – Marketing

Dilshan 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. He 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, UK.



**Bodhi Williamson**  
General Manager – Technical

Bodhi Williamson joined JAT Holdings as the General Manager of the Technical Department in 2020. He studied a Bachelor of Science Honours at Curtin University in Australia and has over five years' work experience in international science/engineering consultancy companies in Australia with diverse clients including major oil, gas and mining companies, and Government/regulatory departments.



**Nirosha Thawalampitiya**  
General Manager – Commercial

Nirosha joined JAT Holdings in February 2007 and is currently the General Manager – Commercial. She is a highly focused profit-oriented and enthusiastic team player who has over 20 years of experience including 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.



**Ajith Bandara**  
General Manager - Research & Development

Ajith 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 Chemistry at University of Kelaniya and MBA at University of Colombo.



**Kaushalya Kotuwage**  
Head of HR & Corporate Sustainability

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

# SENIOR MANAGEMENT



**Shane Dirckze**  
General Manager - Project  
Management



**Dharmendra Ramamoorthy**  
Country Head - India



**Ranga Abayakoon**  
Country Head - Bangladesh



**Chaminda Gulawita**  
Senior Manager - Industrial Sales



**Maithri Vithanage**  
Senior Manager - National Sales



**D. D. Rubasinghe**  
Head of Recovery and Investigations



**Jude Gnanapragasam**  
Head of Internal Audit & Process  
Excellence



**Kumara Ranawakage**  
Warehouse Manager



**Eranda Dandeniya**  
Senior Manager - Technical

## SENIOR MANAGEMENT



**Rajesh Ariyaratne**  
Senior Manager - Technical



**Janaka Deepal**  
Production Manager



**Shantha Geethadewa**  
Manager - Credit Control



**Janitha Ruwanpura**  
Finance Manager



**Nuwan Pinto**  
Warehouse Manager - Factory



**Lasantha Ranawaka**  
Manager - Research & Development



**Thushara Yasarathna**  
Senior Manager - Administration &  
Facility Management



**Shalinda Rajapaksha**  
Senior Manager - IT & ERP



**Kasun Swarnajith**  
Senior Cost Accountant

# SUBSIDIARY DIRECTORS

## Worldwide Resins & Chemicals (Private) Limited

1. Somasundaram Sivasubramaniam
2. Richard Gunawardene
3. Mangala Attanayake

## Brush Master (Private) Limited

1. Aelian Gunawardene
2. Joycelyn Gunawardene
3. Kalidas Nadar Prem Sagar
4. Kalidas Prabhu Darshan

## JAT Global Private Limited

1. Dharmendra Ramamoorthy
2. Anika Williamson

## JAT Exports (Private) Limited

1. Aelian Gunawardene
2. Richard Gunawardene

## JAT Exports DMCC

1. Anika Williamson

# THE YEAR AT A GLANCE

## Financial Highlights

		2020/21	2019/20
 Financial Capital	<b>Operating Results</b>		
	Revenue	Rs. 5,359,510,190	6,295,513,667
	Gross Profits	Rs. 1,644,296,834	1,738,823,457
	Profit Before Tax	Rs. 644,491,868	750,674,961
	Profit After Tax	Rs. 600,437,463	707,050,164
	Return on Equity	11.61%	14.93%
	Return on Capital Employed	12.60%	16.52%
	<b>Financial Stability</b>		
	Total Assets	Rs. 7,057,791,551	7,156,667,391
	Total Liabilities	Rs. 1,717,226,129	2,194,692,750
	Total Equity	Rs. 5,340,565,422	4,961,974,641
	Shareholders' Funds	Rs. 5,344,934,803	4,968,064,631
	Non-Controlling Interest	Rs. (4,369,381)	(6,089,990)
Total Debt	Rs. 532,486,742	922,853,166	
Net Debt	Rs. (173,198,417)	425,473,660	
Debt/Equity	0.10	0.19	
Net Debt (Cash)/Equity	(0.03)	0.09	
Debt/Total Assets	0.08	0.13	
<b>Working Capital Management</b>			
Current Ratio	Times 3.26	2.61	
Liquidity Ratio	Times 2.29	1.76	
Inventory Days	Days 164	129	
Debtor Days	Days 191	165	
Creditor Days	Days 69	57	
<b>Financial Indicators</b>			
Return on Equity	11.61%	14.93%	
Return on Total Assets	9.64%	11.82%	
Gross Profit Ratio	30.68%	27.62%	
Net Profit (Before Tax) Ratio	12.03%	11.92%	
Gearing	9.07%	15.68%	
EBITDA	15.00%	15.11%	

Total assets  
**Rs.7,058**  
million

Total equity  
**Rs.5,341**  
million

Total revenue  
**Rs.5,360**  
million

Profit after tax  
**Rs.600**  
million

## Non-Financial Highlights

			2020/21	2019/20
 Manufactured Capital	Property, Plant and Equipment	Rs.	1,530,699,457	1,435,361,574
	Capital Expenditure	Rs.	178,091,747	201,547,605
 Human Capital	Employees	No.	351	366
	New Recruits	No.	56	62
	Female Representation		21%	21%
	Investment in Training	Rs. Mn	5.3	1.1
	Total Training Hours	Hours	3535	5378
	Total Payments to Employees	Rs. Mn	505	459
	Occupational Injuries	No.	10	21
	Retention Rate		81%	75%
 Intellectual Capital	Investment in Research & Development	Rs. Mn	48.5	3.7
	New Markets Entered Into	No	2	1
	New Products Launched	No.	3	5
	Products in Pipeline	No.	5	5
 Social and Relationship Capital	Payments to Suppliers	Rs. Mn	3,607	5,219
	Total Suppliers	No.	576	865
	Investment in CSR	Rs. Mn	1.1	2.0
 Natural Capital	Energy Consumption	MJ	1,795,356	2,969,384
	Water Consumption	Liters	8,244,000	7,542,000
	Renewable Energy Generation	KwH	225,969	201,918
	Effluents Discharged	m3	8,150	8,360
	Carbon Footprint	tCO2e	4,759	5,175

Employees  
**351**

Female representation  
**21%**

Payments to suppliers  
**3,607 million**

Carbon footprint  
**tCO2e 4,759**

# KEY EVENTS

## Product Launches:



WHITE by JAT



JAT Care



Harris Budget

## Customer Engagement:



Appointment of JAT as the Official Overseas Team Sponsor of Sri Lanka Cricket for the 2020/21 season



Sponsor of Kandy Tuskers at Lanka Premier League - LPL 2020



DHARSHAN MUNIDASA  
THE BRAND AMBASSADOR FOR SEA KITCHEN GERMANY

Appointment of Dharshan Munidasa as Brand Ambassador for SEA Kitchens

**Customer Engagement:**



JAT Loyalty programme reaches 100,000 members



WHITE by JAT e-commerce website



Sayerlack Sathkaraya - Painter engagement

**Employee Engagement:**



New year commencement celebration



Women's wellness day



Harris Sales portions for Retail Sales team



Inter-employee basketball tournament

## KEY EVENTS

### Brand Advertising campaigns



#### SAYERLACK Sathkaraya, “Siyumali Handha”

The campaign aims to create awareness on the importance of protecting all types of wooden furniture, such as doors, windows, wooden floors, tables, chairs, and countertops for example.

This idea is communicated through a strong, emotional message by humanising the bond we create with furniture, during our lifespan.

Furthermore, as part of nature, wood lives, it breaths, contracts and expands. It is alive, delicate or Siyumali and needs care and protection. Therefore, the communication instils the importance of taking care of our wooden furniture to preserve the cherished memories it holds. Sayerlack water-based wood coating is the best way to protect all types of wooden furniture, by preserving the wood itself, refining its look and extending its lifespan.

The process of using Sayerlack to protect wooden furniture is called Sayerlack Care or Sayerlack Sathkaraya’.

The main idea of the campaign was to give a more humanized feel to the Wood Coating category by conveying the delicate attributes of the wood who seeks love, affection, protection and longevity.

20



#### WHITE by JAT - When all you need is white !

Disrupted the emulsion paint industry in Sri Lanka with the introduction of a superior quality emulsion paint which is sold at the lowest price in the market and delivered to the customers door-step free of charge.

This is the first step of JAT entering the emulsion paint market with its own brand, WHITE by JAT: White interior and Exterior paint.

We want to create convenience to people when making simple choices such as buying 'white paint'.

"If you want a white paint, we have the best white paint at the lowest price which will be delivered to your door step free of charge".



#### Harris -‘ekenma Harris’

The thematic campaign was planned to re-emphasize that Harris is the number one paint brush in the market and you can get the best finish 1st when you use Harris.

### Awards



Top 100 most respected companies  
Top 20 conglomerate brands



# JAT®

IS PROUD TO BE THE OFFICIAL  
OVERSEAS TEAM SPONSOR OF  
SRI LANKA CRICKET  
OVERSEAS TOURS 2020-21 SEASON

[whitebyJAT.com](http://whitebyJAT.com)



## INVESTING IN OUR BRAND THROUGH SPORTS

The Group 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 sponsorship covered - South Africa, England, West Indies & Bangladesh cricket season. The sponsorship included Sri Lanka's tours of South Africa, England and West Indies. As a privately-owned, local company JAT took great pride in supporting our team despite the innumerable challenges faced by businesses during the year.

Empowering Sri Lanka's sportsmen and women has been part of the Group's ethos since inception and the Group has stepped forward to extend support to several sports and sporting events. For instance, in 2020, the Group sponsored the 'Kandy Tuskers' team at the inaugural Lanka Premier League - LPL 2020 and has also extended sponsorships for the Ceylonese Rugby and Football Club (CR&FC), Tennis Premier League, Open Golf Championships and other several cricket-related events.

While these sponsorships have enhanced the JAT brand's visibility and equity, it has also provided an opportunity for the Group to contribute towards developing the country's sports. The Group is firm in its belief that sports is vital in nurturing skills such as teamwork, leadership and discipline among the country's youth, which in turn will contribute towards building a productive, values-driven, confident workforce.





“Despite being a privately held concern, JAT has proactively adopted best practices in governance, voluntarily adopting the Code of Best Practice on Corporate Governance and gradually strengthening governance mechanisms and frameworks to be in line with the requirements set for listed companies.”

### Dr. S. Selliah

Chairman of JAT Holdings Limited

## CHAIRMAN'S REVIEW

Dear Shareholder,

My statement to you comes at the end of what has been the most tumultuous and uncertain year. With regard to JAT Holdings and many organisations, it has been the ultimate test of spirit, resilience and adaptability as conventional thinking and ways of working were completely disrupted. Against this backdrop I am pleased to report that, for JAT Holdings, this disruption created opportunity to rethink and reinvent, resulting in the continued creation of stakeholder value despite the innumerable challenges that prevailed during the year. It is my pleasure to present you, the Annual Report and Financial Statements for the year ending 31st March 2021.

Needless to say, the socio-economic impacts of the COVID-19 pandemic have been catastrophic with far reaching consequences on communities, governments and businesses. The loss of lives and livelihoods have been devastating and our thoughts and prayers are with those who have lost their loved ones.

### Operating Landscape

The global economy contracted in 2020 reflecting the broad-based economic fallout of the pandemic, although a strong rebound was evinced in the last quarter of the year. Meanwhile, the Sri Lanka economy also faced the inevitable economic strain of extended lockdowns, closure of the country's borders for tourist arrivals and a sharp outflow of foreign funds from the debt and equity markets. Accordingly, Sri Lanka's GDP contracted with a sharp downturn in 2020. The Government implemented an array of measures to support pandemic-hit businesses and stimulate economic activity through an expansionary fiscal and monetary policy as well as debt relief and concessionary funding schemes. Exports and local manufacturing sectors were key areas of policy thrust reflecting Government efforts to boost foreign exchange earnings and preserve outflows.

The Government and health authorities took proactive measures to curb the spread of infections following the first outbreak in Sri Lanka

in March 2020. By the 3rd quarter of the year, the sustained decline in interest rates, policy stimuli and improving sentiments translated to a recovery of the economy, with GDP expanding by 1.3% in both the 3rd and 4th quarter of the year. This recovery also reflects the adaptation to post-pandemic realities as businesses embraced new ways of working and leaner, faster operating models.

The Group's operations were directly impacted by the sharp downturn in both residential and commercial construction activity, which led to the country's construction sector decelerating by 13.2% during the year. Performance of our international markets were also impacted by the pandemic, with sharp economic contractions across all regions. Challenges also stemmed from import restrictions on several raw material categories, disruptions to distribution channels and the sharp depreciation of the exchange rate. However, construction activity recovered somewhat by the 3rd quarter of the year,

stemming primarily from recommencement of residential projects and renovations as the conducive interest rate scenario supported increased lending to the private housing sector.

### Adapting to COVID-19

I am pleased to report that JAT was quick to adapt to the new realities of a post-pandemic world, realigning its strategy and transforming its operations to capitalise on any emerging opportunities while ensuring the safety of its employees. Following the initial outbreak of the virus in March 2020, the Group placed utmost priority on the safety of its employees, formulating and implementing a COVID-19 Response Plan which provided a comprehensive blueprint for stringent safety and hygiene protocols including bio-bubbles and shift schedules. The Group also facilitated work-from-home arrangements to office employees, providing the necessary IT infrastructure and software solutions. Our efforts provided employees with the confidence and assurance to return to work, which enabled the Group to recommence manufacturing activities relatively quickly. From a business perspective, the Group was quick to capture emerging opportunities, diversifying its product range through the launch of the JAT Care sanitizing range and WHITE by JAT a high-quality brilliant white emulsion product. These initiatives and the progress made is discussed in further detail in the Managing Director's Review on page 24 of this Annual Report.

### Effective Leadership

The Group's resilience and adaptability during this year is partly attributed to its robust corporate governance practices which provided a solid foundation in navigating the complexities presented by the environment. Despite being a privately held concern, JAT has proactively adopted best practices in governance, voluntarily adopting the Code of Best Practice on Corporate Governance (2017) issued by CA Sri Lanka and gradually strengthening governance mechanisms and frameworks to be in line with the requirements set for listed companies. The Board was refreshed during the year, with the appointment of Mr. Richard Gunawardene, Mrs. Anika Williamson, Mr. Devaka Cooray and Mrs. Priyanthi Pieris. Mr. Cooray and Mrs. Pieris joined the Board as Independent Non-Executive Directors and bring with them a wealth of experience and insights in Finance and Accounting and Corporate/Securities law respectively. In addition to enhancing Board capabilities and skills, the new appointments

have also led to an improvement in gender and intergenerational diversity, thereby enriching the depth of discussions and bringing fresh perspectives to the Board. During the year, we also introduced a mechanism to assess Board performance in line with recommended best practices in corporate governance. The Board's main focus during the year was assessing the impacts of the COVID-19 pandemic on the Group and implementing measures to ensure business continuity while safeguarding employees, customers and other business partners.

### Shareholder Value

Despite the conditions that prevailed, the Group continued to deliver on its shareholder commitments. Profit after tax for the year amounted to Rs. 600.44 million, a decline of 15% compared to the previous year, and a commendable achievement given the unprecedented market conditions that prevailed. Accordingly, Earnings per share for the year amounted to Rs. 1.31. Meanwhile, the Group paid an interim dividend of Rs. 0.22 per share and with the final dividend of Rs. 0.25 per share, the total dividend payment amounted to Rs. 0.47 per share for the year.

### Sustainability and Shared Value

The Group has always been committed to the creation of responsible and shared value. During the year, we place strategic focus on supporting our value chain partners through the launch of Sayerlack Sathkaaraya – a unique initiative aimed at accelerating the recovery of market intermediaries through offering free products to facilitate recommencement of operations after the pandemic. We also formalized and documented our approach to community engagement through launching a new CSR Framework, underpinned on the creation of shared values. The Framework provides a blueprint for driving meaningful and impactful community change through 3 pillars centering on Transforming Communities, Transforming Minds and Transforming the Planet. The progress made in each of these pillars is discussed in further detail in the Managing Director's Review and in subsequent sections of this Report.

### Looking ahead

At the time of writing this Review, Sri Lanka is experiencing the third wave of the pandemic with a resurgence in infections across the island. The Government has imposed partial restrictions in a

bid to curb the spread of the virus, given the high transmissibility of the current variant. While this is expected to prolong the country's economic recovery, we remain optimistic regarding the medium to long-term growth prospects. Improved confidence following the roll-out of a national vaccine drive, an accommodative policy stance and businesses' adaptation to restrictions in mobility is expected to support the country's economic recovery.

At JAT, we remain confident of the Group's growth prospects as we continue to leverage our array of globally reputed brands, international partnerships and manufacturing capabilities to drive customer penetration and increased volume growth. Expanding our international presence will be a key focus over the medium term as we look to consolidate presence in existing markets and pursue opportunities in new markets. We are also excited by the opportunities presented by our near-term intent to list shares on the Colombo Stock Exchange – which is expected to aptly position the Group for its next stage of evolution and growth. We invite our business partners, customers and other stakeholders to join us in our journey of growth as we broad base the Group's share ownership through a public issue.

### Appreciation

As we look forward to an exciting year, I wish to extend my gratitude to my colleagues on the Board for their valuable counsel and guidance in a challenging year. I would also like to congratulate the Managing Director, CEO, leadership team and all employees for the extraordinary spirit and resilience demonstrated in these trying times. I also extend my appreciation to our loyal customers, business partners, suppliers and other stakeholders who have been an integral part of the Group's progress and I look forward to working with you in the future.



Dr. S. Selliah  
Chairman



“In a year of unprecedented uncertainty and complete disruption to the ways we worked, the JAT team rallied together with extraordinary spirit and agility, swiftly adapting to post-pandemic realities and realigning its strategy to emerge as a stronger, leaner organisation.”

### Aelian Gunawardene

Managing Director of JAT Holdings Limited

## MANAGING DIRECTOR'S REVIEW

Dear Stakeholder,

In a year of unprecedented uncertainty and complete disruption to the ways we worked, the JAT team rallied together with extraordinary spirit and agility, swiftly adapting to post-pandemic realities and realigning its strategy to emerge as a stronger, leaner organisation. Against this backdrop the Group delivered a profit-after-tax of Rs.600.44 million, while maintaining its dominant market position, strengthening its brand equity and ensuring continued value creation to its valuable stakeholders.

The COVID-19 pandemic has undoubtedly presented this generation's most complex challenges for businesses, governments and communities. As the world gradually comes to terms with the overwhelming human, economic and social implications of COVID-19, I would like

to thank God for bestowing us the strength to overcome this catastrophe. Our faith has given me and my family comfort and refuge in these trying times and our prayers are with those who have endured suffering and lost loved ones.

### Performance

The Group's performance reflects the innumerable challenges that prevailed during the year, following the sharp contraction in the country's construction sector, restrictions on mobility and heightened health and safety concerns which affected investor and consumer sentiments. Against this backdrop, the Group's revenue declined by 15% to Rs.5.36 billion, although a recovery was evinced in the last 2 quarters of the year. Despite increased margin pressure due to escalating competition, the Group was able to widen its gross profit margin from 27.6% to 30.7% during the year, supported by increased

focus on high-margin products such as local wood coatings. Meanwhile, the Group's pre-tax-profit amounted to Rs.644.5 million during the year, with the moderation contained at 14% as the Group relentlessly pursued operating efficiencies and new ways of working. Profitability was also supported by the decline in finance costs in view of the low-interest rate scenario that prevailed. Overall, the Group generated a profit-after-tax of Rs.600.44 million, a decline of 14% compared to the previous year.

The Group's financial position remains strong, supported by a healthy equity base, strong cashflow generation and relatively low exposure to borrowings. Equity accounted for 75.7% of the Group's assets while the debt-to-equity ratio remained low at 10%. The Group's credit rating of A+ (Stable Outlook) by ICRA Lanka Limited (a Moody's Company) attests to the Group's financial

stability and strength, and it remains as one of the few privately held entities in Sri Lanka to be awarded such a rating.

### Strategy in Action

The Group's resilient performance during the year reflects its deep industry insights and ability to effectively capture growth opportunities as well as the agility of its strategy in navigating the complexities presented by the environment. During the lockdown period that followed the first outbreak of the pandemic in March 2020, the country's construction activities came to a grinding halt reflecting restrictions on mobility and heightened safety concerns. Against this backdrop, we galvanized our team and leveraged existing manufacturing capabilities and raw material inventories to launch the JAT Care range of sanitizers and masks, which quickly gained market share. This diversification enabled the Group to cushion the immediate impacts of the downturn in our key product lines.

Despite the conditions that prevailed, we maintained focus on our product development plans, rethinking our launch and pricing strategies to suit prevalent market dynamics. Accordingly, WHITE by JAT was launched during the year, offering a high-quality brilliant white emulsion paint for interior and exterior walls. Given disruptions to distribution channels, we sought to launch this product through our e-commerce platform, thereby passing down the cost benefit of disintermediation to the customer and offering free island-wide delivery. As we aggressively sought market activation and brand building, the product performed exceedingly well demonstrating quick market acceptance and strong volume growth. We are extremely encouraged by the response received for WHITE by JAT and will continue to pursue increased penetration in this product.

Meanwhile, ensuring the safety of our team was a critical priority during the year and we formulated and rolled-out a comprehensive COVID-19 Response Plan. Work from home arrangements were facilitated for all office employees while stringent health and hygiene protocols were established at all operating locations. Strategic focus was placed on maintaining a high level of engagement with all our employees, ensuring their motivation and morale were retained. While short-term-liquidity pressures and the high level

of uncertainty that prevailed necessitated a temporary reduction in remuneration, this was fully reimbursed by the 3rd quarter as conditions improved. A definitive decision was also made to retain all our employees, thereby ensuring job security and continued value creation.

Expanding our international operations remain a key near term priority and during the year, we strengthened leadership capabilities with the recruitment of a highly-skilled professional with extensive experience in pursuing export growth. We are in a strong footing to leverage the strength of our international relationships and strong brands to consolidate our position in existing markets and expand to new markets.

### Investing in our Brand

I am extremely proud and humbled by the evolution of the JAT brand, which has within a relatively short time period flourished from a single-business, family-owned brand to one of the strongest corporate brands in Sri Lanka. JAT has been ranked among the country's most respected entities by LMD and has been featured in the country's top 20 conglomerate brands by Brand Finance. As an ardent sportsman, I am a strong believer that sports can play a vital role in nurturing the country's youth, equipping them with the confidence, discipline and spirit to thrive in their professional lives. From the inception of JAT, we have therefore strived to support the development of sports in the country, providing sponsorships and building associations with supports such as cricket, rugby and golf. During the year, the Group marked a key milestone by partnering with Sri Lanka Cricket as the exclusive overseas sponsor for the national team. We also used this as an effective platform to launch WHITE by JAT, gaining significant brand visibility with the logo adorned across the players' jersey.

### Social and Environmental Commitment

I am a firm believer that businesses' commercial success should be aligned to its social and environmental responsibility. At JAT, we have consistently strived to embed the principles of sustainability to our daily operations, as guided by a comprehensive Group Sustainability policy. Accordingly, we are committed to reducing the environmental impacts of our operations through driving energy efficiency, increasing reliance on

**“The Group’s resilient performance during the year reflects its deep industry insights and ability to effectively capture growth opportunities as well as the agility of its strategy in navigating the complexities presented by the environment.”**

renewable energy, optimising chemical usage and enhancing water re-cycling and re-use as we strive to reduce our water withdrawal. Meanwhile our community engagement initiatives are driven by the recently launched CSV Framework through which we conducted carpenter training programmes to accelerate the recovery of our value chain partners, career guidance programmes for university students and environmental initiatives in partnership with international, government and corporate counterparts. These initiatives are discussed in further detail in subsequent sections of this Report.

### Outlook

The emergence of the third wave of the pandemic and resurgence of infections in South Asia, including Sri Lanka have dimmed hopes of an immediate recovery. Macro-economic pressures also remain, given the country's considerable international debt obligations and a weak external position. Despite these risks, we remain confident of the country's medium to long-term growth prospects, as policy stimuli, accommodative monetary and fiscal policies and improving sentiments are expected to propel recovery. As a Group, we have embraced the new realities of a world that is unlikely to ever be the same again, and I am confident that the JAT Team is well equipped to successfully withstand any adversities that may arise in the future.

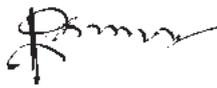
## MANAGING DIRECTORS REVIEW

We are excited by the opportunities arising from the upcoming listing of the Group's shares on the Colombo Stock Exchange, as we seek to unlock the Group's future potential and position it for the next stage of growth. We are currently pursuing avenues to further expand our international presence and are keen to replicate our local success in markets such as Bangladesh, India, Maldives, Kenya, Uganda and Seychelles in which we already have a presence. We are also committed to enhancing our existing R&D capabilities through establishing a state-of-the-art R&D facility, which will allow the Group to harness its unique intellectual capital in further expanding shareholder value. The Group will also consolidate its market leadership position in the wood coating segment while continuing to innovate and penetrate the emulsion market through attractive value propositions to customers.

### Appreciation

As we look forward to a transformative year, I would like to extend my gratitude to the Chairman and Board of Directors for their valuable counsel and unstinted support in an extraordinarily challenging year. I am proud to lead the JAT Team, whose commitment and passion inspire me every day and I thank the executive committee and all our employees for their untiring efforts. I also take this opportunity to thank our valuable business partners who are a vital pillar of our success, our loyal customers for their continued patronage and all our stakeholders for partnering us in our journey of growth; I look forward to working with you all in the future.

Thank you.



**Aelian Gunawardene**  
Managing Director



**STRATEGIC  
REVIEW**

# VALUE CREATION MODEL

Our value creation model depicts how we strategically leverage our capital inputs to create sustainable value for our stakeholders through specific outputs and outcomes.

## Capital Inputs

### Financial Capital

Shareholders funds : **Rs.5,345 Mn**  
 Debt: **Rs.532 Mn**  
 Cash Generated from Operations: **Rs.1,018 Mn**



### Manufactured Capital

Property, plant and equipment  
**Rs. 1,531 Mn**



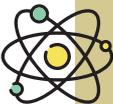
### Human Capital

Skills, attitudes and expertise of **351 employees**



### Social and Relationship Capital

Customers  
 Suppliers  
 Partners  
 Communities



### Intellectual Capital

Tacit knowledge  
 Systems, processes and standards  
 Brand



### Natural Capital

Non-renewable materials: **58,952 kg**  
 Water usage: **8,244,000 liters**  
 Energy consumption: **1,795,356 MJ**



R I S K M A N A G E M E N T

## Capital Transformation

# STRATEGY



### 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.

In depth knowledge of the entire business

Complete customer satisfaction

## Outputs and Outcomes

### Business Activities

Manufacturing, distribution and export of wood coatings

Manufacturing and distribution of decorative paints and accessories

Projects and related sales

### Key Products

Wood Coatings

Decorative Paints & Accessories

Furnishing

Leadership at all levels

Continuous improvement and innovation

Revenue  
**Rs.5,360 Mn**

PBT  
**Rs.644 Mn**

New Products  
**03**

Payments to Employees  
**Rs.505 Mn**

Investment in Training  
**Rs.5.3 Mn**

Payments to Suppliers  
**Rs.3,607 Mn**

Taxes Paid (including indirect taxes)  
**Rs.521 Mn**

Community Investments  
**Rs.1.1 Mn**

### Impacts

Solid waste:  
**58,952 kg**

Effluents:  
**8150 M3**

footprint:  
**4758.79 tCO2e**

### Shareholders

Sustainable growth prospects and returns commensurate with risk undertaken

### Customers

High quality, easily accessible and innovative products that meet evolving customer needs

### Employees

Motivated and empowered employees

### Suppliers and Business Partners

Stronger partnerships That generate mutual value

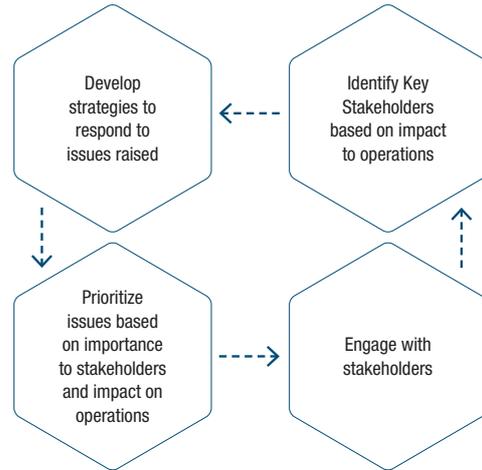
### Community

Meaningful change in communities and positive relationships with communities we operate in.

# STAKEHOLDER ENGAGEMENT

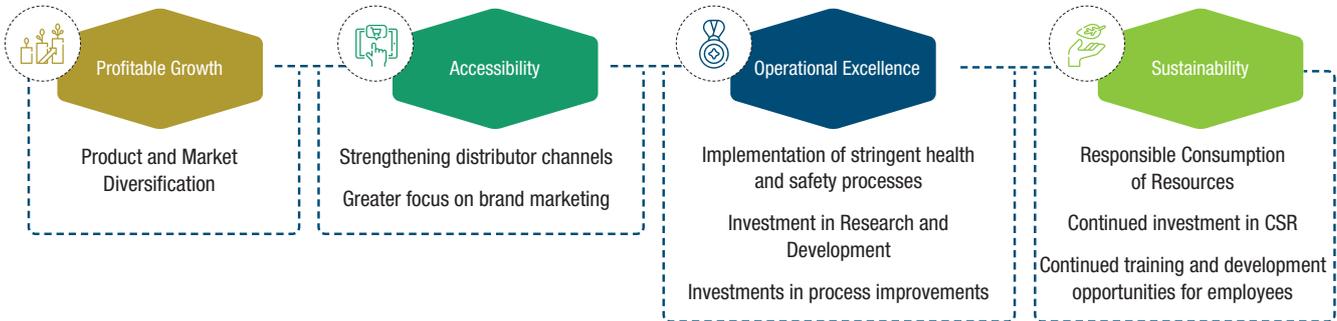
Stakeholder engagement is a key element of our value creation process as it enables us to stay attuned to the evolving requirements of our stakeholders ensuring greater alignment between our business priorities and those of our stakeholders.

At JAT, stakeholder engagement is an ongoing process which involves identifying key stakeholders, engaging through formal and informal channels, prioritizing concerns raised based on importance to operation and responding to concerns through strategy. Stakeholder priorities identified through our engagement activities and our strategic responses to these issues are described below.



Shareholders		Customers		Employees	
Engagement Methods	Stakeholder Priorities	Engagement Methods	Stakeholder Priorities	Engagement Methods	Stakeholder Priorities
<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report</li> <li>Corporate website</li> <li>One-to-one engagement</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable growth</li> <li>Return on investment</li> <li>Robust corporate governance and risk management</li> </ul>	<ul style="list-style-type: none"> <li>Sales system</li> <li>Distributor conventions</li> <li>Audits and site visits</li> <li>Sales team engagement</li> <li>Engagement with the projects team</li> </ul>	<ul style="list-style-type: none"> <li>High-quality products</li> <li>Customer service</li> <li>Continuous supply of products</li> <li>Acceptable credit terms</li> <li>Ethical business conduct</li> <li>Consumer promotions</li> <li>Loyalty programme</li> </ul>	<ul style="list-style-type: none"> <li>Performance appraisals</li> <li>Open door communication policy</li> <li>Work-life balance initiatives</li> <li>Training initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Attractive remuneration schemes</li> <li>Job security</li> <li>Conducive work environment</li> <li>Skill and knowledge development</li> <li>Dignity of labour</li> <li>Career progression and succession</li> </ul>

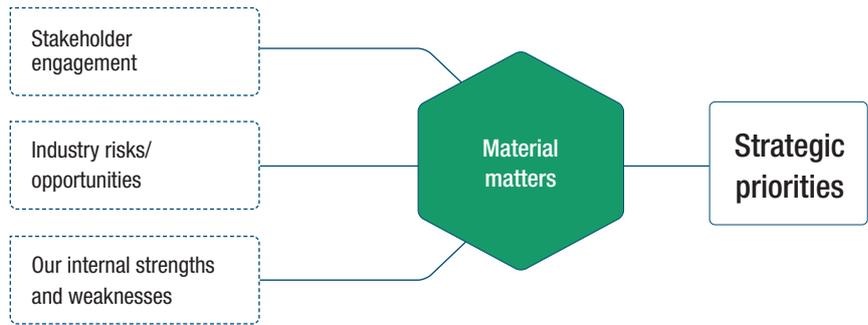
## Our Strategic Response



Principals and Business Partners		Government and Regulatory Institutions		Communities	
Engagement Methods	Stakeholder Priorities	Stakeholder Priorities	Engagement Methods	Engagement Methods	Stakeholder Priorities
<ul style="list-style-type: none"> <li>Ongoing dialog through formal meetings, telephone and electronic communication</li> <li>Site visits and audits</li> <li>Training programs</li> </ul>	<ul style="list-style-type: none"> <li>Health and Safety</li> <li>Ethical procurement practices</li> <li>Equitable and on-time payments</li> <li>Sustainable demand for products</li> <li>Competency development</li> </ul>	<ul style="list-style-type: none"> <li>On-site surveillance and factory visits</li> <li>Directives and circulars</li> <li>One-to-one engagement</li> <li>Press releases</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with relevant regulations and guidelines</li> <li>Payment of taxes on a full and timely basis</li> </ul>	<ul style="list-style-type: none"> <li>CSR projects</li> <li>Public events</li> <li>Corporate Website</li> <li>Social media interactions and press releases</li> <li>Student career development programs</li> </ul>	<ul style="list-style-type: none"> <li>Sponsorships and CSR initiatives</li> <li>Environmental conservation</li> <li>Direct and indirect employment generation</li> </ul>

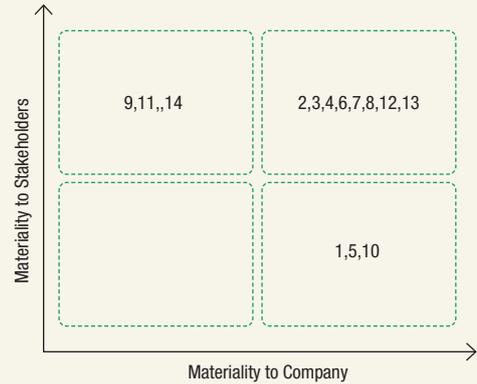
# MATERIALITY

Material topics are those that impact our value creation process in the short, medium and long term. We have a systematic approach to determining materiality which involves assessing risks, opportunities and threats in terms of relative importance to stakeholders and impact on our operations. The material issues thus identified and prioritized form the basis of our strategy, risk management practices and reporting practices.



## Materiality Matrix

The materiality matrix depicted below maps out key issues based on their relative importance to our Stakeholders and to our business. Performance of material issues is reported using disclosures prescribed by the GRI Sustainability Reporting Standards.



	Material Aspect	Materiality compared to last year	Corresponding GRI Topic	Link to strategic priority	Implications of COVID-19
1	Market leadership		-	Operational Excellence	-
2	Managing financial performance		GRI 201: Economic performance	Profitable Growth	Preserving liquidity, driving efficiencies and cost management were areas of focus in mitigating the impact of the pandemic on financial performance
3	Managing talent		GRI 401: Employment GRI 404: Training and education GRI 405 : Diversity and equal opportunity	Sustainability	Ensuring the job security of all employees was critical following the outbreak of the pandemic
4	Employee health and safety		GRI 403: Occupational health and safety	Sustainability	Critical area of focus given the rapid spread of the pandemic
5	Principal relationships		-	Profitable Growth	-
6	Product responsibility		GRI 416: Customer health and safety GRI 417: Marketing and labelling	Sustainability	Presented an opportunity to venture into a new product range - JAT Care

## MATERIALITY

	Material Aspect	Materiality compared to last year	Corresponding GRI Topic	Link to strategic priority	Implications of COVID-19
7	Market reach		-	 Accessibility	-
8	Customer health and safety		GRI 416: Customer Health and Safety	 Operational Excellence	-
9	Customer service		-	 Operational Excellence	-
10	Innovation		-	 Operational Excellence	-
11	Efficient distributor network		-	 Accessibility	Supported our distributors and other business partners through Sayerlack Sathkaaraya
12	Ethical procurement practices		GRI 204: Procurement practices GRI 308: Supplier environmental Assessment GRI 414: Supplier Social Assessment	 Sustainability	-
13	Compliance and good governance		GRI 307: Environmental compliance GRI 419: Socio economic compliance	 Operational Excellence	-
14	Managing environmental impacts		GRI 301: Raw materials GRI 302: Energy GRI 303: Water GRI GRI 305: Emissions GRI 306: Waste and effluents	 Sustainability	-

# STRATEGY AND RESOURCE ALLOCATION

Guided by our Vision and Mission, our strategy evolves in response to the challenges and opportunities arising from our operating environment. Our strategy during the year revolved around the core areas of Profitable Growth, Accessibility, Operational Excellence and Sustainability. Our strategic priorities and how we allocated our resources amongst these priorities are discussed below.



# OPERATING ENVIRONMENT

Trends in the operating landscape, which include political, economic, social, technological, environmental and legal (PESTEL) dynamics, have a direct impact on the Group's strategy. We continuously monitor these developments to ensure that our strategy is able to respond to these trends, ensuring that risks are identified and mitigated in a proactive manner.

## Global Economic Growth

Global economic conditions reflected the catastrophic consequences of the pandemic, recording a contraction of 3.3% in 2020. Advanced economies and emerging markets both entered a recession, with decelerating by 4.7% and 2.2% respectively. However, economic activity recorded faster-than-expected rebound in the 3rd quarter, driven by vaccine roll-outs in most advanced economies as well as adaptation to post-pandemic realities and unprecedented policy stimulus. Although recovery paths are expected to remain divergent across countries and regions, the IMF anticipated the global economy to grow by 6% in 2021.



## Domestic Economic Growth

Sri Lanka's GDP contracted by 3.6% in 2020 reflecting the inevitable economic toll of the pandemic on all industry sectors. With the outbreak of the first wave of the pandemic, the Government took proactive measures to curtail the spread of the virus through lockdowns and restrictions on social mobility; the economic

implications of these restrictions were evinced in the 2nd quarter of the year, which saw GDP contracting by 16.3%. However, as businesses gradually adapted to the pandemic, consumer and investor sentiments showed a gradual recovery by the third quarter, which led to GDP expanding by 1.3% in the 3rd and 4th quarters of the year.

## Construction Sector

The country's construction sector was among the hardest hit by the pandemic, with construction activity declining by 13.2% during the year; the pandemic-induced downturn reflected the heightened safety concerns and restrictions on mobility, which had spill-over effects across the entire construction supply chain. However, a recovery was observed during the 2nd half of the year, as sentiments improved, and the prevalent low interest rates prompted considerable credit growth to the housing sector. Accordingly, private consumption expenditure on furnishings, household equipment and routine household maintenance remained resilient, declining by only 2% despite the prevalent conditions.

## Interest Rates

The CBSL took unprecedented measures to drive an accommodative monetary policy, implementing multiple reductions in the policy rate and reducing the Statutory Reserve Ratio. Accordingly, interest rates on government securities and subsequently market interest rates recorded a sustained decline for most part of the year.



## Exchange Rates

Sri Lanka's external sector recorded significant volatility during the year, reflecting the drastic decline in tourism earnings following the closure of the country's borders as well as pandemic induced outflows from the debt and capital markets. Resultantly, the Sri Lankan Rupee faced considerable depreciation pressure, particularly in the first quarter of the calendar year 2021; the rupee declined by 3% in 2020 and fell sharply by a further 5% in the first 3 months of 2021.



## Government policy

The Government largely adopted a conducive policy stance to stimulate economic growth, providing impetus for local manufacturing and export sectors. Debt moratoriums were also granted for businesses hit by the pandemic, providing some relief against stressed cashflows. However, in a bid to curb foreign exchange outflows and preserve the exchange rate, the Government imposed restrictions on certain non-essential imports, which in turn have adversely impacted several industry sectors.

## Responding to economic trends

	Global growth	Domestic growth	Interest rates	Exchange rates	Government policy
<b>Implications on the Group</b>	<p>Downturn in our key export markets including Europe, Bangladesh, Maldives etc.</p> <p>-----</p> <p>Supply chain disruptions and sharp increase in freight rates</p>	<p>Deceleration in demand for key product categories</p> <p>-----</p> <p>Sharp downturn in commercial projects and infrastructure sectors</p> <p>-----</p> <p>Disruptions to distribution channels given and liquidity pressure across network</p>	<p>Reduction in borrowing costs, although the Group's dependence on borrowings remain low</p>	<p>Escalation in the prices of raw material imports and resultant adverse impact on margins</p>	<p>Import restrictions on certain imported inputs in the brushes category</p>
<b>Our response</b>	<p>Market diversification and pursuing growth in new markets</p> <p>-----</p> <p>Increased raw material inventories in view of impending challenges</p>	<p>Launch of new product categories including WHITE by JAT and JAT Care range to offset the impacts on key product verticals</p>	<p>Proactive management of working capital cycles and debt</p>	<p>Forward booking of exchange rates</p> <p>-----</p> <p>Leverage natural hedge arising from our export income</p>	<p>Proactive engagement with suppliers in obtaining required 6-months credit to import</p>

# CORPORATE GOVERNANCE

## Chairman’s Message on Corporate Governance

### Dear Shareholders,

The year under review was one in which organisations faced extraordinary challenges, underscoring the importance of responsive leadership and agility in navigating unprecedented operating conditions. Against this backdrop, JAT Holdings demonstrated resilience and adaptability, capitalising on the opportunities presented in the market to ensure continued value creation to stakeholders. This is reflective of the Company’s robust corporate governance practices and proactive risk management systems which provided a solid foundation in navigating the complexities presented by the environment.

### Board and Committee changes

The Board was refreshed during the year, with the appointment of 4 new Directors while 1 Director resigned. The appointment of Mr. Richard Gunawardene, Mrs. Anika Williamson, Mr. Devaka Cooray and Mrs. Priyanthi Pieris have strengthened the Board’s skill profile bringing in diverse perspectives and fresh thinking to the Board. Mr. Cooray and Mrs. Pieris joined the Board as Independent Non-Executive Directors, thereby enhancing Board balance through increased independent judgement, which is a recommended best practice in corporate governance.

### Key areas of focus

The Board’s main focus during the year was assessing the impacts of the COVID-19 pandemic on the Group and implementing measures to ensure business continuity while safeguarding employees, customers and other business partners. The Board also spent significant time in further strengthening its corporate governance and risk management practices, given its near-term aspirations to list its shares on the Colombo Stock Exchange.

### Compliance

This Report details the Company’s compliance with the Code of Best Practices on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) in 2017. As stipulated by the Code, I also hereby affirm that I am not aware of any material violations of any provisions of the Code of Business Conduct and Ethics by any Director or any member of the Corporate Management team of JAT Holdings Limited.

**Dr. Sivakumar Selliah**  
Chairman

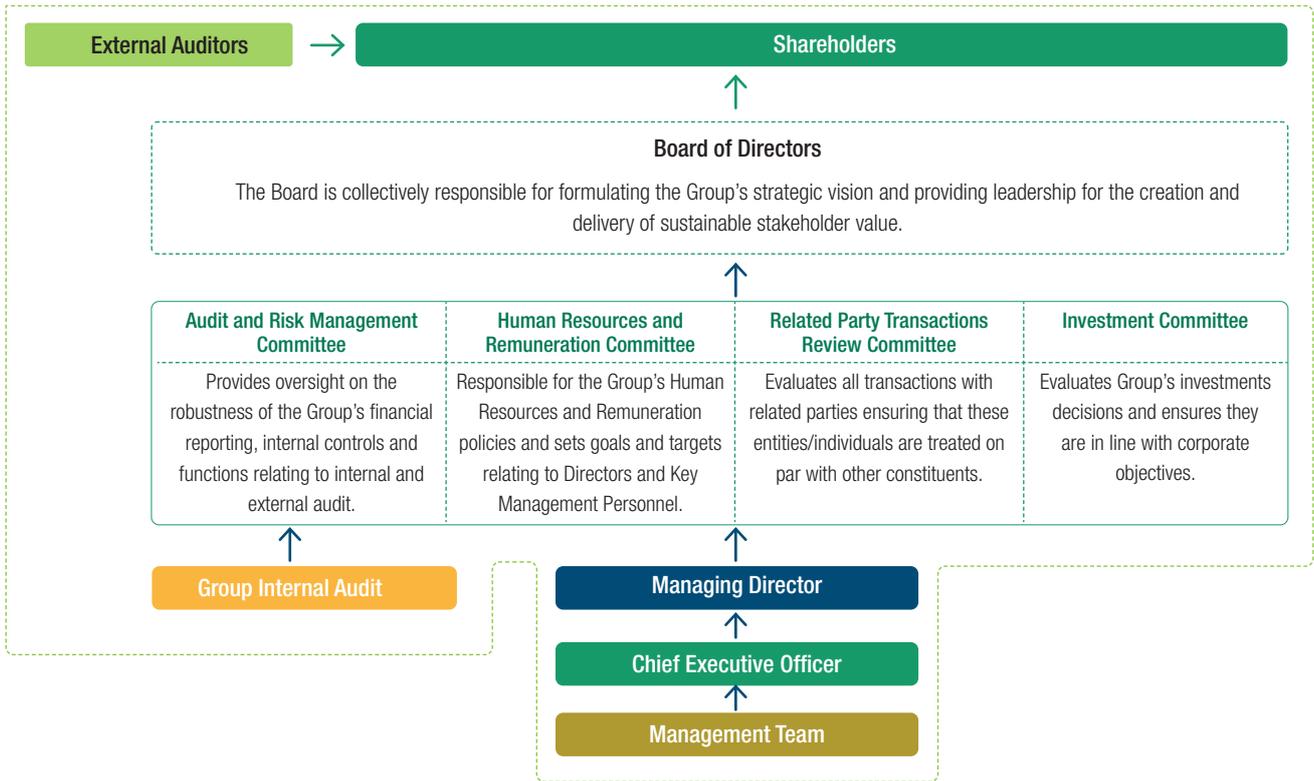
## Our Approach to Corporate Governance

The Group’s approach to Corporate Governance reflects its business model, expectations of stakeholders, regulatory requirements and voluntary standards as well as best practices in corporate governance. Despite being a privately-owned organisation, JAT has voluntarily adopted the regulatory requirements on corporate governance applicable to listed companies, attesting to its commitment to integrity and organisational best practice. Factors impacting the Group’s governance practices and the steering instruments on which it is built on are listed below:

External Instruments and Voluntary standards	Internal Instruments	Internal Mechanisms
<ul style="list-style-type: none"> <li>Companies Act. No 7 of 2007</li> </ul>	<ul style="list-style-type: none"> <li>Articles of Association</li> </ul>	<ul style="list-style-type: none"> <li>Strategic planning</li> </ul>
<ul style="list-style-type: none"> <li>Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017)</li> </ul>	<ul style="list-style-type: none"> <li>Board and Sub-Committees Terms of Reference</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder engagement</li> </ul>
<ul style="list-style-type: none"> <li>Integrated Reporting Framework published by the IIRC</li> </ul>	<ul style="list-style-type: none"> <li>Code of Ethics</li> </ul>	<ul style="list-style-type: none"> <li>Enterprise risk management</li> </ul>
<ul style="list-style-type: none"> <li>Global Reporting Standards of the Global Reporting Initiative</li> </ul>	<ul style="list-style-type: none"> <li>Internal controls systems</li> </ul>	<ul style="list-style-type: none"> <li>Budgeting and finance</li> </ul>
	<ul style="list-style-type: none"> <li>Board approved policy framework</li> </ul>	<ul style="list-style-type: none"> <li>People management</li> </ul>
		<ul style="list-style-type: none"> <li>IT Governance</li> </ul>

## Governance Structure

The Board is the apex governing body and is responsible (among others) for the setting the Group’s strategic direction, shaping organisational culture through setting the tone at the top and effectively managing the Group’s risks. The Board has delegated authority and responsibility of specific functions to 4 sub committees, thereby ensuring that adequate resources and time are devoted to assessing these functions. The composition and objectives of each of these Board Committees are clearly set out in Terms of References. The Group’s governance structure is graphically illustrated below:



**Policy Framework**

The Group has in place a comprehensive, Board-approved policy framework which is reviewed and revised regularly for applicability to changing dynamics. This ensures the consistent and equitable treatment of key strategic and operational aspects while supporting the Group's risk management functions. Given the conditions that prevailed during the year, the Group also formulated and implemented an operational guideline on the preparedness of and response to the COVID-19 outbreak. The Group's key policies are presented below:

Human Resources	Risk Management	Sustainability	Investment
<ul style="list-style-type: none"> <li>Equal opportunity and diversity</li> <li>Training and development</li> <li>Recruitment and selection</li> <li>Occupational health and safety</li> <li>Policies covering the usage of company property</li> <li>Non-harassment at workplace</li> <li>Grievance policies</li> </ul>	<ul style="list-style-type: none"> <li>IT and cybersecurity risk management policy</li> <li>Avoidance of conflict of interest</li> <li>Maintaining confidentiality</li> <li>Safeguard the Company's assets</li> <li>Work within applicable laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Integrated management system policy</li> <li>Quality policy</li> <li>Environment policy</li> <li>Energy policy</li> </ul>	<p>Investment Committee reviews the proposals based on:</p> <ul style="list-style-type: none"> <li>Investments related to Company's existing operations, where the quantum of investment planned is more than LKR 50 million</li> <li>Investments in areas outside Company's existing operations, irrespective of quantum of investment</li> </ul>

**Effective Leadership**

As the apex governing body, the Board of Directors is responsible driving long-term value creation through setting strategic direction, shaping the organisational culture and ensuring that risks are managed in a proactive and

effective manner. The Board also sets the tone at the top, driving accountability, transparency, ethics and integrity across the organisation. The Group ensures that the Board of Directors is adequately diverse, skilled and experienced, thereby ensuring that they are collectively able

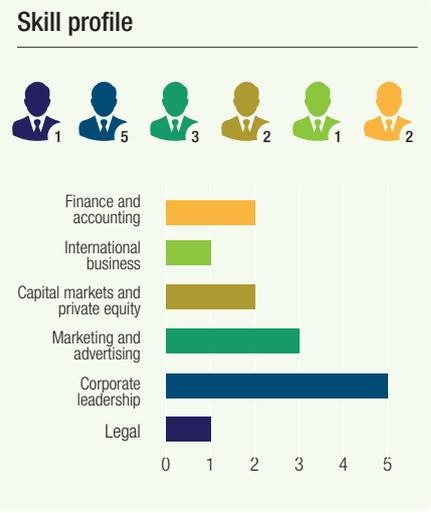
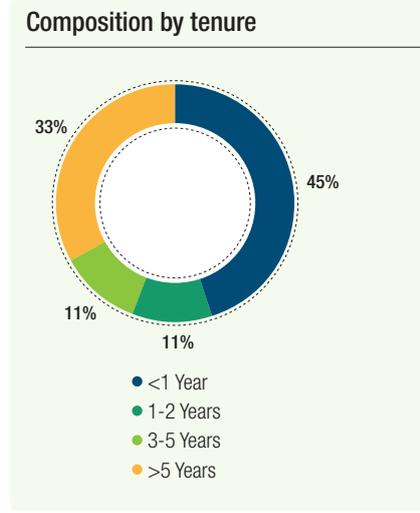
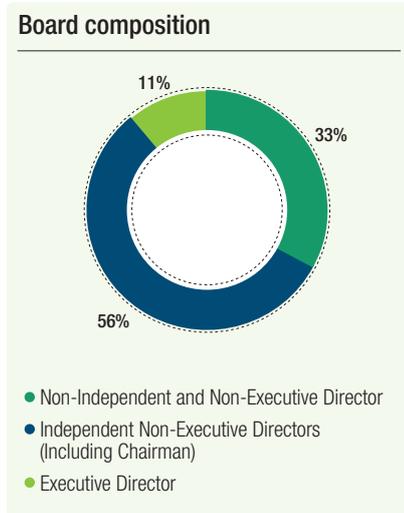
to discharge their duties in an effective manner. The Board composition is reviewed regularly to ensure that the skills on the Board support the Group's strategic growth plans as well as its overall organisational culture and approach to doing business.

# CORPORATE GOVERNANCE

## Board Composition

The Board combines a diverse set of perspectives, skills and industry experience as illustrated below. The new appointments to the Board during the reviewed period have added expertise in Corporate/Securities law, Finance and Accounting, Entrepreneurship and Marketing, while also strengthening intergenerational diversity with the addition of 3 Directors below the age of 35 years. Meanwhile with the appointment of 2 female Directors during the year, the Board has enhanced its gender diversity, enriching the depth of discussions and bringing fresh perspectives to the Board.

Board refreshment happens regularly, and appointments follow a transparent and rigorous process. The Board periodically assesses its skill composition to ensure that its expertise remains relevant in driving the Group's strategic agenda.



## Induction and Training

Upon being appointed to the Board, all Directors undergo an induction which serves to provide an overview of the Group's operations. The new Board members are provided with a detailed pack which contains comprehensive information on the Group's values, market positions, strategies and governance procedures. Directors and guidelines issued by relevant regulators are also circulated to the Directors on a quarterly basis for their information. The management team is also called in to deliver presentations to the Board on the Group's key functions and developments.

Directors are also expected to consistently refresh their knowledge, keeping abreast of all relevant developments and thereby contributing to the overall effectiveness of decision making. Directors have access to the management team through regular updates and reporting to the Board. As members of professional organisations, Directors also attend continuous development programmes of these organisations.

## Access to Information

Directors have access to timely, relevant and accurate information, which enables them to discharge their duties effectively. The Company Secretary, under the direction of the Chairman, is responsible for ensuring that the Board and its sub-committees receive such information for review in sufficient time ahead of each meeting. Prior to Board meetings, Directors are typically provided information including periodic operational and financial performance reports, budgets and forecasts and information on stakeholder concerns, among others.

## Company Secretary

The Company Secretary plays a vital role in implementing the Group's Corporate Governance framework and ensuring that proper Board procedures are followed in line with applicable laws, rules, and regulations. All Directors have access to the advice and services of the Company Secretary, and he assists the Chairman and Managing Director in setting the agenda for the

Board meetings and for maintaining proper Board minutes in consultation with the Chairman.

## Balance of Power

Structures and procedures are in place to ensure that no single person or group of persons have unfettered powers in the decision-making process; this includes board composition, segregation of authority and clear articulation of responsibilities, among others.

## Board Responsibility

The Board is the ultimate custodian of the Group's corporate governance and is responsible for creating and delivering sustainable shareholder value. The Board also determines the Group's strategic direction and deliberates with executive management on risk management, performance and resource allocation while ensuring accountability and transparency. The key responsibilities of the Board are set out in the Board Charter and include the following:

- To represent and serve interests of shareholders by overseeing and appraising the Company's strategies, policies and performance
- Optimise performance and build sustainable value for shareholders in accordance with the regulatory framework and internal policies
- Provide direction and guidance to the management through strategy formulation
- Formulate the policy framework and review and update of the same on a regular basis
- Ensure regulators are apprised of the Company's performance

### Segregation of Duties

There is a clear division of responsibilities between the Board and the executive leadership of the Group's business. These responsibilities are clearly set out in writing and agreed upon the Board.

The Chairman provides leadership to the Board, setting the tone at the top and ensuring that all governance procedures are carried out in accordance with the laid out framework. As the founding entrepreneur, the Group's Managing Director plays the leading role in setting the Group's strategic direction through

conceptualizing ideas and engaging with relevant stakeholders. Operationalising the vision is the responsibility of the CEO who is accountable for implementing the Group's strategy, building the talent pool in line with the strategic aspirations and embodying the corporate culture and values of the Group.

Chairman	Managing Director	Chief Executive Officer
<ul style="list-style-type: none"> <li>● Ensuring that Board proceedings are conducted in a proper manner</li> <li>● Facilitating and encouraging the expression of diverse views by Board members</li> <li>● Leading and managing the business of the Board</li> <li>● Determining Corporate Governance</li> <li>● Ensuring shareholder concerns are addressed</li> </ul>	<ul style="list-style-type: none"> <li>● Provides assurance to the Board related to identification, assessment, management and monitoring of risk and adequacy of internal controls</li> <li>● Ensure alignment between Board of Directors and management</li> <li>● Conceptualising ideas and networking</li> </ul>	<ul style="list-style-type: none"> <li>● Effectively lead the Company's daily operations and ensure the effective implementation of the strategic direction</li> <li>● Ensure succession planning of the executive team</li> <li>● Account for strategy and sustainable growth of Company</li> <li>● Reporting the performance to the Board</li> </ul>

### Board sub-committees

The Board has established 4 sub-committees, which support it in its discharge of responsibilities related to specific functions; this includes the and Risk Management Committee, HR and Remuneration Committee, Investment Committee and Related Party Transactions Committee (among others) in line with regulatory requirements. These sub-committees ensure that members with specialized skills dedicate additional time and resources in addressing relevant topics. The mandate and scope of each Committee is described in the sub-committee Terms of Reference (TOR). Please refer to the Reports of the sub-committees from page 46 to page 49 of this Report for further information.

Sub-committee	Composition	Mandate
Audit and Risk Management Committee	D. Cooray (C) Dr. S. Selliah G. Patil	Financial reporting: Preparation and presentation and adequacy of disclosures in the financial statements in accordance with the SLAS.  <b>Statutory compliance</b> Internal controls are in place Discussion of policies and practices with respect to risk management. Discussion of audit plan, key audit issues and management responses. (page 46)
HR and Remuneration Committee	Dr. S. Selliah (C) P. Pieris	Determining the reward strategy and assist the Board with succession planning (Page 47)
Related Party Transactions Review Committee	G. Patil (C) Dr. S. Selliah	Ensuring that interests of shareholders as a whole are taken into account when entering into transactions with related parties. (Page 48)
Investment Committee	H. Akbarally (C) D. Cooray G. Patil A. Williamson	Ensuring that the Group's new strategic investments are in line with corporate objectives. (Page 49)

# CORPORATE GOVERNANCE

## Independence

Directors are required to disclose situations in which conflicts of interest could arise in accordance with the Company's Articles of Association. Upon joining Directors are required to provide details of possible conflicts of interests and annual updates of the same are disclosed. The Company Secretary maintains a register of such interests declared, which is available for inspecting by shareholders.

## Board Activities in 2020/21

		
<p><b>Strategic planning</b></p> <p>Ensure relevance of strategy given the unprecedented operating conditions that prevailed during the year.</p>	<p><b>Effective control and risk management</b></p> <p>Ensure the reliability and robustness of the risk management practices and internal controls that are in place.</p>	<p><b>Stakeholder relationships and sustainability</b></p> <p>Assessing feedback received from stakeholders.</p>

## Board Meetings

The Board meets regularly and despite the challenges that prevailed during the year, 11 meetings were held. The Group promptly adapted to the prevalent conditions by leveraging its technological capabilities and shifting meetings to digital platforms. Clearly defined guidelines and processes ensure the effectiveness of Board meetings. Meeting agendas and Board papers are circulated to all Board members well in advance of each meeting to ensure adequate time is dedicated for preparation. Any Director can call for a resolution to be presented to the Board if deemed necessary. All proceedings of the meetings, including Directors' concerns regarding matters which are not resolved unanimously, are recorded in the Board minutes. The Chairman meets with the Non-Executive Directors without the presence of the Executive Directors on a need basis.

## Areas of Board Focus in 2020/21

### ● Setting Strategy

The Board plays a proactive role in setting the Group's strategy, giving due consideration to trends in the operating landscape, industry dynamics, the Group's inherent strengths and weaknesses and its operating model. Following the outbreak of the pandemic in early 2020, the Group was compelled to increase the rigor of its monitoring, ensuring that vulnerabilities were managed on a timely and effective manner. Strategic focus was placed on safeguarding our employees while ensuring the health and safety of all employees.

### ● Oversight on performance.

The Board provides oversight on the overall performance of the organisation, ensuring that strategy and performance is aligned to the Company's vision, mission and purpose. The business governance process commences from the point of preparing the annual plan is based on the company's future strategic direction and short term, medium term and long-term objectives; the plan is approved by the Board following proactive discussion and consideration of market dynamics. The CEO and Executive Directors closely monitor the performance on a regular basis and the Chairman and Board of Directors review the performance against defined objectives at all Board meetings.

### ● Effective Control and Risk Management

The Board is responsible for ensuring the robustness of the Group's risk management and internal control systems, which include internal

	Board	Audit and Risk Management Committee	HR and Remuneration Committee	Related Party Transactions Review Committee	Investment Committee
Dr. Sivakumar Selliah	11/11	3/4	1/1	3/3	
Aelian Gunawardene	11/11				
Joyce Gunawardene	11/11				
Jehan Amaratunga <i>(Resigned w.e.f. 20th July 2020)</i>	2/2	1/1		1/1	
Hussain Akbarally	11/11	1/1		1/1	1/1
Girish Patil	11/11	3/4		3/3	1/1
Anika Williamson <i>(Appointed w.e.f. 8th July 2020)</i>	9/9				
Richard Gunawardene <i>(Appointed w.e.f. 8th July 2020)</i>	9/9				
Priyanthi Pieris <i>(Appointed w.e.f. 1st January 2021)</i>	3/4				
Devaka Cooray <i>(Appointed w.e.f. 1st January 2021)</i>	4/4	2/2			

and external financial reporting and compliance to all legal requirements. The Audit and Risk Management Committee and the Related Party Transaction Review committee support the Board in ensuring the adequacy of the internal control systems. Non-executive Directors also meet the external/internal auditors without the participation of the executive directors and management in assessing the adequacy and robustness of internal controls. Accordingly, measures are in place to ensure that proper accounting records are prepared and maintained and that information is disbursed to all relevant stakeholders in a timely manner.

Given dramatic shifts in the Group's risk landscape during the year, strategic focus was placed on identifying, measuring, and mitigating emerging risks and the Board placed increased emphasis on consistently monitoring evolving risk dynamics. The Board's risk-related duties are discharged through the Board Audit and Risk Management Committee.

**Accountability and Audit:** The Board is responsible for presenting a balanced and accurate assessment of the Company's performance, financial position and outlook. The financial statements are prepared in accordance with the Sri Lanka Financial Reporting Standards laid down by the Institute of Chartered Accountants of Sri Lanka. Our Annual Report is an Integrated Report and complies with the Global Reporting Initiative's GRI Standards.

The following specialised information requirements are also included in this Annual Report.

- The Annual Report of the Board of Directors on the Affairs of the Company on pages 79 to 82 of this Report contains the declarations prescribed by the Code
- The Statement of Directors' Responsibility is given on page 84 of this Report
- Chief Executive officer's and Finance Director's Responsibility Statement.

**External Auditors and Auditor Independence Policy:** The Group's external auditors are M/S Ernst & Young chartered Accountants, Sri Lanka and the principal/consolidator auditor has not engaged in any services which are in the restricted category as stipulated by the CSE for

external auditors. Measures in place to ensure the independence and objectivity of the external auditors as discussed furthermore in the Board Audit and Risk Management Committee Report on page 46.

**Code of Ethics:** The Company's Code of Conduct and Business ethics are applicable to all employees, the Senior Management and the Board of Directors. The Code sets out the expected conduct of employees when interacting with stakeholders and includes,

- Exercising honesty and diligence when performing one's duties.
- Avoid situations of personal interest which might conflict with the interests of the company.
- Maintain confidentiality of price sensitive and other information.
- Safeguard company assets.
- Avoid conduct that will affect badly on the company image.
- Considerations on labour and human rights as well as social and environmental sustainability.

**Whistleblowing policy:** The Board approved whistleblowing policy provides an opportunity for employees who observe any improper practice/fraud to report such grievances to the Audit Committee. A structured mechanism is in place for addressing such grievances with employee anonymity preserved at all times.

**IT Governance and risk management:** A robust IT governance process ensures that IT risks are managed in a systematic manner and aligned to the Group's overall strategic and operational objectives. IT Governance is an integral part of the Group's Corporate Governance framework and ensures that the Group's IT agenda is aligned to the Group's overall strategic aspirations. The impact of IT Governance to operational areas of the company are set out below.

**Compliance:** Investing in licensed software to ensure effective management of IT risks, access to latest updates and managing compliance with a view to educate and mandate compliance in reporting with the company.

**Operational efficiency:** Streamlining processes such as inventory management and credit management so that integrity is maintained across the value chain through near real time processing.

**Customer convenience:** A Sales Force automation system is in place to ensure customer records and going concern of the distributors are in place which allows access to real time information and enhances customer convenience

**Green IT:** Protecting the environment by reducing print through migration to emails/soft copies etc.

**IT and Cybersecurity Risk:** In line with the Group's increased digitisation, its vulnerability to IT and Cybersecurity risks have heightened and managing these risks is a critical area of Board focus. A framework of robust IT policies, continued investments in state-of-the-art hardware and software, clear demarcation of responsibilities and a highly skilled IT team ensure that IT risks are managed in a proactive and consistent manner. The Group Head of IT holds overall responsibility for implementing the Board IT and cybersecurity strategy and the process of identifying and managing such risks are presented alongside.

**Stakeholder relationships and Sustainability Shareholder relations:** We are committed to preserving the rights of our shareholders and adopt an array of measures to ensure that shareholder views are heard and fully considered.

**Annual General Meeting:** The AGM provides shareholders the opportunity to contribute their views and engage with the Board of Directors, including the Chairpersons of certain Sub-Committees and members of senior management. We encourage shareholder participation at AGMs, thereby fostering a constructive dialog.

**Dissemination of information:** The Group provides shareholders with timely information on performance and any other material developments through the corporate website, press release and one-to-one engagement where relevant. Shareholders are able to access information and engage in dialogue which is coordinated through the Company Secretary.

## CORPORATE GOVERNANCE

**Relationships with other stakeholders:** As social and environmental sustainability issues gain centre stage in the corporate dialogue, the Group is acutely aware of the importance of nurturing mutually beneficially, long-lasting relationships with other stakeholders thereby preserving the Group's social license to operate. As described in further detail on page 30 of this Report, a range of formal and informal engagement channels enable the Group to understand and proactively respond to the expectations of stakeholders.

**Responsibility to customers:** Customers are at the centre of our value proposition and we are committed to serving them through access to safe and high-quality products, excellent customer service and responsible advertising and marketing. This is assured through the Group's partnerships with leading international brands, stringent quality assurances processes, compliance to a range of certifications and a robust framework of policies.

### Environmental and Social Responsibility:

As a responsible corporate citizen, we have strived to embed sustainability practices across all aspects of our operations. The Board-approved Sustainability Policy sets out our social and environmental aspirations and the Board is responsible for ensuring the effective implementation of the same. The Group's environmental impacts are continuously identified, monitored and tracked through a comprehensive Environmental Management Framework which is founded on ISO 14001: 2015 and the Responsible Care Certification. We have also sought to evolve our sustainability reporting practices in line with increasing stakeholder interest and best practices in corporate reporting and our Annual Report complies with the Integrated Reporting Framework and the GRI Standards on Sustainability Reporting.

### Remuneration Review

JAT Holdings' Remuneration Policy aims to attract and retain skilled and high-performing employees who can drive business performance in line with the Group's strategic objectives. Remuneration is typically linked to both individual and collective KPIs which are in turn aligned to the Group's overall strategy.

The Remuneration Committee is responsible for formulating the remuneration policies and practices of the Group. Non-Executive Director fees are determined by the Board supported by the Remuneration Committee who also seeks professional advice from HR professionals. The Committee also conducts periodic surveys to observe market expectations and ensure that remuneration is in line with industry best practice.

No individual Director is involved in determining his own remuneration. The Committee consults the Chairman on proposals relating to the remuneration of the Executive Directors. The remuneration

package of the Managing Director is structured to link rewards to corporate and individual performance, ensuring there is strong alignment between the short-term and long-term interests of the Company.

The composition of the Remuneration Committee and activities of the Committee during the year are set out on page 47 of this Report.

### Appraisal of CEO

The Appraisal of the CEO follows a transparent and robust process with performance being assessed annually by the Managing Director. The assessment includes a comparison against pre-defined targets and evaluating reasons for non-achievement if any.

### Commitment for the Future

JAT remains committed towards conducting all its operations with stakeholder inclusiveness, displaying high levels of integrity, efficiency and fairness. Therefore, the Company will resolutely maintain and improve its standards of good corporate citizenship and governance practices while placing emphasis on stakeholder satisfaction and delivery of sustainable value.

## Status of Compliance

Compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka in 2017

Code Ref.	Requirement	Reference	Complied	Page Ref
<b>A</b>	<b>Directors</b>			
A.1	The Board	Board composition Governance structure	✔	37
A.1.1	Board meetings	Board meetings	✔	40
A.1.2	Role and responsibilities of the Board	Roles and responsibilities	✔	38
A.1.3	Compliance with laws and access to independent professional advice	Induction and development	✔	38
A.1.4	Access to advice and services of Company Secretary and insurance cover	Company Secretary Health insurance cover has been provided by the company for Key Management Personnel	✔	38
A.1.5	Independent judgment	Independent judgment	✔	40
A.1.6	Dedicate adequate time and effort Board Pack	Board meetings	✔	40
A.1.7	Calls for resolutions	Board meetings	✔	40
A.1.8	Board induction and training	Board induction and development	✔	40
A.2	Clear division between Chairman and Chief Executive Officer	Roles and responsibilities - The Chairman and Chief Executive Officer	✔	39
A.3	Chairman's role in preserving good Corporate Governance	Roles and responsibilities - The Chairman	✔	39
A.4	Availability of financial acumen	Board composition	✔	38
A.5	Board balance	Board composition Independent judgment Board meetings Board of Directors	✔	38 40 40 40
A.6	Provision of appropriate and timely information	Board meetings Board induction and development	✔	40 38
A.7	Appointments to the Board	Composition	✔	38
A.8	Re-election of Directors	Appointment and re-election	✔	40
A.9	Appraisal of Board performance	-	N/A	
A.10	Disclosure of information in respect of Directors	Profiles Directorships in other companys' Board Sub-Committees Attendance at meetings	✔	9 to 10 9 to 10 39
A.11	Appraisal of the Chief Executive Officer	Evaluation of CEO	✔	42

## CORPORATE GOVERNANCE

Code Ref.	Requirement	Reference	Complied	Page Ref
<b>B.</b>	<b>Directors' Remuneration</b>			
B.1	Remuneration procedure			
B.1.1-B.1.4	Remuneration Committee	Remuneration Report of the Remuneration Committee		42 47
B.1.5	Consultation of Chairman	The Chairman of the Company is the Chairman of the Remuneration Committee.		47
B.2	Level and make up of remuneration			
B.2.1-B.2.5, B.2.7, B.2.10	Managing Director's remuneration and comparison	Remuneration		42
B.2.6	Executive share options	There are no share options offered to the Executive Directors and Senior Management	N/A	
B.3	Disclosures related to remuneration in Annual Report	Remuneration Report of the Remuneration Committee		42 47
<b>C.</b>	<b>Relations with Shareholders</b>			
C.1	Constructive use of the AGM and other general meetings	The Annual General Meeting (AGM)		79
C.2	Communication with shareholders	Relations with Shareholders Company Secretary		30 38
C.3	Disclosure of major and material transactions	N/A	N/A	
<b>D.</b>	<b>Accountability and Audit</b>			
D.1	Present a balanced and understandable assessment of the Company's financial position, performance and prospects	Accountability and audit Chief Executive Officer's and Chief Financial Officer's responsibility statement Statement of Directors' responsibilities in relation to the annual financial statements Report of the Board of Directors Independent Auditors' report Related party transactions <i>1. Note 28 in the Financial Statements</i> <i>2. Report of the RPTRC</i> In the unlikely event of the net assets of the Company falling below 50% of Shareholders Funds, the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken.		41 84 88 79 88 133 48
D.2	Process of Risk Management and a sound system of internal control to safeguard shareholders' investments and the Company's assets	Internal controls Enterprise risk management		75
D.3	Audit Committee	Board Audit Committee report		46
D.4	Related Party Transactions Review Committee	Related Party Transactions Review Committee's report		48

Code Ref.	Requirement	Reference	Complied	Page Ref
D.5	Code of Conduct and ethics	Chairman's message Values Code of Conduct and ethics		22
D.6	Corporate Governance disclosures	Corporate Governance report		36
<b>E/F.</b>	<b>Institutional and Other Investors</b>			
	Encourage voting at the AGM – institutional and other investors	Shareholder's access to information Annual General Meeting		82
<b>G.</b>	<b>Internet of Things and Cybersecurity</b>			
G.1	Identify connectivity and related cyber risks	Technology and security		41
G.2	Appoint a CISO and allocate budget to implement a cybersecurity policy	Technology and security		41
G.3	Include cyber security on Board agenda	Technology and security		41
G.4	Obtain periodic assurance to review effectiveness of cybersecurity risk management	Technology and security		41
G.5	Disclosures in Annual Report	Technology and security		41
<b>H.</b>	<b>Environment, Society and Governance</b>			
H.1	ESG reporting	Information required by the Code is given in the following sections of the Annual Report: - Strategy and value creation - Opportunities and risks - Operational review - Corporate Governance		33 75 34 36

# BOARD COMMITTEE REPORTS

## REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

### Committee Members

- **Deveka Cooray**-Chairman/Non-Executive Independent Director
- **Dr. Sivakumar Selliah**-Member/Non-Executive Independent Director
- **Girish Patil**-Member/Non-Executive Independent Director

Meetings

**04**

meetings held during the year

### Mandate and responsibility

The Audit and Risk Management Committee is a subcommittee of the Board of Directors of the Company and reports directly to the Board. The Committee is empowered to perform an independent review on the financial reporting process of JAT Holdings Limited and its subsidiaries to provide additional assurance to the Board of Directors on the reliability of its financial statements and processors.

The overall function of the Committee is to review the Company's internal control systems and Risk Management systems, and make recommendations to the Board for implementation.

The Audit and Risk Management Committee is responsible for formulating and implementing appropriate and adequate internal control systems for JAT Holdings Limited and its subsidiaries.

The proceedings of the Audit and Risk Management Committee meetings are recorded with adequate details and reported to the Board of Directors.

### Members of the Audit and Risk Management Committee

The Audit and Risk Management Committee comprises of three Independent Directors as given above.

Brief profiles of the members of this Committee are stated on pages 9 to 10 of this report.

The Head of Internal Audit and Process Excellence serves as the Secretary to the Audit and Risk Management Committee.

The Company's Managing Director, Chief Executive Officer and Finance Director will attend meetings when scheduled as and when required, by invitation.

### Meetings Held

The Audit and Risk Management Committee held four meetings during the financial year under review. The attendance of the Committee members at the meetings was as follows.

	27/05/2020	06/10/2020	02/03/2021	30/03/2021
<b>Jehan Amaratunga</b> <i>(Resigned w.e.f. 20th July 2020)</i>	√	-	-	-
<b>Hussain Akbarally</b> <i>(Appointed w.e.f. 25th August 2020 and resigned w.e.f. 19th January 2021)</i>	-	√	-	-
<b>Devaka Cooray - Chairman</b> <i>(Appointed w.e.f. 19th January 2021)</i>	-	-	√	√
<b>Dr. Sivakumar Selliah</b>	√	√	√	x
<b>Girish Patil</b>	√	x	√	√

### Functions of the Committee

#### ● Financial Reporting

Ensures the preparation, presentation and adequacy of disclosures in the annual financial statements of the Company are in accordance with the Sri Lanka Accounting Standards.

#### ● Compliance

Ensures compliance with mandatory, statutory and other regulatory requirements laid down by the authorities are in place.

#### ● Internal Controls and Risk Management

Ensures the Company's internal control and risk management procedures are adequate to manage and mitigate the risks that may occur in the day-to-day operations of the company.

The Committee provides a forum for impartial review of the reports of internal audits conducted and takes into consideration the findings and the recommendations stated therein on matters relating to significant business risks.

The Committee also focuses on and reviews risks such as Business and Operational Risks, Finance Risks, Legal and Regulatory Risks and Strategic Risks through appropriate risk indicators and management information, while reviewing and overseeing the management plan for mitigation of the material risks faced by the various business units of the company.

#### ● Internal Audits

Ensures that the Internal Audit function is independent of the activities, it audits all areas of the business and that it is performed with impartiality, proficiency and due professional care.

#### ● External Audits

Assesses the independence and performance of the External Auditors and make recommendations to the Board on the appointment/re-appointment of External Auditors.

Have meetings with external auditors without management to discuss any sensitive matters at least once a year.

#### ● Whistleblowing Policy

The Company has a Whistleblowing Policy which has been reviewed and approved by the Audit and Risk Management Committee. The process is in place and proper arrangements are in effect to conduct fair and independent investigation and appropriate follow up action regarding any concerns raised by the employees of the Company.

The Policy allows any team member who has a legitimate concern on an existing or potential 'wrongdoing', by any person within the Company, to come forward voluntarily, and bring such concerns to the notice of the Audit and Risk Management Committee. Concerns raised are investigated and the identity of the person raising the concern is kept confidential, as even anonymous complaints are investigated. This procedure is monitored by the Audit and Risk Management Committee.

As such, there have been no reported incidents either internal or external, regarding the breach of ethics or unlawful behavior by any of our employees, in a way that would bring into question the integrity of the Company.



**Devaka Cooray**

Chairman – Audit and Risk Management Committee  
Non-Executive Independent Director – JAT Holdings Limited

# REPORT OF THE HR AND REMUNERATION COMMITTEE

## Committee Members

- **Dr. Sivakumar Selliah** -Chairman/Non-Executive Independent Director
- **Priyanthi Pieris**-Member/Non-Executive Independent Director

Meetings

**01**  
meeting held  
during the year

The HR and Remuneration Committee operates within Board approved terms of reference and assists the Board of Directors to ensure that the remuneration policies in the company align with its objectives.

## Composition of the Committee

The HR and Remuneration Committee of JAT Holdings consists of two Independent Directors as given above.

Brief profiles of the members of this Committee are stated on pages 9 to 10 of this report.

## Meetings Held

The Committee meets annually. The Managing Director, Chief Executive Officer and Head of HR and Corporate Sustainability attend these meetings on invitation to participate in the deliberations, except when their own compensation packages are reviewed.

	19/01/2021
Dr. Sivakumar Selliah - Chairman	√
Jehan Amaratunga <i>(Resigned w.e.f. 20th July 2020)</i>	-
Priyanthi Pieris <i>(Appointed w.e.f. 19th January 2021)</i>	-

## Scope of the Committee

The Committee operates within the Board approved terms of reference.

The HR and Remuneration Committee studies the recommendations forwarded and recommends the remuneration package applicable to the Executive Directors and the Senior Management of the Company and makes its recommendations to the Board for approval.

## Remuneration Policy

The policy of the Company is to retain and attract High Profile Executives to the Company. In this context, the Committee has taken into consideration,

competition, individual and collective performance and target achievements in declaring the overall remuneration policy for the Company.

## Remuneration and Other Benefits

**Directors:** The Board as a whole decides the remuneration of the Non-Executive Directors based on the recommendations of the Committee. The Non-Executive Directors receive a fixed monthly fee and an attendance fee for each Board Meeting and subcommittee meeting held during the month.

**Employees:** The remuneration package of employees consists of a fixed and variable component which is influenced by factors such as qualifications and experience, performance of individual and business, comparison with market available rates etc. In addition, they are also entitled to many other facilities offered by the company.



### Dr. Sivakumar Selliah

Chairman – HR & Remuneration Committee  
Non-Executive Independent Director – JAT Holdings Limited

## BOARD COMMITTEE REPORTS

# REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

### Committee Members

- **Girish Patil**-Chairman/Non-Executive Independent Director
- **Dr. Sivakumar Selliah**-Member/Non-Executive Independent Director

Meetings

**03**  
meetings held  
during the year

The Board established a Related Party Transaction Review Committee in terms of the Code of Best Practice issued by the Securities and Exchange Commission of Sri Lanka. The Related Party Transaction Review Committee assists the Board to ensure that interests of shareholders as a whole are taken into account when entering into transactions with related parties and avoidance of conflict of interests.

The Related Party Transaction Review Committee is appointed by the Board of Directors of the company.

### Composition of the Committee

The Related Party Transaction Review Committee of JAT Holdings Limited consists of two Independent Directors as given above.

The Managing Director, Chief Executive Officer and Finance Director of the Company attend the meetings when required, by invitation.

Brief profiles of the members of this Committee are stated on pages 9 to 10 of this report.

	27/05/2020	06/10/2020	02/03/2021
<b>Jehan Amaratunga</b> <i>(Resigned w.e.f. 20th July 2020)</i>	√	-	-
<b>Girish Patil - Chairman</b> <i>(Appointed as Chairman w.e.f. 19th January 2021)</i>	√	√	√
<b>Dr. Sivakumar Selliah</b>	√	√	√
<b>Mr. Hussain Akbarally</b> <i>(Appointed w.e.f. 20th July 2020 and Resigned w.e.f. 19th January 2021)</i>	-	√	-

### Meetings Held

During the 12 months period ended 31st March 2021, the Committee met 3 times. Attendance of the Committee Members at these meetings is given in the table below.

### Duties and Responsibilities

- Review the aggregate value of transactions with Related Parties (RPT)

- Review 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
- Review the Related Party Transactions that require disclosure in the annual report

### Policies and Procedures on Related Party Transactions

The policy ensures that procedures are in place to ensure that the company does not engage in any transactions with the related parties in a manner that would be more advantages to such parties.

### Transactions During the Year

Details of transactions with Related Parties during the year is set out on page 133 of this report.

### Reporting to The Board

The minutes of the Related Party Transaction Review Committee Meetings are tabled at the Board Meetings enabling all Board Members to have access to the same.



**Girish Patil**  
Chairman – Related Party Transaction Review Committee  
Non-Executive Independent Director – JAT Holdings Limited

# REPORT OF THE INVESTMENT COMMITTEE

## Committee Members

- **Hussain Akbarally**—Chairman/Non-Executive Independent Director
- **Devaka Cooray**—Member/Non-Executive Independent Director
- **Girish Patil**—Member/Non-Executive Independent Director
- **Anika Williamson**—Member/Non-Executive Director

Meetings

**01**  
meeting held  
during the year

The Investment Committee is a subcommittee of the Board of Directors of the Company and reports directly to the Board of Directors of the Company.

## Responsibilities and Duties of the Committee

The primary responsibility of the Investment Committee is to review investments proposed by the Company's management and provide the recommendations to The Board of Directors of the Company.

The nature of the investments reviewed by the Committee falls under 2 categories.

1. Investments related to Company's existing operations, where the quantum of investment planned is more than LKR 50 million, or
2. Investments in areas outside Company's existing operations, irrespective of quantum of investment.

## Composition and Members of the Investment Committee

The Investment Committee comprises of the Chairman and three members as given above.

Brief profiles of the members of this Committee are stated on pages 9 to 10 this report.

The Company's Managing Director, Chief Executive Officer and Finance Director attend the meetings by invitation.

## Meetings

The Committee met once during the financial year.

The attendance of the Committee Members at the meetings is as per the table below.

	13/01/2021
Mr. Hussain Akbarally-Chairman	√
Mr. Girish Ramanagowda Patil	√
Mr. Jehan Prasanna Amaratunga (Resigned w.e.f. 20th July 2020)	-
Mr. Mututantrige Parakrama Devaka Cooray (Appointed w.e.f. 19th January 2021)	-
Mrs. Anika Niranjalie Williamson (Appointed w.e.f. 19th January 2021)	-



### Hussain Akbarally

Chairman – Investment Committee  
Non-Executive Independent Director– JAT Holdings Limited



**CAPITAL**  
**REPORTS**

# FINANCIAL CAPITAL



Despite the challenging conditions the Group demonstrated resilience to record a revenue of Rs. 5.3 billion during the for 12 months' period compared to Rs. 6.3 billion the previous year. The profit after tax for the year amounted to Rs. 600 million, against the prior year's Rs. 707 million.

## Our Financial Capital



Total assets  
**Rs.7,058 Mn**

Total equity  
**Rs.5,341 Mn**

Total revenue  
**Rs.5,360 Mn**

Profit after tax  
**Rs.600 Mn**

## Basis of Preparation and Comparative Figures

The Financial Statements have been prepared in accordance with Sri Lankan Accounting Standards (hereafter, referred to as SLFRSs and LKASs) issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Companies Act No. 07 of 2007.

## Preamble

Despite the challenging conditions the Group demonstrated resilience to record a revenue of Rs.5.3 billion during the for 12 months period compared to Rs.6.3 billion the previous year. The profit after tax for the year amounted to Rs.600 million, against the prior year's Rs.707 million.

The business environment presented numerous challenges during the 1st and 2nd quarters of the financial year, reflecting the inevitable toll of the COVID-19 pandemic. However, activity recorded a recovery from the 3rd quarter, although the depreciation of the exchange rate continued to be a concern.

## Sri Lankan Economic Outlook

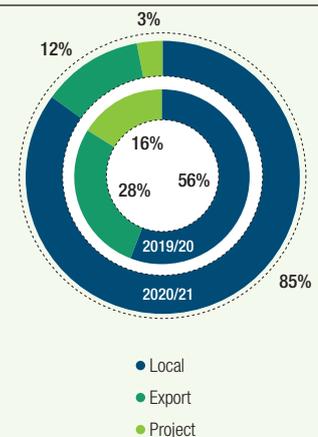
Sri Lanka's economy contracted by 1.6% year on year in the first quarter of 2020, followed by a sharp decline of 16.3% in the 2nd quarter of the year reflecting the economic implications of the pandemic. However, economic activity recovered in the 3rd and 4th quarters recording a growth of 1.5% year on year in both quarters.

## Revenue

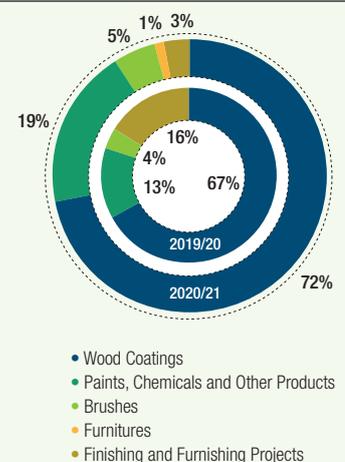
The JAT Group recorded revenue of Rs.5.3 billion for the 12 months period compared to Rs.6.3 billion the previous year. The local retail market continues to be the leading contributor to the Group's revenue with a share of 85%, followed by the export market segment which accounted for 12% of the total revenue generated during the year. The Projects division contributed the balance 3%.

Revenue declined by 14.9% during the year, due to the challenges arising from the COVID-19 pandemic and its implications on both the Sri Lankan and exports markets such as Bangladesh. Such negative shocks included periods of nationwide lockdown 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 increased market share in the wood coating and brush segment as well as the Group's continued efforts to widen its portfolio through the launch of several new products such the WHITE by JAT paint range, sanitizers and SIKA waterproofing.

## Sales Mix for the Last Two Years - Markets



## Revenue by Product Segment



## FINANCIAL CAPITAL

### Gross Profit

Consolidated Gross profit recorded a marginal decline to Rs.1.6 billion, compared to Rs.1.7 billion the previous year. The gross margin widened to 30.7% from 27.6% the prior year, reflecting a more favourable sales mix in view of increased contributions from the relatively-high margin local wood coating revenue segment.

However, it was increasingly challenging to preserve product margins give intense competitive pressures in the period under review. The Company intends to pursue growth in new product segments and markets while increasing market share in existing product categories, which in turn will position it for robust and sustainable earnings growth.



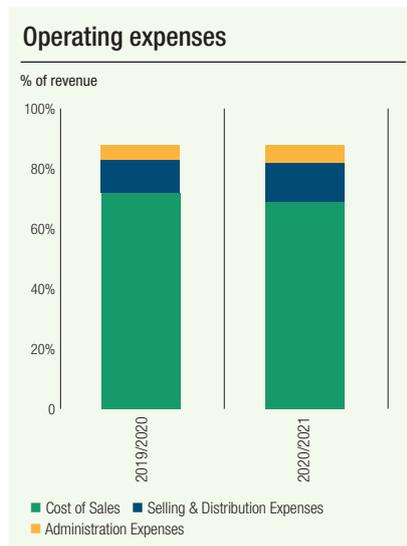
### Cost of Sales and Operating Expenses

**Cost of Sales** - The Group's cost of sales amounted to Rs.3.7 billion in the financial year 2020/21 against the prior year of Rs.4.5 billion, mirroring the revenue decline during the year.

While the sharp depreciation of the Sri Lankan Rupee has remained a key challenge, this is partially offset by the natural hedge arising from the Group's export revenue.

**Administration Overhead** - The administration costs decreased and were contained to 3.1% which amounted to Rs.301 million during the year, reflecting proactive measures implemented to drive efficiencies and control overhead costs.

**Selling and Distribution Overhead**-The Group's selling and distribution costs, which include advertising and promotional expenses and commissions paid on sales volumes, reached Rs.711 million during the year, accounting for 13% of the total revenue, against a prior year spend of Rs.667 million.



### Net Finance Cost

The Group's net finance cost declined to Rs.40 million, from Rs.86 million the previous year; this is mainly due to the sustained decline in market interest rates during the year and the Group's proactive measures in working capital management and debt cash management.

### Other Income

The Group's Other income was amounted to Rs.52 million against Rs.75 million in the previous year.

### Income Tax Expense

The Group's tax expenses amounted to Rs.44 million for the year, net of a reversal of differed tax expenses during the current period due to the increase of origination of timing differences.

The Group's effective tax rate for the 12 months period was sustained at 6.8%.

### Profit for the Period

The Group recorded a moderation in profit after tax to Rs.600 million during the year under review, compared to Rs.707 million in the previous year. Financial performance was significantly

affected in the first half of the year, as escalation in operating costs in certain segments and a pandemic-induced slowdown in revenue impacted operating margins. However, the Group rebounded strongly in the 2nd half of the year, with a PAT of LKR 621.6 Million in the 2nd half, reversing the pandemic related losses incurred in the first half of the year. Meanwhile the Group's EBITDA margin for the year amounted to 15%, marginally below 15.1% reported last year.



The Group expects to regain and realign its operations post COVID-19, with aspirations to penetrate in new export markets such as India, Pakistan, Maldives, Africa and Australia while consolidating its position in existing export markets.

Despite short-term pressures on Sri Lanka's economic outlook, we anticipate a gradual improvement in economic and business activity. The Group will continue to pursue holistic strategic aimed at expanding revenue, widening margins and optimising costs. The Company will also focus on leveraging its e-commerce platforms to drive new revenue streams and strengthen its R&D capabilities to drive future innovations.

### Earnings Per Share

Groups Earnings per share (EPS) for the twelve months period under review was Rs.1.31 per share vs Rs.1.56 during the twelve months period 2019/20.

### Dividend

The Company paid an interim dividend of Rs.0.22 per share amounting to Rs.100 million during the financial period, in respect of the year ended 31st March 2021 and a final dividend of Rs.0.139 per share amounting to Rs.63 million for the period ended 31st March 2020.



### Solvency

Section 56 of the Companies Act No. 07 of 2007 requires that a solvency test be carried out prior to the payment of dividends. The Board of Directors obtained a Certificate of Solvency from the Auditors, prior to the date of, dispatch of the final and interim dividends.

### Return on Equity

Return on the group equity for the twelve months period under review was 11.61% against the prior year of 14.93%.

### Financial Position

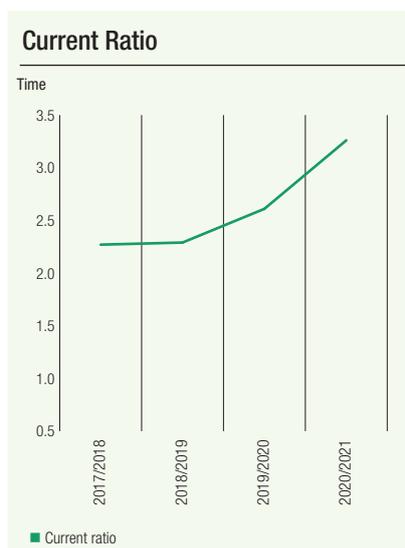
#### Total Assets

The Group's total assets consist with the value of Rs. 7.1 billion by end- March 2021. Total fixed assets amounted to Rs. 1.8 billion of which the net book value of fixed assets amounts to Rs. 1.5 billion and consisted primarily of land and building and plant and equipment.

**Current assets-** current assets declined by 3.4% compared to the prior year, due to effective management of inventories and inventory holding cycles.

The asset composition is tilted towards current assets which accounted for 75% of total assets during the year, while non-current assets accounted for the remaining 25%.

The current ratio of the group was reported as 3.26 against a prior year reporting of 2.61

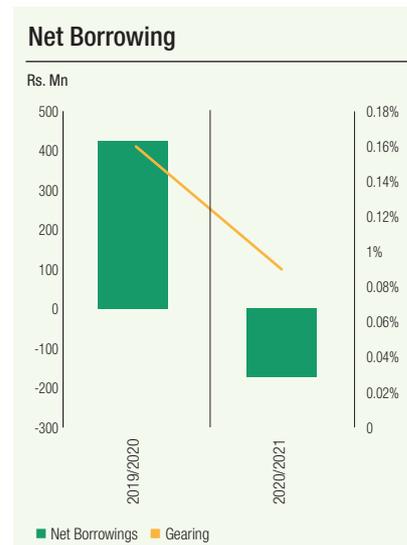


#### Total Liabilities

The Group's total liabilities comprised primarily of current liabilities, with a share of 94.4% during the year. Reliance on borrowings have gradually declined as the Group has sought to settle its borrowings, resultanty total borrowings declined by 42.3% to Rs.532.48 million during the year.

The debt profile is tilted mainly towards short-term borrowings which are used to fund working capital requirements.

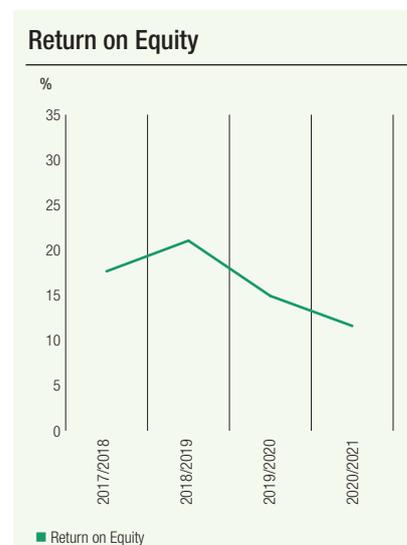
The Gearing Ratio at of the group is reported as 9.07% against 15.68% last year.



### Equity

**Total Equity-** The total asset base of the Group is funded by 63% of retained earnings, 13% share capital and 24% from supplier credit and borrowings.

**Return on Equity-** Return on Group equity for the 12 months period under review was 11.61%, whilst prior year reported was 14.93%; the decline reflects the economic implications of the pandemic, which led to a disruption in operations in the first half of the year.



## FINANCIAL CAPITAL

### Cash Flow

Group net operating cash outflow was Rs.1,018 million with cash generated during the year amounting to Rs.187 million after a dividend payment of Rs.200 million, net loan repayment of Rs.194 million, net investments of Rs 380 million and Finance and tax payments of Rs.105 million.

### Future Outlook

The Group's key sources of finance, for the foreseeable future are likely to be cash generated from operations, with a combination of long-term and short-term borrowings. Therefore it is expected that the said sources of finance will provide adequate liquidity to service debt and meet future working capital and capital expenditure requirements.

The company's main focus next financial year is to increase market share in all its core products by focusing on product development, expansion into new markets and acquisition of new customers.

### Shareholder Value

The Company intends to list its shares on the Colombo Stock Exchange, thereby broad-basing its ownership and delivering continued shareholder value through the achievement of sustainable, long-term growth.

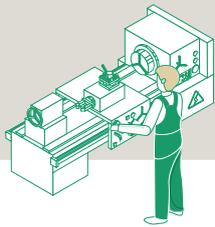
Rs.Mn.	2020/21	2019/20
Assets	7,058	7,157
PPE	1,531	1,435
Cash and Cash Equivalents	494	497
Liabilities	1,717	2,195
Borrowings	532	923
Equity	5,341	4,962
<b>KPIs</b>		
Asset growth	-1.4%	2.3%
Current ratio (times)	3.26	2.61
Quick assets ratio (times)	2.29	1.76
Financial Leverage	9.07%	15.68%
ROA	9.6%	11.8%
ROE	11.6%	14.9%

# MANUFACTURED CAPITAL

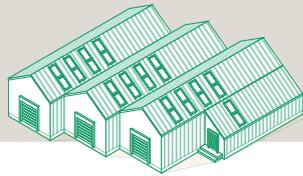


As an organisation engaged in manufacturing, JAT's production facilities play a critical role in ensuring product quality and uninterrupted supply to the market. The Group's Manufactured Capital comprises its physical infrastructure such as manufacturing facilities and warehouses as well as its digital infrastructure including its e-commerce platforms.

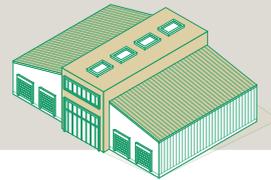
## Our Manufactured Capital



**01**  
manufacturing  
facility



**03**  
warehouses



Showroom  
network and  
Head Office

How we nurtured Manufactured Capital	
What we did	Impact on value creation
Investments in automating selected processes in the manufacturing line	Estimated 60% increase in efficiency
Commenced manufacturing of 2 new product lines: JAT Care and WHITE by JAT	Rs.144 million revenue generated from new products
Ongoing investments in enhancing manufactured capital	40% increase in manufacturing volumes 28.56% PPE to turnover ratio
Offer products through e-commerce platforms	Direct sales to customers during the pandemic



Facility	Capacity Sqft	Contribution to value creation
1 manufacturing facility in Kahathuduwa	22,500 sqft	Ensures the uninterrupted supply of high-quality products
3 warehouses in Kahathuduwa, Horana and Kaduwela	Combined area of more than 52,500 sqft	Secure storage facilities
5 showrooms	16,970 sqft	Customer contact points including experience centres which offer a visual and first-hand demonstration of our range of products, allowing customers to obtain a hands-on experience.
State-of-the-art corporate office	45,000 sqft	Features all staff amenities including a fully equipped gymnasium, auditorium and cafeteria which create a conducive environment for employees

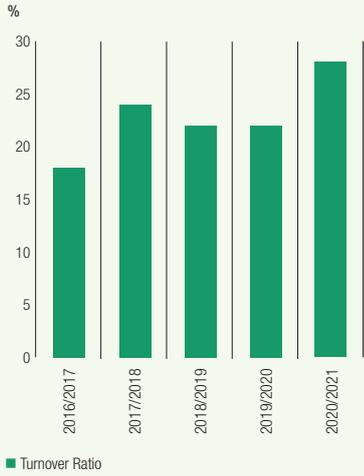
## Manufacturing facilities

Property, plant and equipment account for 21.69% of the Group's total assets and we have continued to invest in expanding capacity and upgrading machinery and equipment. During the year under review, the Group's capital expenditure amounted to 178 Mn million and mainly comprised the following:

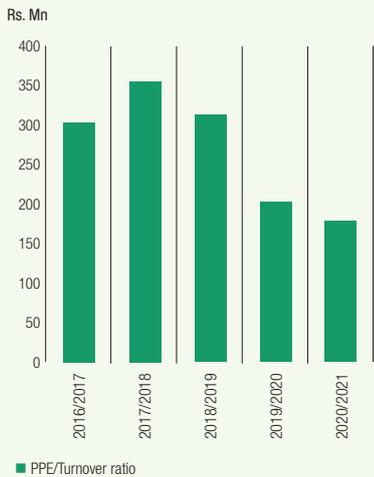
- Investments in automating the water-based wood coating product line, which is anticipated to accrue significant efficiencies and cost optimization over the short-term
- Commenced manufacturing of the JAT Care range (sanitizer and disinfectant) and WHITE by JAT-an emulsion decorative paint range
- Purchase of coating and drying equipment for finishing line
- Completion of installation of solar panel project at Head Office

# MANUFACTURED CAPITAL

## PPE/Turnover Ratio



## Capital Expenditure



## Safety Standards

As a manufacturing organisation with significant interests in chemicals, JAT is committed to creating a safe, hazard and injury free environment for its employees. The manufacturing plant is audited annually for compliance to ISO 9001, ISO 14001 and ISO 45001. During the year, JAT further strengthened its safety frameworks through introducing stringent hygiene and safety protocols to minimise the risk of cross infection of COVID-19.



## Digital infrastructure

Given the conditions that prevailed during the year and restrictions on mobility, the Group sought digital engagement with customers, strengthening its online sales channels through increased investments in digital infrastructure. Key developments during the year included the following:



### WHITE by JAT Platform

The Group leveraged its online platforms to offer WHITE by JAT, a brilliant white emulsion paint to customers, thereby enabling the Group to pass on the cost benefit of disintermediation to its customers in the form of considerable discounts.

- **Revamping the corporate website** featuring detailed descriptions of the Group's products and services, corporate information, sustainability aspirations, corporate governance practices and financial information among others.



[jatholdings.com](http://jatholdings.com)



### Office 365

The Group facilitated access to Microsoft Office 365 to all employees, thereby providing an effective and efficient platform for employees to work remotely given the conditions that prevailed.



### Investments in the ERP system

which provided access to sophisticated performance dashboards, thereby facilitating data-driven decision making and more robust internal controls.

# HUMAN CAPITAL



The JAT Team of 351 employees is its most valuable asset, driving our strategic agenda, pursuing innovation and facilitating relationships with external stakeholders. The Group offers a conducive and dynamic environment, providing best-in-class reward schemes and training opportunities.

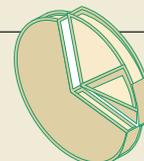
## Our Human Capital



**351**  
employees



**21%**  
female  
representation  
rate



**35**  
Average age  
of employees

How we nurtured Human capital	
What we did	Impact on value creation
Ensured safety of all employees through a stringent COVID-19 protocol	Zero infections in our manufacturing facilities
Rs.5.3 million directed towards investment and training.	Increase in employee productivity and reduction in idle time.
Creating a high-performing, dynamic culture through proactive engagement and development opportunities	With the increase of employee happiness and employer band confidence, employee retention has been increased.

- HR communication policy which offers guidance on all internal communications with employees and other internal stakeholders
- Training and development policy provides the blueprint for personal and professional development, ensuring equal access to training opportunities and alignment to the Group's overall business strategy.

## Governance and management approach

As a young and dynamic organisation, the Group is committed towards building an inclusive and agile work environment in which employees can thrive. Our approach to managing our team is set out through clearly defined governance structures, a comprehensive suite of policies and standard operating procedures. The Board of Directors is supported by the Board Remuneration Committee in HR related aspects including determining the rewards strategy and formulating succession plans. At an executive level, supported by the HR and Sustainability Unit ensure the effective implementation of the Group's HR strategy.

The Group consistently reviews and updates its policy framework to ensure alignment with regulations and local and global industry best practice. During the year, the Group introduced 2 new policies (described below) and revised 8 existing policies. The new policies introduced were,

How we nurtured Human capital	
Policy	Revisions to policies
Recruitment policy	<ul style="list-style-type: none"> <li>• Emphasis on the structural and operational efficiency of the organisation</li> <li>• New strategic approach towards engaging a high-performing team</li> <li>• Creation of a unique employer brand</li> </ul>
Performance management policy	<ul style="list-style-type: none"> <li>• Clarity on monitoring, improving, measuring, rewarding and expanding employee capabilities</li> <li>• Creation of a performance driven, results-oriented environment</li> </ul>
Staff exit policy	<ul style="list-style-type: none"> <li>• Actions to be taken by the organisations in the event of a voluntary resignation and on involuntary termination</li> <li>• Ensures security of company-owned assets and information</li> </ul>
Staff grievance and disciplinary policy	<ul style="list-style-type: none"> <li>• Ensures that employees are treated equitably and consistently in disciplinary matters</li> </ul>
Overtime policy	<ul style="list-style-type: none"> <li>• Defines working conditions and remuneration for additional hours worked as overtime</li> </ul>
Insurance policy	<ul style="list-style-type: none"> <li>• Details on insurance covering including surgical and hospitalization cover</li> </ul>
Transfer policy	<ul style="list-style-type: none"> <li>• Guides the administration relocation of staff</li> </ul>
Attendance and leave policy	<ul style="list-style-type: none"> <li>• Provides guidance on managing absenteeism including the addition of leave types given the pandemic outbreak</li> </ul>

# HUMAN CAPITAL

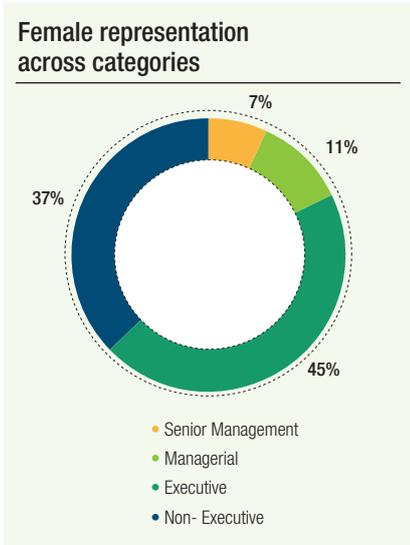
## Team JAT

The JAT Team comprises 351 agile and high-performing employees who drive our value creation, strengthen our external relationships and ensure the Group's resilience in an extraordinarily challenging year. As an equal opportunity employer, we do not discriminate on the grounds of gender, age or religion which has enabled us to build an inclusive and diverse team. Despite the prevalent conditions in 2020/21, a definitive decision was made to retain all employees, thereby ensuring the job security of our team. Despite the conditions that prevailed, we continued to grow our team, adding 56 new employees during the year.

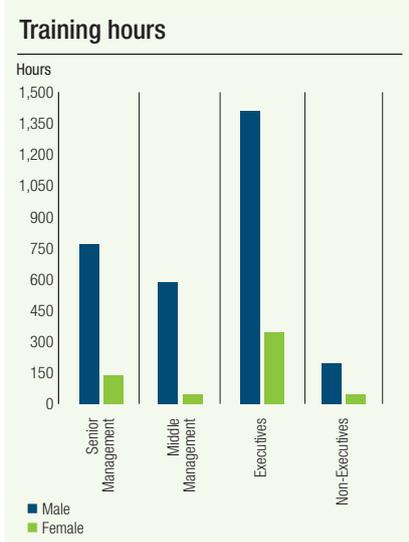
	Total			
	Recruitments		Turnover	
	No.	Rate (%)	No.	Rate (%)
<b>By gender</b>	<b>56</b>	<b>100%</b>	<b>68</b>	<b>97%</b>
Male	41	73%	51	73%
Female	15	27%	17	24%
<b>By employment category</b>	<b>56</b>	<b>100%</b>	<b>68</b>	<b>97%</b>
Senior management and above	1	2%	1	1%
Executive staff	33	59%	42	60%
Non-executive staff	22	39%	25	36%
<b>By age</b>	<b>56</b>	<b>100%</b>	<b>68</b>	<b>97%</b>
18-30 years	35	63%	31	44%
30-55 years	21	38%	36	51%
Above 56 years	0	0	1	1%

## Diversity and Inclusivity

The Group is committed to nurturing a diverse and inclusive workplace in which all employees can thrive. Gender parity is a critical element of this commitment and JAT has implemented policies and procedures and nurtured an organisational culture in which women can strive towards their career aspirations while maintaining work-life balance. As an equal opportunity employer, the Group does not tolerate any form of gender-based discrimination in recruitment, promotions or when offering training opportunities.



**33%** female representation at Board level



## Key Areas of HR Focus in 2020/21

Given the unprecedented operating environment that prevailed during the year, the Group was compelled to reset its HR strategy and focus areas in addressing certain critical employee related issues. These priority areas are listed below:

### Ensuring employee health and safety

With the outbreak of the pandemic, the Group swiftly rolled out a COVID-19 safety protocol which clearly set out the guidelines to be followed in minimising cross infection. Stringent safety guidelines were implemented across the organisation, including free PCR testing for employees, facilitating work-from-home arrangements and the provision of personal protective equipment. Key elements of the COVID-19 safety protocol are as follows:



Disinfection of all locations and providing sanitising facilities	Daily temperature checks
Social distancing	Visitor management
Employee awareness	Vehicle cleanliness and disinfection

In addition to COVID related guidelines, the Group's multi-functional H&S Steering Committee continued to actively manage the safety risks of employees. As a Manufacturing organisation, we are acutely aware of the safety risks faced by our employees and we continue to raise awareness through safety booklets, compliance to ISO 45001:2018 and compliance to accepted industry practices in safety management. Health and safety assessments and meetings are conducted every month and chaired by the health and safety committee.

## Safety performance in 2020/21

### Injury record

Injuries	
Bodily reaction-injury by bending, reaching, standing or climbing	6
Injury by being struck by/against an object	3
Exposure to toxic/dangerous material	1
<b>Total</b>	<b>10</b>

By Severity	
Fatal	-
Major	-
Moderate	8
Minor	2
<b>Total</b>	<b>10</b>

### Safety training in 2020/21

First-aid training	PPE Training	Emergency preparedness and COVID-19 response
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### ● Nurturing a performance-driven culture

Strategic emphasis was placed on nurturing a more dynamic, performance driven culture within the organisation. Accordingly, the Group laid the foundation for the launch of the “JAT Leadership Cogwheel” during the year, a model setting out expectations of employee behaviour at each level. The effective roll-out of this program is expected to drive considerable attitudinal changes through proactive engagement and development sessions. The Group also launched ‘JAT Vidihata Puruduwemu’, a unique social media initiative, which aimed to nurture behaviour in line with the unique organisational culture of the Group.

### ● Strengthening reward schemes

Aligning with our efforts to enhance the Group’s organisational culture, we strengthened the performance management system through refining the KPI-based assessment system. Relevant skills such as interpersonal, leadership and communication skills were given increased weightage. All employees undergo a performance appraisal at least on an annual basis. Key performance indicators (KPIs) are aligned to

the corporate strategy and serve as a platform to measure employee performance. This enables the organization to identify competency gaps and tailor-make training and development programmes to support advancement.

We are committed to providing our employees with competitive remuneration and other benefits which allows each member of the JAT team to be financially secure. The benefits offered to our employees are set out alongside. During the year under review, we also offered paid quarantine leave for any employee undergoing quarantine due to possible exposure to COVID-19.

### Benefits offered to our employees

- **Statutory retirement benefits**
- **Medical facilities: Hospitalization expenses of any employee including his/her spouse are reimbursed by the company up to an agreed limit**
- **Death donation fund-this is a grant on the death of an immediate family member of employees.**
- **Weddings: a one-time gift is provided to employees**
- **Transport benefits: Top Management is provided with company-maintained vehicles.**
- **Free meals: All staff members at head office and factory are provided with free lunch**

### ● Training and development

Despite the conditions that prevailed during the year, the Group continued its training drive shifting key training programmes to JAT e-learning platform, a digital solution which enables employees to obtain relevant training at their convenience. The Group’s training agenda is developed in line with its business aspirations and aims to equip employees with the skills required to drive the Group’s strategic agenda. Key training initiatives held during the year include the following:



- **10X Catalyst leadership development program for the senior management team**

## HUMAN CAPITAL



◆ *Creation of a customised training initiative- 'ToolKit' aimed at developing supervisory grade level employees*



◆ *Health and Safety Trainings such as first aid trainings and PPE trainings*

### Other training programmes

- 1) Program for Leadership Development at the Harvard Business School was attended by the CEO
- 2) SLIM Award Trainings for JAT sales force
- 3) International Trainings - WCO academy Course on Harmonized Systems - Chemicals from World Customs Organization
- 4) Eco Innovation Trainings collaborate with United Nations Environment Programme and National Cleaner Production Centre (NCPC)
- 5) System Trainings – Enterprise Recourse Planning & Human Resource Information System

The Group's training record for the year is given below:



Investment in training:  
**Rs. 5.3 million**



Total training hours:  
**3,535**



Employees trained:  
**231**



Training coverage ratio:  
**66%**

### Trainings in 2020/21

Training hours/employee	Senior management and above	Middle Management	Executive staff	Non-executive staff	Total
Male	771	587	1,408	197	2,963
Female	139	45	343	45	572
Total	910	632	1,751	242	3,535

### Measuring effectiveness of training



**Rs. 1.7 million**  
net profit per employee

### ◆ Employee engagement and work-life balance

The Group invests considerable resources in strengthening employee engagement, thereby creating a conducive environment which fosters teamwork, creativity and employee satisfaction. Despite the conditions that prevailed during the year, JAT conducted several unique engagement initiatives while adhering to all relevant health and safety guidelines.

### Sporting events

The Group organised an inter-employee basketball tournament in early 2021





### ***Women's Wellness Day 2021***

In commemoration of the International women's day theme of the year, 'Women in Leadership: Achieving an Equal Future in a COVID-19 World' JAT organized a special wellness program recognizing the contribution of women and addressing psychological wellbeing of working women playing multiple roles today.



### ***Business commencement celebration 2021***

Conducted with the participation of Mr. Chaminda Vass as a guest speaker, who set the tone for the year head focusing on overcoming challenges and working as a team.



### ***Sundown party***

After COVID-19 lockdown, to mark the commencement of business and to boost employee enthusiasm, a celebration was organized adhering to the COVID safety guidelines.



# INTELLECTUAL CAPITAL



The Group's Intellectual Capital is represented by the strength of its research and development capabilities which drive innovation, its portfolio of world-class brands and the systems, standards and processes which ensure robust and safe operations.

## Our Intellectual Capital



Portfolio of **20+** brands



Research and development capabilities

Standards, processes and accreditations

### How we nurtured Intellectual Capital

What we did	Impact on value creation
Rs.48.5 million investment in research and development	Launch of WHITE by JAT the Group's new decorative, emulsion paint Launch of JAT Care- sanitizer and disinfectant range
Continued compliance to an array of domestic and international certifications	Ensured resilience of operations and safety of employees
Rs.5.3 million investment in training and development	Building an innovation-drive, dynamic organisational culture

### Portfolio of brands

The JAT brand has rapidly emerged as a respected and established corporate brand, supported by the Group's strengthening market position, array of unmatched products and its identity as a dynamic,

agile and young corporate. The Group's market position is in turn underpinned by its access to world-renowned brands across its key business verticals. While sharpening the Group's competitive edge, these brands have also enabled JAT to supply products of international standards and world-class quality to the Sri Lankan consumer. Key attributes of the Group's main brands are presented below:

Coatings and Accessories



The Group's flagship brand and the worlds' largest producer of wood coatings, with an established track record of over 60 years and offering a range of products including polyurethane and nitrocellulose lacquers with scratch, heat and chemical resistance properties. With a competitive edge sharpened by research and development capabilities, the brand is represented in over 80 countries and is synonymous with quality and innovation. JAT is the largest distributor for Sayerlack among all its global distributors.



Specialist, Italian wood care brand offering a range of products such as putties, maintainers, marble, stone, terra cotta and timber cleaning agents. The brand offers a unique blend of flexibility, reliability and quality which has enabled it to fortify its global market position. In addition to gold and silver leaf finishes, the brand offers restoring finishes and a range of exotic furniture oil



Undisputed leader in Sri Lanka's brush market, offering a range of paintbrushes, rollers and accessories across 3 distinct price points. Harris is the leading paint brush manufacturer in the UK and JAT operates as its exclusive manufacturer, distributor and marketer in Sri Lanka.



The Group's own emulsion and enamel range, offering quality and innovation at an affordable price; WHITE by JAT is synonymous with purity, cleanliness and elegance. Through a novel sales and distribution strategy, the Group launched WHITE by JAT through e-commerce platforms, thereby guaranteeing ensuring lowest prices and free delivery island-wide.

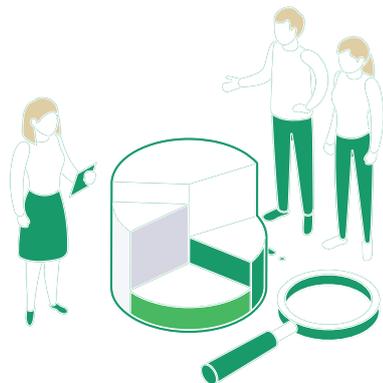


Brush Master produces a range of premium brushes for all applications and is completely handcrafted using Tynex filaments and is the best brush for wood coating. The products feature flawless strokes, and the filaments are appropriately tipped to release paint evenly and smooth onto surfaces.

<b>Masters</b>	JAT's own brand catering to both domestic and regional markets through its wide offering of a range of water-based lacquer; within a relatively short time period, this brand has widened its offering to include a range of water base outdoor durable coating systems, emulsion paints and brushes.
	 <p>As the brand that allowed JAT to diversify from a trading company to a manufacturing operation, the brand offers a range of solvent based wood stains, thinner, retarder, wood preservative, sanding sealer, super gloss enamel, anticorrosive, varnish and French polish. Incorporated in 2001, it is a value for money offering which serves the mid-and industrial segments of the market through a high quality proposition.</p>

<b>Furnishings</b>	 <p>Internationally renowned brand recognised as the pinnacle of prestige in seating and office desking. The brand is associated with ergonomic design, quality, innovation and social responsibility. JAT distributes the entire range of Herman Miller products to the local market.</p>
	 <p>A century-old brand, SEA offers unique modular kitchen and wardrobe designs combined with an impeccable customer service and highest German quality standards. SEA products offers highly customizable offerings, exclusive designs and handpicked materials which ensure highest standards of quality and longevity.</p>
	 <p>The Armstrong portfolio offers acoustical ceiling solutions, and the brand is globally reputed for design flexibility, acoustical performance. Solutions are offered across a range of options including fiber, fiberglass, perforated metal and wood in an array of colors including bright whites, bold shades and metals, presenting the ideal combination of sound absorption and sound blocking.</p>
	 <p>Lifewood floors offers luxury handcrafted flooring, synonymous with quality, coated with the revolutionary patented STAYFLAT technology and sourcing the finest sustainably grown French Oak and Australian hardwoods.</p>
	 <p>Metallic ceiling panel brand which serves the commercial space ceilings of government and private corporations.</p>
	 <p>Furniture brand combining high quality, innovation and design which transforms living spaces to suit changing needs.</p>

<b>Other</b>	 <p>Waterproofing brand which stands for quality, innovation and service. Sika's commitment to deliver reliable, innovative, and long-lasting solutions to customers in the construction, building, and manufacturing industries makes Sika stand out in the trade</p>
	 <p>Launched in 2020, the JAT Care range offers a broad-spectrum of instant hand sanitizer solutions containing cationic biocide and Isopropyl alcohol which enhances safety and efficacy.</p>



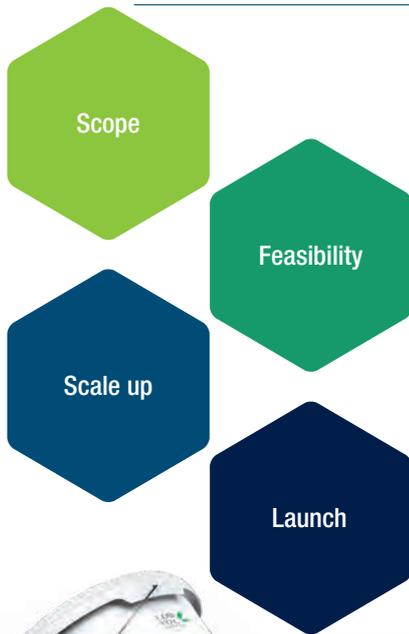
### Research and Innovation

The Group's ability to proactively identify emerging customer needs and cater to these through innovative products is underpinned by the strength of its research and development capabilities. JAT benefits from the industry expertise and insights of its R&D team which comprises eight highly skilled professionals. In 2020/21, the Group sought to bring in expertise

from the paint industry to its research team, in aligning with the Group's entry into the emulsion market with the launch of WHITE by JAT.

At JAT, new product development is an ongoing, year-round process and the Group's approach to research and new product development is illustrated below:

# INTELLECTUAL CAPITAL



Potential scope for new products are evaluated by the Marketing & Sales team through the following:

- Local market scanning which includes competitive intensity, pricing trends and value addition
- Continuous evaluation of global dynamics to identify and understand new offerings
- In-house product improvements through testing and sampling with a view of enhancing the product proposition

Evaluation of the feasibility of the project including:

- Machine, technical and commercial feasibility.
- Assessment of the opportunity in view of market demand, value proposition to customers and capabilities required
- Financial feasibility including investment required, return on investments, assessment of the 4Ps
- Development of the Marketing and Sales strategies based on assessment of demand
- Prototyping / testing /customer testing and assessment



## Product launch

During the year, the Group marked a major milestone by strengthening its position in the decorative paint category with the launch of WHITE by JAT- a superior quality brilliant white emulsion paint. The product features best-in-class quality parameters including opacity, coverage, whiteness index. WHITE by JAT is also free from heavy metals such as chromium and APEO (alkylphenol ethoxylates). The Group also pursued an innovative approach to launching WHITE by JAT, first offering it through e-commerce platforms with a 40% discount and free island-wide delivery. It was subsequently launched across retail channels once the brand was established and penetration increased.

The Group also capitalized on the surge in demand for sanitizing products in the market through the launch of the JAT Care range consisting of the JAT Care Hand sanitizer and JAT Care disinfectant surface cleaner. Available across a range of sizes the sanitizer is made to specifications mandated by the World Health Organisation and is offered in both the gel and liquid variants.

**40% OFF FREE DELIVERY**

**WHEN IT'S WHITE, IT'S WHITE BY JAT**

whitebyJAT.com

**WHITE by JAT**

**Protect yourself and those around you**

**JAT CARE Range of Sanitizers**

75% Isopropyl Alcohol

Kills 99.99% germs without water

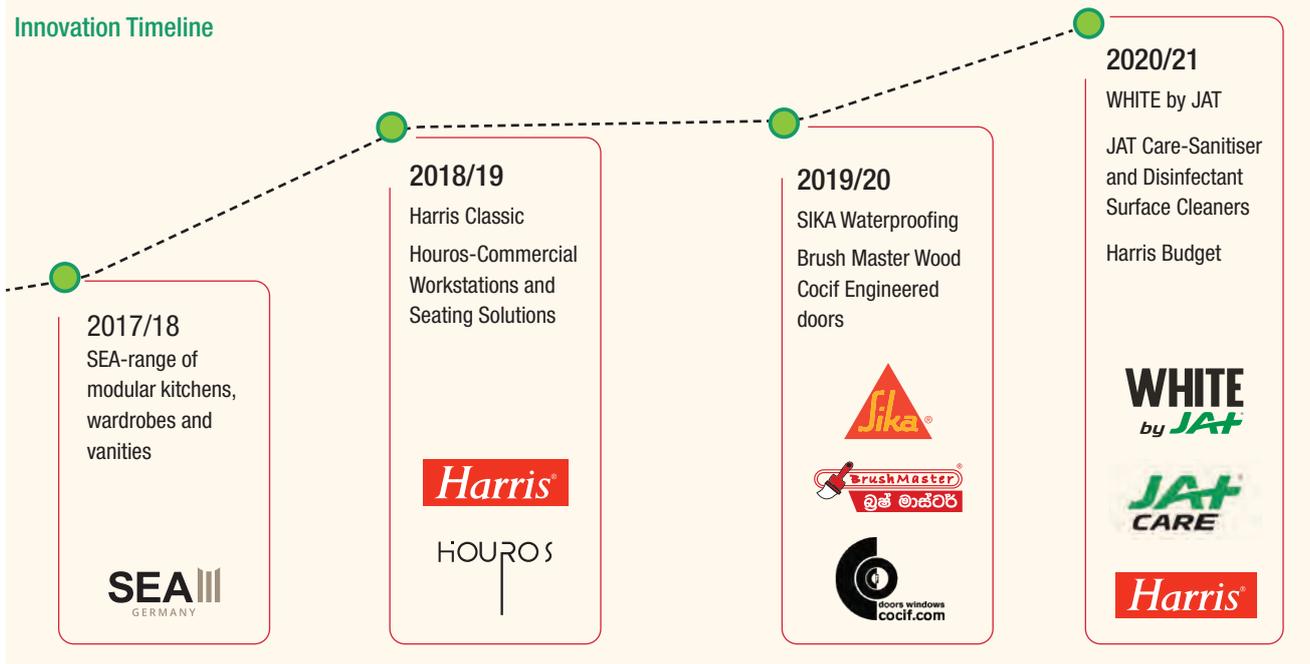
For external use only

MADE TO NEW NMRA SPECIFICATIONS

INGREDIENTS: ISOPROPYL ALCOHOL 75%, V.V.O, GLYCERINE, HYDROGEN PEROXIDE, DISTILLED WATER.

Available in 50ml, 100ml, 200ml, 500ml, 1L, 4L, 10L packs

## Innovation Timeline



## Systems and Processes

The Group has continued to invest in strengthening its internal processes, driving consistent improvements in product quality and efficiencies. This progress is supported by the Group's compliance to a range of national and international certifications and accreditations, which provide a solid foundation for robust operations and processes.

Certification	
ISO 14001: 2015	Certifies the Group's Environmental Management System
ISO 45001:2018	Assurance on the Group's Occupational Health and Safety Framework
ISO 9001:2015	Demonstrates ability to consistently provide products and services that meet customer and regulatory requirements and to demonstrate continuous improvement.



### Outlet Census Study

JAT started a retail audit covering the entire outlet universe of finishing and furnishing Industries focusing on the outlets that sell product in the categories of hardware, paint, construction material etc.

The audit gave JAT, a competitive edge in the market by obtaining a deeper understanding on the outlet universe (total outlet base) and the outlet profiles. Through this research JAT was able to get a deeper understanding on insights such as geographical placements of the outlets, stability of the business, outlet size, number of

employees of the outlets, services offered, brands and categories handled, product movement within the outlet, shopper profiles and preference on products, shopper footfall etc.

This study is the building block of JAT's strategic plan to move into a new retail classification and audit which will help JAT to execute its sales and marketing plan more effectively and efficiently.

The company aims to continue its investments on research related to customer and retail sectors to maintain its market leadership.

# SOCIAL AND RELATIONSHIP CAPITAL



As the exclusive agent for an array of world-leading brands and a dominant force in Sri Lanka's wood coating and brush markets, the Group's relationships with its principals, customers, suppliers and other business partners are critical to sustaining its market position and ensuring its commercial sustainability

Social and Relationship Capital

PRINCIPALS

BUSINESS PARTNERS



CUSTOMERS

COMMUNITY

## How we nurtured Social & Relationship Capital

What we did	Impact on value creation
Launch of Sayerlack Sathkaaraya to accelerate the recovery of painters and carpenters	Strengthened relationships with our market intermediaries while driving brand visibility across our value chain  We also continue to support their socio-economic empowerment through carpenter training sessions.
Innovation and product development through the launch of the JAT Care range and WHITE by JAT	Increased penetration in the decorative paints market, driving diversity of the product portfolio and customer segments
Launch of new CSR Framework to drive the creation of long-term shared value among communities	Rs.1.1 million directed towards community engagement, thereby strengthening community relationships and our social license to operate.

## Customers and market intermediaries

The Group's customers comprise of homeowners, residential and commercial projects as well as market intermediaries such as carpenters and painters who influence customers' purchasing decisions. Our value proposition to customers centres on accessibility, value for money, innovation, product quality, safety and capacity building. Despite the conditions that prevailed during the year, we continued to invest in enhancing our customer relationships by providing uninterrupted access to products, new product development and engagement.

## Accessibility and Availability

We adopt a multi-channel distribution strategy which ensures our products are accessible to our network of island-wide customers.

<b>05</b> JAT showrooms	<b>27</b> Distributors	<b>5,000+</b> Dealers	<b>86</b> sales professionals	<b>E-commerce platforms</b> (the Group's website and 3rd party platforms)
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With the outbreak of the pandemic in the first quarter of 2020, distribution channels were disrupted due to lockdowns and restrictions on mobility. Against this backdrop, the Group increased penetration through online platforms, pursuing volume growth in its new products through the Group's website as well as third-party e-commerce platforms. Given limited availability of stocks in the market, the Group's proactive efforts in pursuing new platforms ensured accessibility and availability of products.



## Innovation

The Group has placed strategic focus on widening its product portfolio and launched the following products through the understanding emerging consumer needs during the year under review:

- **WHITE by JAT** : decorative emulsion paint
- **JAT Care** : Sanitiser and disinfectant range

(Refer to page 62 for further information)

## Engagement and Support

We maintain proactive engagement with our customers and market intermediaries such as painters and carpenters through satisfaction surveys, on-site visits as well as ongoing trainings and workshops. During the year under review, the Group launched Sayerlack Sathkaaraya- a unique project which aimed to support market intermediaries by offering free products to facilitate recommencement of operations after the pandemic. Launched digitally, the campaign was conducted from April 2020 onwards and involved the proactive engagement of our sales team with market intermediaries. In addition to ensuring the commercial sustainability of our market intermediaries, this initiative also enabled the Group to capitalise on the prevalent conditions through leveraging the first-mover advantage. The campaign had a second phase which was conducted focusing on the homeowners where JAT extended its technical support and expertise to those who had their carpentry or wood coating work halted due to the pandemic (as the carpenters were not available), enabling the homeowners to complete their halted work with JAT's support.

Meanwhile, the Sayerlack Loyalty program has seen significant growth, with members increasing by 90% to 100,000 during the year. The program encourages repeat purchases through a point scheme, which allows members to redeem points through an exclusive Commercial Bank debit card and savings account.

**100,000** members

**Rs. 42.3** million benefits given



## Responsible communication

The Group adhered to all relevant marketing and labeling requirements including disclosure of product specifications, brand names, generic names, chemical composition and health and safety information, among others. During the year, there were no instances of non-compliance regarding health and safety impacts of products and services, or product and service labelling information.

## Affordability

Through our value for money offerings, the Group ensures accessibility of high-quality products to the Sri Lankan customer. For instance, during the year, the Group launched WHITE byJAT, a superior quality paint, at the lowest price in the market, offering a 40% discount when purchasing online. Meanwhile, the Group's sanitizer range was also launched at a relatively lower price than competing products.

## Safety and quality

The Group is committed to ensuring high standards of quality and safety across its product range. In addition to its internal processes, this is also facilitated by the Group's partnerships with international brands which adhere to world-leading standards in quality.

**Breatheasy technology** - low emission of VOC vapours after paint applications

Tomonox is a fire retardent paint

All products maintain material safety data sheet maintained by the Sales and Technical Department

Safety assessments by the original paint maker and our own R&D team

## Principals

The Group has nurtured relationships with over 15 principals, many of which are globally reputed suppliers. These relationships have allowed JAT to gradually widen its product portfolio and diversify into new product categories, which in turn has strengthened the Group's competitive position. JAT's strong sales performance coupled with its sustainable business practices, ethical conduct and ease of conducting business have resulted in principals such as Sayerlack, Borma Wachs and J Chem further strengthening the relationship through awarding the exclusive agency for regional markets such as Bangladesh and Maldives.

JAT Paints	Length of relationship	JAT Furnishing	Length of relationship
Sayerlack	Since 1995	Herman Miller	Since 2011
Borma Wachs	Since 2007	SEA Bauformat	Since 2017
Harris	Since 2018	Armstrong	Since 2010
		Lifewood	Since 2018
		Schaffer	Since 2016
		Euro Mettalic	Since 2016
		Hormann	Since 2017

## SOCIAL AND RELATIONSHIP CAPITAL

### Business Partners

The Group's products are distributed through a multi-channel strategy, catering to both the industrial and retail market. As a vital link between the Group and our end-consumer, we maintain proactive engagement with these channel partners and strive to create mutual value through sharing market insights, offering flexible terms of transactions and raising awareness on product specifications and application. Despite the conditions that prevailed during the year, the Group continued to expand its network of channel partners, facilitating increased market penetration.



### Supply Chain

Approximately 78% of the Group's key raw materials are imported and the import restrictions that were imposed during the year have inserted pressure on certain product categories, including the Herman Miller range and White by JAT. Meanwhile import restrictions have also impacted the country's construction projects sector, which in turn will indirectly affect demand for our products. The Group is engaging proactively with foreign suppliers to obtain favorable credit terms and is committed to continuously serving the domestic market despite the prevalent conditions.

### Community Engagement

Our approach to CSR: JAT has always adopted a strategic and holistic approach to sustainability, striving to embed social and environmental considerations in its strategy, stakeholder relationships and daily operations. During the year, the Group further progressed on its sustainability journey, through launching a new CSR Framework; this framework is underpinned on creating shared value (CSV) and provides a blueprint for the Group's community initiatives, with a view to driving impactful and meaningful change.

#### CSR/ CSV Framework

Transforming Communities		Transforming Minds	Transforming Planet
 Livelihood Development	 Health & Wellness	 Education	 Environment
Developing livelihood of Sri Lankans all around the country	Uplifting health & wellness of Sri Lankan community	Uplifting education & nurture future leaders	Developing partnership & initiate environment projects aligning with compliance
↓	↓	↓	↓
Sayerlack Sathkaraya	Medical Camps	Shuttle-Career Guidance Programmes	Mihikathata Dayawen-Environment projects
Carpenter Training Programmes	Infrastructure Development	Infrastructure Development	Eco innovation Project

Progress made in each of these pillars is given below.

**Transforming Communities**



**Renovation of Wethara District Hospital**

At the request of the District Medical Officer of the area, the Group supported the renovation of the Wethara District Hospital by donating paint and provided the required technical assistance and support for the renovation of the Wethara District hospital, which is the only government hospital accessible to around 86,000 people from 20 grama niladhari divisions and treats thousands of patients daily. The hospital consists of an OPD Unit, maternity ward, lab and other residential treatment wards. In the first phase of the renovation project, all buildings of the hospital were repaired and painted. The second phase included the installation of information boards to create awareness on COVID-19 related health guidelines and other service-related information. Furthermore, as a tribute to the untiring efforts of the medical staff combating the COVID-19 pandemic, JAT Holdings supported the renovation of the residential doctor’s quarters too.



**Sayerlack Sathkaaraya**

A CSR initiative was executed to help the painters to rebuild their lives as we understood the difficulties they faced during the COVID-19 pandemic. We offered them free products to complete the work that has come to a halt due to financial difficulties – workshops could not function due to lack of cash in-flow. Also we offered Home-owners painters, with free advice to finish the work that was not completed due to pandemic – Bases have left the workshop and sites so people were stranded without being able to complete the work.



**Carpenter Training programme for Livelihood Development**

A key element of our CSR drive includes empowering youth in our local communities through opportunities for skill development and education. Employment opportunities are also provided to members of the local community with the view of enhancing their livelihoods and driving socio-economic empowerment, also enabling the Group to maintain sustainable relationships with these communities. During the year we provided 56 direct and hundreds of indirect employment opportunities within the local communities.

## SOCIAL AND RELATIONSHIP CAPITAL

### Transforming Minds



#### “Shuttle” - Career Guidance Programme at Sabaragamuwa University of Sri Lanka

Held as an ongoing program, JAT Shuttle aims to empower aspiring university students through career development and guidance, nurturing the skills required to emerge as future corporate leaders in Sri Lanka. In January 2021, the Group conducted a Leadership Development Seminar for the final year undergraduates of Science Faculty of Sabaragamuwa University of Sri Lanka. The Group’s Head of HR and Corporate Sustainability contributed to this program as a resource person, sharing valuable knowledge on critical thinking and emotional intelligence.



#### AIESEC Leadership Development Seminar at University of Kelaniya

The Group was the official Health & Safety Partner at the Leadership Development Seminar conducted by the AIESEC of University of Kelaniya. JAT ensured that COVID-19 safety measures were in place throughout the conference by facilitating safety equipment as a precaution against the pandemic.



#### Y කන්දිය

The project was conducted at the invitation of the Vocational Training Authority of Sri Lanka and involved a workshop conducted by the Group’s Head of Human Resources & Corporate Sustainability on emotional intelligence and work ethic to empower and develop local authority employees. The workshop was attended by more than 100 employees and management assigned to the VTA and consisted of practical learnings at an individual and group level.

## Transforming the Planet



“Mihikathata Dayawen” is a series of projects JAT Group initiated to advocate leadership towards environment sustainability. Throughout the years Group has embarked presence in many internal and external projects towards environment conservation through International, Government and Corporate partnerships



### Eco Innovation Project

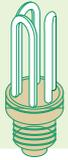
The National Cleaner Production Centre (NCPC), Sri Lanka together with United Nations Environment Programme are working jointly to support the implementation of a GEF (Global Environment Facility) funded project on global best practices in chemical management. The Green Building Council of Sri Lanka has partnered with the NCPC, Sri Lanka team in the implementation of this project during the project period of 3 years; as one of Sri Lanka's leading forces in the paint industry, JAT will also partner this project, thereby adapting global tools to reduce the use of chemicals of concern in the building sector.

# NATURAL CAPITAL



As a manufacturing organisation, JAT is acutely aware of the environmental implications stemming from its operations, both from the consumption of natural resources and discharge of waste and emissions to the environment. JAT is committed to gradually reducing these adverse environmental impacts and have implemented concerted, organisation-wide initiatives to enhance energy efficiency, reduce waste and drive down its carbon footprint.

## Natural Capital



**1,795,356 MJ**  
Energy consumption



**8,244,000 L**  
Water consumption

**58,952kg**  
Non-renewable materials

### How we nurtured Natural Capital

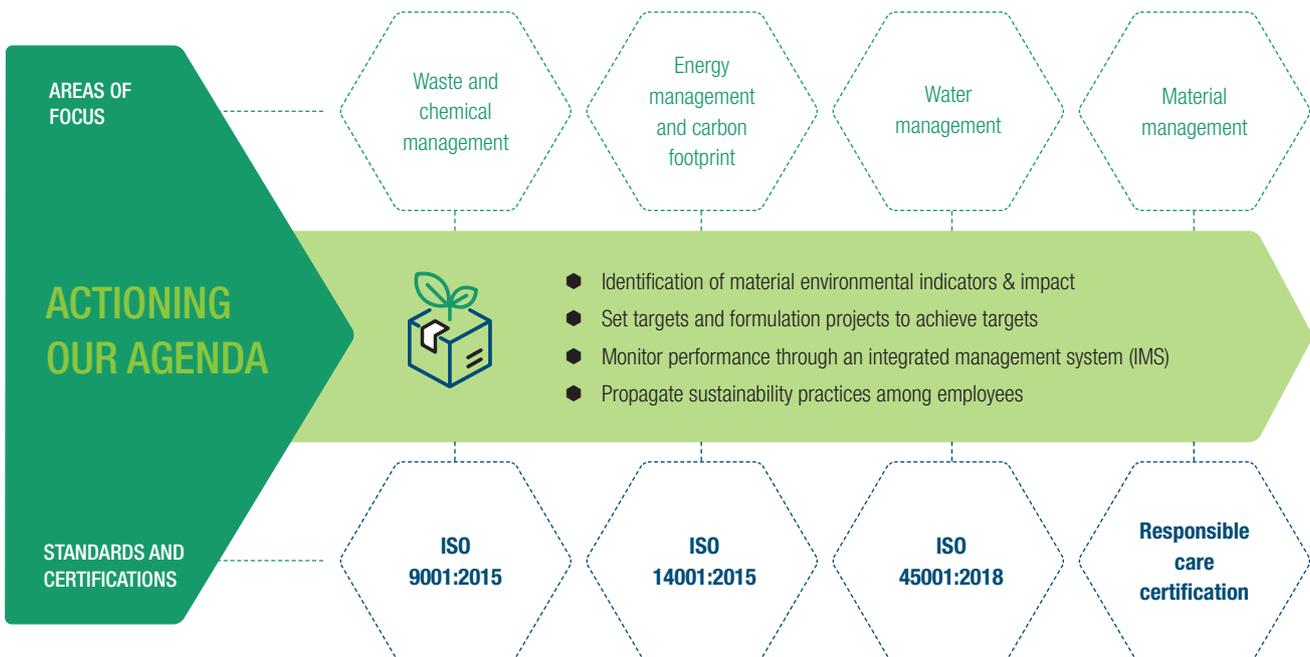
What we did	Impact on value creation
Increase reliance on renewable energy with the launch of a 150 KW solar panel at the Head Office	Reduced the Group's costs while effectively addressing a critical environmental issue
Ongoing initiatives to increase energy efficiency on a gradual basis	5% reduction in operational energy consumption and 40% reduction in overall energy intensity due to COVID-19 work from home arrangement

### Management Approach

The Group has embedded the triple bottom line approach to value creation across its operations and the 'Planet' pillar has received increased emphasis in recent years in line

with our aspirations of minimising the adverse environmental impacts of our operations. With environmental risks and implications of climate change taking centre stage in the corporate strategy and risk management dialogue, the

Group is committed to gradually driving down its environmental footprint. The Group Sustainability team is responsible for implementing the Board's sustainability agenda and the framework for doing so is as follows:



## Raw Materials

The Group's key raw materials are inputs used in the manufacturing process and packaging material, which most of them are renewable in nature. We have implemented mechanisms to optimise the use of scarce material resources and monitor process parameters to ensure minimization of waste across all key operations. We are also committed to ensuring that our materials are sourced from responsible and ethical suppliers who comply with the highest social and environmental standards.

Type of raw material	Volume (KG)	Renewable/ Nonrenewable
Garbage bags	32,832	Nonrenewable
Metal drums (G1, G2, G3, and Sayerlack drum 200L)	66,744	Renewable
Plastic drums (200l, 120l, 35l)	3,088	Renewable
Plastic bucket	2,487	Renewable
Sayerlack tin (25l, 12l, 5l)	5,857	Renewable
Wastewater + drum	13,500	Nonrenewable
Plastic can and disposal plastic	3,051	Renewable
Polythene	3,334	Renewable
Cardboard	3,049	Renewable
Metal	100	Renewable
Disposable pallet	12,620	Nonrenewable
IBC tank	2,300	Renewable
Textile tube	155	Renewable
Paper	130	Renewable
Disposable Aluminium scrap - Dot	317	Renewable
Disposable Aluminium scrap - Large	451	Renewable
Disposable G.I scrap - dot	654	Renewable
Disposable G.I scrap - large	2,181	Renewable

## Waste Management

The Group's key types of waste include sludge generated from its manufacturing activities, solid waste and e-waste. We have adopted an integrated waste management policy which ensures that waste is collected, segregated and disposed responsibly. We also conduct ongoing awareness sessions on raising awareness amongst employees on the responsible disposal of waste.

**Hazardous waste management:** JAT entered into an agreement with INSEE Eco Cycle (Pvt) Ltd in 2019, Sri Lanka's only CEA approved hazardous waste recycle in Sri Lanka to responsibly dispose its hazardous waste. The wastewater treatment plant process ensures the modification and repair of the sand beds, subsequently to which is stored in a dedicated area prior to being handed over to INSEE Eco Cycle.



**E- waste management:** During the year the Group launched a comprehensive e-waste management program, with the objective of responsibly disposing toxic e-waste and reducing waste to landfill. The project was spearheaded by the IT department which acts as the collecting point for all the E-waste across the Group, which is subsequently handed over to the Central Environment Authority approved collectors for disposal/recycling. We also provided the opportunity for employees to bring in e-waste from their residences for responsible disposal by facilitating E-waste collection days.



Waste by type (kg)	
Non-hazardous waste	152,849
Hazardous waste	1340
E-waste	48
Waste by disposal method (KG)	
Recycle	93,945
Landfill	32,832
Disposed	27,460

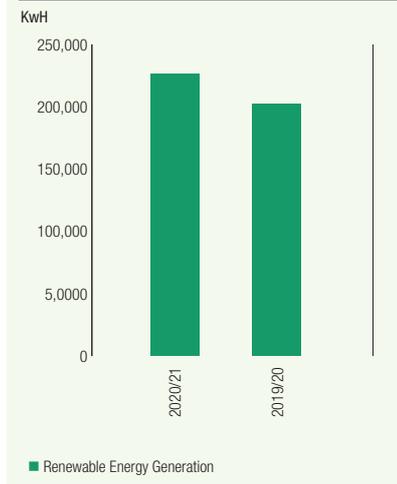
## Water Management

The Group's operations are relatively water intensive with all water requirements fulfilled through the National Water Supply Board. We ensure that no ground or surface water bodies are affected through the withdrawal of water. Due to the increase in production levels, the water usage increased by 9%. A rainwater harvesting system was constructed at the Head Office premises with a tank capacity of 2000 liters; the collected rainwater is utilized for gardening and cleaning purposes in the Head Office premises.

During the year, a proposal for wastewater reuse was approved with the aim of recycling water at the Head Office and re-using for purposes such as gardening, cleaning and washing. On average 4,000 liters of water is used daily for maintenance activities and the capacity of the proposed wastewater treatment plant is 15,000 liters per day. With this project JAT aims to significantly reduce and manage its water consumption in a sustainable and environmentally friendly manner.

## NATURAL CAPITAL

### Renewable Energy Generation



### Energy

We have implemented an organisation-wide energy management agenda to enhance our energy efficiency. Our primary sources of energy are electricity and auto fuel such as diesel and petrol. Initiatives implemented during the year achieve our energy objectives are listed below:

#### ● Demand shifting

We hope to launch a project which aims to reduce peak electricity demand from the grid and optimise consumption using a generator. In addition to reducing the Group's energy consumption, this initiative is expected to generate considerable cost savings.

#### ● Solar energy

The Group is committed towards reducing reliance on fossil-fuel based energy and during the year installed a 150 KW solar system at the Head Office, thereby increasing the combined solar capacity to 350 KW. Solar energy was installed in the factory in March 2019 and on average generated 225,969.05 kWh throughout the year. In addition to its commercial impact, this is expected to contribute towards reducing the Group's carbon footprint

#### ● Increasing energy efficiency

We engage with employees in nurturing an energy-conscious culture through raising awareness on the importance of energy preservation. Employees at all levels are required to turn off lighting in areas that are not in use while ensuring all computer monitors and base units are switched off at the end of each day. We have also replaced energy-intensive lighting with LED while ensuring that monitoring, maintenance and replacement of faulty electrical equipment is carried out on a regular basis.

### Carbon footprint

As the implications of climate change continue to escalate globally, the Group is committed to driving sustained reductions in emissions. Our aspiration is to achieve net zero emissions by 2022, an ambitious goal which will be driven through continued efforts at enhancing energy efficiency and increasing reliance on renewable energy. The Group's carbon footprint is measured in accordance with the methodology proposed by the Greenhouse Gas Protocol.

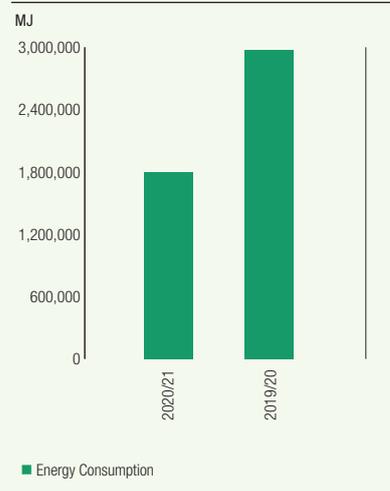
		2020/21	2019/20	Change y-o-y
Scope one GHG emission	tCO2e	1,064.84	1,198.90	-11%
Scope two GHG emission	tCO2e	291.50	399.20	-27%
Scope Three GHG emission	tCO2e	3,402.45	3,576.57	-5%
Total	tCO2e	4,758.79	5,174.67	-8%

### Computation methodology

- Based on emission factors specified in the DEFFRA (UK) and IPCC guidelines for national greenhouse gas inventories. This is published by the Institute of Global Environmental strategies for calculation purposes.
- Emission conversion factor used is DEFRA 2020, version 1.0

Energy consumption by source	
Fuel-diesel (liters)	5407.33
Electricity (kwh)	498,710

### Energy Consumption



# MANAGING RISKS

The outbreak of the COVID-19 pandemic during the year led to unprecedented shifts in the Group's risk landscape; restrictions imposed following the first wave of infections led to a sharp downturn in demand, with broad-based implications across our supply and distribution channels. These conditions necessitated a strengthening of our risk management processes, as the Board together with the management team placed emphasis on continuously monitoring the rapidly evolving pandemic-induced developments and market implications.

## Risk Governance

The apex responsibility for managing the Group's risk exposures lie with the Board of Directors. The Board is assisted by a dedicated Audit and Risk Management Committee in the discharge of its risk-related duties. The Committee engages closely with the corporate management and other employees in ensuring that risk exposures are managed within acceptable limits (Please refer to page 46 for the Audit and Risk Management Committee Report).

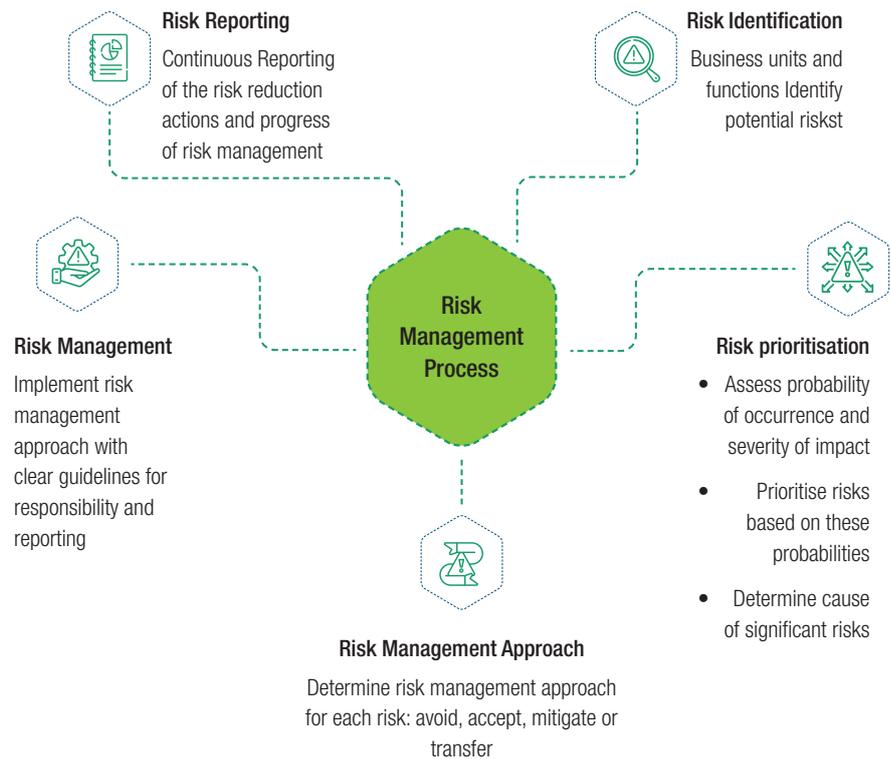
## Approach to Risk Management

JAT adopts a structured approach to risk management to ensure that risks are identified, measured and monitored across its operations including the supply and distribution chains. Based on the Three Lines of Defence model, the framework enables segregation of responsibilities, risk-conscious culture and continued supervision by the Board.

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
Business Units and Functions	Board and Audit Committee	Internal Audit
Heads of business units and functions are responsible for identifying, measuring, monitoring, reporting and managing risks relevant to their businesses	Ongoing assessment of risk parameters by the Board and Audit and Risk Management Committee to ensure that risk exposures are managed within the defined limits	Independent assessment of the adequacy and effectiveness of the overall risk management framework, which is reported independently to the Audit Committee

## Risk Management Process

Risk management is an organisation-wide discipline, which involves the engagement of all functional and business unit employees. The process adopted by the Group is graphically illustrated below:



# MANAGING RISKS

## Risk Assessment Criteria



Risk and risk rating	Factors impacting risk rating	Mitigation strategies	Further information						
<b>Severity and duration of the COVID-19 pandemic</b>									
<p>With the emergence of new variants and mutations, tighter restrictions to mobility and further lockdowns would prolong the country's economic recovery, thereby significantly impacting business activity in general</p> <table border="1"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td>High</td> </tr> <tr> <td>2019/20</td> <td>-</td> </tr> </tbody> </table>	Risk rating		2020/21	High	2019/20	-	<ul style="list-style-type: none"> <li>Success of the vaccination roll-out</li> <li>Government policy on restrictions and lockdowns</li> <li>Evolution of the virus</li> </ul>	<ul style="list-style-type: none"> <li>Stringent health and safety protocols followed across the organisation</li> <li>Implementation of a COVID-19 response plan</li> <li>Increased focus on digital channels and platforms to ensure continuity of operations</li> <li>Geographical diversification through presence in other markets</li> </ul>	Operating Environment
Risk rating									
2020/21	High								
2019/20	-								
<b>Macro-economic risks</b>									
<p>Macro-economic vulnerabilities have a direct impact on our operations through fiscal and monetary policy and implications on the construction sector.</p> <table border="1"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td>High</td> </tr> <tr> <td>2019/20</td> <td>Moderate</td> </tr> </tbody> </table>	Risk rating		2020/21	High	2019/20	Moderate	<ul style="list-style-type: none"> <li>Sri Lanka's weak external position and upcoming international debt settlements</li> <li>Duration of the pandemic</li> <li>Government and fiscal policy</li> <li>Business confidence and investor sentiments</li> </ul>	<ul style="list-style-type: none"> <li>Consistent monitoring of the economic and industry landscape.</li> <li>Ongoing engagement with customers and market influencers to enhance competitive position</li> <li>Broaden the portfolio of products offered</li> </ul>	Operating Environment
Risk rating									
2020/21	High								
2019/20	Moderate								
<b>Exposure to exchange rate fluctuations</b>									
<p>The depreciation of the Sri Lankan Rupee has a direct impact on the Group's profitability through the escalation in raw material prices. This was evinced during the year under review as the Rupee depreciated by 6% against the USD due to pandemic-induced capital outflows and the overall moderation in economic activity.</p> <table border="1"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td>High</td> </tr> <tr> <td>2019/20</td> <td>Moderate</td> </tr> </tbody> </table>	Risk rating		2020/21	High	2019/20	Moderate	<ul style="list-style-type: none"> <li>Foreign exchange inflows and outflows</li> <li>International tourist arrivals which are dependent on safety of travel and travel confidence</li> <li>Government monetary policy</li> </ul>	<ul style="list-style-type: none"> <li>Consistent monitoring of exchange rate movements</li> <li>Manage export operations which act as a natural hedge.</li> </ul>	Operating Environment
Risk rating									
2020/21	High								
2019/20	Moderate								

Risk and risk rating	Factors impacting risk rating	Mitigation strategies	Further information						
<b>Principal Relationships</b>									
<p>Maintaining strong principal relationships is critical to retaining our competitive edge, as it determines the quality of products we offer to our customers.</p> <table border="1" data-bbox="165 498 595 619"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td> Low</td> </tr> <tr> <td>2019/20</td> <td> Low</td> </tr> </tbody> </table>	Risk rating		2020/21	 Low	2019/20	 Low	<ul style="list-style-type: none"> <li>• Sales volumes generated</li> <li>• Level of engagement with principals</li> <li>• Product diversification aspirations</li> </ul>	<ul style="list-style-type: none"> <li>• Proactive engagement with principals in sharing market insights and transfer of knowledge</li> <li>• Diversification of risks with persistent efforts to widen our relationships through the addition of new principals</li> </ul>	Social and Relationship Capital
Risk rating									
2020/21	 Low								
2019/20	 Low								
<b>Employee health and safety</b>									
<p>The outbreak of the pandemic has led to unprecedented escalation of health and safety risks as cross infection could impact continuity of operations, employee morale and reputation.</p> <table border="1" data-bbox="165 848 595 968"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td> High</td> </tr> <tr> <td>2019/20</td> <td> Low</td> </tr> </tbody> </table>	Risk rating		2020/21	 High	2019/20	 Low	<ul style="list-style-type: none"> <li>• Evolution of the pandemic in the country, and emergence of new variants</li> <li>• Stringency of health and safety regulations in place and adherence to these guidelines</li> <li>• Success of the vaccination roll-out program</li> </ul>	<ul style="list-style-type: none"> <li>• Stringent health and safety protocols across the organisation</li> <li>• Facilitated work from home access</li> <li>• Ongoing employee awareness on critical importance of hygiene</li> </ul>	Human Capital
Risk rating									
2020/21	 High								
2019/20	 Low								
<b>People related risks</b>									
<p>Relates to shortage of skilled labour, challenges in attracting and retaining employees and maintaining staff morale.</p> <table border="1" data-bbox="165 1191 595 1312"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td> Low</td> </tr> <tr> <td>2019/20</td> <td> Low</td> </tr> </tbody> </table>	Risk rating		2020/21	 Low	2019/20	 Low	<ul style="list-style-type: none"> <li>• Employee value proposition offered including attractiveness of rewards, opportunities for training and development, career progression and work environment</li> <li>• Group's employer brand</li> </ul>	<ul style="list-style-type: none"> <li>• Attractive reward and remuneration schemes</li> <li>• Ongoing investment in training and development programs and opportunities for career progression</li> <li>• Robust performance management framework which rewards high-performing employees</li> <li>• Employer branding strategies to enhance position as an employer of choice.</li> <li>• Conducive organisational culture</li> </ul>	Human Capital
Risk rating									
2020/21	 Low								
2019/20	 Low								
<b>Product risk</b>									
<p>Manufacturing and distribution of products that are of poor quality can significantly impact customer satisfaction and affect our competitive edge.</p> <table border="1" data-bbox="165 1580 595 1700"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td> Low</td> </tr> <tr> <td>2019/20</td> <td> Low</td> </tr> </tbody> </table>	Risk rating		2020/21	 Low	2019/20	 Low	<ul style="list-style-type: none"> <li>• Relationships with principals</li> <li>• Adherence to quality assurance standards</li> <li>• The Group's research and development infrastructure and capabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Maintained strong relationships with principals facilitating transfer of knowledge and access to state-of-the-art products</li> <li>• Strong research and development team</li> <li>• Strict quality assurance processes</li> <li>• Maintained a portfolio of good quality products supported by strong principals</li> </ul>	Intellectual Capital
Risk rating									
2020/21	 Low								
2019/20	 Low								

## MANAGING RISKS

Risk and risk rating	Factors impacting risk rating	Mitigation strategies	Further information						
<b>Credit and liquidity risk</b>									
<p>Delays in payment or non-payment by customers can lead to liquidity issues and affect the Group's financial performance and stability</p> <table border="1"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td><span style="color: red;">■</span> High</td> </tr> <tr> <td>2019/20</td> <td><span style="color: orange;">■</span> Moderate</td> </tr> </tbody> </table>	Risk rating		2020/21	<span style="color: red;">■</span> High	2019/20	<span style="color: orange;">■</span> Moderate	<ul style="list-style-type: none"> <li>• Business activity and volume growth</li> <li>• Level of engagement with customers/dealers</li> <li>• Credit management policies and standards</li> </ul>	<ul style="list-style-type: none"> <li>• Stringent credit control policies with periodic evaluation of customer repayment</li> <li>• Obtaining security via bank guarantees and debt collection policies</li> <li>• Careful selection of customers in extending credit</li> <li>• Strong liquidity levels including contingency lines with banks</li> <li>• The liquidity position of the company is regularly reviewed and reported to the Board.</li> <li>• The Companies good relationship and facilities with many banks ensure reliable access to funds.</li> </ul>	
Risk rating									
2020/21	<span style="color: red;">■</span> High								
2019/20	<span style="color: orange;">■</span> Moderate								
<b>Reputational risks</b>									
<p>Reputational risks can arise from non-compliance to regulations in labour practices, environmental compliance as well as implications through product quality, business and employee conduct and relationships with external stakeholders.</p> <table border="1"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td><span style="color: green;">■</span> Low</td> </tr> <tr> <td>2019/20</td> <td><span style="color: green;">■</span> Low</td> </tr> </tbody> </table>	Risk rating		2020/21	<span style="color: green;">■</span> Low	2019/20	<span style="color: green;">■</span> Low	<ul style="list-style-type: none"> <li>• Corporate Governance and Business Conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing evaluation of compliance level by Audit and Risk Management Committee</li> <li>• A compliance culture</li> </ul>	Corporate Governance
Risk rating									
2020/21	<span style="color: green;">■</span> Low								
2019/20	<span style="color: green;">■</span> Low								
<b>Investment Risk</b>									
<p>Relates to the commercial feasibility and other risks that could arise from investments in new projects, which in turn could impact financial performance/stability, reputational risks and strategic risks.</p> <table border="1"> <thead> <tr> <th colspan="2">Risk rating</th> </tr> </thead> <tbody> <tr> <td>2020/21</td> <td><span style="color: green;">■</span> Low</td> </tr> <tr> <td>2019/20</td> <td><span style="color: green;">■</span> Low</td> </tr> </tbody> </table>	Risk rating		2020/21	<span style="color: green;">■</span> Low	2019/20	<span style="color: green;">■</span> Low	<ul style="list-style-type: none"> <li>• Risk appetite</li> <li>• Risk return dynamics of new investments</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensive investment appraisals and risk assessments are carried out prior to any investments</li> <li>• Dedicated Investment Sub-Committee, ensures that all investments are duly vetted and approved prior to being recommended to the Board</li> </ul>	Investment Committee Report
Risk rating									
2020/21	<span style="color: green;">■</span> Low								
2019/20	<span style="color: green;">■</span> Low								

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

## JAT Holdings Limited-Annual Report 2020/2021

The Board of Directors of JAT Holdings Limited has pleasure in presenting their Report on the Affairs of the Company together with the Audited Financial Statements of JAT Holdings Limited and the Audited Consolidated Financial Statements of the Group for the 12 months ended 31st March 2021.

## Review of operations during the Year

Chairman's Review, (pages 22 to 23), the Managing Directors Review, (pages 24 to 26) and Management Discussion and Analysis (pages 51 to 74), describe the Company's affairs and the Group's business and mention important events that occurred during the year in this Report.

The Group recorded a profit after tax for the twelve months of Rs. 600 million while the profit for the twelve months period of 2020 was Rs. 707 million.

During the first half of the financial year, the pandemic impacted the operating margins of the Company via drop in revenues and 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

Financial results of the Company/Group are included on pages 88 to 139. These reports together with the Audited Financial Statements reflect the state of affairs of the Company/Group.

## Change of Ownership & shareholding

Current ownership held is displayed on page 140 of this report.

## Principal Activities

The Company/Group is engaged in manufacturing and trading of furnishing and finishing solution to the local and Export markets.

JAT is the largest distributor in the world for Sayerlack, which is the wood coating brand of The Sherwin-Williams Company.

JAT represents the ever-growing portfolio of

brands such as SEA Bauformat, Harris, 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.

## Independent Auditors' Report

The Independent Auditors' Report on the Financial Statements is given on pages 88 to 89 in this Annual Report.

## Financial Statements

The Financial Statements duly signed by the Directors are provided on pages 90 to 94 in this Annual Report.

The responsibility of the Directors in relation to the financial statements is set out below.

The Financial Statements comprise of:

- Statement of Profit or Loss and Other Comprehensive Income: Provides a true and fair view of the profit and loss of the Company and its subsidiaries for the financial year.
- Statement of Financial Position: Presents a true and fair view of the state of affairs of the company and its subsidiaries as at the end of the financial year.
- A statement of changes in equity which presents a true and fair view of the changes in the Company and its subsidiaries retained earnings for the financial year.
- A statement of Cash Flow that presents a true and fair view of the flow of cash of the business for the financial year.

The Directors accept the responsibility for the integrity and objectivity of the financial statements presented. The Directors confirm that the financial statements have been prepared;

1. Using appropriate accounting policies which are applied in a consistent manner disclosing and explaining material departures therefrom, if any
2. Presented in accordance with SLFRSs and LKASs.
3. Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected. And
4. Provides the information required by and otherwise comply with the Companies Act.

The responsibility of the auditors in relation to the financial statements prepared in accordance with provisions of the companies Act No 7 of 2007, is set out in the report of the auditors.

## Disclosures to accounts.

Disclosures made by the company are stated on pages 112 to 139 in this report.

## Accounting Policies

The accounting policies adopted in preparation of the Financial Statements are provided in detail in the Notes to the Financial Statements on pages 95 to 111. The Company/Group has consistently applied the accounting policies as set out in Note 1 to 3 to all periods presented in these Consolidated Financial Statements.

## Property, Plant and Equipment

During the period under review, the Company and the Group invested a sum of Rs. 177,548,058/- (2020 – Rs. 201,097,906/-) and Rs. 178,091,747/- (2020 – Rs. 201,547,605/-) in Property, Plant and Equipment

Details of Property, Plant and Equipment and Intangible Assets and their movements are given in Notes 4 and 5 to the Financial Statements respectively. Details of freehold land and buildings are given in Note 4 to the Financial Statements.

## Market Value of Properties

The freehold property of the Company/ Group is revalued by an Independent Qualified Valuer when

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

there is a substantial difference between the fair value and the carrying amount of the freehold property. Company/Group reviews its assets once in each reporting date.

## Directors' Responsibilities

The Statement of the Directors' Responsibilities is given on page 84 of this report.

## Corporate Governance

The Company has complied with Corporate Governance rules laid down by The Institute of Chartered Accountants of Sri Lanka. The Corporate Governance Section on pages 36 to 45 describes the good Corporate Governance Principles adopted by the Company.

## Profit and Appropriations

## Dividends

In terms of Article 38 a final dividend of Rs 0.139 was paid on 19th October 2020 for the financial year 2019/20.

In terms of Article 131 of the Articles of Association of the Company, an interim dividend of Rs. 0.22 per share was paid on 30th December 2020 for the 12 months' financial period ended 31st March 2021 and a final dividend of Rs. 0.25 was paid on 27th April 2021 for the financial year 2020/21. The Board signed Certificates of Solvency stating that the Company would satisfy the Solvency Test immediately after the said distribution is made in accordance with Section 57 of the Companies Act No. 07 of 2007. The Board of Directors obtained a Certificates of Solvency from the Auditors prior to the date of dispatch of all dividend payments.

The Company maintains a policy of declaring a minimum of 40% dividend.

## Reserves

Group reserves and retained earnings as at 31st March 2021 amounted to Rs. 4,426 million vs. Rs. 4,049 million as at 31st March 2020. The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

## Stated Capital

As per the terms of the Companies Act No. 07 of 2007, the Stated Capital of the Company was Rs. 918,770,013/- as at 31st March 2021 and was unchanged during the 12 months' period. Details are given in Note 12 to the Financial Statements on page 121.

## Commitments and Contingencies

Commitments and Contingent Liabilities of the Group are disclosed in the Note 25 to the Financial Statements.

## Events after the Reporting Period

No circumstances have arisen since the Reporting date, which would require adjustment or disclosure except for the details given in Note 26 to the Financial Statements on page 131.

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.

## Statutory Payments

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 84.

## Status Change of the Company and Change of Articles of Association

The Status of the Company was changed from JAT Holdings (Pvt) Ltd to JAT Holdings Limited and adopted new Articles on 23rd March 2021.

	2020/21	2019/20
Group Profit Before Tax for the twelve months ended 31 March after deducting all expenses, providing for known liabilities and depreciation	644,491,868	750,674,961
Income Tax Expense	(44,054,405)	(43,624,797)
Non-controlling Interest	(1,769,217)	4,999,505
<b>Profit for the Period</b>	<b>598,668,246</b>	<b>712,049,669</b>
Total Other Comprehensive Income/(Loss)	(460,163)	(1,969,043)
Balance Brought Forward from the Previous Year	4,073,144,201	3,674,269,393
Final Dividend for the Period 2019/2020	(63,188,437)	(174,027,496)
Interim Dividend for the Period 2020/2021	(100,010,476)	(137,178,322)
Distribution on buy back of Ordinary shares	(57,121,880)	
<b>Total Available for Appropriation</b>	<b>4,451,031,491</b>	<b>4,073,144,201</b>
Transfer to Reserve Fund		
<b>Total Appropriation</b>		
<b>Balance on Group basis to be carried forward</b>	<b>4,451,031,491</b>	<b>4,073,144,201</b>
Balance on Company basis to be carried forward	4,372,129,973	4,063,668,240

## Board Committees

The Board comprises 9 Directors; 1 Executive Director, 8 Non-executive Directors out of which 5 are independent Directors to maintain the Board balance.

Names of Directors who served during the year are given on pages 8 to 10 of this report, under the caption Board of Directors.

In terms of Article 88 (i) Joyce Gunawardene – Director and Hussain Akbarally – Director retires by rotation and offers themselves for re-election at the Annual General Meeting.

Jehan Amaratunga – Director resigned as a Director from the Board with effect from 20th July 2020.

Undermentioned Directors were appointed to the Board as stated below.

- Richard Gunawardene – Non-executive Director w.e.f. 8th July 2020
- Anika Williamson – Non-executive Director w.e.f. 8th July 2020
- Priyanthi Pieris – Non-executive Independent Director w.e.f. 1st January 2021
- Devaka Cooray – Non-executive Independent Director w.e.f. 1st January 2021

## Board Committees were reconstituted on 19th January 2021

### Audit Committee & Risk Management Committee

Following are the names of the Directors comprising the Audit Committee of the Board.

- Devaka Cooray – Chairman/ Non-Executive Independent Director, a member of the Institute of Chartered Accountants of Sri Lanka.
- Dr. Sivakumar Selliah – Member/Non-Executive Independent Director
- Girish Patil – Member/Non-Executive Independent Director

The Report of the Audit and Risk Management Committee on page 46 sets out the manner of compliance by the Company on internal Control and Risk management systems.

## HR and Remuneration Committee

Following are the names of the Directors comprising the HR and Remuneration Committee.

- Dr. Sivakumar Selliah – Chairman/Non-Executive Independent Director
- Priyanthi Pieris – Member/Non-Executive Independent Director

The Report of the HR and Remuneration Committee on page 47 contains a statement of the remuneration policy. The details of the aggregate remuneration paid to Executive and Non-executive Directors during the period under review are given in note 28.3 to the financial statements on page 133.

## Related Party Transactions Review Committee

Following are the names of the Directors comprising the Board Related Party Transactions Review Committee:

- Girish Patil – Chairman/Non-Executive Independent Director
- Dr. Sivakumar Selliah – Member/Non-Executive Independent Director

The Board of Directors formed the Board Related Party Transactions Review Committee to assist the Board in reviewing all related party transactions in accordance with the requirements of Section 9 of the Listing Rules of the Colombo Stock Exchange.

The Report of the Board Related Party Transactions Review Committee on page 48 sets out the manner of compliance by the Company.

## Investments Committee

Following are the names of the Directors comprising the Board Investment Committee:

- Hussain Akbarally - Chairman/Non-Executive Independent Director
- Girish Patil - Member/Non-Executive Independent Director
- Anika Williamson - Member/Non-Executive Director
- Devaka Cooray - Member/Non-Executive Independent Director

## Directorate & shareholding

### Directorate

The names of the Directors of the Company as at 31st March 2021 and their brief profiles are shown on pages 8 to 10 of this report.

Three out of the nine Directors on the Board is represented by Females which accounts to a 33% composition.

### Shareholding

Shareholding of the group is stated in note 12 of this report.

## Directors' Remuneration

Executive Directors remuneration is structured within an established framework by the Board's Remuneration Committee to whom this task has been entrusted. The Directors are of the opinion that the framework assures appropriateness of remuneration and fairness for the Company.

The total remuneration of Executive Directors and the total fees (including board fees, attendance fees, subcommittee fees) of Non-executive Directors for the reporting period ended 31st March 2021 are given in note 28.3 to the financial statements on page 133.

## Subsidiaries/Join Venture

### JAT-Sino Agri (Private) Limited (Joint Venture)

A joint venture was incorporated in December 2020 in order to engage in agriculture and agriculture related activities, where JAT Holdings has a stake of 50%.

The names of the Directors holding office at the end of the reporting period ended 31st March 2021 in respect of the subsidiaries are given below:

# ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Name of the subsidiary/Joint Venture	Name 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

## Employment

The number of persons employed by the Group and the Company as at 31st March 2021 was 351 and 322 respectively.

Details of human resource initiatives are given in the Employees' section of the Human Capital Report.

The company adopts a non-discriminatory employment policy which respects individuals and provides career opportunities irrespective of gender, race or religion.

## Risk Management

Risk identification is an ongoing process which involves engagement with stakeholders and persistent monitoring of the business environment. Risk considerations also form a key input in determining strategy and formulating budgets. The responsibility for managing the Group's risk exposures lie with the Board of Directors who are assisted by the Audit and Risk Management Committee. The report on Risk management is included in on pages 75 to 78 this report.

## Impact of Macro Economic factors implication to groups performance.

The year under review has been quite challenging with business being affected due to macro-economic conditions; both in Quarter 1 and Q2 due to the COVID-19 Global pandemic, however the company experienced a pickup in

business commencing Q3, yet the devaluation of currency which continued throughout the year was a concern and is a factor of concern in the foreseeable future too.

## Futuristic Outlook

The Company, JAT Holdings Limited is intending to list on the main Board at the Colombo Stock Exchange in 2021/22.

The company's main focus next financial year is to increase market share in all its core products in a somewhat saturated mkt by focusing on product development and expand to new markets overseas.

The company is looking at enhancing the present R&D facility to that of a leading R&D facility in South Asia, in way of investing in a state of the art lab and testing equipment, to reduce the reliance of the centralized R&D done through the suppliers and introduce tailor made products for different markets, in order to have a sustained competitive edge in our core business in terms of reduction of costs, increase of quality and accessibility to new markets in terms of spearheading innovation.

The company is also looking at setting up a manufacturing plant in Bangladesh in order to reduce cost via backward vertical integration whereby increasing market share and increasing geographical accessibility.

## Corporate Governance Directors' Declarations

The Directors declare that having considered all information and explanations made available to them that -

- the Company complied with all applicable laws and regulations in conducting its business;
- they have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested;
- the Company has made all endeavours to ensure the equitable treatment of shareholders;
- the business is a going concern with supporting assumptions or qualifications as necessary; and

- they have conducted a review of internal controls covering financial, operational and compliance controls and risk management and have obtained a reasonable assurance of their effectiveness and successful adherence herewith.

The Corporate Governance Report is given under the governance section of this Annual Report

## Auditors

The Financial Statements for the period under review were audited Ernst & Young Chartered Accountants who offer themselves for reappointment for the ensuing year. The Directors propose the reappointment of Ernst & Young Chartered Accountants as Auditors of the Company for the year 2021/22 subject to the approval of the shareholders at the Annual General Meeting.

The Audit Committee reviews the appointment of the Auditor, its effectiveness and its relationship with the Company including the level of audit fees paid to the Auditors. Details on the work of the Audit Committee are set out in the Audit Committee Report.

As far as the Directors are aware, the Auditors do not have any relationship or interest in the Company or its subsidiaries.

## Annual General Meeting

The Eighth Annual General Meeting will be held at the 351, Pannipitiya Road, Thalawathugoda on 30th June 2021 at 3.00pm.

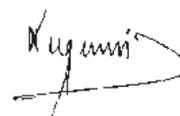
## Notice of Meeting

The Notice of the Annual General Meeting to the shareholders is given on page 148.

The Directors are of the view that they have duly discharged their responsibilities as set out in this statement.

By Order of the Board,

JAT Holdings Ltd



NID Corporate Services (Pvt) Limited  
Secretaries to the Company

24 May 2021

# BOARD OF DIRECTORS – COMMUNICATION POLICY

## Policy Statement

JAT Holdings Limited (the 'Company') values the input and insights of all its stakeholders, including lenders, creditors, shareholders and borrowers and other interested parties and believes that effective communication strengthens the role of the Company's Board of Directors (the 'Board') as an active, informed and engaged body. To facilitate communication, this policy outlines the procedures for communicating with the Board, its Committees and its members.

This policy has been approved by the Board of Directors and shall become effective from 31st of March 2016. The Board of Directors will oversee this policy and will review it and may recommend any changes from time to time. The Board can modify this policy unilaterally at any time without notice.

## Communication to the Board

Stakeholders and other interested parties can communicate with the Board as a whole, the Independent Directors or any individual member of the Board or any Committee of the Board. All such written communications should be submitted by mail to the following address.

No. 351, Pannipitiya Road, Thalawathugoda

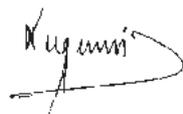
## Procedures for Handling Communications to the Board

The Board has designated the Company's Board Secretary as its agent to receive and review written communications addressed to the Board, any of its Committees, or any Board member or group of members. The Board Secretary may communicate with the sender for any clarifications. In additions, the Board Secretary will promptly forward to the Chairman of the Audit Committee any communication regarding legal, ethical or compliance issues by management or any other matter deemed by the Board Secretary to be potentially material to the Company.

As an initial matter, the Board Secretary will determine whether the communication is a proper communication for the Board. The Board Secretary will not forward to the Board, any Committees or any Director communications of a personal nature or not related to the duties and responsibilities of the Board, including without limitations, junk mail and mass mailings, business solicitations, opinion survey polls or any other communications deemed by the Board Secretary to be immaterial to the Company.

Separately, the parent Company's Audit Committee has established a Group Whistleblowing Policy for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters, fraud and unethical business practices, sexual harassment/misconduct, racial or religious discrimination and the confidential, anonymous submission by employees or any other concerned persons of concerns regarding questionable practices or events that would be harmful to the Company's progress and reputation.

By Order of the Board,  
JAT Holdings Limited



N. I. D. Corporate Services (Pvt) Ltd  
Secretaries to the Company

24 May 2021

# CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The Financial Statements of JAT Holdings Limited (the Company) and the Consolidated Financial Statements of the Company and its subsidiaries (the Group) as at 31 March 2021 are prepared and presented in conformity with the following requirements:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka),
- Companies Act No. 07 of 2007,
- Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995,
- Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission Sri Lanka.

The formats used in the preparation of the Financial Statements and disclosures are made in compliance with the formats prescribed by the Sri Lanka Accounting Standards.

The Accounting Policies used in the preparation of the Financial Statements are appropriate and are consistently applied by the Group. There are no departures from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation, and material departures, if any, have been disclosed and explained. Significant accounting policies and estimates that involved a high degree of judgment and complexity were discussed with the External Auditors and the Audit and Risk Management Committee.

The Board of Directors and the Management of the Company accept responsibility for the integrity and objectivity of these Financial Statements. The estimates and judgments relating to the Financial Statements were made on a prudent and reasonable basis, in order to ensure that

the Financial Statements are reflected in a true and fair manner and the form and substance of transactions and the Company's state of affairs are reasonably presented. We also confirm that the Group has adequate resources to continue in operation and has applied the going concern basis in preparing these Financial Statements.

To ensure this, the Company and the Group have taken proper and sufficient care in installing a system of internal controls and accounting records, for safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

The Internal Audit Department has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company and the Group were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any system of internal controls and accounting.

The Audit and Risk Management Committee reviewed all of the internal and external audit and inspection programmes, the efficiency of the internal control systems and procedures, the quality of accounting policies and their adherence to statutory and regulatory requirements, the external audit plan and the management letters, are also followed up on any issues raised during the statutory audit, the details of which are given in the 'Audit and Risk Management Committee Report' on page 46 of this Annual Report.

The Financial Statements of the Company and the Group were audited by Messrs. Ernst & Young Chartered Accountants, Sri Lanka and their Report is given on pages 88 to 89 of this Annual Report.

## We confirm that:

- the Group has complied with all applicable laws and regulations and prudential requirements,
- there are no material non-compliances,
- there are no material litigations that are pending against the Group other than those disclosed in Note 25 of the Financial Statements of this Annual Report,
- All taxes, duties, levies and other statutory payments by the Group and all contributions, levies and taxes payable on behalf of and in respect of the employees of the Group as at 31 March 2021 have been paid, or where relevant provided for.



**Nishal Ferdinando**  
Chief Executive Officer



**Rizna Dilshard**  
Finance Director

24 May 2021  
Colombo

# STATEMENT OF DIRECTOR'S RESPONSIBILITY

The Directors are responsible under sections 150 (1), 151, 152 (1) and 153 of the Companies Act No 07 of 2007, to ensure compliance with the requirements set out therein and to prepare Financial Statements for the twelve months financial period ended 31st March 2021 giving a true and fair view of the state of affairs of the Company and the Group and of the profit of the Company and the Group for the said financial period.

The Directors are also responsible, under Section 148, for ensuring that proper accounting records are kept to enable, determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements to be carried out readily and properly.

The Board accepts responsibility for the integrity and objectivity of the Financial Statements presented. The Directors confirm that in preparing the Financial Statements, appropriate accounting policies have been selected and applied consistently while reasonable and prudent judgements have been made so that the forms and substance of transactions are properly reflected.

The Directors confirm that the Financial Statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards (SLFRSs/LKASs), Companies Act No 07 of 2007 and the Listing Rules of the Colombo Stock Exchange. Further, the Financial Statements provide the information required by the Companies Act and the Listing Rules of the Colombo Stock Exchange.

The Directors are of the opinion, based on their knowledge of the Company, key operations and specific inquiries that adequate resources exist to support the Company and the Group on a going concern basis over the next year. These Financial Statements have been prepared on that basis.

The Directors have taken reasonable measures to safeguard the assets of the Company and the Group and in that context have instituted appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

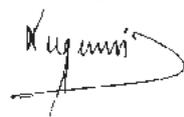
The Board of Directors declared an interim Dividend and a Final dividend for the twelve months' period ended 31st March 2021 in terms of the Articles of Association of the Company and in line with Section 56 of the Companies Act No 07 of 2007. The solvency test was satisfied immediately after such distribution in accordance with Section 57 of the Act.

The External Auditors, Messrs Ernst & Young, Chartered Accountants, who will be proposed to be reappointed as the Auditors of the Company at the Annual General Meeting were provided with every opportunity to undertake the inspections, they considered appropriate to enable them to form their opinion on the Financial Statements. The report of the Auditors, shown on pages 88 to 89 sets out their responsibilities in relation to the Financial Statements. The Board has recommended the Messrs Ernst and Young, Chartered Accountants be reappointed as Auditors for the year 2021/22.

## Compliance Report

The Directors confirm that to the best of their knowledge all statutory payments relating to employees and the Government that were due in respect of the Company and its subsidiaries as at the balance sheet date have been paid or where relevant provided for.

By Order of the Board  
JAT Holdings Limited



N. I. D. Corporate Services (Private) Limited  
Secretaries to the Company

24 May 2021



# FINANCIAL STATEMENTS

## **FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT	<b>88</b>
STATEMENT OF FINANCIAL POSITION	<b>90</b>
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	<b>91</b>
STATEMENT OF CHANGES IN EQUITY	<b>92</b>
STATEMENT OF CASH FLOWS	<b>94</b>
NOTES TO THE FINANCIAL STATEMENTS	<b>95</b>

# INDEPENDENT AUDITOR'S REPORT



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

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WRHD/MDS/IR

## 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.

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

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 R 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 H M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA

Principals: G B Goudian ACMA T P M Ruberu FCMA FCCA

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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

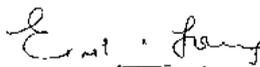
conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### Report on Other Legal and Regulatory Requirements

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



24 May 2021  
Colombo

# STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
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
		1,781,742,376	1,692,852,902	2,105,114,476	2,009,640,310
<b>Current Assets</b>					
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
		5,276,049,175	5,463,814,489	4,548,687,026	4,510,009,295
<b>Total Assets</b>		<b>7,057,791,551</b>	<b>7,156,667,391</b>	<b>6,653,801,502</b>	<b>6,519,649,605</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
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)	-	-
		5,344,934,803	4,968,064,631	5,290,899,986	4,982,438,253
Non Controlling Interest		(4,369,381)	(6,089,990)	-	-
<b>Total Equity</b>		<b>5,340,565,422</b>	<b>4,961,974,641</b>	<b>5,290,899,986</b>	<b>4,982,438,253</b>
<b>Non-Current Liabilities</b>					
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
		96,508,162	102,022,059	76,131,604	93,986,345
<b>Current Liabilities</b>					
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
		1,620,717,967	2,092,670,691	1,286,769,912	1,443,225,007
<b>Total Equity and Liabilities</b>		<b>7,057,791,551</b>	<b>7,156,667,391</b>	<b>6,653,801,502</b>	<b>6,519,649,605</b>

These financial statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

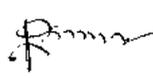


**Rizna Dilshad**  
Finance Director

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by:



**Dr. Sivakumar Selliah**  
Chairman



**Aelian Gunawardene**  
Managing Director

The Accounting Policies and Notes on pages 95 to 139 form an integral part of these financial statements.

24 May 2021  
Colombo

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March	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)
<b>Gross Profit</b>		<b>1,644,296,834</b>	<b>1,738,823,457</b>	<b>1,448,234,661</b>	<b>1,345,482,864</b>
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
<b>Profit Before Tax</b>	<b>22</b>	<b>644,491,868</b>	<b>750,674,961</b>	<b>565,502,136</b>	<b>585,464,813</b>
Income Tax Expense	23	(44,054,405)	(43,624,797)	(36,259,447)	(9,538,192)
<b>Profit For The Year</b>		<b>600,437,463</b>	<b>707,050,164</b>	<b>529,242,689</b>	<b>575,926,621</b>
<b>Profit for the year attributable to</b>					
Owners of the Parent		598,668,246	712,049,669	529,242,689	575,926,621
Non-Controlling Interest		1,769,217	(4,999,505)	-	-
		600,437,463	707,050,164	529,242,689	575,926,621
<b>Other Comprehensive Income</b>					
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>					
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
<b>Other Comprehensive Income, net of tax</b>		<b>(1,525,889)</b>	<b>(1,507,544)</b>	<b>(460,163)</b>	<b>(1,969,043)</b>
<b>Total Comprehensive Income</b>		<b>598,911,574</b>	<b>705,542,620</b>	<b>528,782,526</b>	<b>573,957,578</b>
<b>Total Comprehensive Income attributable to</b>					
Owners of the Parent		597,190,965	710,529,284	528,782,526	573,957,578
Non-Controlling Interest		1,720,609	(4,986,664)	-	-
		598,911,574	705,542,620	528,782,526	573,957,578
Earnings Per Share		1.31	1.56	1.16	1.26

The Accounting Policies and Notes on pages 95 to 139 form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

Group	Note	Stated Capital Rs.	Retained Earnings Rs.	Translation Reserve Rs.	Shareholders Funds Rs.	Non-Controlling Interest Rs.	Total Rs.
<b>Balance as at 01 April 2019</b>							
		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)
<b>Balance as at 31 March 2020</b>							
		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)
<b>Balance as at 31 March 2021</b>							
		918,770,013	4,451,031,491	(24,866,701)	5,344,934,803	(4,369,381)	5,340,565,422

The Accounting Policies and Notes on pages 95 to 139 form an integral part of these financial statements.

Company	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
<b>Balance as at 01st April 2019</b>		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)
<b>Balance as at 31 March 2020</b>		918,770,013	4,063,668,240	4,982,438,253
Profit for the Year		-	529,242,689	529,242,689
Other Comprehensive Income, Net of Taxes		-	(460,163)	(460,163)
Distribution on buy back of Ordinary shares	12	-	(57,121,880)	(57,121,880)
Dividend Paid		-	(163,198,913)	(163,198,913)
<b>Balance as at 31st March 2021</b>		918,770,013	4,372,129,973	5,290,899,986

The Accounting Policies and Notes on pages 95 to 139 form an integral part of these financial statements.

# STATEMENT OF CASH FLOWS

Year ended 31 March	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Cash Flows From/(Used In) Operating Activities</b>					
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/(Used In) Operating Activities		1,018,202,421	953,042,854	784,162,304	641,033,403
<b>Cash Flows From/(Used in) Investing Activities</b>					
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
<b>Cash Flows From/(Used In) Financing Activities</b>					
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)
<b>Net Decrease in Cash and Cash Equivalents</b>		<b>187,139,895</b>	<b>275,977,812</b>	<b>12,948,414</b>	<b>149,449,444</b>
<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	17	<b>303,251,685</b>	<b>27,273,873</b>	<b>201,733,313</b>	<b>52,283,869</b>
<b>Cash &amp; Cash Equivalents at the end of the year</b>	17	<b>490,391,580</b>	<b>303,251,685</b>	<b>214,681,727</b>	<b>201,733,313</b>

The Accounting Policies and Notes on pages 95 to 139 form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

### 1.1 Reporting Entity

#### 1.1.1 General

JAT Holdings Limited (parent company, previously referred to as JAT Holdings (Private) Limited) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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/ 2.17/ 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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' and amendments to the LKAS 1 on 'Disclosure Initiative' which was effective from 01 January 2016.

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 as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

## 2.4 Fair Value Measurement

The Group measures financial instruments such as financial assets at fair value through profit or loss, and non-financial assets such as Biological assets and Investment Property, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarized in the Note 29

# NOTES TO THE FINANCIAL STATEMENTS

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

# NOTES TO THE FINANCIAL STATEMENTS

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2.11.1 Financial Assets

### a) Financial Assets - Initial Recognition and Subsequent Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### b) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories;

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

### Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and amounts due from related parties.

### Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

### Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group's financial assets at fair value through profit or loss include investment in quoted equity instruments and investment in un-quoted equity instruments under other non-current financial assets.

#### c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or;
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

- (a) the Group has transferred substantially all the risks and rewards of the asset, or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### d) Impairment of Financial Assets

Further disclosure relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Trade receivables, including contract assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

# NOTES TO THE FINANCIAL STATEMENTS

## 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:

# NOTES TO THE FINANCIAL STATEMENTS

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. PROPERTY, PLANT AND EQUIPMENT

### 4.1 Group

#### 4.1.1 Gross Carrying Amounts

Year ended 31 March	Balance As at 01.04.2020 Rs.	Additions Rs.	Disposal / Transfer Rs.	Balance As at 31.03.2021 Rs.
<b>At Cost</b>				
<b>Freehold</b>				
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
	1,651,228,449	232,606,900	(57,443,542)	1,826,391,807
<b>Leasehold</b>				
Leasehold Improvements	30,373,784	1,884,512	(10,815,373)	21,442,923
	30,373,784	1,884,512	(10,815,373)	21,442,923
<b>Total Value of Depreciable Assets</b>	1,681,602,233	234,491,412	(68,258,915)	1,847,834,730
<b>In the Course of Construction</b>				
Capital Work in Progress	14,075,307	3,450,334	(15,615,000)	1,910,641
	14,075,307	3,450,334	(15,615,000)	1,910,641
<b>Total Gross Carrying Amount</b>	1,695,677,540	237,941,746	(83,873,915)	1,849,745,371

#### 4.1.2 Depreciation

Year ended 31 March	Balance As at 01.04.2020 Rs.	Charge for the year Rs.	Disposal / Transfer Rs.	Balance As at 31.03.2021 Rs.
<b>At Cost</b>				
<b>Freehold</b>				
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
	251,782,952	105,260,127	(45,012,335)	312,030,744
<b>Leasehold</b>				
Leasehold Improvements	8,533,014	8,183,100	(9,700,944)	7,015,171
	8,533,014	8,183,100	(9,700,944)	7,015,171
<b>Total Depreciation</b>	260,315,966	113,443,227	(54,713,279)	319,045,914

#### 4.1.3 Net Book Values

Year ended 31 March	2021 Rs.	2020 Rs.
<b>Freehold</b>		
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
	1,514,361,063	1,399,445,497
<b>Leasehold</b>		
Leasehold Improvements	14,427,753	21,840,770
	14,427,753	21,840,770
<b>In the Course of Construction</b>		
Capital Work in Progress	1,910,641	14,075,307
	1,910,641	14,075,307
	1,530,699,457	1,435,361,574

# NOTES TO THE FINANCIAL STATEMENTS

- 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.

## 4.2 Company

### 4.2.1 Gross Carrying Amounts

Year ended 31 March	Balance As at 01.04.2020 Rs.	Additions Rs.	Disposal / Transfer Rs.	Balance As at 31.03.2021 Rs.
<b>At Cost</b>				
<b>Freehold</b>				
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
	1,625,190,688	232,062,210	(50,390,266)	1,806,862,632
<b>Leashold</b>				
Leasehold Improvements	23,008,300	1,884,512	(3,449,888)	21,442,924
	23,008,300	1,884,512	(3,449,888)	21,442,924
<b>Total Value of Depreciable Assets</b>	1,648,198,988	233,946,722	(53,840,154)	1,828,305,556
<b>In the Course of Construction</b>				
Capital Work in Progress	14,075,307	3,450,334	(15,615,000)	1,910,641
	14,075,307	3,450,334	(15,615,000)	1,910,641
<b>Total Gross Carrying Amount</b>	1,662,274,295	237,397,056	(69,455,154)	1,830,216,197

#### 4.2.2 Depreciation

Year ended 31 March	Balance As at 01.04.2020 Rs.	Charge for the year Rs.	Disposal / Transfer / Adjustments Rs.	Balance As at 31.03.2021 Rs.
<b>At Cost</b>				
<b>Freehold</b>				
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	29,311,352	(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
	232,360,195	102,746,278	(40,133,692)	294,972,781
<b>Leashold</b>				
Leasehold Improvements	3,292,159	6,777,849	(3,054,838)	7,015,170
	3,292,159	6,777,849	(3,054,838)	7,015,170
<b>Total Depreciation</b>	235,652,354	109,524,127	(43,188,530)	301,987,951

#### 4.2.3 Net Book Values

Year ended 31 March	2021 Rs.	2020 Rs.
<b>Freehold</b>		
Land	297,647,589	232,893,589
Office and Factory Building	829,370,910	792,811,229
Office Equipments	23,299,431	26,782,535
Computers	26,888,024	26,903,693
Furniture and Fittings	53,151,179	58,827,053
Motor Vehicles	89,691,293	94,077,451
Store Equipments	538,833	-
Sign Boards	1,848,533	2,516,511
Factory Equipments	4,719,439	144,500
Lab Equipments	7,217,890	8,681,292
Plant and Machinery	177,516,730	149,192,640
	1,511,889,851	1,392,830,493
<b>Leashold</b>		
Leasehold Improvements	14,427,754	19,716,141
	14,427,754	19,716,141
<b>In the Course of Construction</b>		
Capital Work In Progress	1,910,641	14,075,307
	1,910,641	14,075,307
<b>Total Carrying Amount of Property, Plant and Equipment</b>	1,528,228,246	1,426,621,941

# NOTES TO THE FINANCIAL STATEMENTS

- 4.2.4** During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 177,548,058/- (2020 - Rs.201,097,906/-). Cash payments amounting to Rs. Rs.177,548,058/- (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

Year ended 31 March	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	7,663,026	7,663,026	40,260,578	36,535,578

#### 5.1.2 Amortization/Impairment

As at 1 April	-	-	20,041,665	15,484,535
Charge for the year	-	-	5,401,830	4,557,130
As at 31 March	-	-	25,443,495	20,041,665
Carrying Value as at 31 March	7,663,026	7,663,026	14,817,083	16,493,913

Year ended 31 March	2021 Rs.	2020 Rs.
Total Carrying value of Intangible Assets as at 31 March	22,480,109	24,156,939

### 5.2 Company

Year ended 31 March	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	39,066,025	35,341,025

#### 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	24,561,345	19,475,785
Carrying Value as at 31 March	14,504,680	15,865,240

## 6. INVESTMENT PROPERTY

### 6.1 Land and Building at Fair Value

Year ended 31 March	Group / Company	
	2021 Rs.	2020 Rs.
Opening Balance as at 1 April	43,039,000	41,039,000.00
Additions /Transfers to Property Plan and Equipment	(44,235,000)	-
Fair Value Gain/(Loss)	1,196,000	2,000,000
As at 31 March	-	43,039,000

### 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	142,421,669	94,196,239
<b>Closing balance at 31 March</b>	<b>142,421,669</b>	<b>137,235,239</b>

**6.3** The Group's / Company's investment properties consist of one residential property in Hokandara Road, Thalawathugoda and one condominium Property in Altair Residential Building Colombo 02. At the reporting date, The Group/Company decided to classify the investment property in Hokandara Road, Thalawathugoda to a Property Plant and Equipment by considering the Group's/Company's plan to use it for business purposes in the future.

**6.4** As at 31 March 2021 and 2020, the fair value of the Land and Building is based on valuations performed by Mr. W.M. Chandrasena., an accredited independent valuer. Mr. W.M. Chandrasena. is a specialist in valuing these types of investment properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

**6.5** The Group / Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

**6.6** Description of valuation techniques used and key inputs to valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	
			2021	2020
Office Property	Direct Capital Comparison Approach	Rates per Perch	Rs. 2,550,000	Rs. 2,500,000
		Price per Square Foot	Rs. 6,000	Rs. 6,000

# NOTES TO THE FINANCIAL STATEMENTS

## 7. INVESTMENTS

### 7.1 Investment in Subsidiary

Year ended 31 March	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
					333,818,740	333,818,740

### 7.2 Other Investments

Year ended 31 March	No of Shares		Company/ Group	
	2021	2020	Market Value 2021 Rs.	Market Value 2020 Rs.
<b>Investments in Equity Securities</b>				
<b>Quoted Investments</b>				
Hatton National Bank PLC	-	23,000	-	2,467,248
<b>Carrying Value</b>				
<b>Non - Quoted Investments</b>				
JAT- Sino Agri (Pvt) Ltd	5,000	-	2,500,000	-
			2,500,000	2,467,248

### 7.3 Short Term Financial Assets

Year ended 31 March	No of Shares		Company/ Group	
	2021	2020	Market Value 2021 Rs.	Market Value 2020 Rs.
<b>Investment in Quoted Equity Shares</b>				
Expo Lanka Holdings PLC	898,000	-	898,000	-
Tokyo Cements Company (Lanka) PLC	2,007,000	-	2,007,000	-
<b>Investment in Money Market Funds</b>				
First Capital Holdings PLC			61,253,644	-
Commercial Bank PLC			150,147,945	-
			214,306,589	-

## 8. CONSUMABLE BIOLOGICAL ASSETS

Year ended 31 March	Company/ Group	
	2021 Rs.	2020 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	58,120,344	49,241,160

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:

Year ended 31 March	2021	2020
Total No of Tress	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.18,000	Rs.18,000
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

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 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
	1,649,488,908	1,849,654,964	1,529,089,488	1,722,546,283
Less-Provision For Obsolete Stocks	(86,585,098)	(67,338,197)	(67,089,822)	(53,439,794)
	1,562,903,810	1,782,316,767	1,461,999,666	1,669,106,489

# NOTES TO THE FINANCIAL STATEMENTS

## 10. TRADE AND OTHER RECEIVABLES

Year ended 31 March	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
	<b>2,836,316,766</b>	<b>2,989,366,864</b>	<b>2,315,246,921</b>	<b>2,102,542,315</b>

### 10.1 Trade Receivables

Year ended 31 March	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
	<b>2,869,492,393</b>	<b>2,919,416,856</b>	<b>2,338,734,450</b>	<b>2,030,837,250</b>
Allowance for expected credit losses (Note 10.2)	(100,120,366)	(81,650,879)	(74,053,342)	(65,058,536)
	<b>2,769,372,027</b>	<b>2,837,765,977</b>	<b>2,264,681,108</b>	<b>1,965,778,714</b>

### 10.2 Allowance for Expected Credit Losses

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Movement in Allowance for Expected Credit Losses</b>				
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	<b>100,120,366</b>	<b>81,650,879</b>	<b>74,053,342</b>	<b>65,058,536</b>

## 11. AMOUNT DUE FROM RELATED PARTIES

Year ended 31 March	Relationship	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Solid Land Developments (Pvt) Ltd	Affiliate	14,409,025	15,399,754	14,409,025	15,399,754
JAT Trading (Pvt) Ltd	Affiliate	14,588,000	14,588,000	14,588,000	14,588,000
JAT Global (Pvt.) Ltd.	Subsidiary	-	-	-	36,108,824
Securitech Systems (Pvt) Ltd	Affiliate	27,207,736	27,207,736	27,207,736	27,207,736
Worldwide Resins & Chemicals (Pvt) Ltd	Subsidiary	-	-	6,818,573	10,356,529
JAT Exports DMCC	Subsidiary	-	-	168,419,581	110,228,320
JAT Exports (Pvt) Ltd	Subsidiary	-	-	-	17,783,528
JAT Holdings Bangladesh (Pvt) Ltd	Affiliate	-	752,920	-	576,500
JAT Property Group (Pvt) Ltd	Affiliate	-	1,200,000	-	1,200,000
JAT Technologies (Pvt) Ltd	Affiliate	-	436,845	-	436,845
Amount Due from Key Management Personal		14,613,273	-	14,613,273	-
		<b>70,818,034</b>	<b>59,585,255</b>	<b>246,056,188</b>	<b>233,886,036</b>

## 12. STATED CAPITAL

Year ended 31 March	Company / Group		Company / Group	
	2021		2020	
	Number of shares	Rs.	Number of shares	Rs.
<b>Fully Paid Ordinary Shares</b>				
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 Year End	454,593,073	918,770,013	457,261,073	918,770,013

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

Year ended 31 March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Translation Reserve	(24,866,701)	(23,849,583)	-	-
	(24,866,701)	(23,849,583)	-	-

121

## 13. RETIREMENT BENEFIT OBLIGATION

Year ended 31 March	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	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)	(1,821,550)
As at 31 March	57,308,540	46,338,309	56,079,631	45,624,470

### 13.1 Net Benefit Expense Recognized to Comprehensive Income

<b>Net benefit expense (recognised in profit or loss)</b>				
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
	11,608,597	9,217,085	11,093,527	9,108,687
<b>Net benefit expense (recognised in other comprehensive Income)</b>				
Actuarial (Gain)/Loss	605,477	2,734,782	605,477	2,734,782
<b>Net benefit expense</b>	<b>12,214,074</b>	<b>11,951,867</b>	<b>11,699,004</b>	<b>11,843,469</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 13.2 The Principal Assumptions used in determining Defined Benefit Obligation are shown below:

Year ended 31 March	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

## 13.3 Sensitivity of Assumptions Employed in Actuarial Valuation

Year ended 31 March	2021		2020	
	Effect on Comprehensive Income Increase / (reduction) Rs.	Effect on employee benefit obligation Increase / (reduction) in the Liability Rs.	Effect on Comprehensive Income Increase / (reduction) Rs.	Effect on employee benefit obligation Increase / (reduction) in the Liability Rs.

### 13.3.1 Group

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

Year ended 31 March	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
<b>Total Expected Payments</b>	<b>57,308,540</b>	<b>46,338,309</b>	<b>56,079,631</b>	<b>45,624,470</b>

## 14. INTEREST BEARING LOANS AND BORROWINGS

### 14.1 Current Interest Bearing Loans and Borrowings

Year ended 31 March	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 Overdrafts (Note 17.2)	19,147,649	7,321,875	-	-
	39,199,622	36,500,846	20,051,973	29,178,971

### 14.3 Import and Short Term Loans

#### 14.3.1 Group

	As At 01.04.2020 Rs.	Loan Obtained Rs.	Repayment Rs.	As At 31.03.2021 Rs.	Current Rs.	Non-Current Rs.
<b>Short Term Loans</b>						
Standard Chartered Bank	50,000,000	150,000,000	(200,000,000)	-	-	-
Hatton National Bank PLC	-	1,335,447	(1,335,447)	-	-	-
People's Bank	-	200,000,000	-	200,000,000	200,000,000	-
Commercial Bank PLC	50,000,000	59,269,283	(59,269,283)	50,000,000	50,000,000	-
	100,000,000	410,604,730	(260,604,730)	250,000,000	250,000,000	-
<b>Import Loans</b>						
Hongkong & Shanghai Banking Corporation	176,057,305	69,453,767	(245,511,072)	-	-	-
Hatton National Bank PLC	31,218,056	47,826,366	(68,534,366)	10,510,056	10,510,056	-
Commercial Bank PLC	323,077,983	816,061,180	(945,839,150)	193,300,013	193,300,013	-
Standard Chartered Bank	9,198,252	-	(9,198,252)	-	-	-
	539,551,596	933,341,313	(1,269,082,840)	203,810,069	203,810,069	-
Import and Short Term Loans	639,551,596	1,343,946,043	(1,529,687,570)	453,810,069	453,810,069	-

# NOTES TO THE FINANCIAL STATEMENTS

## 14.3.2 Company

	As At 01.04.2020 Rs.	Loan Obtained Rs.	Repayment Rs.	As At 31.03.2021 Rs.	Current Rs.	Non-Current Rs.
<b>Short Term Loans</b>						
Standard Chartered Bank	50,000,000	150,000,000	(200,000,000)	-	-	-
Hatton National Bank PLC	-	1,335,447	(1,335,447)	-	-	-
People's Bank	-	200,000,000	-	200,000,000	200,000,000	-
Commercial Bank PLC	50,000,000	59,269,283	(59,269,283)	50,000,000	50,000,000	-
	100,000,000	410,604,730	(260,604,730)	250,000,000	250,000,000	-
<b>Import Loans</b>						
Hongkong & Shanghai Banking Corporation	176,057,305	69,453,767	(245,511,072)	-	-	-
Hatton National Bank PLC	31,218,056	47,826,366	(68,534,366)	10,510,056	10,510,056	-
Commercial Bank PLC	305,190,001	707,837,389	(819,727,377)	193,300,013	193,300,013	-
Standard Chartered Bank	9,198,252	-	(9,198,252)	-	-	-
	521,663,614	825,117,522	(1,142,971,067)	203,810,069	203,810,069	-
Import and Short Term Loans	621,663,614	1,235,722,252	(1,403,575,797)	453,810,069	453,810,069	-

## 14.4 Bank Loans

### 14.4.1 Group

	As At 01.04.2020 Rs.	Loan Obtained Rs.	Repayment Rs.	As At 31.03.2021 Rs.	Current Rs.	Non-Current Rs.
Hatton National Bank PLC - USD Loan	35,608,125	-	(35,608,125)	-	-	-
Commercial Bank PLC-Term Loan	9,984,375	34,900,000	(443,750)	44,440,625	25,292,976	19,147,649
	45,592,500	34,900,000	(36,051,875)	44,440,625	25,292,976	19,147,649

### 14.4.2 Company

	As At 01.04.2020 Rs.	Loan Obtained Rs.	Repayment Rs.	As At 31.03.2021 Rs.	Current Rs.	Non-Current Rs.
Hatton National Bank PLC - USD Loan	35,608,125	-	(35,608,125)	-	-	-
	35,608,125	-	(35,608,125)	-	-	-

## 14.5 Lease liabilities

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 01 April	43,581,249	-	43,581,249	-
Effect of adoption of SLFRS 16 as at 1 April 2019	-	1,292,733	-	1,292,733
Additions	-	46,349,289	-	46,349,289
Accretion of interest	4,266,713	1,679,592	4,266,713	1,679,592
Adjustment on Temporary Concessions	(5,948,177)	-	(5,948,177)	-
Payments made	(11,555,726)	(5,740,365)	(11,555,726)	(5,740,365)
As at 31 March	30,344,058	43,581,249	30,344,058	43,581,249
Current Liability	10,292,086	14,402,278	10,292,086	14,402,278
Non Current Liability	20,051,973	29,178,971	20,051,973	29,178,971
14.5.1 The following are the amounts recognised in profit or loss:				
Depreciation expense of right-of-use assets	18,869,945	8,637,605	18,869,945	8,637,605
Interest expense on lease liabilities	4,266,713	1,679,592	4,266,713	1,679,592
Temporary Concessions	5,948,177	-	5,948,177	-

The Group had total cash outflows for leases of Rs. 11,555,726/- in 2021 (Rs. 2,245,686/- in 2020). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 30.3 (Maturity Note.)

## 14.6 Loan Type

### 14.6.1 Company / Group

	Bank	Borrower	Interest rate	Maturity	Repayment Terms
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

# NOTES TO THE FINANCIAL STATEMENTS

## 15. TRADE AND OTHER PAYABLES

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 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
	1,127,339,229	1,206,267,576	820,994,171	595,085,804

## 16. AMOUNT DUE TO RELATED PARTIES

Year ended 31 March	Relationship	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Amount due to Directors		91,617	50,795	-	-
		91,617	50,795	-	-

## 17. CASH AND CASH EQUIVALENTS

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.

### Favourable Cash and Cash Equivalent Balances

<b>17.1</b> 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
	494,283,570	497,379,506	216,355,313	378,198,499

### Unfavourable Cash and Cash Equivalent Balances

<b>17.2</b> Bank Overdrafts (Note 14)	(3,891,990)	(194,127,821)	(1,673,586)	(176,465,186)
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### Total Cash and Cash Equivalents For the Purpose of Cash Flow Statement

	490,391,580	303,251,685	214,681,727	201,733,313
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## 18. REVENUE FROM CONTRACTS WITH CUSTOMERS

Year ended 31 March	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
	5,359,510,190	6,295,513,667	4,512,726,994	4,428,459,732

## 18.1 Disaggregation of Revenue

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Based on the nature of the product sold</b>				
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
	5,359,510,190	6,295,513,667	4,512,726,994	4,428,459,732

### 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 solutions.

### 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.

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Based on the geographical locations of the customers</b>				
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	-	-
	5,359,510,190	6,295,513,667	4,512,726,994	4,428,459,732

# NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Revenue from contract with customers</b>				
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
	5,359,510,190	6,295,513,667	4,512,726,994	4,428,459,732

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>18.2 Contract Balances</b>				
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

Year ended 31 March	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
	52,597,141	75,230,888	157,243,260	290,145,451

## 20. FINANCE COST

Year ended 31 March	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	-
	82,956,367	133,105,173	73,490,875	126,048,294

## 21. FINANCE INCOME

Year ended 31 March	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
	42,581,814	47,166,901	21,007,911	29,599,808

## 22. PROFIT BEFORE TAX

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Include in Cost of Sales</b>				
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	37,588,111	34,675,412
<b>Included in Administrative Expenses</b>				
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
<b>Included in Selling &amp; Distribution Expenses</b>				
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

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Current Income Tax</b>				
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	-
	63,091,995	42,846,951	55,297,037	8,760,346
<b>Deferred Income Tax</b>				
Deferred Taxation Charge/(Reversal) (Note 23.2)	(19,037,590)	777,846	(19,037,590)	777,846
	44,054,405	43,624,797	36,259,447	9,538,192

# NOTES TO THE FINANCIAL STATEMENTS

## 23.1 A Reconciliation Between Tax Expense and the Product of Accounting Profit / (Loss)

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit Before Taxation	644,491,868	750,674,961	565,502,136	585,464,813
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 losses	(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	33,812,046	233,784,135	-	-
Tax on balance taxable income	7,794,958	34,086,605	-	-

## 23.2 Deferred Income Tax

Year ended 31 March	Company / Group		Company / Group	
	Statement of Financial Position		Statement of Comprehensive Income	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Accelerated depreciation for tax purposes	(38,836,947)	(69,798,852)	30,961,905	(4,224,093)
Biological Assets	(11,974,463)	(11,484,035)	(490,428)	(15,856,472)
Retirement Benefit Obligation	13,459,112	12,774,852	684,260	2,806,138
Provision for doubtful debts	17,772,802	18,216,390	(443,588)	4,287,797
Provision for obsolete inventories	16,101,557	14,963,142	1,138,415	(3,171,076)
Implication from SLFRS 16	1,157,583	1,887,884	(730,301)	1,887,884
Losses available for offsetting against future taxable income	2,320,356	14,257,715	(11,937,359)	14,257,715
<b>Deferred Tax (Expense) / Benefit</b>			<b>19,182,904</b>	<b>(12,107)</b>
<b>Net Deferred tax Asset / (Liabilities)</b>	<b>-</b>	<b>(19,182,904)</b>		
<b>Reflected in the statement of financial position as follows:</b>				
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)		

Year ended 31 March	Company / Group	
	2021 Rs.	2020 Rs.
<b>Reconciliation of deferred tax liabilities, net</b>		
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

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 01 April	44,390,742	-	44,390,742	-
Effect of adoption of SLFRS 16 as at 1 April 2019	-	6,679,058	-	6,679,058
Additions during the year	-	46,349,289	-	46,349,289
Depreciation Expense	(18,869,945)	(8,637,605)	(18,869,945)	(8,637,605)
As at 31 March	25,520,797	44,390,742	25,520,797	44,390,742

## 25. COMMITMENTS AND CONTINGENCIES

### 25.1 Commitments

There are no material commitments as at the reporting date.

### 25.2 Contingencies

#### 25.2.1 Company / Group

The Company/Group has given corporate guarantees to the following parties on behalf of the Group of Companies and other affiliates to obtain finance facilities. Directors do not expect Liabilities to arise from these guarantees.

Year ended 31 March	2021 Rs.	2020 Rs.
<b>Institution</b>		
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
	733,499,059	739,699,059

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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.
<b>Hatton National Bank PLC</b>			
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			
<b>Commercial Bank of Ceylon</b>			
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			
<b>Hongkong &amp; Shanghai Banking Corporation</b>			
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			
<b>National Development Bank</b>			
1) Primary Mortgage over Stocks & Book Debts	Stand By Letter of Credit	Rs 616 Mn	-
	Post Import Loans		
	Pre Export Finance		
In addition the Company / Group also has Documents of title over Goods Imported (LG), Duly Accepted Drafts (SG) and Guarantee Indemnity (SBLC) with the Bank			
<b>Standard Chartered Bank</b>			
1) Primary Mortgage Over Stock and Debt	Short Term Loans	Rs. 742 Mn	Rs 742 Mn
	Overdraft		
	Shipping Guarantees		
	Import Letter of credit		
	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;

Year ended 31 March	Company		Group	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>28.1 Transactions with Subsidiaries</b>				
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	-	-
<b>28.2 Transactions with Affiliates</b>				
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.

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Short-term employee benefits	66,606,564	53,600,244	66,606,564	53,600,244
Proceeds on Disposal of Subsidiary	-	61,150,000	-	61,150,000
Ordinary Shares Buy Back	57,121,880	-	57,121,880	-
	123,728,444	114,750,244	123,728,444	114,750,244

# NOTES TO THE FINANCIAL STATEMENTS

## 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

Year ended 31 March	Carrying Amount		Fair Value	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Financial Assets</b>				
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
<b>Total</b>	<b>3,618,224,960</b>	<b>3,548,798,874</b>	<b>3,618,224,960</b>	<b>3,548,798,874</b>
<b>Non-Financial Assets</b>				
Investment Properties	-	43,039,000	-	43,039,000
Consumable Biological Assets	58,120,344	49,241,160	58,120,344	49,241,160
<b>Total</b>	<b>58,120,344</b>	<b>92,280,160</b>	<b>58,120,344</b>	<b>92,280,160</b>
<b>Financial Liabilities</b>				
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
<b>Total</b>	<b>1,659,917,590</b>	<b>2,129,171,537</b>	<b>1,659,917,590</b>	<b>2,129,171,537</b>

## 29.1.2 Company

Year ended 31 March	Carrying Amount		Fair Value	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Financial Assets</b>				
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
<b>Total</b>	<b>2,994,465,013</b>	<b>2,717,094,099</b>	<b>2,994,465,013</b>	<b>2,717,094,099</b>
<b>Non-Financial Assets</b>				
Investment Properties	-	41,039,000	-	41,039,000
Consumable Biological Assets	58,120,344	49,241,160	58,120,344	49,241,160
<b>Total</b>	<b>58,120,344</b>	<b>90,280,160</b>	<b>58,120,344</b>	<b>90,280,160</b>
<b>Financial Liabilities</b>				
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	-	-	-	-
<b>Total</b>	<b>1,306,821,885</b>	<b>1,472,403,976</b>	<b>1,306,821,885</b>	<b>1,472,403,976</b>

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 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:

Year ended 31 March	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<b>Assets Measured at Fair Value</b>				
<b>Level 01</b>				
Equity Shares	2,905,000	2,467,248	2,905,000	2,467,248
<b>Total</b>	<b>2,905,000</b>	<b>2,467,248</b>	<b>2,905,000</b>	<b>2,467,248</b>
<b>Level 02</b>				
Money Market Funds	211,401,590	-	211,401,590	-
<b>Total</b>	<b>211,401,590</b>	<b>-</b>	<b>211,401,590</b>	<b>-</b>
<b>Level 03</b>				
Equity Shares	2,500,000	-	2,500,000	-
Investment Properties	-	41,039,000	-	41,039,000
Consumable Biological Assets	58,120,344	49,241,160	58,120,344	49,241,160
<b>Total</b>	<b>60,620,344</b>	<b>90,280,160</b>	<b>60,620,344</b>	<b>90,280,160</b>

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.

### 30.1.1 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	Group
			Effect on profit before tax	Effect on profit before tax
<b>2021</b>				
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	Group	Change in EURO rate	Company	Group
		Effect on profit before tax	Effect on profit before tax		Effect on profit before tax	Effect on profit before tax
<b>2021</b>	+ 5%	(130,860)	3,986,469	+ 5%	(1,846,683)	979,913
	- 5%	130,860	(3,986,469)	- 5%	1,846,683	(979,913)

# NOTES TO THE FINANCIAL STATEMENTS

## 30.1.5 Equity Price Risk

The Group's quoted and unquoted equity 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.

### 30.2.2 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 months can be rolled over with existing lenders.

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year ended 31 March 2021</b>						
<b>Group</b>						
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	-	-	453,810,070
Lease Liability	-	6,738,858	13,313,115	10,292,086	-	30,344,059
<b>Company</b>						
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

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
<b>Year ended 31 March 2020</b>						
<b>Group</b>						
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
<b>Company</b>						
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.

# SHAREHOLDER INFORMATION

## Distribution of Shareholders

Name of the Shareholder	As at 31st March 2021		As at 31st March 2020	
	Number of Shares	Percentage of Shareholding	Number of Shares	Percentage of Shareholding
Aelian Winston Gunawardene	329,856,544	72.56%	326,369,429	71.37%
J Chem Coatings (Pvt) Ltd	0	0%	26,350,168	5.76%
Dr. Sivakumar Selliah	1,320,000	0.29%	1,320,000	0.29%
Arunthathi Selliah	4,240,000	0.93%	4,240,000	0.93%
Abiramipillai Kailasapillai	4,240,000	0.93%	4,240,000	0.93%
Kailasapillai Aravinthan	1,320,000	0.29%	1,320,000	0.29%
Arunodhaya (Pvt) Ltd	3,360,000	0.74%	3,360,000	0.74%
Arunodhaya Industries (Pvt) Ltd	3,360,000	0.74%	3,360,000	0.74%
Arunodhaya Investments (Pvt) Ltd	3,360,000	0.74%	3,360,000	0.74%
Andysel (Pvt) Ltd	2,120,000	0.47%	2,120,000	0.46%
Adamjee Lukmanjee & Sons (Pvt) Ltd	5,332,000	1.17%	5,332,000	1.17%
Murtaza Adamjee Lukmanjee	2,668,000	0.59%	2,668,000	0.58%
Jehan Prasanna Amaratunga	0	0%	2,668,000	0.58%
SDS Spices (Pvt) Ltd	2,668,000	0.59%	2,668,000	0.58%
Falcon Trading (Pvt) Ltd	27,077,498	5.96%	27,077,498	5.92%
Emerald Sri Lanka Fund I Limited	27,090,146	5.96%	27,090,146	5.92%
Richard Winston Gunawardene	13,717,832	3.02%	13,717,832	3.00%
Anika Niranjalie Williamson	13,717,832	3.02%	0	0%
Joycelyn Gunawardene	9,145,221	2.00%	0	0%
Total	454,593,073	100.00%	457,261,073	100.00%

## Composition of Shareholders

Category	As at 31st March 2021		As at 31st March 2020	
	Number of holders	Total holding	Number of holders	Total holding
Individual shareholders	9	380,225,429	8	356,543,261
Institutional shareholders	8	74,367,644	9	100,717,812
Total	17	454,593,073	17	457,261,073

## Directors' Shareholdings

Name of the Shareholder	As at 31st March 2021	As at 31st March 2020
Dr. Sivakumar Selliah	1,320,000	1,320,000
Aelian Gunawardene	329,856,544	326,369,429
Joycelyn Gunawardene	9,145,221	0
Anika Niranjalie Williamson	13,717,832	0
Richard Gunawardene	13,717,832	13,717,832
Total	367,757,429	341,407,261

# 10 YEAR SUMMARY - GROUP

	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12
	Rs.									
<b>Trading Results</b>										
Gross Turnover	5,359,510,190	6,295,513,667	6,547,228,876	5,446,689,000	5,782,965,328	4,904,771,722	3,546,165,115	2,992,617,332	2,175,402,931	1,634,296,588
Profit from operating activities	684,866,421	836,613,233	1,053,078,090	692,512,518	1,114,524,093	1,045,035,975	670,724,834	481,609,454	397,057,721	281,127,901
Net Finance Cost	(40,374,552)	(85,938,272)	(111,816,410)	(106,198,342)	(83,023,258)	(40,110,597)	(30,818,974)	(36,489,142)	(26,267,924)	(22,958,649)
Profit before taxation	644,491,868	750,674,961	941,261,680	586,314,176	1,031,500,835	1,004,925,378	639,905,861	445,120,312	370,789,797	258,169,252
Tax expenses	(44,054,405)	(43,624,797)	(60,291,578)	48,463,543	(129,198,152)	(155,865,854)	(98,273,619)	(54,222,352)	(28,242,704)	(34,959,339)
Profit for the year	600,437,463	707,050,164	880,970,102	634,777,719	902,302,683	849,059,524	541,632,242	390,897,961	342,547,093	223,209,913
<b>Balance Sheet</b>										
<b>Assets</b>										
Property, plant and equipment	1,530,699,457	1,435,361,574	1,487,443,551	1,316,298,723	1,084,679,458	875,595,866	598,750,044	459,713,230	484,726,481	358,411,422
Intangible assets	22,480,109	24,156,939	23,873,057	20,344,464	80,529,287	58,492,610	1,550,552	1,571,052	3,133,518	3,879,482
Consumable Biological Assets	58,120,344	49,241,160	33,822,114	26,368,238	16,217,483	7,893,750	7,500,000	7,500,000	5,625,000	7,500,000
Right of Use Asset	25,520,797	44,390,742								
Other Investment	2,500,000	2,467,248	19,684,448	14,588,000	14,588,000	-	-	-	-	-
Investment Properties	142,421,669	137,235,239	135,235,239	-	-	-	-	-	-	-
Deferred tax asset	-	-	-	6,133,016	25,919,758	15,527,397	847,395	988,101	-	-
Current assets	5,276,049,175	5,463,814,489	5,293,241,644	4,851,821,885	4,471,071,098	3,367,120,429	2,478,369,884	2,106,372,795	1,495,409,445	1,057,894,618
<b>Total Assets</b>	7,057,791,551	7,156,667,391	6,993,300,053	6,235,554,327	5,693,005,084	4,324,630,052	3,087,017,875	2,575,157,077	1,988,894,444	1,428,673,623
<b>Equity and liabilities</b>										
Share capital	918,770,013	918,770,013	918,770,013	918,770,013	918,770,013	628,770,000	628,770,000	628,770,000	10,900,100	10,900,100
Retained earnings	4,451,031,491	4,073,144,201	3,674,269,393	2,937,989,797	2,454,670,452	1,838,256,696	1,200,909,270	860,592,113	877,276,020	556,077,180
Non Controlling Interest	(4,369,381)	(6,089,990)	(1,103,326)	(2,006,627)	3,252,293	(593,568)	-	-	-	-
Reserves	(24,866,701)	(23,849,583)	(24,298,241)	(24,189,450)	4,290,285	-	-	-	-	-
Long Term Finance lease obligation	20,051,973	29,178,971	-	-	1,127,201	1,977,070	3,072,793	2,589,179	4,505,216	10,929,116
Employee benefits	57,308,540	46,338,309	36,306,416	33,556,928	24,328,246	24,257,631	23,019,385	16,624,393	14,658,069	11,920,418
Long term loans and borrowings	19,147,649	7,321,875	62,332,065	232,205,387	229,751,949	115,136,000	5,666,680	12,376,448	24,215,162	-
Deferred tax liability	-	19,182,904	19,170,797	-	-	-	4,644,867	1,498,163	2,435,183	-
Current liabilities	1,620,717,967	2,092,670,691	2,307,852,936	2,139,228,279	2,056,814,646	1,716,826,223	1,220,934,880	1,052,706,781	1,054,904,693	838,846,809
<b>Total Equity and liabilities</b>	7,057,791,551	7,156,667,391	6,993,300,053	6,235,554,327	5,693,005,084	4,324,630,052	3,087,017,875	2,575,157,077	1,988,894,443	1,428,673,623
<b>Ratios</b>										
NP Ratio (%)	11%	11%	13%	12%	16%	17%	18%	15%	17%	16%
Return On Equity (%)	12%	15%	21%	18%	31%	40%	33%	33%	47%	49%
Return on Total Assets (%)	10%	12%	16%	12%	22%	28%	24%	21%	23%	26%
Current Ratio (Times)	3.26	2.61	2.29	2.27	2.17	1.96	2.03	2	1.42	1.26
Quick Ratio (Times)	2.29	1.76	1.67	1.51	1.48	1.52	1.45	1.23	1.09	1.01

# OUR PRESENCE

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# GRI INDEX

General disclosure : Core option				Reference
<b>Organizational profile</b>				
GRI 102	General Disclosures	102-1	Name of the organization	3
GRI 102	General Disclosures	102-2	Activities, brands, products and services	4
GRI 102	General Disclosures	102-3	Location of headquarters	93
GRI 102	General Disclosures	102-4	Location of operations	93
GRI 102	General Disclosures	102-5	Ownership and legal form	93
GRI 102	General Disclosures	102-6	Markets served	5
GRI 102	General Disclosures	102-7	Scale of the organization	16,17
GRI 102	General Disclosures	102-8	Information on employees and other workers	57
GRI 102	General Disclosures	102-9	Supply chain	68
GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	3
GRI 102	General Disclosures	102-11	Precautionary principle or approach	72
GRI 102	General Disclosures	102-12	External initiatives	5
GRI 102	General Disclosures	102-13	Membership of associations	-
<b>Strategy</b>				
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	22
<b>Ethics and integrity</b>				
GRI 102	General Disclosures	102-16	Values, principles, standards and norms of behavior	36
<b>Governance</b>				
GRI 102	General Disclosures	102-18	Governance structure	37
<b>Stakeholder engagement</b>				
GRI 102	General Disclosures	102-40	List of stakeholder groups	30
GRI 102	General Disclosures	102-41	Collective bargaining agreements	N/A
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	30
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	30
GRI 102	General Disclosures	102-44	Key topics and concerns raised	30
<b>Reporting practice</b>				
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	93
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	31
GRI 102	General Disclosures	102-47	List of material topics	31
GRI 102	General Disclosures	102-48	Restatements of information	5
GRI 102	General Disclosures	102-49	Changes in reporting	5
GRI 102	General Disclosures	102-50	Reporting period	5
GRI 102	General Disclosures	102-51	Date of most recent report	5
GRI 102	General Disclosures	102-52	Reporting cycle	5
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	5
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI standards	5
GRI 102	General Disclosures	102-55	GRI content index	-
GRI 102	General Disclosures	102-56	External assurance	5

# GRI INDEX

General disclosure : Core option				Reference
<b>Economic</b>				
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	69
GRI 201	Economic Performance	201-3	Defined benefit plan obligations and other retirement plans	103
GRI 204	Procurement Practices	204-1	Proportion of spending on local suppliers	68
<b>Environmental Topics</b>				
GRI 301	Materials	301-1	Materials used by weight or volume	73
GRI 301	Materials	301-2	Recycled input materials used	73
GRI 302	Energy	302-1	Energy consumption within the organization	74
GRI 302	Energy	302-2	Energy consumption outside of the organization	74
GRI 302	Energy	302-3	Energy intensity	74
GRI 303	Water	303-2	Water sources significantly affected by withdrawal of water	73
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	74
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	74
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	74
GRI 305	Emissions	305-4	GHG emissions intensity	74
GRI 305	Emissions	305-5	Reduction of GHG emissions	74
GRI 305	Emissions	305-6	Emissions of ozone-depleting substances (ODS)	n/a
GRI 306	Effluents and Waste	306-1	Water discharge by quality and destination	73
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	73
GRI 306	Effluents and Waste	306-5	Water bodies affected by water discharges and/or run-off	n/a
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	n/a
<b>Social</b>				
GRI 401	Employment	401-1	New employee hires and employee turnover by age, gender and region	58
GRI 401	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	59
GRI 401	Employment	401-3	Parental leave	n/a
GRI 403	Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	59
GRI 403	Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	59
GRI 403	Occupational Health and Safety	403-3	Workers with high incidence or high risk of diseases related to their occupation	59
GRI 404	Training and Education	404-1	Average hours of training per year per employee by gender and category	59
GRI 404	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	59

General disclosure : Core option				Reference
GRI 404	Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	59
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	38
GRI 405	Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	59
GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments and development programs	68
GRI 416	Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	67
GRI 416	Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	67
GRI 417	Marketing and Labeling	417-1	Requirements for product and service information and labeling	67
GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	67



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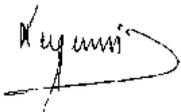


# NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 8th Annual General Meeting of JAT Holding Limited will be held at the Main Board Room of JAT Holdings Limited, No 351, Pannipitiya Road, Thalawathugoda on 30th June 2021 at 3.00pm to transact the following business.

1. To read the notice convening the meeting.
2. To receive and adopt the Annual Report of the Board of Directors and Audited Financial Statements for the year ended 31st March 2021 and the report of the Auditors thereon.
3. To re-elect Mrs. Joyce Gunawardene (Director), who retires by rotation in terms of Article 88 (i) at the Annual General Meeting as a Director.
4. To re-elect Mr. Hussain Akbarally (Director), who retires by rotation in terms of Article 88 (i) at the Annual General Meeting as a Director.
5. To re-appoint M/S Ernst and Young Chartered Accountants as the Company's External Auditors for the ensuing year.
6. To authorize the Board of Directors to determine the remuneration of the Auditors.
7. To authorize the Board of Directors to determine contributions for charities and other purposes for the ensuing year.
8. To transact any other business of which due notice has been given.

By order of the Board



**N. I. D. Corporate Services (Private) Limited**  
Company Secretaries

24 May 2021

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**Note:**

1. A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
2. A proxy need not be a member of the Company.
3. A form of proxy is enclosed for this purpose.
4. The completed form of proxy should be deposited at the registered office of the Company,  
No. 351, Pannipitiya Road, Thalawathugoda not less than 24 hours before the time appointed for holding the Meeting.

# FORM OF PROXY

I/We\* (in block letters) .....  
of ..... being a Shareholder/Shareholders of JAT HOLDINGS LIMITED, hereby  
appoint .....  
of.....  
whom failing DR. SIVAKUMAR SELLIAH whom failing MR. AELIAN WINSTON GUNAWARDENE whom failing MRS. JOYCELYN GUNAWARDENE whom failing  
MR. HUSSAIN AKBARALLY whom failing MR. GIRISH RAMANAGOWDA PATIL whom failing MR. DEVAKA COORAY whom failing MRS. PRIYANTHI PIERIS whom  
failing MRS. ANIKA NIRANJALIE WILLIAMSON whom failing MR. RICHARD WINSTON GUNAWARDENE as my/our proxy to represent me/us and to vote on my/our  
behalf at the EIGHTH ANNUAL GENERAL MEETING of the Company to be held on 30 June 2021 and any adjournment thereof, and at every poll which may be taken  
in consequence thereof to vote:-

		In favour	Against
1	To receive and adopt the Annual Report of the Board of Directors and Audited Financial Statements for the year ended 31st March 2021 and the report of the Auditors thereon	<input type="radio"/>	<input type="radio"/>
2	To re-elect Mrs. Joyce Gunawardene (Director), who retires by rotation in terms of Article 88 (i) at the Annual General Meeting as a Director	<input type="radio"/>	<input type="radio"/>
3	To re-elect Mr. Hussain Akbarally (Director), who retires by rotation in terms of Article 88 (i) at the Annual General Meeting as a Director	<input type="radio"/>	<input type="radio"/>
4	To re appoint M/S Ernst and Young Chartered Accountants as the Company's external Auditors for the ensuing year	<input type="radio"/>	<input type="radio"/>
5	To authorize the Board of Directors to determine the remuneration of the Auditors	<input type="radio"/>	<input type="radio"/>
6	To authorize the Board of Directors to determine contributions for charities and other purposes for the ensuing year	<input type="radio"/>	<input type="radio"/>
7	To transact any other business of which due notice has been given	<input type="radio"/>	<input type="radio"/>

Signed this ..... day of ..... 2021.

.....  
Signature of Shareholder

-----  
**Notes:**

- (i) Please delete the inappropriate words.
- (ii) A proxy need not be a Shareholder of the Company.
- (iii) Instructions as to completion appear on the reverse of this form.

### **Instructions as to Completion of Proxy**

The instrument appointing a proxy shall in the case of an individual be signed by the appointor or by his/her attorney.

In the case of a Company/Corporation, the proxy must be under its Company Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.

In the case of a proxy signed by an Attorney, the Power of Attorney must be deposited at the Registered Office for registration, if such Power of Attorney has not been registered with the Company.

The full name and address of the proxy and of the shareholder appointing the proxy should be entered legibly in the Form of Proxy.

Please indicate with an "X" in the space provided how your proxy is to vote on each resolution. If no indication is given the proxy at his/her discretion will vote as he/she thinks fit.

To be valid this Form of Proxy must be deposited at the registered office of the Company No. 351, Pannipitiya Road, Thalawathugoda no later than not less than 48 hours before the time appointed for holding the Meeting.

# SHAREHOLDER FEEDBACK FORM

It is the endeavour of the JAT Holdings Limited to ensure maximum satisfaction of its shareholders. In order to enable us to continually improve upon the quality of services provided, we try to seek your feedback on the level of satisfaction derived by you on the basis of your interaction with us. Your feedback will help us in further improvement of our services to match your expectations.

Please direct all feedback to the Company Secretary by filling this form.

Company Secretaries,  
N. I. D. Corporate Services (Pvt) Ltd,  
No. 15/3C, 9th Lane, Ethul Kotte.

Kindly rate our services on various parameters by ticking any one box in each row:

## Timely receipt of

	Outstanding	Very Good	Good	Poor
Annual Reports				
Dividend				
Other documents/Correspondence				

## Quality and Contents of Annual Report

	Outstanding	Very Good	Good	Poor
Report on Corporate Governance				
Management Discussion and Analysis				
Balance Sheet, Profit and Loss Account and other financial statements.				

## Dissemination of information about the Company

	Outstanding	Very Good	Good	Poor
Through shareholder communication				
Through Annual Reports				
Through newspapers/ Press				
Through our website <a href="http://www.jatholdings.com">www.jatholdings.com</a>				
Through e – mails (If we have your email)				

	Outstanding	Very Good	Good	Poor
Overall Quality				

Comments/Suggestions/Remarks



# Corporate Information

## Company Name

JAT Holdings Limited

## Legal Form

The Company was incorporated in Sri Lanka on 1st July 1993 as a Private Limited liability Company under the Company's Act No. 17 of 1982 and reregistered under the Company's Act No. 7 of 2007 thereafter the Company changed its status to Limited Company on 23rd March 2021

## Registered No

Old – PV 8743

New – PB 00237072

## Registered Office

No. 351, Pannipitiya Road, Thalawathugoda, Sri Lanka

Phone: +94 11 - 4407700

Fax: +94 11 - 2773793

Email: [info@jatholdings.com](mailto:info@jatholdings.com)

Website: [www.jatholdings.com](http://www.jatholdings.com)

## Board of Directors

Dr. Sivakumar Selliah – Chairman

Mr. Aelian Gunawardene – Managing Director

Mrs. Joycelyn Gunawardene

Mr. Hussain Akbarally

Mr. Girish Patil

Mr. Richard Gunawardene

Mrs. Anika Williamson

Mr. Devaka Cooray

Mrs. Priyanthi Pieris

## Audit & Risk Management Committee

Mr. Deveka Cooray – Chairman

Dr. Sivakumar Selliah

Mr. Girish Patil

## HR & Remuneration Committee

Dr. Sivakumar Selliah – Chairman

Mrs. Priyanthi Pieris

## Related Party Transaction Review Committee

Mr. Girish Patil – Chairman

Dr. Sivakumar Selliah

## Investment Committee

Mr. Hussain Akbarally – Chairman

Mr. Devaka Cooray

Mr. Girish Patil

Mrs. Anika Williamson

## Bankers

The Commercial Bank of Ceylon PLC

Hatton National Bank PLC

DFCC Bank PLC

National Development Bank PLC

Standard Chartered Bank

Peoples' Bank

Sampath Bank PLC

The Hongkong and Shanghai Banking Corporation Ltd

National Savings Bank

## Auditors

Ernst & Young Chartered Accountants, Sri Lanka

201, De Saram Place, Colombo 10

## Secretaries

N. I. D. Corporate Services (Pvt) Ltd

No. 18/49A, 1/2, Circular Road B, Muhandiram E. D. Dabare Mawatha, Colombo 5

This Annual Report is conceptualised, designed and produced by Redworks.



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