

PERFECT BALANCE

At JAT Holdings, we are heralding an era of growth and transformation, reflecting on a core principle that has kept us sustainable through the years; A Balanced Approach to Business. Balancing creativity with practicality, and innovation with tradition, we have marched forward serving the aspirations of our people, customers, suppliers, stakeholders and our nation at large.

Even as we navigated unprecedented challenges during this operating year, our commitment to delivering meaningful value allowed us to grow beyond boundaries, with good governance and clear conscience at heart. As we look to the future, we will continue to serve to our finest capacity, balancing the growth ambitions of the Company, the development of our people and the demands of an ever-evolving world.

Here at JAT, we achieve the perfect balance of success and sustainable progress.



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OVERVIEW

OUR APPROACH TO REPORTING

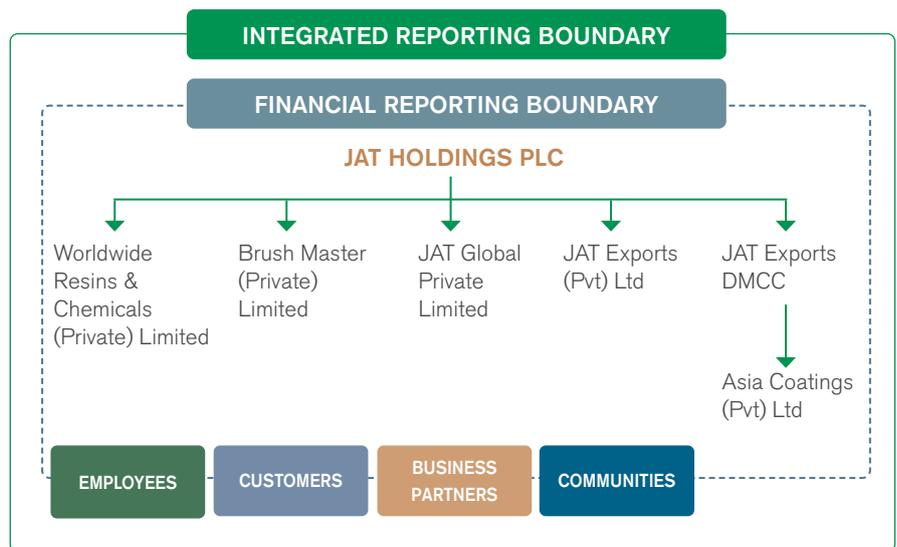


We are pleased to present the 6th Integrated Annual Report of JAT Holdings PLC, which gives our stakeholders a clear and fair picture of wealth generation over the short, medium, and long term. This covers the Group's strategy, accomplishments, operational environment, corporate governance, and risk management procedures from 1st April 2022 to 31st March 2023. All the significant information presented in this report has been approved by the Board as of 6th June 2023. This report conveys to the Group's stakeholders the stability and strength of the organisation while maintaining the appropriate balance between finances and sustainability.

WHEN REPORTING WE HAVE COMPLETED THE FOLLOWING:

- Enhanced disclosures of the Group's strategic agenda
- Early adoption of the new GRI Standards (2021)
- Adoption of the Integrated Reporting Framework
- Adoption of the Gender Parity Reporting Framework of CA Sri Lanka
- Increased use of connected performance drivers showcasing connectivity between financial and non-financial performance

REPORTING BOUNDARY



With the adoption of a reporting cycle for the time period from 1st April 2022 to 31st March 2023, this report covers the operations of JAT Holdings PLC and its 5 subsidiaries and 1 sub-subsidiary (collectively referred to as "the Group"). Except where otherwise noted, the financial data contained in this report is consolidated data. The scope of the Integrated Report encompasses more extensive elements and connections that are inherent in the value the Group creates.

There were no significant alterations to the Group's organisational structure, size, or supply chain during the fiscal year 2022/23.

The reporting boundary remains unchanged compared to the previous year and there are no major restatements of information provided in previous reports.

MATERIALITY

We conducted our materiality assessment under the following areas, focusing on the methodology for identifying material issues, which allowed the Group to identify its business, social, environmental, and external issues. Page 48 of this report has more details on identifying material concerns.

DETERMINING MATERIALITY

Our Operating Environment	PAGE 42
Stakeholder Relationships	PAGE 45
Strategic Aspirations	PAGE 51
Opportunities and Risks	PAGE 105

OUR REPORTING STANDARDS AND CONCEPTS

The following describes the guiding concepts, laws, codes, and Acts used for financial and narrative reporting.

FINANCIAL REPORTING	NARRATIVE REPORTING	SUSTAINABILITY REPORTING	CORPORATE GOVERNANCE	GENDER REPORTING
<ul style="list-style-type: none"> Sri Lanka Financial Reporting Standards Sri Lanka Accounting Standards 	<ul style="list-style-type: none"> Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) 	<ul style="list-style-type: none"> GRI Standards (2021) 	<ul style="list-style-type: none"> Companies Act NO. 7 of 2007 Listing Requirements of the Colombo Stock Exchange Code of Best Practice on Corporate Governance Issued by the Institute of Chartered Accountants of Sri Lanka (2017) 	<ul style="list-style-type: none"> Gender Parity Reporting Framework issued by the Institute of Chartered Accountants of Sri Lanka

ASSURANCE

FINANCIAL REPORTING	NARRATIVE REPORTING	SUSTAINABILITY REPORTING
The financial statements have received external assurance from Messrs. Ernst & Young Chartered Accountants, Sri Lanka.	External assurance on the Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) is provided by Messrs. Ernst & Young Chartered Accountants, Sri Lanka.	Report has been prepared in accordance with the GRI Standards 2021, with external assurance obtained from Messrs. Ernst & Young Chartered Accountants, Sri Lanka.

STATEMENT OF RESPONSIBILITY

The integrity of this Annual Report is ultimately up to the Board of Directors of JAT Holdings PLC. We now reaffirm that the 2022/23 report fully covers all material issues and accurately portrays the Group's overall performance. We also reaffirm that the Report was created in accordance with the recommendations included in the International Integrated Reporting Council's Integrated Reporting Framework.

NAVIGATING THIS REPORT

CAPITALS	STRATEGIC PRIORITIES	OUR STAKEHOLDERS
<ul style="list-style-type: none"> FINANCIAL CAPITAL MANUFACTURED CAPITAL HUMAN CAPITAL INTELLECTUAL CAPITAL SOCIAL AND RELATIONSHIP CAPITAL NATURAL CAPITAL 	<ul style="list-style-type: none"> PROFITABLE GROWTH INNOVATION OPERATIONAL EXCELLENCE PEOPLE AND PARTNERSHIP SUSTAINABILITY DIGITALIZATION 	<ul style="list-style-type: none"> SHAREHOLDERS EMPLOYEES CUSTOMERS BUSINESS PARTNERS GOVERNMENT AND REGULATORY BODIES COMMUNITIES

FEEDBACK

We appreciate your feedback because it helps us to continually improve our reports. Please send your thoughts to us:

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

JAT HOLDINGS PLC
 Annual Report 2022/23

PRINT
 Available on request

ONLINE
 Available as PDF



OVERVIEW
ABOUT US



JAT entered the finishing and furnishing industry in 1993 and has been a key contender in the wood coatings, decorative paints, brushes, and luxury kitchen business verticals in Sri Lanka and South Asia. Driving innovation, superior product quality, and customer satisfaction, JAT has become the trusted name for wood coating solutions, decorative paints, brushes, and paint-related chemicals through the expansion and diversification of its operations due to its employees' commitment, motivation, and talent.

JAT is the exclusive distributor for world-renowned brands such as Sayerlack wood coatings, Harris Brushes, Herman Miller office furniture, Knauf ceilings, and SEA kitchens including a range of home-grown brands, such as JChem solvent-based paints, WHITE by JAT brilliant white emulsion paint, WALLZ range of emulsion paints and Brush Master brushes, cementing JAT's dominance in the finishing and furnishing industry.

Delivering on its key IPO promise, JAT inaugurated its own ultramodern end-to-end manufacturing facility in Bangladesh as well as the state-of-the-art Research and Development Centre.

JAT Holdings has earned recognition as a 'Great Place to Work' for being a Company which fervently supports its employees in achieving both professional and personal goals.

VISION

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

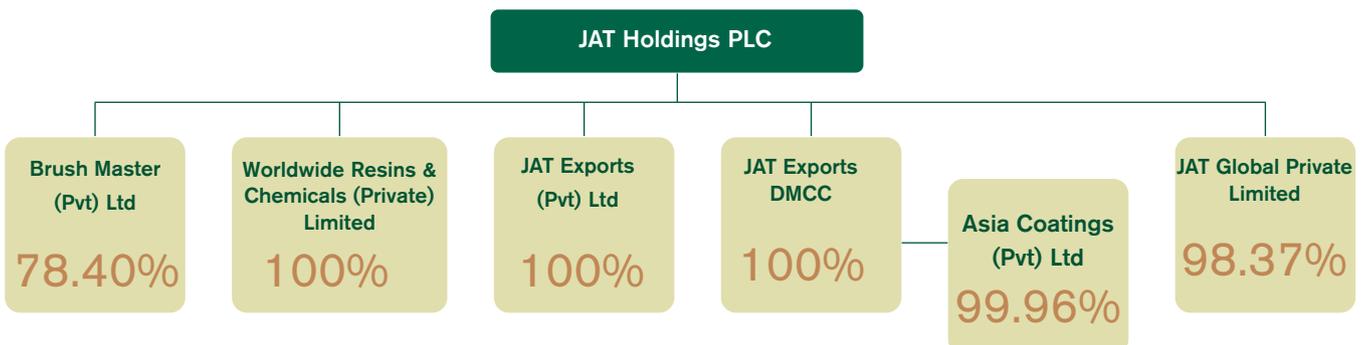
MISSION

We are committed to building long-term relationships based on integrity, performance, value and exceeding customer satisfaction. We will continue to meet the changing needs of our clients with our highest quality and innovative solutions delivered by the most qualified people. We are more than a conglomerate. We are a dedicated team striving to bring growth to our community, helping to maintain existing businesses and assisting our clients in making their dreams a reality.

VALUES

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

Structure of JAT Group



Key Business Lines

WOOD COATING SOLUTIONS

DECORATIVE PAINT AND OTHER ACCESSORIES

FURNISHING SOLUTIONS AND PROJECTS

OTHERS

Brands

Our brands are a popular choice in both local and international markets due to their unparalleled superior quality.



Our Presence

After establishing the island-wide presence, JAT ensured its geographical footprint in Bangladesh, India, Maldives and Seychelles regional markets. The Group has also embarked on its operations in the African region, with continuous growth in countries including Ghana, Kenya, and Uganda.



THE YEAR IN REVIEW

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PERFECT
ACHIEVEMENT

THE YEAR IN REVIEW

PERFORMANCE HIGHLIGHTS

TOTAL ASSETS	TOTAL EQUITY	OPERATING PROFIT	MARKET CAPITALISATION
Rs. 13,009 Mn	Rs. 8,628 Mn	Rs. 1,949 Mn	Rs. 8.2 Bn
(+13%)	(+11%)	(+64%)	(+1%)



Year Ended 31 March		2022/23	2021/22	Y-o-y change (%)
Profitable Growth				
Revenue	Rs. Mn	10,167	8,897	14%
Gross Profits	Rs. Mn	3,424	2,603	32%
Operating Profit	Rs. Mn	1,949	1,186	64%
Profit Before Tax	Rs. Mn	1,486	1,258	18%
Profit After Tax	Rs. Mn	1,301	1,211	7%
GP margin	%	33.7%	29.3%	15.1%
GP Increase	Rs. Mn	820	959	-14%
Return on Assets	%	10.0%	10.5%	-4.6%
Return on Equity	%	15.1%	15.7%	-3.6%
Financial Stability				
Total Assets	Rs. Mn	13,009	11,544	13%
Total Liabilities	Rs. Mn	4,381	3,797	15%
Total Equity	Rs. Mn	8,628	7,747	11%
Shareholders' Funds	Rs. Mn	8,642	7,755	11%
Non-Controlling Interest	Rs. Mn	(14)	(8)	-73%
Total Debt	Rs. Mn	1,615	1,289	25%
Net Debt	Rs. Mn	423	(418)	-201%
Gearing Ratio	%	15.7%	14.3%	10%
Net Debt (Cash)/Equity	Times	0.05	(0.05)	-205%
Debt/Total Assets	Times	0.12	0.11	12.9%
Working Capital Management				
Current Ratio	Times	2.37	2.60	-9%
Liquidity Ratio	Times	1.54	1.99	-23%
Inventory Days	Days	156	111	41%
Debtor Days	Days	152	153	-1%
Creditor Days	Days	87	68	27%
Shareholder Information				
Earnings per Share	Rs.	2.56	2.47	4%
Dividends per Share	Rs.	0.83	0.82	1%
Net Assets per Share	Rs.	16.93	15.19	11%
No. of Shares in Issue	No.	510,407,773	510,407,773	0%
Closing Price	Rs.	16.0	15.9	1%
Market Capitalisation				
	Rs.	8,166,524,368	8,115,483,591	1%
P/E Ratio	Times	6.3	6.4	-2%
Dividend Payout	%	32%	33%	-2%
Dividend Cover	Times	3.08	3.00	3%
Dividend Yield	%	5.2%	5.0%	3.8%

Year Ended 31 March			2022/23	2021/22	Y-o-y change (%)
 Manufactured Capital	Manufacturing Facilities	No.	2	1	100%
	Property, Plant, and Equipment	Rs. Mn	1,979	1,668	19%
	Capital Expenditure	Rs. Mn	447	265	66%
	Efficiency Ratio	%	85%	85%	0%
 Human Capital	Total Employees	No.	391	386	1%
	Payments to Employees	Rs. Mn	822	745	10%
	Remuneration per Employee	Rs. Mn	2.10	2	5%
	Female Representation	%	21%	21%	0%
	Employee Retention Rate	%	87%	79%	10%
	Promotions	No.	34	35	-3%
	Investment in Training	Rs. Mn	3.3	4.4	-24%
	Total Training Hours	Hours	8,656	8,573	1%
	Average Training Hours/Employee	Hours	22	22	0%
	Workplace Injuries	No.	6	10	-40%
 Intellectual Capital	Investment in R&D	Rs. Mn	159	36.5	335%
	New Products Launched	No.	3	3	0%
	Products in Pipeline	No.	9	3	200%
	Strength of R&D Team	No.	15	11	36%
	Brand Awards	No.	7	7	0%
 Social and Relationship Capital	Payments to Suppliers	Rs. Mn	7,433	5,944	25%
	Total Suppliers	No.	1,509	1,349	12%
	Investment in CSR	Rs. Mn	0.36	1.3	-72%
 Natural Capital	Energy Consumption	MJ	2,291,862	2,519,873	-9%
	Renewable Energy Generation	kWh	200,616	262,395	-24%
	Water Consumption	m3	8,004	9,293	-14%
	Solid Waste Generation Disposed	kg	36,925	59,370	-38%
	Carbon Footprint	tCO2e	4,258	4,813	-12%

THE YEAR IN REVIEW
OPERATIONAL HIGHLIGHTS

LOCAL MARKET POSITION

Sustained market leader position for over 25 years in wood care and current market leader with a 57% market share



MARKET SHARE

57%

Exclusive franchisee for manufacturing and distribution of world-renowned Harris Brushes. Market leader in Brushes with 31% market share



MARKET SHARE

31%

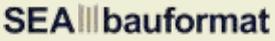
WHITE by JAT acquired a market share of 7% within the first year of launch and it created the highest brand awareness within the first two years of its launch



MARKET SHARE

7%

JAT is a dominant player in the luxury kitchens segment with the brand SEA Bauformat



DELIVERING IPO PROMISE



Establishment of the new state-of-the-art R&D centre at SLINTEC



Commencing of manufacturing in Bangladesh

OUR CUSTOMERS



NEW PRODUCTS

03



CUSTOMER CONTACT POINTS

6500+

OUR RELATIONSHIPS

PRINCIPAL RELATIONSHIPS

15+
DEALERS

6,000+
DISTRIBUTORS

28
LOYALTY BASE

144,000+

OUR PEOPLE PROPOSITION

PAYMENTS TO EMPLOYEES

Rs. 822 Mn

INVESTMENT IN TRAINING

Rs. 3.33 Mn

TRAINING HOURS

8,656

RETENTION RATE

87%

MAJOR INJURIES

Zero

FEMALE REPRESENTATION

21%

BRAND IDENTITY

AWARDS AND CERTIFICATIONS FOR THE YEAR

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BRANDS

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OUR PLANET

CARBON FOOTPRINT

-12%

WASTE RECYCLED

34,538kg

THE YEAR IN REVIEW

MILESTONES AND KEY EVENTS

Apr-22

Masters All-in-One product launch to Maldives market

'Masters All in One', a ready-to-use wood coating brand by JAT, recently launched their product range in the Maldives. It is specifically formulated for tropical climates and for application on wooden decking. Wood coating products are a crucial exterior application across the market as it provides a long-term finish while protecting the wood from UV rays, rain, sea breeze, salt spray, high temperature, and harsh weather conditions, as are commonplace with coastal/island living.



'JAT Excellencia 2022'

All employees of JAT served as 'true warriors in the new normal' to ensure business continuity and product availability even during lockdowns. The company took many bold strides during what could be described as a tumultuous year all with the determination, commitment and support of all employees. A total of 50 awards were presented across all levels of the company based on performance and for upholding the company values of JAT. As the most valued asset of the company, employee satisfaction and well-being is a top priority at JAT.



May-22

JAT concludes successful Blood Donation drive

Under the vision of transforming communities through the upliftment of health and wellness of the Sri Lankan community, JAT concluded a successful blood donation drive organised by the Human Resources and Sustainability Department.



Jun-22

MoU with HDFC Bank to empower wood craftsmen and professional painters

The 'JAT Pintharoo-Shilpee Abhiman' programme, conducted in partnership with NAITA, allows aspiring woodcraftsmen and professional painters to participate and obtain an NVQ Level 3 Certification on the correct and professional methods used for painting; with all expenses borne by JAT. JAT's collaboration with HDFC Bank will further expand the programme's offering, allowing its participants to obtain credit facilities for work-related matters and receive financial awareness education training from bank representatives, which will further improve their business acumen and skills.



THE YEAR IN REVIEW

MILESTONES AND KEY EVENTS

Aug-22

Opening of the state-of-the-art Research & Development centre at SLINTEC

JAT commenced operations of the R&D centre with the main intention of new product development and value engineering of product formulations. We understand that, in the future, our strength will come from new product development and this new facility will enable us to devote the necessary resources towards that objective.



Oct-22

JAT 'Pintharu Shilpee Abhiman' Convocation

Launched by JAT Holdings PLC in partnership with the National Apprentice Industrial Training Authority (NAITA). Under this programme, NAITA has provided 100+ painters/woodcraftsmen, identified by JAT Holdings, with an NVQ Level 3 Wood Craftsman (Wood Finisher) Certification, upon the successful completion of an examination conducted by NAITA. This is the first such collaboration of this nature to offer certification for highly-skilled individuals, and is a milestone, not just for JAT Holdings, but for the industry as a whole.



Launch of 'Leadership Cogwheel' in line with 'JAT Winning Culture'

Further accelerating its progress as a high-performing organisation and inculcating its company values, the launch of the JAT 'Leadership Cogwheel' programme is one of many initiatives which are designed to create a transformative winning culture within the company and achieve excellence in all aspects of its business.



Nov-22

Launch of www.ergonomicsbyjat.com website

JAT Holdings PLC launched www.ergonomicsbyjat.com ecommerce site for its range of ergonomic office furniture, Herman Miller and Colan offering convenience, increased product availability and presence, reaching new customers, and enhancing the overall brand reputation.



Nov-22

Launch of the JAT furnishing digital manual for the sales team

A digital manual was introduced for the JAT Furnishing team as a sales tool aimed at equipping the sales team with extensive product knowledge and additional resources to enhance their efficiency and effectiveness in selling JAT products.



Outbound Training

As an extension of its Leadership Cogwheel Programme launched recently, employees of JAT participated in an Outbound Training programme. Conducted in collaboration with Che Adventure Park, the programme offered experiential learning conditions for the participants through a series of outdoor and adventure activities. Employees were encouraged to unleash their potential and work in synergy with their teams as they participated in the Outbound Training programme. The training offered experiential learning conditions for the participants through a series of outdoor and adventure activities.



Launch of Cutting-Edge Manufacturing Facility in Bangladesh

Fulfilling its IPO objective and keeping its pledge to investors, JAT recently unveiled and commissioned into operation an end-to-end manufacturing, warehousing and laboratory facility in Bangladesh.



Intercropping cultivation with existing Sandalwood Plantation in Meegahakiula

This project created direct and indirect job opportunities, where the labour force required for agricultural activities was recruited from the local community, uplifting the revenue sources of the local people. The crops harvested from the cultivation was distributed among the employees in need as part of employee wellbeing programme.



THE YEAR IN REVIEW

MILESTONES AND KEY EVENTS

Jan-23

JAT ESG Forum 2023

JAT hosted the 'JAT ESG Forum 2023' at its head office auditorium, marking another milestone of JAT's journey being chemically-conscious towards humankind and the environment. The knowledge-sharing session covering environmental, social and governance (ESG) frameworks and practices brought together sustainability experts from leading business organisations in Sri Lanka.



Sponsorship for 'Trends in Treatment of Wood, and Wood-Based Products for the Construction Industry of Sri Lanka'

The Chamber of Construction Industry of Sri Lanka hosted a seminar on 'Trends in Treatment of Wood and Wood-Based Products for the Construction Industry of Sri Lanka'. As a company that is committed to sustainable and innovative construction practices, JAT was proud to sponsor this event.



Feb-23

Sponsorship for Architect-Global Wood Coating Trends

The highlight of this event was an extensive presentation on Global Wood Finishes by Aelian Gunawardene, the Founder and Managing Director of JAT. The presentation touched on the importance of choosing the right finish for varied products manufactured in wood, and highlighted the importance of enhancing the beauty of wooden substrates and protecting it in an environmentally-sustainable manner.



'Wine and Cheese' with Investors

JAT recently held a social event amongst its investors and Directors. The purpose of this event was to provide an opportunity for the investors to mingle and network with the JAT team.



Mar-23

Introduction of 8 Year Colour Guard technology for 'WHITE by JAT'

For the first time in Sri Lanka, WHITE by JAT introduced an enhanced Colour-Guard Technology, providing an unprecedented 8-year guarantee on its coating. Traditional white paint often fades and discolours, requiring frequent and costly recoating every 2-3 years. However, with WHITE by JAT's Colour-Guard Technology, the whiteness of the walls remains intact for a remarkable 8-year period. This has been tested and proven through rigorous laboratory tests, demonstrating that walls coated with WHITE by JAT show no signs of colour fading, cracking, or chalking. This exceptional performance makes WHITE by JAT's Interior & Exterior brilliant white emulsion a certified and approved product that can endure for up to 8 years.



Introduction of brand new brilliant white paint 'WALLZ'

Adding yet another ground-breaking product to its portfolio, the launch of 'WALLZ' has reaffirmed JAT Holdings as an innovative organisation in Sri Lanka, which always seeks to provide the best quality products to its customers. The product is a value for money product mainly targeted at home-owners or companies that wish to colour-wash their newly-built premises or restore the colour of their existing walls.



JAT Partners' Night

JAT held the 'JAT Partners Night' at the JAT Auditorium where 80 industrial customers were invited to strengthen its relationships with its partners, which in turn, led to increased collaboration and improved outcomes for both the company and its stakeholders.



JAT Lean Practitioner Green Belt program

JAT carried out its 1st batch of JAT Lean Practitioner - Green Belt training program in partnership with ICEES – Innovation Centre for Enterprise Excellence Solution (Partner institute of the Centre for Lean Excellence, Singapore) as part of the company long run development plan. The training Programs were meticulously designed to equip our team with the skills, knowledge, and mindset needed to drive sustainable improvement and create a culture of excellence within the organisation.



Internship program

JAT internship program is designed to offer real-world experiences and mentorship opportunities that will set up our talented graduates for success. JAT provides them the opportunity to gain invaluable skills to invest in their career while working alongside Industry experts. JAT believes that every expert was once a beginner, hence as an equal opportunity employer, guides and upskills each and every one of the interns to advance in their careers.



THE YEAR IN REVIEW
AWARDS



CNCI Achiever Awards 2022
National Merit – Extra-large category in manufacturing sector



SLIM DIGIS Awards 2022
Silver award – Best use of technology in marketing



SLIM Brand Excellence 2022
Global Brand of the year – Gold award for Harris Brushes and Rollers



TAGS Awards 2022 by CA Sri Lanka
Gold Award – Emerging Listed Companies category



TAGS Awards 2022 by CA Sri Lanka
Silver Award – Trading Companies category



South Asian Business Excellence 2022
Best Paint and Coating Manufacturer of the year – Large category



South Asian Business Excellence 2022
Best Paint and Coating Exporter of the year – Large category



FITIS Digital Excellence Awards 2023
Bronze award winner for use of data and insights



Effie Sri Lanka 2022
Marketing Disruptors Award – Mr. White: The Paint Software That Took on Paint Hardware



LMD
JAT was ranked among the Top 100 Most Respected Entities 2022



LMD
JAT was listed as no. 21 in the Most Awarded Entities and no. 1 in the diversified sector



LMD
Sayerlack was listed within the Top 100 Most Valuable Consumer Brands of Sri Lanka



United Registrar of Systems
 ISO 45001:2018



United Registrar of Systems
 ISO 14001:2015



United Registrar of Systems
 ISO 9001:2015



Lanka Responsible Care Council
 Responsible Care Certification



Great Place to Work
 Great Place to Work Certification



National Cleaner Production Centre Sri Lanka
 Eco Label – Sri Lanka Certification for all water-based paint products



National Long-Term Rating of 'AA(Ika)'
 Fitch Ratings Lanka Limited



Transparency in Corporate Reporting (TRAC)
 JAT was listed at No. 40 among the top 100 listed companies



World Business Outlook
 Best Market Disrupted Brand in Sri Lanka – Paint and Coatings category

THE YEAR IN REVIEW

OUR RESPONSE TO THE COUNTRY SITUATION – NAVIGATING THE CURRENT CRISIS

Reversing the country’s recovery from the COVID-19 pandemic, Sri Lankan economy underwent the toughest situation in its post-independence history in 2022. Amidst the contraction in global economic activity, the country’s situation was worsened by the economic crisis which was the eventual result of longstanding issues in the economy and the socio-political background of the country. Policy delays in addressing the budget deficits and external current account deficits as well as the untimely and inappropriate tax reforms affected this economic recession.

Acute fuel shortages, continuous power cuts, scarcity of raw materials, increase in production costs and substantial upward revisions in major utility prices, which were the direct results of the economic crisis, disrupted the supply chains and created supply-side pressures. Despite severe economic hardships in the operating landscape, JAT Group was resilient in delivering an onerous responsibility to all of its stakeholders.

IMPLICATIONS OF THE COUNTRY SITUATION

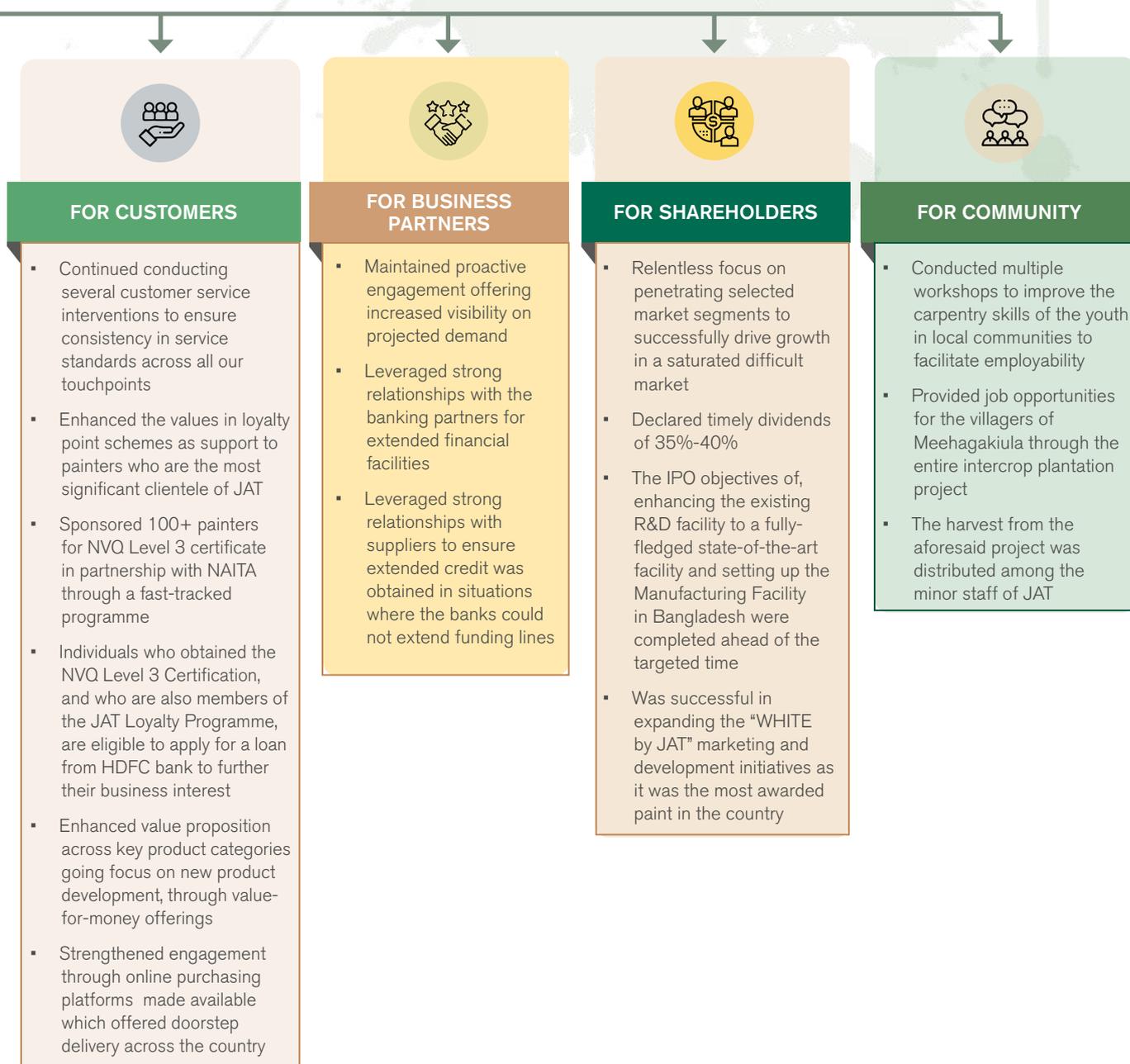
- Disruptions mainly in local supply chains
- Increased inflation and tax impacted the disposable income of the customers both industrial and household and it impacted the demand for construction activities and commencing of new projects
- Increase in import expenses due to the SL rupee devaluation
- Increase in the export revenue benefitting from SL rupee devaluation
- Transition in the customer mindset to prefer economic ranges in purchasing products
- Skill migration resulting in a “brain drain”
- Decrease in investment activities as individuals and businesses become more risk-averse

OUR RESPONSE



FOR EMPLOYEES

- Introduced allowances for minor staff and executives in response to the increase in the cost of living
- Approximately 20% of the salaries of senior executives were pegged to the fluctuation of the US dollar mimicking the dollarised revenue percentage of the total revenue
- Continued to offer increments based on performance to continue the momentum of a performance-driven culture
- Provided fuel and electric bicycles to a segment of field staff who were in need during the fuel crisis
- Allowed ‘Work from Home’ during the fuel crisis to shield the employees from taking an unnecessary burden and stress to report to work locations
- Provided job opportunities at our overseas subsidiaries for employees who expected to migrate due to the economic crisis
- Encouraging the employees and ensuring their job security by showcasing the progress of the company amidst the decline in the economy
- Strategic focus on efficiencies by increased in-house training



OUR LEADERSHIP TEAM

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PERFECT
GUIDANCE

OUR LEADERSHIP TEAM

CHAIRMAN'S REVIEW



Dear Shareholders,

I am delighted to present JAT Holdings PLC's Annual Report and Audited Financial Statements for Financial Year 2022/23. Despite facing unprecedented challenges, I am proud to say that JAT has emerged stronger, with greater experience and courage to overcome unforeseen obstacles. The year ended 31 March 2023 has been

one of immense learning, and of equipping ourselves to confront unforeseen challenges that come our way. Despite facing multiple challenges simultaneously, our Group structure remained stable in the face of macroeconomic pressures ensuring the delivery of value to all stakeholders.



JAT Group was able to maintain a strong position in the market driven by its proactive measures such as maintaining timely inventory which resulted in the Group's ability to ensure an uninterrupted supply during a period of struggle marked by restrictions on the importation of raw materials or finished goods.



MACROECONOMIC ENVIRONMENT

The hard-hit economy of Sri Lanka due to COVID-19 was again impacted by a number of challenges resulting from the unprecedented financial crisis. The increased uncertainty during the first half of FY 2022/23 was somewhat subdued during the second half of the financial year with policy interventions by regulators with the intention of stabilizing the market. The Department of Consensus and Statistics reported a year-on-year contraction of 4.8% in Sri Lanka's economy during the first half of the financial year under review in comparison to the growth of 9.3% during the corresponding period of 2021. The Gross Domestic Product (GDP) declined to 7.8% in 2022, compared to the growth of 3.5% recorded in 2021. The high levels of inflation were mainly driven by supply disruption at global and local levels, while the rapid depreciation of the rupee lowered the purchasing power of individuals. Import expenditure was also recorded as low. The Government implemented new measures to limit the import of 1,465 products, including several paint materials, in August 2022. These reasons accounted for the rising fuel, electricity, and raw material prices which impacted almost all industries.

ADDRESSING THREATS

Despite facing numerous external shocks that were beyond JAT Group's control, such as economic collapse, political instability, supply chain disruptions, and currency devaluation, the Group has shown remarkable resilience during the year under review. Amidst all these challenges, the Group achieved impressive results across both its top line and bottom line.

JAT Group was able to maintain a strong position in the market driven by its proactive measures such as maintaining timely inventory which resulted in the Group's ability to ensure an uninterrupted supply during a period of struggle marked by restrictions on the importation of raw materials or finished goods. The Group's ability to anticipate and prepare for these obstacles proved to be a key strength in effectively navigating a challenging business climate.

The onset of the economic impact was felt in the second and third quarters which had a detrimental effect on individual spending and purchasing power, resulting in reduced sales volumes. However, JAT Group demonstrated remarkable resilience, partly due to the strength of its brand presence and the Group's absorption of some of the costs and taxes imposed.

Amidst a challenging economic climate, the Group faced a significant obstacle as prices of raw materials nearly doubled due to the steep depreciation of the SL Rupee against the US dollar. In facing this challenge successfully, JAT Group endeavoured to lower the costs associated with the manufacturing process while maintaining the prices of its products at an affordable and competitive value.

The uncertainty in FY 2022/23 resulted in the inability to fulfil obligations by suppliers; LCs being refused by banks and the reluctance of foreign companies to recognise LCs. However, the clear vision of JAT Group proved to be successful in overcoming these obstacles with its strategy to increase the Group's dollarized revenues, with a goal to generate 40% of revenue through dollarisation by 2025. JAT Group has been making strides towards achieving this goal, exemplified by significant steps such as the extension of its manufacturing operations to Bangladesh.

The unpredictable nature of the multitude of challenges of FY 2022/23 rendered existing strategies obsolete in a matter of months which necessitated the development of new strategies on a regular basis. JAT Group's ability to remain agile and adopt compound thinking in the formulation of strategy enabled the Group to effectively address these challenges.

STRENGTHS AND ABILITIES

The success of JAT Group in navigating challenges is attributed to robust cognitive abilities and the impressive financial standing of the Group with minimal debt, which allowed it to overcome obstacles with ease. The Group has always prioritised maintaining its financial strength and assured strict enforcement and adherence to policies to ensure financial stability. Furthermore, our strong brand presence and strategies ensured a well-stocked inventory leading to uninterrupted supply chain functions. Importantly, the dedication and commitment of the staff was a key strength which displayed exemplary performance at all levels.

ETHICS, COMPLIANCE AND GOVERNANCE

JAT Group adopts regulatory guidelines on corporate governance for listed companies and prides itself on upholding the highest standards of ethics, compliance, and governance at all times. Compliance and strict adherence to all statutes and requirements are checked at every Board meeting. Through numerous initiatives, the Group continues to monitor its adherence to all regulations geared towards sustainability and environmental protection as well as ethical governance practices.

WAY FORWARD

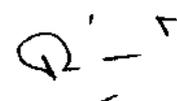
JAT Group's vital contribution to the domestic market motivates the expansion of our reach on a global scale. As a means of achieving this goal, the Group actively pursues new markets and means of expanding its export revenue, which is anticipated to constitute a significant proportion of the overall revenue. Our focus is primarily on the South East Asian and African markets, where JAT Group sees great potential for growth. We remain confident of our ability to face challenges during the expansion process, reinforced by our capabilities and the solid safeguards in place to protect our resources.

JAT Group's local expansion plans include exploring diverse verticals, some of which are outside of the traditional paint industry. A strategic decision was made during the FY 2022/23 to expand operations in Bangladesh with the commencement of manufacturing. The operations in Bangladesh have already begun to show promising results, drawing on 20 years of significant sales operations in the country, and have greatly complemented the overall business, especially considering the size and importance of the Bangladesh market.

ACKNOWLEDGEMENTS

Our success thus far is attributed to the exceptional leadership of our Managing Director and CEO. I would also like to thank my Board of Directors for their contribution to the progress of the Company. I would like to acknowledge our entire team for their dedication and take great pride in our strong sense of unity and cohesion, which has been instrumental in our continued success. An appreciation is due to our shareholders for being with the company and placing their confidence in the company and its vision.

I also extend my gratitude to all our stakeholders including our business partners and suppliers who have been essential in ensuring the Group's success. Finally, I thank you, our loyal customers for your continued support and look forward to continuing our partnerships in the coming year as we explore new opportunities and expand our horizons.



Dr. Sivakumar Selliah

Chairman

OUR LEADERSHIP TEAM

MANAGING DIRECTOR'S REVIEW



The Group continues to put focused effort towards increasing its presence in export markets as well as expanding its portfolio and increasing its innovative capabilities while looking forward to embarking on a range of thrilling initiatives that will enable it to reach new levels and establish itself as one of the most influential and versatile paint providers and diversified firms in Asia.

BUSINESS DEVELOPMENT

JAT Group has once again proven to be highly successful, as it witnessed a remarkable increase in its profit margins, recording an increase of 18% and 7% respectively in its Profit Before Tax (PBT) and Profit After Tax (PAT) compared to the previous year. This achievement was mainly driven by the contributions from our export segment and highlights the robustness and perseverance of the Group's operations and timely strategy.

Although a contraction in the local paint market was observed, the Group was able to sustain its market share of 57% during the year under review for wood coatings, supported by its determined endeavour to offer affordable products to customers despite the challenges posed by the economic crisis.

JAT's operations are slated for extraordinary growth through the establishment of a cutting-edge R&D facility at SLINTEC and a new manufacturing plant in Bangladesh through the creation of Asia Coatings (Pvt) Ltd. Additional facilities to produce Acrylic Binders in Sri Lanka and Alkyd Resins in Bangladesh commenced during the financial year under review, guaranteeing the Group's access to top-quality raw materials at affordable prices. JAT Group's recent

Dear Stakeholders,

I express my immense pride in the success we have achieved notwithstanding the challenging economic climate in the operating environment. The continued success of the Group is attributed to our team, who have repeatedly displayed a commendable ability to swiftly adapt to change and take on dynamic roles to guide the Group to capitalise on market opportunities with timely interventions. Despite the numerous obstacles

encountered by the JAT team, we have triumphed by achieving outstanding outcomes that prioritise profit, business growth, and team development. The Group continues to strengthen its business verticals and does its best to honour the promise made to its shareholders at its initial public listing while adding value to both internal and external stakeholders through our agile strategic abilities and commitment to create value.

success in Bangladesh and Maldives has encouraged us to continue exploring new export markets in Asia and beyond, and we are excited at the prospect of continuing our expansion projects during the next financial year.

JAT climbed to the 21st position from the 72nd position in the list of most awarded companies in Sri Lanka, and in the diversified sector, outperformed all leading corporates to be awarded the number 1 position. This is testament to the Group's steadfast dedication to maintaining high standards of quality, excellence and innovation.

OVERCOMING DIFFICULTIES

Among the many challenges due to the economic crisis in Sri Lanka, the migration of skilled professionals has become one of the most prevalent. However, JAT Group has taken measures to continue to add value to its employees while providing reassurances. The Group encourages its employees to explore opportunities within the Group both locally and internationally, ensuring employees obtain the best possible exposure and career progression opportunities.

JAT continued to adhere to government policies while steadfastly exploring alternative avenues to best address the challenges brought about by various temporary suspensions and import restrictions. The resilient strategies of the Group greatly enabled it to remain unwavering despite the revision of the taxation policy offered to Companies who listed in the Colombo Stock Exchange in 2021.

FUTURE ASPIRATIONS

We remain optimistic of Sri Lanka's ability to address the unprecedented economic crisis in the medium-to-long term. Through the cautious combination of structural reforms, IMF bailout program and strict fiscal discipline we expect the economy will make a gradual recovery. The resilience and drive of Sri Lanka has been characteristic in ensuring its emergence and survival despite a multitude of varied threats and challenges in the past and I remain confident the country will emerge with renewed vigour supported by macroeconomic stability and consistent policy.

The Group continues to put focused effort towards increasing its presence in export markets as well as expanding its portfolio and increasing its innovative capabilities while looking forward to embarking on a

range of thrilling initiatives that will enable it to reach new levels and establish itself as one of the most influential and versatile paint providers and diversified firms in Asia.

Additionally, JAT Group is set to celebrate its 30th anniversary in the upcoming financial year 2023/24, marking a major milestone in the Group's journey.

IPO OBJECTIVE FULFILMENT

During the year, the Group strived to uphold its promises to shareholders and set four IPO objectives to achieve. The Group was able to accomplish three of these objectives during the financial year ended 31st March 2023 with dedicated effort and focus.

JAT's objective to expand its global presence was strengthened with the establishment of a manufacturing plant in Bangladesh ahead of its targeted time period.

The development of a fully-fledged R&D centre with the availability of a state-of-the-art laboratory equipped with the latest equipment was achieved during the financial year under review, and the improved marketing campaigns to increase JAT's market share was successfully achieved with the launch of WHITE by JAT. It has reached new heights by becoming the most awarded paint brand in the country and is the recipient of numerous awards including Silver Award for Best Use of Technology in Marketing at SLIM DIGIS 2022, Marketing Disruptors Award for Mr. White: The Paint Software That Took on Paint Hardware at Effie Sri Lanka 2022 and Bronze Award for use of data and insights at FITIS Digital Excellence Awards 2023.

The objective to commence manufacturing operations in Africa is strategically set to begin during the next financial year taking the economic crisis in Africa into consideration.

ENSURING SUSTAINABILITY

JAT is dedicated to ensuring the achievement of sustainability across all aspects of its operations, including the well-being of people, the protection of the planet, and in the generation of profit.

During the year under review, the Group continued its activities to develop its human resources which included the provision of a number of training and development sessions and employee performance recognition activities. Additionally, the Group conducted workshops and continued its collaborative partnerships with tertiary

educational institutes and vocational training centres to provide career-oriented trainings to students and prospective employees and partners. As a part of its projects to serve the community, the Group continued the Petal Paint project which combines nature, art and religion. Through this project, non-toxic paint made from flower petal extracts were offered to temples for use in their murals.

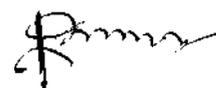
JAT places great importance on ensuring its sustainability strategies encompass measures to protect the environment. Therefore, to commemorate Environment Day, the Group held an ESG Forum at its premises to discuss a number of effective practices to protect the environment. The forum was attended by four other leading companies that are committed to promoting sustainability: Dialog, MAS, Advantis, and John Keells.

As a part of its sustainability initiatives, JAT has been focusing on maximising its profits through the adoption of sustainable strategies such as re-engineering, process mapping and exploring new business opportunities to ensure the continuous expansion and improvement of the Group.

APPRECIATIONS

I would like to thank our Chairman, the Board of Directors and CEO for guiding JAT Group with their valuable counsel to emerge successfully through a challenging year. I extend my heartfelt gratitude to our most valuable asset, our team, the executive committee and all the employees for their commitment and hard work to ensure the Group's success.

I thank our business partners for their partnerships and support during yet another trying year. My appreciation is extended to our loyal customers for continuing to choose JAT as their paint of choice. I thank all our stakeholders for continuing to partner with us and look forward to continuing our journey together in the next financial year.



Aelian Gunawardene
 Managing Director

OUR LEADERSHIP TEAM

CHIEF EXECUTIVE OFFICER'S REVIEW



Dear Shareholders,

The JAT Group has achieved remarkable success and recorded the best year yet despite the various challenges faced during the year under review. The Group recorded an increase in revenue, surpassing the Rs. 10 billion mark for the first time in history. Our products are predominantly wood coatings, emulsion paint and paint related products, office furniture and kitchens; and the celebratory success achieved during the year is attributed to three different lines of business, local retail, exports, and projects segments.

The Group achieved record-breaking results in terms of turnover, PBT, and PAT. We have surpassed our achievements from the previous year, with a remarkable 7% increase in PAT and a significant 18% year-on-year growth in PBT. Our highest ever export turnover is partly attributed to the exchange rate difference, while our local retail segment has also achieved unprecedented success. It is important to note that our three strategic business units (SBUs) have been the driving force behind our success during the year under review.



The JAT Group adheres to its strategic priorities in its value-added paint production with the objective to expand its presence globally. During the financial year, the Group focused on measures to mitigate the financial impact considering the potential effects on the Group's short, medium and long-term financial performance.



SNAPSHOT OF THE YEAR



The JAT Group achieved its first-ever turnover of over Rs. 1 billion for emulsion paints during the year under review, within a considerably short span of 3 years after the launch of its own brand WHITE by JAT, well ahead of its forecasted timeline. The impressive achievements during the year were driven by the combined contribution of the WHITE by JAT range and the recently launched economical product range WALLZ. The Group has been specialising in the wood coating sector for nearly 3 decades and in the recent past successfully strengthened its emulsion range with the launch of WHITE by JAT, a brilliant white paint.

While the industry as a whole experienced a contraction of 40-45%, the Group managed to maintain its market share and secured the top position in the market in terms of profitability and turnover, recording

Rs. 6 billion in local sales. Wood coatings contributed Rs. 4.5 billion and 45% to the total revenue generated while Rs. 3 billion in paints and accessories, and Rs. 1 billion in projects and others contributed 30% and 10% respectively to the total revenue.

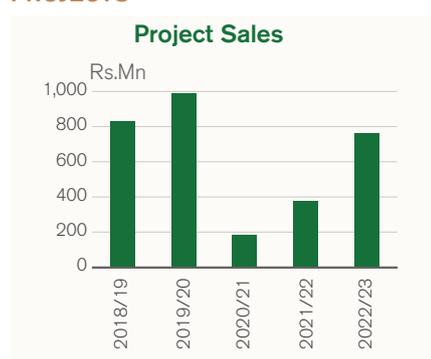
FOREIGN MARKET



The JAT Group has garnered substantial profits from its sales and products manufactured in Bangladesh, which is its largest export market, contributing to 23% of its overall revenue of Rs. 10 billion. The Group was able to penetrate further into the industrial market segment in Bangladesh by offering affordable products while maintaining profit margins. The expansion into manufacturing increased flexibility and provided the Group with an opportunity to use the most cost-effective, economical pricing on most of its products. The R&D centre in Sri Lanka contributed to the value engineering of products into best suited products for the market.

The Group's increased focus into the Maldives market following the COVID-19 pandemic has proven successful with the introduction of Masters, a range of all-in-one wood coating products generating revenue surpassing an impressive Rs. 130 million. The revenue generated through its export markets were effective contributors in ensuring the JAT Group maintained its position as a leader in the market.

PROJECTS



The Segment leveraged its strong reputation and world-class brand portfolio to increase customer acquisition, securing several residential and commercial development projects during the year.

RISKS AND CHALLENGES

The JAT Group's operations in Sri Lanka during the year under review was marked by a number of challenges including economic turmoil, political instability, fuel scarcity, and limitations on the importation of key raw materials due to forex crisis, all of which affected business operations in Sri Lanka. In light of the limited disposable income of individuals, initiatives to embark on fresh endeavours were lacking which in turn impacted JAT's participation in new projects during the year.

Additionally, expanding operations within Bangladesh was also challenging due to a similar albeit less harsh economic crisis marked by fuel shortages, currency devaluation of approximately 10-15%, and frequent power outages.

STRATEGIC PRIORITIES

The JAT Group adheres to its strategic priorities in its value-added paint production with the objective to expand its presence globally. During the financial year, the Group focused on measures to mitigate the financial impact considering the potential effects on the Group's short, medium and long-term financial performance. The Group's focus on innovation was increased with the setting up of a state-of-the-art Research and Development centre which will focus on new product development and product re-engineering etc. to ensure the Group has a competitive edge and a greater scope to explore new opportunities.

The Group achieved operational excellence through complete customer satisfaction. Moreover, the organisational resilience of the JAT Group was ensured by its human capital and partnerships which are vital resources in driving the strategic aspirations of the Group. A commitment to sustainability is ingrained in the Group's corporate strategy and core business activities ensuring the ethical continuation of businesses and processes in the most sustainable manner.

These strategic priorities highlight the Group's objective to increase its foreign denominated income and consolidate JAT's position in the market as a leading provider of quality paint. Additionally, the fulfilment of IPO objectives and the protection of all its stakeholders including employees, customers, painters, dealers, shareholders and suppliers against periodic crises both expected and unexpected, are among the JAT Group's strategic priorities.

ENHANCING VALUE

The JAT Group has engaged in a number of activities to enhance its value creation during the year under review. As a measure to establish a strong presence in a foreign market and increase its value addition, considerable investments were made to improve the backward vertical integration, in Sri Lanka as well as in Bangladesh through the investments in a binder manufacturing plant and an alkyd resin manufacturing plant respectively. The Group's venture to expand internationally was robust and well-planned ensuring higher efficiency in its operations, minimising excess overhead costs and maximised productivity.

Additionally, the forward vertical integration projects aim to focus on the establishment of a showroom in the Maldives while the JAT Research and Development centre serves as a means for horizontal integration, which is crucial in the Group's pursuit to become the top paint company with enhanced value addition to stakeholders.

The establishment of the binder manufacturing plant to produce the main raw material for the emulsion sector and an alkyd resin manufacturing plant to provide the primary ingredient for wood coatings have achieved greater efficiency, and quality in operations, enabling the delivery of exceptional value to its customers.

Digitalization has been an important step in increasing the JAT Group's value addition and efficiency in a technologically advanced world. Strategic actions taken by the Group to prioritise digitalization include a substantial investment of Rs. 40-50 million which is poised to enable the delivery of exceptional results intently centred on enhancing value as well as increasing the sustainability of the Group.

ACKNOWLEDGEMENTS

Having faced many hardships during a challenging year successfully, I am confident that the JAT Group will face the new financial year with more confidence, resilience and with a strong strategy. In conclusion, I would like to thank the Chairman and the Managing Director for the trust and confidence placed in me and their counsel and guidance during the year.

I take great pride in being a part of a committed and supportive team driven to achieve excellence and I would like to appreciate the valuable support of the whole team at JAT. Finally, I thank all our stakeholders for being with the JAT Group at all times with their continuous support and efforts.

Nishal Ferdinando
 Director/Chief Executive Officer

OUR LEADERSHIP TEAM

BOARD OF DIRECTORS

Seated from left to right

Nishal Ferdinando

Chief Executive Officer – Executive Director

Aelian Gunawardene

Founder and Managing Director – Executive Director

Dr. S. Selliah - Chairman

Non-Executive Director - Independent

Standing from left to right

Joycelyn Gunawardene

Non-Executive Director – Non-Independent

Hussain Akbarally

Non-Executive Director – Independent

Anika Williamson

Non-Executive Director – Non-Independent

Richard Gunawardene

Non-Executive Director – Non-Independent

Devaka Cooray

Non-Executive Director – Independent

Priyanthi Pieris

Non-Executive Director – Independent





OUR LEADERSHIP TEAM

BOARD OF DIRECTORS

DR. S. 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. Dr. Selliah holds an MBBS degree and a Master's Degree (M.Phil).

He has over two decades of diverse and extensive experience in serving on the Boards related to varied fields including Manufacturing, Healthcare, Insurance, Logistics, Packaging, Renewable Power, Plantation, Retail etc. He serves on the Boards of many Public listed and Private companies. Has extensive experience on serving on Board sub committees as Chairman or Member which include Audit committee, Human Resource and Remuneration committee, Investment committee, Strategic Planning committee, Related Party Transaction committee, Nomination committee, Risk Management committee etc.

Dr. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Private Ltd. He also serves on the following listed companies as a Director: Lanka Tiles PLC, Commercial Bank of Ceylon PLC, Lanka Walltiles PLC, ACL Cables PLC, HNB Assurance PLC, Swisstek (Ceylon) PLC. He has also served on many other Listed company Boards in the past.

Dr. Selliah has served as a Senior Lecturer in the Faculty of Medicine, University of Kelaniya for many years in the past and served on several committees. He has also been Head of the Department of Physiology for many years during this period at the faculty. He has also served as a Member of the University Council at the University of Colombo in the past.

AELIAN GUNAWARDENE

Founder and Managing Director | Executive Director

Aelian, founded JAT Holdings in 1993 and has been the Managing Director and 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 successfully led JAT towards being recognised as the only private company in Sri Lanka that has been awarded a Moody's ICRA rating of "A+ Stable" for four consecutive years and now as a Company listed on the Colombo Stock Exchange, the Company is assigned a National Long-Term Fitch Rating of "AA (Ika) Stable".

Aelian is one of Sri Lanka's most respected corporate leaders, bringing more than 30 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 is recognised among LMD's "Top 23 Business people of the Year". In addition, he has been on the LMD's A-List consecutively since 2018, a list that features the leaders of the business world in Sri Lanka.

NISHAL FERDINANDO

Chief Executive Officer | Executive Director

Nishal was appointed to the Board of Directors during 2021 and has served as the CEO of the Group since 2017, under whose leadership the Company witnessed a remarkable period of growth and expansion amidst many external adversities. He has over 13 years of experience in functioning as an Executive Director and over 18 years of experience in the construction, manufacturing and trading industries. He currently serves as a Director of Flexospan Steel Buildings (Pvt) Ltd and Flexospan Bangladesh (Pvt) Ltd.

During his tenure, the Company listed on the Colombo Stock Exchange has won many accolades and was listed among the fifty most awarded companies and was the most awarded in the diversified sector. He was instrumental in setting up a state-of-the-art Research and Development Facility in Sri Lanka and a manufacturing plant in Bangladesh.

His academic background extends to Finance, Project Management and Business Administration. He is an Alumni at the Harvard Business School. He further holds an MBA from the University of Wales, an Advanced Diploma in Management Accounting from CIMA (UK) and a Post Graduate Certificate in Project Management from University of Southern Queensland.

He was an Executive Director serving on the Board of a leading construction company in Sri Lanka at the age of 27 until he joined JAT.

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 outgoing Chapter Chair for YPO Colombo and serves as the treasurer of the Ceylon Motor Sports Club.

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

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 Chairman of United Motors PLC and its subsidiaries. He is also the Managing Director of Management Systems (Pvt) Ltd and its subsidiaries. He serves as Director of Hatton National Bank PLC, HVA Foods PLC, JAT Holdings PLC and George Steuart & Company Limited.

PRIYANTHI PIERIS

Non-Executive Director | Independent

Priyanthi is an Attorney-at-Law of the Supreme Court of Sri Lanka, a Solicitor of England and Wales. With over 42 years of experience in the field of Corporate/Securities Law, Priyanthi's expertise spans across handling corporate restructuring, privatisations, capital market transactions, takeovers, mergers, and amalgamations. Priyanthi also serves on the Boards of Kapruka Holdings 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 that provides capital market-related services to listed companies. Priyanthi has also served as the Legal Adviser to the Ministry of Finance from 2002 to 2004. She was a Legal consultant to the Colombo Stock Exchange (2004-2011). She also served as a Member of the Committee of the Securities and Exchange Commission of Sri Lanka on Takeovers and Mergers Code and as a Member of the Corporate Governance Committee of the Institute of Chartered Accountants; she is a Member of the Law Commission. She has served on the Boards of Asia Asset Finance PLC (2012-2021), Abans Electricals PLC (2012-2021), and LOLC Finance PLC (2012-2021).

JOYCELYN GUNAWARDENE

Non-Executive Director | Non-Independent

Joycelyn currently serves as an Executive Director to Brush Master (Private) Limited. She has over 16 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.

ANIKA WILLIAMSON

Non-Executive Director | Non-Independent

Anika was appointed to the JAT Holdings board in 2020. She currently serves as an Executive Director of JAT Global (Private) Limited, Director/ Company Secretary of JAT Exports DMCC and Managing Director of Asia Coatings (Pvt) Ltd and was appointed as the Finance Director of JAT Property Group (Private) Limited in 2020. She has over 10 years of experience working in finance, import and export and banking industries and holds a Double Degree in Accounting and Entrepreneurship from Curtin University, Australia and was a member of the prestigious Pro Vice Chancellor's Chapter.

RICHARD GUNAWARDENE

Non-Executive Director | Non-Independent

Richard, a marketing professional with multifaceted 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 APEX Asia Investment (Pvt) Ltd, RSS Capital (Pvt) Ltd and Design Attik (Pvt) Ltd. Richard is one of the founding members 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.

OUR LEADERSHIP TEAM

CORPORATE MANAGEMENT COMMITTEE & SENIOR MANAGEMENT



CORPORATE MANAGEMENT COMMITTEE

Seated from left to right

- Gavin vanDort** – General Manager - Projects & Retail Furnishing
- Rizna Dilshard** – Director Finance
- Somasundaram SivaSubramaniam** – Senior General Manager - Treasury
- Wasantha Gunaratne** – Director Sales & Technical
- Aelian Gunawardene** – Managing Director
- Nishal Ferdinando** – Director/Chief Executive Officer
- Ajith Bandara** – General Manager - Research & Development
- Dilshan Rodrigo** – General Manager - Marketing
- Nirosha Thawalampitiya** – General Manager - Commercial
- Kaushalya Kotuwage** – General Manager - Human Resources & Sustainability

Absent:

- Shamara Wanniarachchi** – General Manager - Manufacturing & Supply Chain
- Ranga Abayakoon** – Country Head - Bangladesh



SENIOR MANAGEMENT

Standing from left to right

- Nuwan Pinto** – Senior Manager - Warehouse
R. P. W. Kumara – Assistant General Manager - Warehouse
Kasun Atapattu – Senior Cost Accountant
D. D. Rubasinghe – Head of Recovery & Investigations
Lasantha Ranawaka – Senior Manager - Research & Development
Janaka Deepal – Senior Manager - Production
Thushara Yasarithna – Head of Administration & Facility Management
Janitha Vimukthi – Finance Manager
Shane Dirckze – Administration cum Factory Maintenance Specialist
Rajesh Ariyaratne – Senior Manager - Technical
Nuwan Gunasekara – Senior Manager - Sales
Shalinda Rajapaksha – Head of IT & ERP
Shantha Geethadewa – Senior Manager - Credit Control
Chaminda Gulawita – Assistant General Manager - Industrial Sales
Maithri Vithanage – Assistant General Manager - Retail Sales

Absent:

- Eranda Dandeniya** – Senior Manager - Technical

OUR LEADERSHIP TEAM

CORPORATE MANAGEMENT COMMITTEE



AELIAN GUNAWARDENE

Founder & Managing Director

Please see under profiles of Board of Directors on page 32.



NISHAL FERDINANDO

Director / Chief Executive Officer

Please see under profiles of Board of Directors on page 32.



WASANTHA GUNARATNE

Director – Sales & 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. Wasantha is a member of the panel of judges of the National Sales Awards Conducted by Sri Lanka Institute of Marketing (SLIM – NSA)



RIZNA DILSHARD

Director Finance

Rizna joined JAT in 2015 and is a senior finance professional posing over 25 years' experience.

She is a Fellow member (FCMA) of the Chartered Institute of Management Accountants (CIMA) with a wealth of experience in the field of Finance and Management, Manufacturing, Retail operations, Import/Export trade and Corporate Governance.

She is a prize winner of the CIMA Institute of Sri Lanka.

Her well-founded finance and management knowledge coupled with her expertise and experience, provides effective direction to the company's financial strategy formulation that drives growth and profitability while promoting sustainable and socially responsible practices.

She serves as the Finance Director of JAT from 2016.



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 29 years and provides sound treasury management services.



GAVIN VANDORT

General Manager – Projects & Retail Furnishing

Gavin commenced work at JAT in February 2007 and has over 15 years of industry experience related to sales, marketing, implementation, and operations in the specialised commercial interior contracts sector. He has been instrumental in acquiring international franchises, in interior related brands to the JAT furnishing portfolio. Furthermore, he has led from the front in acquiring prestigious projects for the Company while actively contributing to JAT Holdings' top and bottom line.



KAUSHALYA KOTUWAGE

General Manager – Human Resources & Sustainability

Kaushalya was appointed as the Head of HR & Corporate Sustainability of JAT in 2018. He was promoted to General manager – Human Resources & Sustainability in 2021. He has demonstrated his exposure in sustainability and expertise in transformation of organisational culture.

Kaushalya has exposure in different industries/sectors such as apparel, BPO, manufacturing, construction and MNCs. He holds Chartered Qualifications in Human Resources Management from CIPM/ CIPD and an MBA from Wolverhampton University (UK). He is a Lean six sigma black practitioner, and he has completed his Bachelor's Degree in Environmental Sciences and Natural Resources Management (Special – Hons).



SHAMARA WANNIARACHCHI

General Manager – Manufacturing & Supply Chain

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.



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 the University of Kelaniya and MBA at University of Colombo.



DILSHAN RODRIGO

General Manager – Marketing

Dilshan was appointed as a General Manager at JAT Holdings in November 2019 and has over 19 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.



NIROSHA THAWALAMPITIYA

General Manager – Commercial

Niroshta joined JAT Holdings in 2007 and currently she is the General Manager in Commercial. She is a highly focused, profit-oriented and enthusiastic team player, who has over 20 years of experience in local procuring and foreign exposure in various fields and industries, such as exports to many regions in Asian and African countries, and scheduling and planning the entire operation of imports.



RANGA ABAYAKOON

Country Head – Bangladesh

Ranga was appointed as the Country-Head for Bangladesh in March 2021. He has more than 18 years of experience in automotive, retail and B2B sectors. He holds an MBA from Cardiff Metropolitan University and is a member of the Chartered Institute of Marketing – UK. He has held senior management positions in leading automobile and retail companies in Sri Lanka as well as in Bangladesh.

STRATEGIC POSITIONING

Value Creation Model **40** | Our Operating Environment **42** | Stakeholder Engagement **45**
Material Matters **48** | Strategy and Resource Allocation **51**



PERFECT
DYNAMISM

STRATEGIC POSITIONING VALUE CREATION MODEL

CAPITAL INPUTS



FINANCIAL CAPITAL

Financial resources that are available to drive strategy and expansion plans

Shareholders' Funds Rs. 8,642 MN

Debt Rs. 1,615 MN

(Page 54 for more information)



MANUFACTURED CAPITAL

Physical infrastructure which includes manufacturing plants and technology

Property, Plant and Equipment

Rs. 1,979 MN

Production Capacity

Paint: 9.8 MN LITRES

Brushes and Rollers: 225,000 NOS

(Page 58 for more information)



HUMAN CAPITAL

Skills, competencies and passion of

Employees 391

Female Representation 21%

(Page 62 for more information)



SOCIAL AND RELATIONSHIP CAPITAL

Relationships nurtured across the Group's procurement and distribution networks and communities

Principals 15+

Distributors 28

Dealers 6,000+

(Page 75 for more information)



INTELLECTUAL CAPITAL

Tacit knowledge and capacity for innovation Systems, processes and standards

Strength of Our Brands

State-of-the-art R&D Facility

(Page 69 for more information)



NATURAL CAPITAL

Water Consumption 8,004 m3

Energy Consumption 2,291,863 MJ

(Page 80 for more information)

CAPITAL TRANSFORMATION

VISION

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

PRODUCT LINES



Wood coating solutions



Decorative paints and other accessories



Furnishing solutions and projects



Others

N

KEY ACTIVITIES

-  Procurement of raw materials and selected finished goods
-  Manufacturing operations
-  Marketing and promotions
-  Sales and distribution
-  Maintaining customer relationships
-  Research and development
-  Reporting process and governance

STRATEGIC PRIORITIES

-  Profitable Growth
-  Innovation
-  Operational Excellence
-  People and Partnerships
-  Sustainability
-  Digitalization

OUTPUTS

POSITIVE OUTCOMES:

Litres of Paint Manufactured - Sri Lanka	Litres of Paint Manufactured - Bangladesh
3.5Mn	1.8Mn

Brushes Manufactured
471,000+

Kitchens and Wardrobes Installed
677

NEGATIVE OUTCOMES:

Solid Waste Disposed 36,925 KG
 Carbon Footprint 4,258 tCO₂e

OPERATING LANDSCAPE

- Macroeconomic Instability
- Construction Sector Demand
- Inflationary Pressures
- Customer Behaviour
- Government Policy

OUTCOMES

Stakeholder and Business outcome in the year 2022/23

FINANCIAL CAPITAL

Profit After Tax Rs. 1,301 MN
 Dividend Payments Rs. 424 MN
 Share Price Increase 0.6%
 Net Asset Value per Share Rs. 16.9
 Return on Equity 15.1%

MANUFACTURED CAPITAL

Capital Expenditure Rs. 447 MN
 Increase in Capacity 30%
 Overall Efficiency Ratio 85%
 Decrease in Production Volumes:
 Paint 40%
 Brush 50%

HUMAN CAPITAL

Payments to Employees Rs. 822 MN
 Investment in Training Rs. 3.3 MN
 Training Hours 8,656
 Major Occupational Injuries Zero

SOCIAL CAPITAL

Payments to Suppliers Rs. 7,423 MN
 Capacity Building Across the Value Chain Rs. 8.6 MN
 Investments in Community Initiatives RS. 0.76 MN
 Community Grievances Zero

INTELLECTUAL CAPITAL

New Product Developments 3
 Investment in R&D Rs. 159 MN
 Awards and Certifications 21

NATURAL CAPITAL

Solid Waste Disposed 36,925 kg
 Water Consumed 8,004 m³
 Carbon Footprint 4,258 tCO₂e

STRATEGIC POSITIONING

OUR OPERATING ENVIRONMENT

The Group oversees emerging market trends to mitigate risks and capture opportunities proactively. It is crucial to consider the factors in the operating landscape when developing the strategy and modelling the value creation of the organisation. An overview of the global and domestic environment in which the Group conducted its business operations in the year under concern is provided in this section.

PESTEL Factor	Strategic Pillar										
<p>GLOBAL ECONOMY</p> <p>Global Economic Growth</p> <p>With the exception of the global financial crisis and the consequences of the COVID-19 pandemic, the year 2022 recorded the weakest growth since 2001. The tightening of the synchronous policies was implemented by the central banks in most of the countries around the globe with the intention of controlling the inflation escalation, which was caused primarily due to the Russia-Ukraine war and the re-emergence of COVID-19 in China. Global economic growth slowed down</p> <div style="text-align: center;"> <p>Economic Growth</p> <table border="1"> <caption>Economic Growth (%)</caption> <thead> <tr> <th>Year</th> <th>Growth (%)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>6.2%</td> </tr> <tr> <td>2022</td> <td>3.4%</td> </tr> <tr> <td>2023</td> <td>2.9%</td> </tr> <tr> <td>2024</td> <td>3.4%</td> </tr> </tbody> </table> </div>	Year	Growth (%)	2021	6.2%	2022	3.4%	2023	2.9%	2024	3.4%	<p>from 6.2% in 2021 to 3.4% in 2022 and 2.9% in 2023, according to the World Economic Outlook (WEO) update of the IMF issued in January 2023.</p> <p>Growth slowed from 5.2% in 2021 to 2.7% in 2022 and 1.2% in 2023 for advanced economies. In contrast to the acute slowdown in advanced economies, the growth in the emerging market and developing economies dropped to 3.9% in 2022 from 6.8% in 2021 and remained at 4.0% in 2023. This was a volatile period in the world due to the impacts of economic, geopolitical, and ecological changes.</p> <p>Global Inflation</p> <p>As the COVID-19 pandemic-related fiscal support is dwindling, inflation has skyrocketed to multi-decade highs. The global headline consumer price index predicted an increase from 4.7% in 2021 to 8.8% in 2022, as per the WEO update of January 2023. Prolonged price pressures due to the easing of monetary policies followed by the pandemic, key commodity shortages, capacity limits and supply chain disruptions were the root causes of the rise in inflation rates. However, inflation is expected to decrease to 6.6% and to 4.3% in 2023 and 2024 respectively.</p> <p>For advanced economies, where inflation was predicted to rise from 3.1% in 2021 to 7.2% in 2022 before falling to 4.4% by 2023, the upward inflation revision is particularly significant. Inflation was expected to rise in emerging markets and developing economies from 5.9% in 2021 to 9.9% in 2022 before declining to 8.1% in 2023.</p> <p>Global Trade Growth</p> <p>Global trade growth rapidly declined from 10.1% in 2021 to a projected 4.3% in 2022 and 2.5% in 2023. Its increase is greater than in 2019 and during the COVID-19 crisis in 2020, when rising trade barriers limited global trade, but it is still significantly below the historical average.</p>
Year	Growth (%)										
2021	6.2%										
2022	3.4%										
2023	2.9%										
2024	3.4%										



Profitable Growth



Operational Excellence

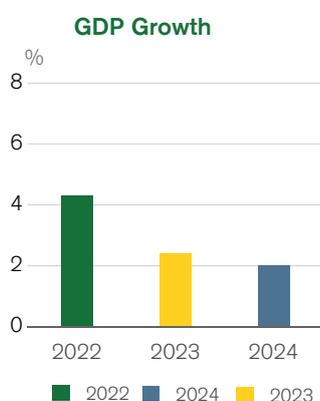
Opportunities & Risks Implication	Strategic Response of the Group
<ul style="list-style-type: none"> ▪ The slowdown in the economic activity in the emerging market and developing economies delays our business expansions in Africa ▪ The increase in freight rates and commodity prices will have an effect on the Group's cost of production, reducing profitability 	<ul style="list-style-type: none"> ▪ The Group will leverage its extensive product portfolio across varying price points to pursue opportunities across market segments ▪ Strategic focus on efficiencies, automation and cost management

PESTEL Factor **Strategic Pillar**

DOMESTIC ECONOMY

Global Economic Growth

The prolonged economic crisis in Sri Lanka caused the country's economy to decline 7.8% year-on-year in 2022, as per the provisional estimates of the Department of Census and Statistics (DCS). Compared to the growth of 3.5% in 2021, this was a drastic collapse in the economic activity of the country. Rising inflation, low strong currency reserves, shortages of oil and fertilizer and a debt crisis hampered the economy of Sri Lanka.



Reversing the post-pandemic recovery of 2021, the real economy experienced an extensive recession in 2022. Compared to the previous year, the agriculture sector declined by 4.6% in 2022 reflecting mainly the acute shortages of chemical fertilizer and other agrochemicals. Owing mostly to the sluggish performance in the construction and manufacturing subsectors, the industrial sector dropped by 16.0% year-on-year in 2022. The services sector was no exception to the economic crisis and it suffered a 2.0% contraction in 2022.

Inflation Rate - Consumer price inflation began to decrease slowly after reaching its climax in September 2022, reflecting the influence of tight monetary policy and the steady moderation of supply-side disruptions. Year-on-year headline inflation, as measured by the Colombo Consumer Price Index (CCPI, 2013=100), escalated to 69.8% in September 2022 and then decreased gradually to 57.2% in December 2022. The downward trend in headline inflation in the latter half of 2022 was expected to continue into 2023.

Interest Rate - The Central Bank of Sri Lanka maintained the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) at 14.50% and 15.50%, respectively. The current tight monetary conditions, the declining pace of inflation, and the expected disinflationary path in the near term were all factors considered in the decision to keep rates at the aforementioned levels.

Exchange Rate - The Sri Lankan rupee depreciated against the US dollar by 44.8% during the year 2022. However, the exchange rate rose significantly in early March 2023 as a result of improved foreign exchange market conditions.

Unemployment Rate - The unemployment rate fell to 4.3% in the first quarter of 2022, the lowest level in the previous eight quarters and rose to 4.6% in the second quarter of 2022. As a result, the unemployment rate for the first half of 2022 remained at 4.5%.

Construction Sector Performance

The construction sector contracted severely in 2022 and the Annual Report 2022 of the Central Bank of Sri Lanka reports that the contraction was 20.9%. The collapse of the construction sector was a direct result of the economic crisis which was intensified by the foreign currency deficit, fuel and food shortage and heavy foreign debts. Escalation of prices in construction materials and the scarcity of cement also adversely affected the construction sector's performance during the year under review. However, a growth of 5.5% is expected in the sector from 2023 to 2026 with the positive impact anticipated from investment growth and favourable government policies.

Government Policy

Given the country's vulnerable external position, the CBSL implemented a number of measures to limit foreign currency outflows. Import restrictions for certain goods, limitations on establishing forward rate contracts and mandatory conversion of export revenues were included among those measures.



Profitable Growth



Operational Excellence



Innovation



People and Partnerships

Opportunities & Risks Implication	Strategic Response of the Group
<ul style="list-style-type: none"> ▪ Increase in interest rates leading to high finance costs ▪ Sharp depreciation in the exchange rates ▪ Drop in demand due to the reduction of the disposable income of the customers ▪ Disruptions in sourcing due to import restrictions ▪ Skill migration due to the uncertainty of the economic and social stability 	<ul style="list-style-type: none"> ▪ Leverage strong partnerships with banks and obtain the best possible optimum rates. ▪ Manage the portfolio of funds by depositing in multiple financial products to average out the net finance costs to the Group ▪ Proactive and effective working capital management strategies ▪ Pursue opportunities in new markets ▪ Launch of cost-effective products ▪ The Group placed strategic focus on effectively managing inventories to optimise available resources, developed new formulas on existing raw material compositions and local substitutes ▪ Focus on operational excellence, automation, cost management and productivity improvements

STRATEGIC POSITIONING

OUR OPERATING ENVIRONMENT

PESTEL Factor		Strategic Pillar
<p>ADVANCEMENTS IN TECHNOLOGY</p> <p>With the increasing rapidity in the development of technology, advances such as big data and business intelligence analytics offer immense benefits for the growth of organisations. A data-driven culture within an organisation is widely encouraged to facilitate its growth strategies. Increased use of business intelligence is set to revolutionise the way corporates utilise data in their analytics strategy while enabling business stakeholders to make real-time decisions easily. Enhanced business intelligence must be approached with careful planning</p>	<p>and preparation, enabling the automation of most functions resulting in the empowerment of individuals to focus on more high-level thinking and strategic work.</p> <p>Organisations aligned with the latest developments in technology are best positioned to compete in a dynamic business environment through the efficient use of its databases, streamlining of business decision-making processes and the use of technology to add value to customer experiences. Examples of enhanced customer experience include the use of experience-based technology and virtual reality simulations to provide an immersive shopping experience.</p> <p>The swift advances in technology, increased digitalisation and the availability of enormous volumes of data has also resulted in the increased risk of cyberattacks, with increasing frequency and complexity. Organisations are encouraged to adopt intelligent algorithms able to detect and address threats efficiently as a part of their investments in the development of technology.</p>	 Profitable Growth  Operational Excellence  Innovation  Digitalisation

Opportunities & Risks Implication	Strategic Response of the Group
<ul style="list-style-type: none"> ▪ Leveraging emerging technology for better decision-making ▪ Exposure to cyber security risks 	<ul style="list-style-type: none"> ▪ Increased focus on digitalisation, implementation of workflow systems and BI Dashboards ▪ Increased security through Endpoint Detection & Response (EDR) Software ▪ Increased efficiency through automation and cost rationalisation

PESTEL Factor		Strategic Pillar
<p>ENVIRONMENTAL RESPONSIBILITY</p> <p>As implications of climate change continue to escalate across the world, organisations are under increased pressure to contribute towards addressing critical environmental issues affecting the globe.</p> <p>According to data from the International Energy Agency, global energy-related carbon dioxide emissions, which is a significant greenhouse gas, grew by 0.9% to record a new high of over 36.8 Gt in 2022. However, the total global growth in emissions was lower than</p>	<p>expected with emissions from industrial processes decreasing by 102 Mt while emissions from energy combustion increasing by 423 Mt. The increase in the use of clean energy including renewables, electric vehicles and heat pumps, curtailing of production in China and Europe were believed to have resulted in the lower than expected emissions during the year.</p> <p>Business organisations have an ethical obligation towards protecting natural resources, reducing pollution and other factors that harm the environment due to damage caused by their commercial activities. In addition to governments imposing environmental responsibility practices and regulations with increasing stringency, organisations must also be conscious of the growing number of investors interested in organisations' environmental responsibility efforts. With the aim of improving their environmental friendliness, organisations increasingly adopt comprehensive strategies integrating sustainable initiatives aimed at reducing their energy consumption.</p>	 People and Partnerships  Sustainability

Opportunities & Risks Implication	Strategic Response of the Group
<ul style="list-style-type: none"> ▪ Opportunity to drive reductions in customers' carbon footprint through energy-efficient processes ▪ Strengthen resilience of business model through identifying and responding to environmental risks 	<ul style="list-style-type: none"> ▪ Committing to building an Environment Conscience culture within the organisation ▪ Continuous emphasis on environmentally friendly production methods ▪ Generation of renewable energy through a rooftop solar system ▪ Introduce processes to reduce the wastage of energy and water throughout the organisation ▪ Responsible disposal of solid waste through an agreement with INSEE Eco Cycle (Pvt) LTD ▪ Promotion of eco-innovation, and energy management among employees by conducting sustainability training

STRATEGIC POSITIONING STAKEHOLDER ENGAGEMENT

Understanding and responding to the diverse needs of our stakeholders is vital in delivering value and ensuring the Group's long-term sustainability. At JAT Holdings PLC, stakeholder engagement is an ongoing discipline, facilitated through numerous mechanisms.

Thus, stakeholder engagement plays a major role in the value-creation process as it enables us to proactively consider the requirements and preferences of all parties. Identifying key stakeholders, interacting with them through formal and informal channels, prioritising concerns raised based on significance to operations and addressing those problems through strategy are included in the stakeholder engagement in JAT.

Stakeholder Engagement Process



The Group recognises the importance of its broad customer base and collaborations with both local and international suppliers and business partners. These relationships are crucial for the Group's ability to generate value. Therefore, it is essential for the Group to comprehend and address the various needs of these stakeholders in order to maintain mutually beneficial connections. To facilitate interaction with stakeholders, the Group has established various formal and informal platforms for engagement. When deciding which stakeholders to engage with, the Group takes into account individuals or entities that could have the greatest influence on its ability to create value in the short, medium, and long term.



Shareholders

Method of Engagement	Frequency of Engagement	Key Concerns	Strategic Response
Board representation of major shareholders	Continuous Basis	→ Clear, lucid, precise and prompt communication	→ Maintained communication open and transparent
Annual General Meeting and publication of Annual Report	Annually	→ Pricing performance of shares → Impact of macroeconomic factors on financial performance	→ Achieving our strategic goals proactively to ensure great performance resilience
Interim financial statements	Quarterly		→ Adopting risk management practices proactively to minimise the impact of risks
Announcements to the Colombo Stock Exchange	Continuous Basis	→ Strong practices of risk management and corporate governance	→ Be mindful of maintaining the strength and liquidity of the balance sheet
Corporate website	Continuous Basis		
Press releases	Quarterly		
One-to-one engagement	When required	→ Efficient capital allocation → Preservation of the brand	→ Events connecting shareholders with investment analysts, investors and stock brokers

STRATEGIC POSITIONING

STAKEHOLDER ENGAGEMENT



Employees

Method of Engagement	Frequency of Engagement	Key Concerns	Strategic Response
Performance appraisals	Annually	<ul style="list-style-type: none"> → Health and Safety → Inclusive and equitable work environment → Opportunities for career growth and skill development → Attractive remuneration and incentive programmes → Work-life balance → Concerns about job and financial security 	<ul style="list-style-type: none"> → Continuity of measures to entrust employee safety → Fostering a performance-driven culture → Continual interaction via both physical and digital channels → Succession planning → Strengthening of learning platforms and cultures → Providing technical, internal and external training opportunities → Alignment of must-win-battles to departmental and individual goals
Year-round activity calendar	Continuous Basis		
Awards programmes	Annually		
Digital engagement	Continuous Basis		
Counselling and wellness sessions	Continuous Basis		
Open door policy	Continuous basis		
Training Programmes	Continuous Basis		



Customers

Method of Engagement	Frequency of Engagement	Key Concerns	Strategic Response
After-sales service	Continuous Basis	<ul style="list-style-type: none"> → High-quality products → Production continuity and product accessibility → Growing concerns about affordability → Customer service → Consumer promotions → Satisfactory credit terms → Ethical business conduct → After-sales service 	<ul style="list-style-type: none"> → New product developments to cater to new demands → Consideration of customers' concerns about affordability in determining prices → Focusing on e-commerce platforms and digital engagement → Continued availability of products by leveraging partnerships across supply and distribution channels → Enhancing customer service through ongoing employee training
Engagement with the Loyalty Base	Continuous Basis		
Audits and site visits	Continuous Basis		
Sales team engagement	Continuous Basis		
Third-party satisfaction surveys and industry studies	Continuous Basis		
Social media engagement	Continuous Basis		



Principals and Business Partners

Method of Engagement	Frequency of Engagement	Key Concerns	Strategic Response
Ongoing dialogue through formal meetings, telephone and electronic communication	Continuous Basis	→ Safeguarding the reputation of the brand	→ Proactive forecasting and planning to enhance demand visibility
Supplier visits and audits	Continuous Basis	→ Enhanced demand visibility	→ Effective communication on new developments in Sri Lanka
Consultations and workshops	Continuous Basis	→ Sustainable product demand	→ Enhanced engagement with international suppliers in obtaining favourable credit and repayment terms given the conditions that prevailed during the year
Training programmes	Continuous Basis	→ Timely and equitable payments of dues given the country's foreign currency shortage	→ Sought to strengthen and expand our local procurement, particularly in packaging materials, given import restrictions and challenges in opening letters of credit
		→ Ethical procurement practices	
		→ Opportunities for mutual growth	



Government and Regulatory Bodies

Method of Engagement	Frequency of Engagement	Key Concerns	Strategic Response
Industry associations and forums	Continuous Basis	→ Adherence to applicable rules and regulations	→ Communicating our concerns on the current circumstances through associations and forums
Directives and circulars	Continuous Basis	→ Timely and in full payment of taxes	→ Emphasising the critical need of fostering a favourable climate for business operations
One-to-one engagement	Continuous Basis	→ Focusing on obtaining export revenue	→ Being a responsible corporate citizen
Press releases	Continuous Basis	→ Job creation and economic value creation	



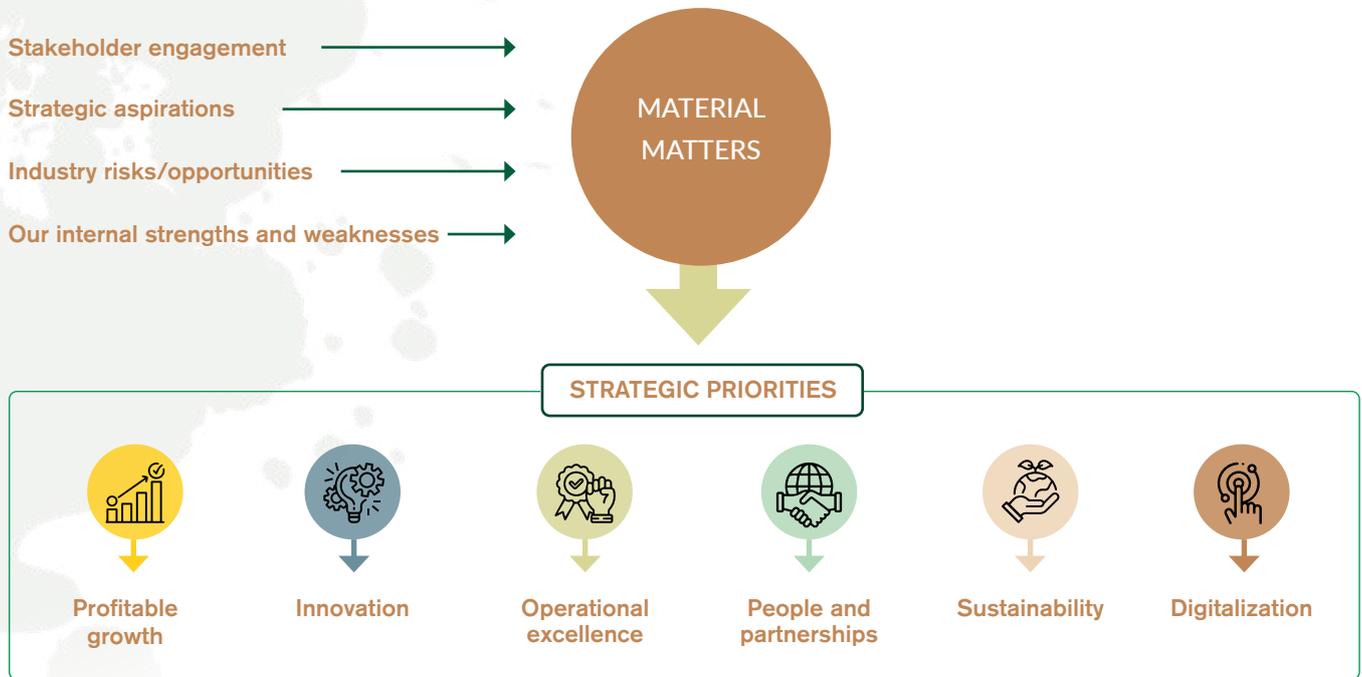
Communities

Method of Engagement	Frequency of Engagement	Key Concerns	Strategic Response
CSR projects	Continuous Basis	→ Meaningful socio-economic change	→ Creation of direct and indirect job opportunities
Public events	Continuous Basis	→ Knowledge sharing	→ Initiatives on CSR
Corporate Website	Continuous Basis	→ Empowering future generations	→ Sponsorships
Social media interactions and press releases	Continuous Basis	→ Environmental protection	→ Donations
Student career development programmes	Continuous Basis	→ Conservation of cultural heritages	→ Workshops and training programmes aimed at career development

STRATEGIC POSITIONING

MATERIAL MATTERS

The Group enhanced its materiality assessment process by focusing on issues that impact our stakeholders' decisions and value creation process in the short, medium or long-term. By evaluating risks, opportunities and threats in terms of their relative relevance to stakeholders and potential influence on our operations, materiality is determined in a systematic way. Our strategy, risk management procedures and reporting practices are based on the material issues thus identified and prioritised.



Profitable growth
Continuous top-line growth and ROI

Innovation
Opportunity for new product or process development arising from the set-up of the state-of-the-art Research and Development Centre that could lead to a sharpening of the Company's competitive edge

Operational Excellence
Complete customer satisfaction

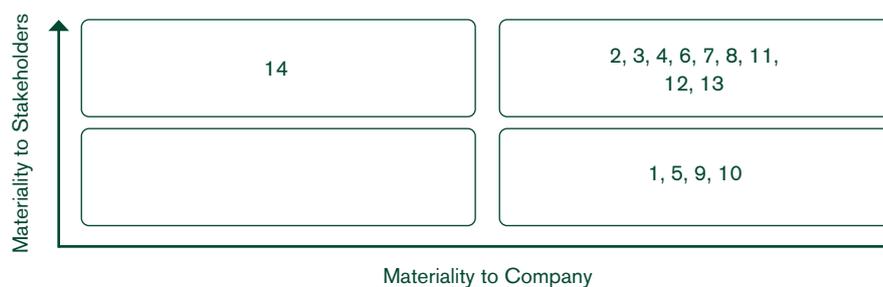
People & Partnerships
The Group's human capital is a vital resource in driving strategic aspirations and ensuring organisational resilience

Sustainability
Our commitment to sustainability is ingrained in our corporate strategy and core business activities

Digitalization
Continued focus on digitalizing and automating systems and processes

Materiality Matrix

Based on their relative importance to our stakeholders and to our business, key concerns are mapped out in the materiality matrix as demonstrated below. The disclosure requirements in the GRI Sustainability Reporting Standards are followed while reporting on the performance of material issues.



	Material Aspect	Reason	Change in materiality compared to last year	Corresponding GRI Topic	Link to strategic priority	Page reference to more information
1	Market leadership	To gain a competitive edge, attract customers, and drive industry trends, leading to increased market share and profitability		GRI 206: Anti-competitive Behaviour 2016 GRI 417: Marketing and labelling	Profitable growth	77, 92
2	Managing financial performance	To remain financially stable, maximise profits, and make informed investment decisions, enhancing overall business performance and sustainability	↑	GRI 201: Economic Performance GRI 207: Tax 2019	Profitable growth Digitalization	40, 42, 57, 147
3	Managing talent	To ensure we have skilled and motivated employees, leading to increased productivity, innovation, and overall organisational success	↑	GRI 205: Anti-corruption 2016 GRI 401: Employment 2016 GRI 402: Labour/ Management Relations 2016 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 GRI 407: Freedom of Association and Collective Bargaining 2016 GRI 408: Child Labour 2016 GRI 409: Forced or Compulsory Labour 2016 GRI 410: Security Practices 2016	Profitable growth People and partnerships	11, 62-68, 82, 91
4	Employee health and safety	To create a conducive work environment, reduce absenteeism and accidents, and enhance employee morale and productivity	↓	GRI 403: Occupational health and safety	Profitable growth People and partnerships	66-67

STRATEGIC POSITIONING

MATERIAL MATTERS

	Material Aspect	Reason	Change in materiality compared to last year	Corresponding GRI Topic	Link to strategic priority	Page reference to more information
5	Principal relationships	To build strong relationships to foster trust, collaboration, and long-term business growth while focusing on contributing and supporting to the local communities to address their social issues by always standing by the ethical rights of people	↑	GRI 203: Indirect Economic Impacts 2016 GRI 413: Local Communities 2016 GRI 415: Public Policy 2016	 Profitable growth  People and partnerships	21, 58, 75, 78, 91
6	Product responsibility	To build customer trust, strengthen brand reputation, and reduce legal and reputational risks		GRI 416: Customer health and safety GRI 417: Marketing and labelling	 Sustainability	77
7	Market reach	To access new customers, increase sales, and capitalise on growth opportunities, driving revenue and market share	↑		 Profitable growth	76-77
8	Macro-economic vulnerabilities	To anticipate and mitigate risks, adapt to changing market conditions, and maintain stability in volatile economic environments	↑		 Profitable growth  Operational excellence	105-109
9	Customer service	To increase customer satisfaction, loyalty, and positive word-of-mouth, fostering customer retention and repeat business		GRI 416: Customer Health and Safety 2016 GRI 418: Customer Privacy 2016	 Operational excellence	77
10	Innovation	To stay ahead of market trends and meet evolving customer needs	↑	GRI 416: Customer Health and Safety 2016	 Operational excellence  Digitalization	77
11	Efficient distributor network	To optimise product distribution, expand market reach, and ensure timely delivery, enhancing customer satisfaction and revenue generation	↑		 Operational excellence	77
12	Ethical procurement practices	To ensure responsible sourcing, supplier diversity, and fair trade, contributing to corporate social responsibility and brand reputation		GRI 204: Procurement practices GRI 308: Supplier Environmental Assessment 2016 GRI 414: Supplier Social Assessment 2016	 People and partnerships	77, 81
13	Compliance and good governance	To build trust with stakeholders, mitigate legal risks, and enhance business credibility		GRI 406: Non-discrimination GRI 413: Local communities	 Sustainability	63, 67, 78
14	Managing environmental impacts	To increase corporate social responsibility, attract eco-conscious customers, and mitigate regulatory and reputational risks		GRI 301: Materials GRI 302: Energy GRI 303: Water and effluents GRI 305: Emissions GRI 306: Waste	 Sustainability	80-82

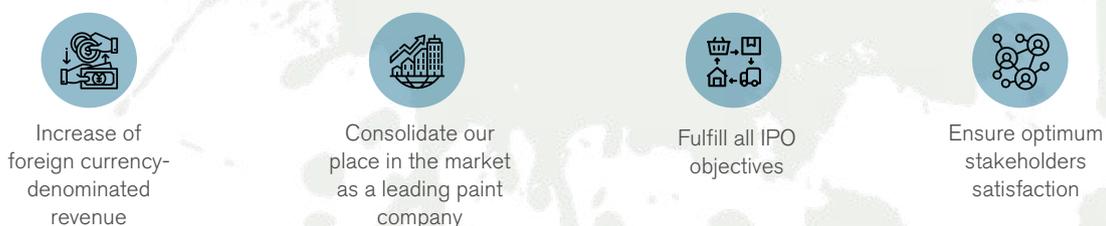
STRATEGIC POSITIONING

STRATEGY & RESOURCE ALLOCATION

JAT Group's strategy was developed with careful consideration for its operating environment and subtle adjustments to effectively respond to emerging risks and opportunities in the industry and the market locally and internationally. The Group strived to provide sustainable stakeholder value year-round by prioritising several factors in the most critical areas.



Key objectives of our strategy



Priority	Progress made during the year	Activity	Key Performance Indicators
 Profitable growth	<ul style="list-style-type: none"> Continuously exploring new overseas markets to expand our business operations Measures were taken to increase the revenue in Bangladesh operations Focused on increasing the revenue with special concern on the emulsion paint range Proactive measures to ensure product availability across the network through inventory optimisation and ongoing engagement with suppliers Declared 1 dividend during the year 	<ul style="list-style-type: none"> Marketing and advertising expense - Rs. 475 Mn Strength of sales and marketing team - 120 The complete cost of setting up the manufacturing plant in Bangladesh - 168 	<ul style="list-style-type: none"> Revenue growth 14% Increase in loyalty customers by 15% Strengthened market share in all key product categories <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid #ccc; padding: 5px; text-align: center;"> 57% Wood Coating </div> <div style="border: 1px solid #ccc; padding: 5px; text-align: center;"> 31% Brushes </div> <div style="border: 1px solid #ccc; padding: 5px; text-align: center;"> 7% Paints </div> </div>

Priority	Progress made during the year	Activity	Key Performance Indicators
 Innovation	<ul style="list-style-type: none"> The launch of undercoats and emulsion sealers expanded the WHITE by JAT product range Providing an efficient and cost-effective solution for quick paint fixes, the launch of Masters All-In-One Ceiling Coat for the domestic market and Masters All-In-One Wood Coating for the Maldives Market Establishment of a new R&D centre and acquisition of cutting-edge equipment for reverse engineering, microbiology and other testing mechanisms Investigating the possibilities of using alternative raw materials with the support of the value engineering 	<ul style="list-style-type: none"> Investment in R&D - Rs. 159 Mn Strength of our R&D team - 15 Capital investment in setting up the R&D Centre 	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid #ccc; padding: 5px; text-align: center;"> 3 New Products Developed </div> <div style="border: 1px solid #ccc; padding: 5px; text-align: center;"> 9 Products in the pipeline </div> </div>

STRATEGIC POSITIONING

STRATEGY & RESOURCE ALLOCATION

Priority	Progress made during the year	Activity	Key Performance Indicators
 <p>Operational Excellence</p>	<ul style="list-style-type: none"> Facilitating more effective working capital management, stock-keeping units have been rationalised Focusing on our major capabilities, finished goods warehousing has been outsourced to a third party The factory manufacturing line and the distribution channel were modified A Computerised Maintenance Management System was established A system was set up for customer relationship management Attempts were taken to achieve operational efficiency through digitalization 	<ul style="list-style-type: none"> Payments to suppliers - Rs. 7,423 Mn 	<ul style="list-style-type: none"> Remuneration per employee - Rs. 2.1 Mn Profit per employee - Rs. 3.3 Mn

Priority	Progress made during the year	Activity	Key Performance Indicators
 <p>People and Partnerships</p>	<ul style="list-style-type: none"> Continuous engagement with employees to improve their physical and mental wellbeing Maintaining healthy relationships with suppliers to boost inventory holding and assuring production continuity Proactive forecasting was used to increase the demand visibility for business partners 200+ painters/wood craftsmen, identified by JAT Holdings, were provided with an NVQ Level 3 Wood Craftsman (Wood Finisher) Certification, upon the successful completion of an examination conducted by NAITA 	<ul style="list-style-type: none"> Payments to employees - Rs. 822 Mn Investment in training - Rs. 3.3 Mn Investment in safety initiatives - Rs. 0.46Mn 	<ul style="list-style-type: none"> Employee retention - 87%

Priority	Progress made during the year	Activity	Key Performance Indicators
 <p>Sustainability</p>	<ul style="list-style-type: none"> Hosted the "JAT ESG Forum 2023" and discussed and shared insights about the incorporation of ESG (Environment, Social, and Governance) frameworks within Sri Lanka's corporate sector Committed to building an environment conscience culture within the organisation Continuous emphasis on environmentally conscious production methods Renewable energy generation through a rooftop solar system Responsible disposal of solid waste through an approved third party Achieving a milestone of JAT Chemical Conscious journey for WHITE by JAT Promotion of eco-innovation, and process excellence among employees by conducting sustainability and continuous improvement training Continuous emphasis on resource efficiency improvement initiatives 	<ul style="list-style-type: none"> Investment in CSR - Rs. 0.36 Mn 	<ul style="list-style-type: none"> Energy Consumption – 229,1863 MJ Water Consumption – 8,004 m3

Priority	Progress made during the year	Activity	Key Performance Indicators
 <p>Digitalization</p>	<ul style="list-style-type: none"> Continued focus on digitalizing and automating processes including systems and use of business information dashboards Introduction of digital document management system Automation of manual processes and workflows through the ERP system A Computerised Maintenance Management System was introduced with the aim of providing assistance to the Administration Department Investment in IOT to review and manage energy consumption Security enhancement initiatives 	<ul style="list-style-type: none"> Investment in digitalization projects – Rs. 6.45 Mn 	<ul style="list-style-type: none"> No. of automated workflows – 06 Implementation of digital signature and filing – 01 department Dashboards generated – 06

CAPITAL REPORTS

FINANCIAL CAPITAL



FINANCIAL CAPITAL

The following discussion and analysis should be read in concurrence with the Audited Consolidated Financial Statements of the Group for the year ended 31st March 2023. The term “Group” pertains to JAT Holdings PLC and its 5 subsidiaries and 1 sub-subsidiary, while the term “Company” specifically refers to JAT Holdings PLC.



SCOPE

- Wealth creation
- Fund management
- Equity and debt financing
- Asset management



STRATEGIC FOCUS

- Effective margin management and inventory optimisation
- Effective management of liquidity
- Proactive working capital management
- Funding overseas expansion



VALUE CREATION

Revenue growth
14%
Profit After Tax growth
7%
Total Asset Base
Rs. 13 Bn
Total Equity
Rs. 8.6 Bn

SWOT ANALYSIS

Strengths

- Strong financial performance
- Established relationships with financial institutions
- Diversified funding sources
- Access to foreign currency through overseas operations
- Strategic partnerships
- Strength of R&D through new establishment leading to improved margins

Weaknesses

- Dependency on the construction sector dynamics
- Lack of diversification due to dependency on a narrow product range
- Compelled to invest in high working capital due to market driven credit terms

Opportunities

- Expansion into export markets
- Requirement for green and sustainable paints in export markets

Threats

- Exchange rate fluctuation
- High interest rates
- Economic instability
- High competition by more economical substitutes
- Raw material price volatility
- Tax policies

BASIS OF PREPARATION AND COMPARATIVE FIGURES

The Financial Statements have been prepared in adherence to Sri Lankan Accounting Standards, namely SLFRSs and LKASs, which are governed by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Companies Act No. 07 of 2007.

PREAMBLE

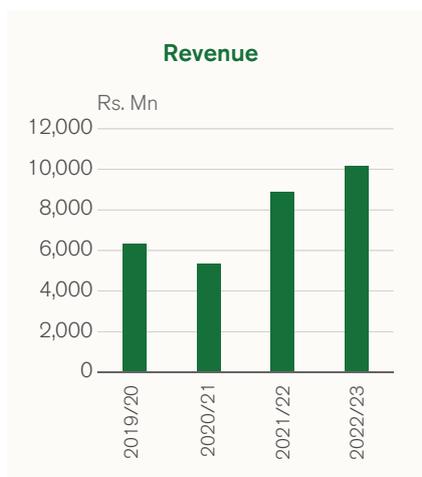
Amidst unexpected challenging difficulties, JAT Group exhibited remarkable fortitude in recording a revenue of Rs. 10.1 billion over the year under review, a significant increase from the previous year's Rs. 8.9 billion. Additionally, the Group achieved an impressive profit after tax of Rs. 1,301 million, surpassing the previous year's Rs. 1,211 million.

Despite the economic downturn, JAT Group continued to demonstrate growth both domestically and internationally. The Company displayed remarkable resilience in consistently achieving revenue growth in the face of financial crises that have affected Sri Lanka, constantly. The Group strengthened its foot print into the export market during the Financial Year 2022/23, by establishing a new factory in Bangladesh which generated an impressive revenue growth.

REVENUE

The consolidated revenue increased by 14% to Rs. 10.1 billion during the year, while at Company level, revenue increased by 8% to Rs. 7.1 billion.

Growth was supported by strong performance in the local retail market, and an increased penetration in export markets, which aided in diversifying the Group's earnings profile. The local retail market continued being the leading contributor to the Group's revenue with a share of 64%, followed by the export market which accounted for 28% and revenue through projects sector of 8% of the total revenue generated during the year. The Company placed strategic focus on the emerging export revenue during the year, pursuing aggressive penetration in the Bangladesh Market and driving customer acquisition in economies in other Asian regions. Exports amounted to 28% of Group revenue compared to 23% in the previous year.



GROSS PROFIT

The consolidated Gross Profit margin increased by 5% in the year under review compared to the previous year, reporting a 34% gross profit margin, showing a notable increase of Rs. 820 million.

The primary factor that drove the gross profit of the Group was the revenue generated from the local segment. However, significant contributions to Group's gross profit were also made from the export market due to the establishment of the manufacturing plant in Bangladesh, which allowed the Group to enhance its margins for overseas operations, and margin improvements done on the developments brought in by the Research and Development centre. The above two strategic moves have played a crucial role in driving an increase in the Group's overall gross profit.



COST OF SALES AND OPERATING EXPENSES

COST OF SALES –

The Group's cost of sales increased to Rs 6.7 billion in the financial year 2022/23 against the prior year of Rs 6.3 billion, mirroring the revenue increase during the year.

ADMINISTRATION OVERHEAD –

Amidst the challenging economic circumstances, the Group prioritised the well-being of its staff by providing welfare assistance while maintaining their salaries without any reductions.

SELLING & DISTRIBUTION OVERHEAD –

The Group's expenditure on sales and distribution consists of advertising, promotions and staff related costs which amounted to Rs. 839 million, representing 8% of the total revenue.

DEPRECIATION AND AMORTISATION

With a depreciation and amortisation expense of Rs.128 million for the year under review, compared to Rs. 122 million the previous year, the increase is attributed to new investments made in our R&D Centre and foreign plant invested through the subsidiary Asia Coatings (Pvt) Ltd in Bangladesh. These investments have resulted in an additional depreciation expense of Rs. 7.5 million.

GROUP WISE QUARTERLY PERFORMANCE

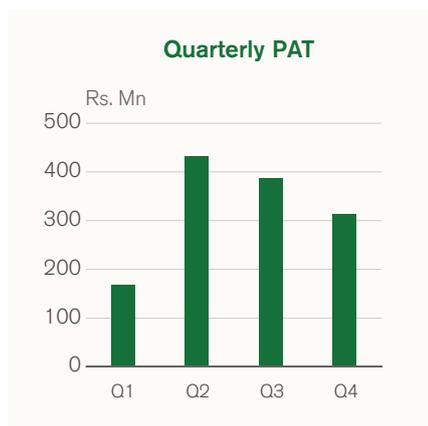
Despite the challenging and unprecedented circumstances brought about by the country's economic vulnerabilities, the Group's performance was commendable.

The 1st quarter was impacted by the fuel crisis and other macro-economic effects such as world raw material shortages and foreign currency restrictions, however all companies within the group showed resilience to these aftermath. The Group turnover and profits after tax during the 1st and 2nd quarters reported a 43% and 46% achievement compared to the annual achievements in turnover and profit after tax respectively.

CAPITAL REPORTS

FINANCIAL CAPITAL

The Company assessed the potential impact of emerging macro-economic developments on performance and stability, and adopted precautionary measures to ensure continuity of operations, including increasing the inventory levels to ensure continuity of supply to the market to ensure that the quarterly trends practiced over the years are maintained.



NET FINANCE COST

The Group finance cost increased to Rs. 591 million during the year mainly due to the tightening monetary policy which saw the interest rates picking up towards the second half of the year. The Groups interest cost in the current year included investments in inventory and fixed assets and Rs. 255 million as foreign exchange loss.

All new projects invested in were funded by the IPO proceeds. Finance income included earnings received from investments in short-term financial assets.

Meanwhile, the Group incurred an exchange loss of Rs. 255 million on the dollar denominated trade assets following the sharp appreciation of the Sri Lankan Rupee.

OTHER INCOME

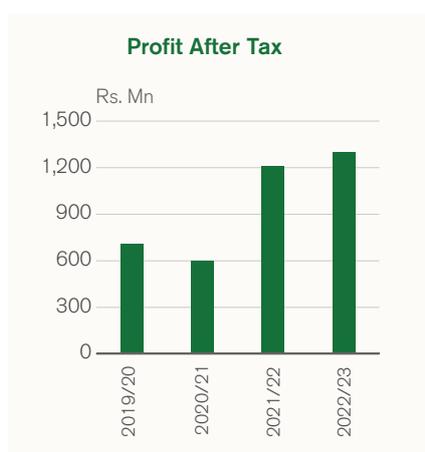
The Group's other income reached a total of Rs. 125 million, marking a notable increase from the previous year's Rs. 67 million. This revenue was derived from various sources including changes in fair value of financial assets.

INCOME TAX EXPENSE

The Group incurred tax expenses amounting to Rs. 185 million for the year, which can be attributed to the rise in income tax expenses due to the withdrawal of concessions granted to all IPO-listed companies effective December 2021 and the tax on foreign subsidiaries.

PROFIT FOR THE PERIOD

The Group demonstrated a consistent upward trend in profits, surpassing the figures of the previous financial years. In the year being reviewed, the profit after tax has reached an impressive Rs. 1.3 billion, surpassing the Rs. 1.2 billion earned the previous year, and the Rs. 600 million earned in the financial year 2020/21. The financial performance of the Group has shown remarkable improvement. Over the years, the Group has experienced a gradual increase in profitability, showcasing its consistent growth.



EARNINGS PER SHARE

The Group's Earnings Per Share (EPS) for the financial year ended 31st March 2023 displayed an increase reaching Rs. 2.56 per share in contrast to the prior year's earnings of Rs. 2.47 per share.

DIVIDEND

During the financial year ended on 31st March 2023, JAT Group distributed two dividends to shareholders, valued at Rs. 0.83 per share, totalling an impressive Rs. 424 million. In comparison, in the previous year, the dividend distribution was valued at Rs. 0.82 per share totalling to Rs. 404 million.

In spite of the current state of the country, JAT Group has sustained a steadfast approach towards dividend distribution with a consistent dividend policy.

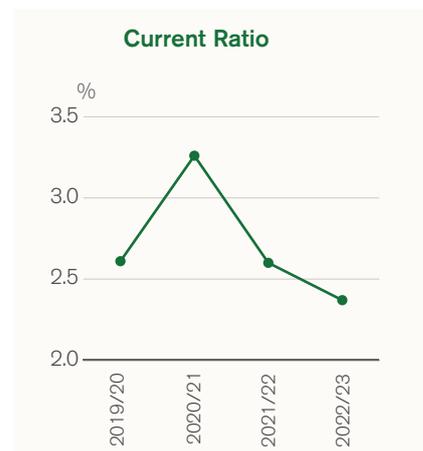
SOLVENCY

Section 56 of the Companies Act No. 07 of 2007 mandates the conduction of a solvency test before any dividend payments are made. To ensure compliance, the Board of Directors sought a Certificate of Solvency from Auditors, prior to the distribution of both final and interim dividends.

FINANCIAL POSITION

TOTAL ASSETS

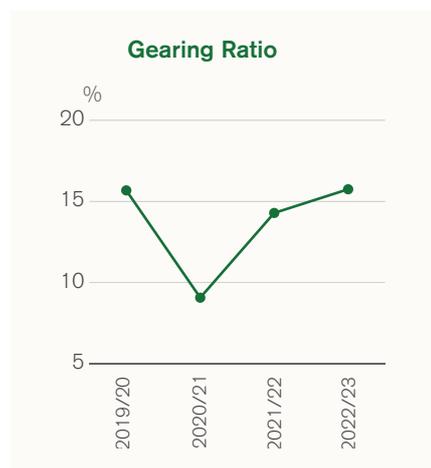
The Group's total assets have grown to an impressive Rs. 13 billion as of 31st March 2023, with Rs. 2.49 billion in fixed assets that have a net book value of Rs. 1.98 billion. These assets primarily include land, buildings, and plant and equipment. The Group has also seen a 3.3% increase in current assets, reflecting wise investments in working capital and short-term financial assets. The majority of the assets are current assets, making up 77% of the total, while non-current assets account for the remaining 23%. The Group's current ratio is 2.37, which is still strong even though it is lower than the previous year's reporting of 2.6.



TOTAL LIABILITIES

The Group's liabilities were largely composed of current liabilities, accounting for 96% share of the total during the year. The Group's gearing ratio was reported at 15.7% compared to 14.3% last year.

Moreover, the Company currently maintains a debt level of Rs. 1,615 million. This financial position is indicative of the Company's sound and strategic management, lending further credence to its potential for long-term success.



EQUITY

TOTAL EQUITY –

The Group boasts a robust financial standing, with a significant portion of its total assets financed through the retention of earnings, accounting for a noteworthy 48%. Additionally, 18% of the funding is derived from share capital, while 34% is sourced from supplier credit and borrowings.

RETURN ON EQUITY –

JAT Group's return on equity for the year under review was 15.1%, a slight decrease from the previous year's reported figure of 15.7%.



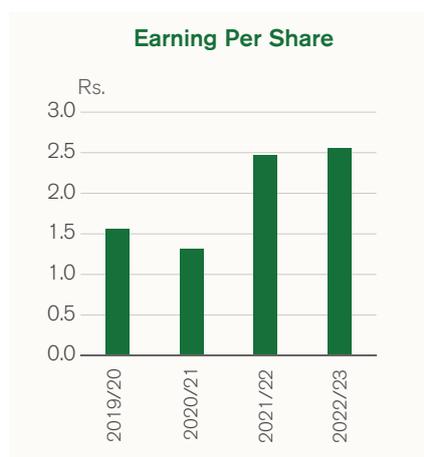
CASH FLOW

A net operating cash outflow amounted to Rs. 274 million compared to negative Rs. 796 million the previous year mainly due to recovery of investment in working capital. The Company also paid out a dividend of Rs. 424 million for the year under review. Furthermore, the Group made a decision to invest Rs. 394 million in capital expansions and Rs. 422 million in investment property.

LEVERAGE AND CAPITAL STRUCTURE

As of 31st March 2023, the Group's total asset base was valued at a remarkable sum of Rs. 13 billion. The sources of funding for these assets are detailed below.

Long-term funding and creditors	Rs. 4.2 Bn
Short-term funding and creditors	Rs. 0.2 Bn
Shareholder funds	Rs. 8.6 Bn



COUNTRY-WISE PROFIT

Year ended 31 March 2023	Revenue	Capital Expenditure	Pre-tax Income	Income Tax	Community Distribution
Sri Lanka	7,363,464,843	286,569,768	1,245,239,448	70,125,198	585,824
Bangladesh	1,379,333,815	107,348,426	288,508,162	71,542,927	-
United Arab Emirates	1,382,557,693	-	(33,838,347)	-	-
India	41,970,586	-	(13,905,473)	-	-
Total	10,167,326,936	393,918,195	1,486,003,791	141,668,126	585,824

FUTURE OUTLOOK

The Group's key sources of finance, for the foreseeable future are likely to be cash generated from operations. 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 of routine and new project requirements.

The Company's main focus in the next financial year is to invest in new products and set footprint in new markets that would enable the Group to sustain the upward trend in generating profits.

STATEMENT TO CHANGES OF EQUITY

As of 31st March 2023 the Group's overall equity reached a staggering Rs. 8.6 billion, a significant increase from the previous year's Rs. 7.7 billion.

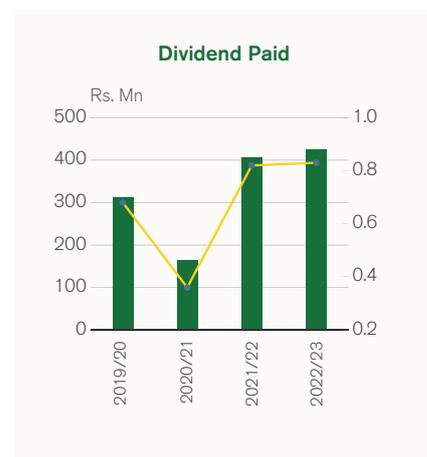
SHAREHOLDER VALUE CREATION

Net asset per share increased by 11% to Rs. 16.93 by end of March 2023

COST OF CSR & TRAINING

The company spent Rs. 3.69 Mn in training and CSR during the year.

Main focus was also given to set up a program on cultivating vegetables, where the Group donated home grown crop to employees as a CSR initiative.



CAPITAL REPORTS

MANUFACTURED CAPITAL



MANUFACTURED CAPITAL

The Group’s manufacturing capital is a key element of the Group’s value chain and the high quality and stability of the manufactured capital support the Group’s goal to expand its presence in overseas markets. Setting up the Manufacturing Facility in Bangladesh and enhancing the existing Research and Development Facility to a fully-fledged state-of-the-art facility are two key developments in JAT Group’s Manufactured Capital during the FY 2022/23.



SCOPE

- Physical Infrastructure
- Digital Infrastructure
- Operational Systems and Processes



STRATEGIC FOCUS

- Inventory Management
- Product Category Management
- Product Development
- Technology Enhancement
- System Development
- Automation
- Waste Management



VALUE CREATION

Overall efficiency
85%
Increase in capacity
30%
Savings generated through efficiencies
Rs. 8.4 Mn

SWOT ANALYSIS

Strengths

- The best state-of-the-art R&D Centre in Sri Lanka to drive innovation
- State-of-the-art factory in Sri Lanka and Bangladesh
- Product trading point in India
- Highly advanced machinery and equipment
- Strong reputation for quality of items produced
- Competitive array of products in the market in line with International standards.
- Capacity to offer customised products for the industrial market segment

Weaknesses

- Absence of policies and procedures to monitor and manage risks emerging with new product developments in the market

Opportunities

- Potential for developing the product portfolio in the Bangladesh market
- Product enhancement in the Indian market

Threats

- High volatility in the market
- Forex crisis
- Shift of consumer demand, based on product substitutes and price

	Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> ▪ Expansion of the manufacturing capabilities to overseas ▪ Initiation of state-of-the-art R&D Centre ▪ New developments in digital infrastructure
	Responsible Consumption and Production	Restrictions to prevent adverse health effects by maintaining a priority substances list which defines substances to be assessed on a priority basis to determine whether they are toxic or environmental pollutants
	Partnerships for the goals	Partnering for capacity development, new product developments and technology updates

NURTURING OUR MANUFACTURED CAPITAL

- Setting up a Manufacturing Plant in Bangladesh



The major expansion of the manufactured capital of JAT during the year under review is the commencement of operations in the end-to-end manufacturing facility in Bangladesh. The Plant occupies a capacity of 15,000 sq. ft. and is equipped with 20 skilled workforce. The strategic location of the new plant provides efficient and easy access to JAT's two key markets in Bangladesh, Dhaka and Chittagong and the Port as well. Being our first fully-owned and self-operated manufacturing facility overseas, this manufactures wood coating products under the renowned Sayerlack and JChem brands.

- Initiation of the R&D Centre with cutting-edge technology



Further expanding JAT's capacity in research and development, we established a separate Research and Development Centre at SLINTEC Homagama, and this Centre incorporates four units, namely, Polymer Processing Division, Water-borne and Solvent-borne Wood Coating Division, Decorative Coating Division and Reverse Engineering Division. Investments of Rs. 200 million were made to acquire the state-of-the-art equipment for the first three divisions mentioned above and 6 highly qualified chemists were hired for the operations of these divisions.

- Modifications in the factory manufacturing line and distribution channel

With the aim of catering for the demand increase, we doubled the capacity of wood coatings and decorative paints last year by fixing another manufacturing line with new machinery and new vessels. Additionally, we set up a separate assembly line: mixing and filling line to cater for the sales in the industrial market.

In the year concerned, change was made in our distribution channel also. We started direct delivery of our products from the factory warehouse to the dealer outlet skipping the distributor point. This is an improvement in the distribution channel, which will ultimately result in enhancing efficiencies.

Safety Initiatives

- Reorganised the safety committee
- Fire safety infrastructure development at Kahathuduwa factory premises
- A tiered level observation walk by the factory was introduced
- Included safety criteria for the factory management KPIs
- Implemented Kaizen according to SQDCM which gives significance to safety

Assets Profile

Sri Lanka					
	Manufacturing Plants	Warehouses	Corporate Office	Showrooms	R&D Centre
Operations	Manufacture of, wood coatings and decorative paints brushes and handles ceilings	Distribution points with secure storage facilities	Houses its own gym, auditorium, pantry and cafeteria	Enable customers to get an authentic experience of our products and technology and meet our interior designers and technical product experts	New product development and product re-engineering etc.
Location	Kahathuduwa	3 warehouses in Kahathuduwa, Horana and Kaduwela Outsourced - Advantis Warehousing Space, Hokandara	Thalawathugoda	4 showrooms in Thalawathugoda, Nawala, Moratuwa and Colpetty	Sri Lanka Institute of Nanotechnology (SLINTEC)
Asset Base	Rs. 384 Mn	Rs. 73 Mn	Rs. 1,554 Mn	Rs. 55 Mn	Rs. 97 Mn
Capacity	30,960 sq ft	54,000 sq ft	45,000 sq ft	7,300 sq ft	2,050 sq ft
Capabilities	ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified manufacturing facilities				

CAPITAL REPORTS

MANUFACTURED CAPITAL

Bangladesh	
Facilities	Manufacturing plant Warehousing Facility Laboratory Product Sampling Facility Packaging Plant
Operations	Manufacturing wood coating products
Location	Dhaka
Asset Base	Rs. 168 Mn
Capacity	15,000 sq. ft.
Capabilities	Producing PU, UV and water-based coatings that meet international standards and requirements meeting end-to-end production needs

INVENTORY MANAGEMENT

The FY 2022/23 began with high volatility in the economy of the country. The lack of foreign currency and raw material shortage in the world market was a major issue in the first half of the financial year. In such a situation, the management decided on having extra inventory that would be beneficial to the company. This was planned out by managing supplier relationships, ensuring continuous supply where possible and shifting to alternative materials sourced both internationally and locally where possible. Also, the Group of companies were sharply focused on improving customer collections, leading to steady financial stability amidst a controversial economic downturn, whereby fund availability was assured for additional inventory investment. Going hand in hand with the investment in inventory, the management also looked at reducing the investment in the inventory of the finished goods category. Thus, intending to reduce inventories in this inventory category cluster, our product portfolio was rationalised with the support of the SKU Rationalising Model. Product category management was immensely useful for the continuous evaluation of the priorities and deduction of certain items from the product portfolio on a quarterly basis.

PRIORITISING CAPITAL INVESTMENTS

The Financial Department of the organisation closely scrutinise all the investments and conduct a detailed feasibility which is reviewed and approved by the Investment Committee and recommended by the Board of Directors before making the investments above a stipulated limit.

With the aim of tackling the complexity of the market conditions, investments were made, during the year concerned, in terms of product developments, technology enhancement, system developments and automation including the perfect customer solution to increase the flexibility, agility and innovation of our operation.

In investing in the manufacturing capital, we focused more on differentiating JAT from other key players in the market. Investments were made in developing separate product portfolios for different market segments, with the aid of our R&D team. JAT Group currently occupies the potential to offer any customised product for the industrial market segment both in small or large quantities.

EFFICIENT OPERATIONS

Our manufacturing, engineering, R&D and technical teams are collaborative in driving manufacturing efficiency through the use of

lean initiatives and continuous improvement approaches. By optimising resources and rationalising cost improvements and automation, the Group was thus able to limit the rise in manufacturing overhead expenses to 21% in FY 2022/23.

DIGITAL INFRASTRUCTURE

FY 2022/23 being the year of commencing the digital transformation journey, special measures were taken to further strengthen the digital capabilities of the Group. The key priorities of these measures were improvements in internal systems and processes and customer engagement. Key developments in the year under review are as follows:

- Enhancement of IT security by establishing Endpoint Detection & Response (EDR) Software
- Setting up the Digital Document Management System
- Implementation of Digital Signatures
- Development of dashboards for Loyalty base and WHITE by JAT online platform and financial reporting dashboard for the top management decision making
- Establishment of the Computerised Maintenance Management System
- Implementation of the Building Management System and Environment Monitoring System for the Server Room
- Setting up a system for customer relationship management





FORGING AHEAD

Continuous improvements will be made to our facilities in Sri Lanka and our newly established facility in Bangladesh to drive the concentrated effort to improve production efficiencies ensuring the minimum impact of our operations on the environment by further improving our existing waste management processors.

Considering the Sri Lankan facilities, we have plans to fully automate the water-based plant in the forthcoming year. We have manual operations for label pasting that need to be automated. The brush manufacturing plant would also be automated in the near future. We expect a solid system integration in the coming years with third-party logistic partners with the objective of improving productivity and the quality of day-to-day operations. Moreover, we are discussing with some of the partners to have automated planning and scheduling software to facilitate manufacturing planning.

It is also expected to execute the same plans we have for our Sri Lankan manufacturing plant in Bangladesh plant. Additionally, it is required to acquire the certifications for the Bangladesh plant also.

Backward vertical integration can be expected in the business processes as we are planning to commence in-house manufacturing of binder and alkyd resin, the main raw materials for emulsion paint and wood coatings. The automated binder manufacturing plant will be established in Horana, Sri Lanka whereas the alkyd resin manufacturing plant will be implemented in Bangladesh. The excess production from these plants is intended to be exported.

We are in the process of obtaining the Green Seal Certification for water-based decorative paints and wood coatings. Within the next financial year, we expect to complete the final step in acquiring the certification which covers product quality, environmental protection and human health.

Expanding our business over the Asian region, our company is having the objective of acquiring 50% of its revenue in foreign currency within the next 5 years. As a step towards achieving that goal, JAT focuses more on other countries, especially Bangladesh and Maldives markets. Currently, we are engaged in the business of only wood coatings in Bangladesh. We are looking forward to initiating our projects including furniture and SEA Kitchens in Bangladesh as well. Further, we are in the process of setting up a showroom in the Maldives for JAT products.

CAPITAL REPORTS

HUMAN CAPITAL



The Group recognises Human Capital as an asset within the organisation that drives strategic aspirations and ensures organisational resilience for its progress. The major expansions in the 'JAT Leadership Cogwheel Programme' to include employees at all levels were significant in the FY 2022/23 as the programme is a key initiative of JAT's journey towards establishing a winning culture within the organisation by nurturing and cultivating talented, high-performing employees who fuel up the Group's long-term growth.

SCOPE

- Employee Satisfaction
- Employee Engagement
- Training and Development
- Health and Safety
- Diversity and Inclusivity

STRATEGIC FOCUS

- Performance-driven culture
- Employee wellbeing
- Inclusivity
- Crisis support allowances
- Career Progression

VALUE CREATION

Employee payments
Rs. 822 Mn

Increase in revenue per employee
5%

Increase in net profit per employee
6%

Investment in training
Rs. 3.3 Mn

Retention
87%

Promotions
9%

Training hours
8,656

Injuries recorded
6

SWOT ANALYSIS

<p>Strengths</p> <ul style="list-style-type: none"> Technical savvy employees Active recruitment process during the economic crisis to attract the right talent Career progression 	<p>Weaknesses</p> <ul style="list-style-type: none"> Resignations due to attraction from other industries. Migration due to an unstable industrial market.
<p>Opportunities</p> <ul style="list-style-type: none"> Opening up of the job market and potential employees actively seeking higher paying jobs to mitigate the inflationary pressures 	<p>Threats</p> <ul style="list-style-type: none"> Brain drain due to economic instability led-migration Transport barriers due to the fuel crisis

	Zero hunger	Free lunch for all employees at head office and factory
	Good health and wellbeing	Free medical and accident insurance covers, a safe workplace, a medical camp, and recreational activities to promote wellbeing
	Quality education	Technical, internal and external training opportunities for all employees
	Gender equality	Effective female participation and equal opportunities for leadership at all levels
	Decent work and economic growth	Code of Ethics, Code of Best Practice on Corporate Governance and Policy Framework to ensure a great work environment and development
	Reduce Inequalities	Policies to promote equal treatment and opportunities for all
	Climate action	Awareness-raising and human and institutional capacity on climate change mitigation

NURTURING OUR HUMAN CAPITAL

- **Leadership cogwheel** – 8 leadership skills of employees were developed
- **Employment succession plan development** – Certain improvements in succession planning have been launched for top talents
- **Strengthening of learning platforms and cultures in the company** – The leadership levels of employees have been improved through outbound training programmes

TEAM PROFILE

JAT offers a favourable work environment and equal opportunities for all its employees despite their age and gender. All our workers are Company employees and for seasonal manpower needs, the Company outsources personnel with expertise. During the year company offered internship opportunities for 5 university undergraduates and fresh graduates. All the outsourced workers including security personnel are obtained from reputed agencies that ensure adequate awareness and knowledge of ethics and security practices related to the job role.

	Male	Female	Total
Permanent	255	66	321
Contract	52	18	70
Temporary	0	0	0
Part-time	0	0	0
Full-time	307	84	391
Total	307	84	391

TEAM MOVEMENTS

Recruitment and Retention by Category

	Assistant Manager and Above	Executive Staff	Non-executive Staff
Recruitments	11	39	5
Retention	10	35	5

Recruitment and Retention by Gender

	Male	Female
Recruitments	36 (65%)	19 (35%)
Retention	32 (64%)	18 (36%)

Recruitment and Retention by Age

	Below 30 years	30-55 years	Above 55 years
Recruitments	35 (64%)	19 (34%)	01 (2%)
Retention	32 (64%)	17 (34%)	01 (2%)

REMUNERATION AND REWARDS

The Group's remuneration and reward schemes are designed to attract and retain top talent through equitable and attractive compensation. Remuneration is benchmarked against industry practices and is based on meritocracy and performance. We do not discriminate on gender in determining remuneration and the ratio of the basic salary between men and women is 1:1.

PERFORMANCE-DRIVEN CULTURE

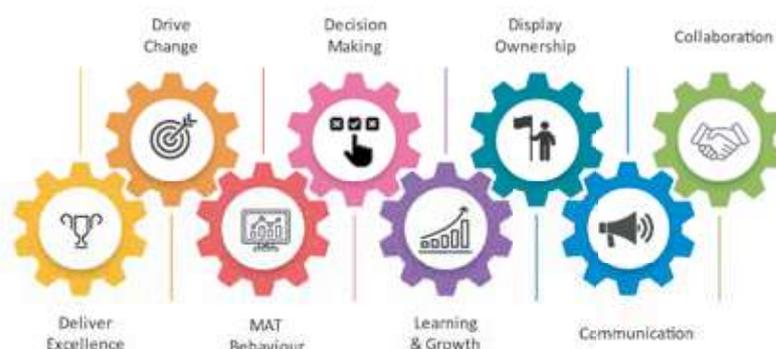
It has been strategically important to recognise, develop and reward talent to build a vibrant and high-performing culture within the organisation. Merit and performance are the determinants of the Group's remuneration which is provided equally and between male and female employees without any gender-based discrimination.

With the aim of achieving goal congruence, individual Key Performance Indicators (KPIs) are matched with corporate objectives. Performance evaluations, which are useful in identifying skill gaps, soliciting feedback, and planning staff development initiatives, are conducted for all qualified employees. The results of the performance management system are used to determine rewards, incentive programmes and annual increments. The Group provides extensive benefits to our full time employees including medical insurance, educational support and recreational activities in addition to financial remuneration.

LEADERSHIP COGWHEEL

The Leadership Cogwheel programme was initially launched for the senior management within the 2021/22 financial year. In the current financial year, the programme was expanded to all levels of employees led by the senior management team, and the HR and Sustainability team through an interactive workshop, making employees of diversified backgrounds and cultures work together towards a common goal. Moreover, with JAT's envisioned ambitious growth trajectory, it is believed that the leadership cogwheels programme will groom employees to reach the optimum growth levels required to achieve company goals and objectives.

The eight cogwheels or leadership traits which are embedded into the employee performance framework are,



The launch of the JAT Leadership Cogwheel programme is one of many initiatives which are designed to create a transformative winning culture within the company fostering skilled, high-performing employees who drive the company's long-term growth.

CAPITAL REPORTS

HUMAN CAPITAL

LONG-RUN DEVELOPMENT (LRD) PROGRAMMES

These programmes are intended for our employees to uplift their skills and professionalism to be on par with market standards. The Company, in the year under review, experienced the effectiveness resulted in from the LRD strategy linked to leadership development. Through the LRD strategy, the Company identified critical roles, valued employees, and top talents. In order to retain them, the Company has taken this development programme to the next level. The Company has made moves to increase its remunerations and to take on challenges in the market.

EMPLOYEE SATISFACTION LEVEL



The Company is very sensitive towards the work-life satisfaction of its employees and always takes a humanistic approach towards their needs. The Company does employee climate surveys and the exco-committee always discusses the pulse of employees. The Company regularly keeps track of employee satisfaction levels through surveys conducted both internally and externally. An employee experience survey “Great Place to Work” (GPTW) was conducted in the FY 2021/22 and the company is in its long-run plan to reach JAT winning culture.

▪ **Welfare activities:**

- Introduction of a temporary relief scheme for employees to fight against inflation.

▪ **Recognition and rewards:**

- “JAT Excellencia 2022”, the recognition night to celebrate the contribution of its 400+ employees for enabling JAT to record the best year in the history of the Company.

GREAT PLACE TO WORK

As an organisation which is diligent towards supporting its employees to achieve both professional and personal goals, JAT Holdings was successful in earning the recognition as a ‘Great Place to Work’. JAT has met all the requirements in its transformation to a workplace of excellence.

- **Camaraderie** - friendly atmosphere
- **Caring** - psychologically and emotionally healthy place to work
- **Collaboration** - encouraged to share ideas
- **Communication** - effective, approachable and easy ways of communication
- **Community** - support to build own community
- **Competence** - fitting well with right competencies
- **Corporate Image** - beyond excellence create proud members
- **Credibility** - being honest, ethical and responsible leads to credibility
- **Engagement** - willingness to work beyond responsibilities
- **Equity** - equal opportunities to growth
- **Fairness** - everyone treated special
- **Hospitality** - made to feel right at home
- **Impartiality** - avoid being favoured
- **Innovation** - response to suggestions and ideas
- **Integrity** - management delivers on its promises
- **Intimacy** - people care about each other
- **Justice** - discrimination free working environment
- **Leadership Behaviour** - right leadership running the business
- **Personal Job** - not just a job
- **Pride** - always recommended as a best place
- **Respect** - respect to every work, every person and every role



▪ **Initiatives to shield the employees from the economic crisis**

- Allowances were given to the executives and minor staff in reaction to the rise in the cost of living
- Performance-based increments were offered to maintain a performance-driven culture
- Fuel and electric bicycles were provided to fulfil the requirement of the segment of field staff during the fuel crisis
- 'Work from Home' was allowed to employees during the fuel crisis to prevent them from taking unnecessary stress to report to the workplace
- Job opportunities were given at our overseas subsidiaries to employees who were planning to migrate as a result of the economic crisis



- **Fun Fridays** – Last Friday of every month is dedicated to entertainment programmes for employees

▪ **Events:**

- **Avurudu celebration** - Traditional Avurudu celebrations take place on the first day after the Avurudu holidays.

- **International Women's Day 2023**

- As a gender-equal workplace, the company held a workshop for the female workforce on March 8, 2023, which focused on identifying their true self, strengths and weaknesses and managing the work and family and advocating towards #EmbracingEquity.



EMPLOYEE ENGAGEMENT

Maintaining employee morale and promoting collaboration have relied heavily on providing a high degree of interaction with employees and encouraging work-life balance. Hence, various activities and events were organised by the Group as stated below:

▪ **Programmes:**

- **Outbound Training Programme** - An Outbound Training (OBT) programme conducted in collaboration with Che Adventure Park, encouraging employees to unleash their potential and work in synergy with their teams to complete certain activities.



- **Cricket match screening** - The world cup series screening with party snacks at Head Office

- **Business Commencement 2023** - Former Cricketer Mr. Sanath Jayasooriya joined to share his experience in being part of a team, leadership, and managing a team



- **Leadership Cogwheel Launch** - The "JAT Leadership Cogwheel" programme was launched with the aim of fostering leadership at all levels. The programme emphasises the importance of eight key leadership traits that are expected from each employee.



TRAINING AND DEVELOPMENT

JAT continuously takes measures to provide its employees with opportunities to sharpen their skills as well as to acquire new ones. Mentioned below are the key training programmes carried out during the year:

- Company Induction on major company policies and culture
- Health and Safety Training on fire safety and first aid training, and forklift operation NVQ training
- ISO Quality Management Training
- HRIS, ERP, Office 365, Power BI System Training
- Sustainability training on sustainability knowledge of employees
- Core Job-related Training to bridge the KSA gaps (knowledge, skills and attitudes) of employees
- Company Long-Run Development Programme focusing on individual employee personal development. As an initiative of the same, the "Lean Green Belt Practitioner" programme was launched for selected individuals across the functions.

CAPITAL REPORTS

HUMAN CAPITAL



FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

No labour unions have been formed within our Company, primarily due to our open-door culture and ongoing efforts to foster a collaborative work environment. We affirm that we have not imposed any restrictions or barriers preventing our employees from exercising their right to form or join labour unions if they choose to do so.

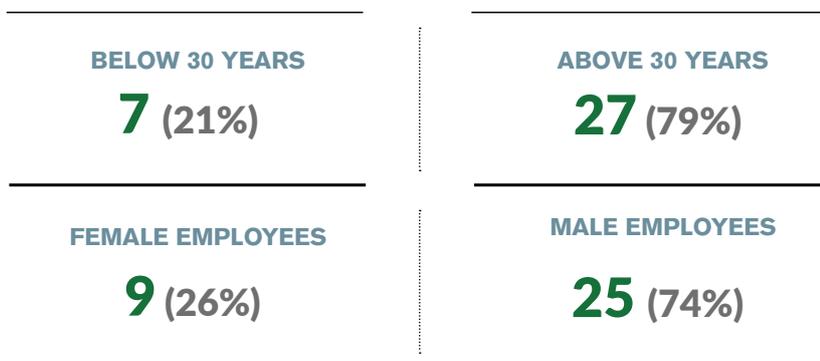
TRAINING PROVIDED

	Senior Management		Management		Executives		Non-Executives	
	Male	Female	Male	Female	Male	Female	Male	Female
Total training hours	867	22	1,075	718	2,940	1,235	1,515	283
Employee count	27	4	52	21	127	34	101	25
Average training hours	32.11	5.50	20.67	34.19	23.15	36.34	15.00	11.32

SUCCESSION PLANNING AND TALENT RETENTION

All employees are mapped in the succession planning where employees are encouraged to take opportunity within the Company for self-improvement and growth. They are motivated to try different roles within the organisation to achieve career progression. Most importantly, they are given prior consideration for job appointments in order to provide them a better career opportunity.

PROMOTIONS



SAFETY RECORD

Health and Safety Indicators	2022/23	2021/22
Reported first-aid cases	6	10
Occupational injuries - resulting lost hours	182	212
Work related fatalities	0	0

DIVERSE AND INCLUSIVE WORKFORCE

The Group's policies, practices and organisational culture reflect its dedication to fostering a diverse and inclusive workplace. Regardless of a person's gender, race or religion, these organisational practices promote fair employment and remuneration based on employee merit. In order to enable women to advance in their careers while preserving a healthy work-life balance, proactive measures have been adopted. There have been no incidents of discrimination during the reporting period.

HEALTH AND SAFETY OF THE WORKFORCE

JAT has a strong health and safety arm that follows the concept of "tackle the risk".

The Company conducts monthly audits and updates aspects and impact registers and environmental incident registers.

It also holds Steering Committee meetings regularly to identify risk areas. These measures have inculcated and improved employees' safety.



Policy support	
Equal Opportunity and Diversity Policy	This policy aims to eliminate discrimination, bias, and prejudice in all aspects of the company's operations, including recruitment, hiring, promotions, training, and workplace conduct. It encourages a diverse workforce by actively seeking and valuing talent from various backgrounds, cultures, and perspectives. Equal Opportunity and Diversity Policy helps foster a positive organisational culture that celebrates differences and fosters an environment of mutual respect, dignity, and equal opportunities for all.
Anti-harassment Policy	<p>This policy ensures that employees are treated fairly in an environment free of intimidation and harassment. All complaints of harassment will be treated seriously and promptly, with due regard to confidentiality and disciplinary action will be taken against any employee who has been found guilty of breaching this policy.</p> <p>Policy on sexual harassment</p> <p>Any unwanted, uninvited behaviour of a sexual nature which makes a person feel humiliated, intimidated or offended and which may occur between an employee and a co-worker, supervisor, manager, agent, consultant or contractor, is considered to be unlawful not only during working hours but also in any work-related context, including conferences, work functions, business or field trips, and interactions with other stakeholders.</p>
Open-door Policy	This policy reflects our commitment to transparent and flexible communication between the management and team members. This enhances communication across levels of the organisation. Team members are free to communicate their thoughts with upper management. This policy extends to HR. If staff members have serious matters on their mind, ranging from concerns over their compensation to workplace harassment they may discuss it with HR. With the implementation of this policy, employees did not emphasise any need for a trade union as the current mechanism in place has worked for their benefit.
Grievance Policy	It is the policy of the Company that all employees should be permitted to have any grievances in relation to their employment dealt with promptly and fairly by an appropriate manager. All the employees have the right to appeal to a more senior manager against a decision made in respect of their grievance.
Recruitment and Election Policy	The recruitment policy defines the objectives of Recruitment and Selection which are aimed at attracting competent and outstanding individuals to fill a position with the most suitable applicant. Candidates are selected for appointment according to their capabilities, qualifications and competencies required to fulfill the job requirements, without having regard to discrimination factors, such as race, religion, marital status, gender and age. Policy itself addresses the conflict of interest where it defines not to employ relatives of management in the same unit where such employment could place the employee in a potentially compromising situation and/or where there may a concern about conflict of interest. The policy ensures that the workforce of the company employees only the people who are eligible to work in the country under the common law and do not enforce child labour and there have been no incidents of child labour or forced or compulsory during the reporting period.
Health and Safety Policy	<p>This policy ensures that a healthy and safe environment is provided for all employees, contractors, customers and visitors, compliant with all applicable health and safety legal requirements, and that best practice health and safety management standards are implemented and maintained across the JAT Group.</p> <p>The Company is strictly compliant and committed to improving the ISO 45001:2015 Standard, dedicated to providing employee awareness frequently about Occupational Health and Safety. All employees and work-related parties are responsible for following all safety procedures, guidelines and maintaining a safe working environment and improving safety measures.</p>
Whistle-Blowing Policy	<p>The Whistleblowing Policy is mainly introduced with the intention of creating a platform for the members of staff to report irregularities in good faith, without having to fear that their actions may have adverse consequences. The Whistleblowing Policy of the Company is a key element set up to safeguard the integrity of the Company. It is aimed at enhancing the Company's transparency and underpinning its system for combating practices that might damage its activities and reputation.</p> <p>This Policy creates an environment of trust and maximum protection for the members of its staff as the Company intends to encourage them to cooperate in full. Arrangements are made to ensure that the members of staff who report irregularities in good faith are afforded utmost confidentiality and the greatest degree of and most effective protection possible against any retaliation or reprisals, whether actual or threatened as a result of their whistle-blowing.</p>

CAPITAL REPORTS

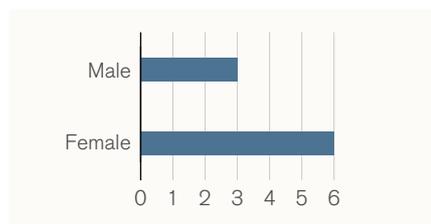
HUMAN CAPITAL

SPECIAL MEASURES TO PROMOTE GENDER DIVERSITY

- Women empowerment programs are arranged on Woman's Day annually
- Equal opportunity is provided for the staff members on every decision making without being gender biased
- Better gender balance in each department as well as within the entire organisation
- Career progression programs are developed without any gender discrimination and purely based on performance
- Organisation policies are developed with special consideration given to the female employees

	Male	Female
Senior Management	27 (87%)	4 (13%)
Management	52 (73%)	21 (27%)
Executive	127 (79%)	34 (21%)
Non-Executive	101 (80%)	25 (20%)

GENDER DIVERSITY AT BOD



SUCCESSION PLANNING AND TALENT RETENTION

All employees are mapped in the succession planning where employees are encouraged to take opportunity within the Company for self-improvement and growth. They are motivated to try different roles within the organisation to achieve career progression. Most importantly, they are given prior consideration for job appointments in order to provide them a better career opportunity. The Company provides adequate time and resources for employees to adopt to new roles, and job enhancements under the Company's succession planning.

EMPLOYEES BY REGION

Region	No. of Employees	Contract Basis	Permanent
Bangladesh	6	-	6
Sri Lanka	Central	2	28
	Eastern	1	2
	North Central	-	3
	North Western	1	9
	Northern	1	3
	Sabaragamuwa	9	16
	Southern	6	18
	Uva	-	17
Western	269	50	219
Total	391	70	321

EMPLOYEES BY AGE AND CATEGORY

Category	Age Distribution			
	Less than 20	20 – 35 Years	36 – 50 Years	51 – 65 Years
Directors	-	2 (40%)	1 (20%)	2 (40%)
Senior Management	-	3 (11%)	21 (81%)	2 (8%)
Managers and Assistant Managers	-	44 (60%)	27 (37%)	2 (3%)
Executive	-	133 (83%)	23 (14%)	5 (3%)
Non-Executive	2 (2%)	61 (48%)	44 (35%)	19 (15%)
Total	2 (1%)	243 (62%)	116 (30%)	30 (8%)

RETURN TO WORK AFTER PARENTAL LEAVE

Parental Leave in 2022/23	Male	Female
Employees entitled to parental leave	-	4
Employees on parental leave	-	3
Employees who returned after parental leave	-	1
Employees who were still employed 12 months after parental leave ended	-	3



FORGING AHEAD

JAT, being equipped with many skilled and talented employees, targets to ensure a workspace that explores every employee's capabilities in achieving industrial goals.

The Group experiences the results of training programmes conducted for its employees over past few years. In the future, professional and leadership qualifications of employees will be enhanced through industry-specific advanced training and development programmes.

Employees who show motivation to reach higher standards will be regularly recognised and encouraged for their successful achievements. JAT expects to create a work environment that derives passion and commitment for all employees.

CAPITAL REPORTS

INTELLECTUAL CAPITAL



INTELLECTUAL CAPITAL

The Group highly values its intellectual capital which drives its growth through innovation and high-quality products and services. During the financial year under review, JAT's product portfolio was diversified with the introduction of innovative products. Digitalization within the organisation is expected to bring about a transformative shift in JAT's business operations and work environment.



SCOPE

- Brand Value
- Market Leadership
- Portfolio of Brands
- Brand Awareness
- Research and Innovation
- Systems and Processes



STRATEGIC FOCUS

- New product development and product re-engineering
- Digitalization
- Engagement with stakeholders
- Increase of brand value and recognition



VALUE CREATION

New products developed

3

Revenue generated from new products

Rs. 126 Mn

Investment in R&D

Rs. 159 Mn

SWOT ANALYSIS

Strengths

- Highly skilled research team and technical team
- State-of-the-art research and development facilities
- Continuous innovations
- Strong relationship and engagement with key stakeholders
- Use of Artificial Intelligence
- Customer Loyalty base of over 144,000 members
- Insight-based marketing
- Strong e-commerce platforms to drive sales

Weaknesses

- Inadequacy of digital tools and platforms
- Maladministration of certain systems
- Impact on the tacit knowledge due to brain drain

Opportunities

- Changes in consumer behaviour in the market post pandemic and economic crisis
- Use of R&D to shift towards local manufacturing

Threats

- Reduction in disposable income levels of consumers due to unfavourable economic conditions
- The construction industry coming to a standstill
- Drastic drop in investments in construction sector

	Industry, Innovation & Infrastructure	New additions to the JAT product portfolio Developments and modifications in digital infrastructure
	Responsible Consumption & Production	Compliance with a variety of environmental, social and product-related certifications
	Partnerships for the goals	Partnership with NAITA to support and develop Sri Lankan woodcraft

CAPITAL REPORTS

INTELLECTUAL CAPITAL

NURTURING OUR INTELLECTUAL CAPITAL

- JAT’s product portfolio was further strengthened with the introduction of new innovations in the year concerned
- Digital media played a key role in raising brand awareness
- JAT’s brands were recognised and awarded throughout the year
- The process of digital transformation continued by implementing substantial modifications and new developments

BRAND VALUE

Our ability to generate products with superior quality, provide exceptional customer service, and innovate new products and brands has contributed to enriching JAT’s brand value. JAT’s vast product portfolio confirms its worldwide recognition as a brand that transforms spaces and further strengthens its hold in the local market. JAT’s extensive

product portfolio of its own brands and exclusive range of global brands includes more than 18 recognised brands in wood coatings, decorative paints, accessories, and furnishing products.

Despite the unstable economic climate during the year under review, JAT succeeded in maintaining customer loyalty, demonstrating the strength of its brand equity.

MARKET LEADERSHIP

Our brands have emerged as market leaders in each of the categories they operate in, an achievement made possible by our operations in Sri Lanka as well as through our global affiliations.

			
Sustained market leadership for over 20 years in wood care and is the current market leader with a 57% market share	Exclusive franchisee for manufacturing and distribution of world-renowned Harris Brushes. Market leader in Brushes with 31% market share	WHITE by JAT acquired a market share of 7% within the first year of launch and it created the highest brand awareness within the first two years of its launch	JAT is a dominant player in the luxury kitchens segment with the brand SEA Bauformat

PAINTS, WOOD COATINGS AND ACCESSORIES	
	The Group’s flagship brand Sayerlack is the largest producer of wood coatings in the world and the pioneer in water-based coatings. Sayerlack offers a wider range of products including polyurethane, UV coatings and nitro cellular lacquers with scratch, heat, and chemical resistance properties. Out of 91 countries representing the brand, JAT has been awarded the largest partner for Sayerlack in the world by its parent company, Sherwin Williams. Sayerlack is the market leader in wood coatings in Sri Lanka
	Introduced in 2020, the group’s own range of premium quality brilliant white emulsion paints and undercoats provides customers with a complete, all-in-one solution under one roof. WHITE by JAT is synonymous with purity, cleanliness, and elegance. WHITE by JAT is the only emulsion paint in the market that offers 8 years guarantee on its white colour through its enhanced colour guard technology.
	A Leader in Sri Lanka’s paintbrushes and rollers market, offering a range of paintbrushes, rollers, and accessories across two distinct price points under the sub-brands, Harris Classic and Harris Budget. Harris is the leading paint brush manufacturer in the UK and effective 1st September 2018 JAT has been appointed by Orkla House UK as its exclusive manufacturer, distributor, and marketer for Harris in Sri Lanka
	Reputed as a specialist in wood care, offering a range of products including wood putties, wood surfaces treatment products such as timber cleaning agents, maintenance waxes, special effect finishes and touch-up items for wood-finished surfaces. Borma Wachs is the market-leading brand in wood surface preparation in Sri Lanka.
	The brand offers a range of solvent-based wood stains, thinner, retarder, wood preservative, sanding sealer, super gloss enamel, anticorrosive, varnish and French polish. This is another brand owned by JAT Holdings PLC and its manufactured locally to cater for the middle segment and industrial market in Sri Lanka to deliver high-quality products at a lower price
	One of the best paintbrushes and rollers range in Sri Lanka that produces a range of brushes for all applications. The brushes are completely handcrafted using Tynex filaments by experienced brush makers and are considered the best brush for wood coating. With 5 times the durability compared to brushes in the market, the product features flawless strokes, and the synthetic filaments are appropriately tipped to release paint evenly and smoothly onto surfaces.
	MASTERS is JAT’s own wood coating brand with all manufacturing operations based in Sri Lanka to produce an economical range of wood coating products to suit the local market requirements. At present Masters wood coating products have extended to both domestic and international markets through its wide offering of wood coating products. With the recently launched All-in-one wood coating product, MASTERS has further strengthened its market position in Sri Lanka.

PAINTS, COATINGS AND ACCESSORIES



Wallz Interior Emulsion is a cost-efficient, yet high-quality emulsion that is perfect for use on interior walls and ceilings. The low-sheen formulation provides excellent opacity and whiteness, making it a great option at an affordable price.

Wallz Weather Coat is suitable for all types of masonry, offering superior protection against harsh weather conditions. The attractive, smooth matte finish stays cleaner for longer, and provides excellent opacity, making it a smart choice for those seeking a durable and long-lasting paint.

FURNISHING



An internationally renowned brand represented by JAT and recognised as the pinnacle of prestige in seating and office desking around the world. Herman Miller offers ergonomic seating and desking designed to support and improve posture is the essence of a Herman Miller along with a 12-year unconditional warranty on every product. JAT is the sole agent and distributor for Herman Miller chairs in Sri Lanka.



A century-old brand known for unique modular kitchens and wardrobe designs, customisable offerings and exclusive designs made to the highest quality German standards. A SEA product integrates into the overall interior design through its highly customisable products, exclusive designs and handpicked materials while keeping product quality and longevity in mind.



Globally reputed for design flexibility and acoustical performance of its range of ceiling solutions. Knauf's portfolio of commercial acoustical ceilings offers solutions in mineral fibre, fibreglass, perforated metal and perforated wood.



Offers a range of luxury handcrafted flooring, synonymous with quality, coated with the revolutionary patented STAYFLAT technology and sourcing the finest sustainably grown French Oak and Australian hardwoods.



A metallic ceiling panel manufacturer in Sri Lanka which is now solely owned by JAT Holdings.



Specialised Fire Doors are tested and certified to comply with the highest Indian, British and American Standards.



DassoXTR Fused Bamboo® is manufactured using Dasso's patented process, which combines two stages of high heat to first carbonize the bamboo, removing all of the starch and sugar, and then restructure the bamboo, reinforcing its natural strength and characteristics.



JAT Holdings is the authorised distributor for Colan in Sri Lanka, offering luxury furniture to design interior projects at workplaces or at homes.



German-made high-quality electric appliances for your luxury kitchens.



Offers cubicle systems for partitioning in endless shapes and a range of colours.

OTHER



The JAT Care range offers a broad spectrum of instant hand sanitiser solutions containing cationic biocide and Isopropyl alcohol which enhances safety and efficacy.

CAPITAL REPORTS

INTELLECTUAL CAPITAL

BRAND AWARENESS

As the proud owner of a portfolio of strong brands, JAT employed innovative marketing strategies to increase its brand awareness. Our market approach involved consistent engagement with various market segments, with a particular focus on retailers, painters and homeowners. Consistent engagement with different market segments and effective use of a mix of ATL & Digital media was a key market approach to raising awareness of our brands.

Strategically, extra effort was focused on two market segments: retailers and painters, to increase brand awareness related to our mass-market products such as Sayerlack, White emulsion paints and brushes.

The use of the JAT Loyalty customer base of 144,000+ members is a competitive advantage JAT has, which was used effectively in reaching out to its user directly to create awareness.

- **One-to-one Engagement**

Retailers were made a part of our journey through one-to-one engagement. Our sales team visited retailers on a weekly basis to provide updated information related to our products. Based on a retailer's sales, products and categories, retailers were offered special discount schemes and promotional offers.

- **Training through workshops**

Our technical teams conducted weekly workshops for batches of approximately 60 painters and carpenters. The aim of these was to give them a broader

understanding of our products, updates on new product developments, new technologies and new techniques. JAT has been able to conduct over 55,000 such training programmes during the last 20 years making this one of the most successful methods of customer engagement and awareness building.

- **Special Programmes**

- **JAT Pintharoo Shilpee Abhiman**

JAT Pintharoo Shilpee Abhiman is a pioneering programme that was launched by JAT in partnership with the National Apprentice Industrial Training Authority (NAITA), to uplift the industry and to help promising painters and carpenters build their lives and hone their craft, by providing these skilled but uncertified individuals with formal certification in their field of work. Under this programme, NAITA has provided 100+ painters/wood craftsmen, identified by JAT, with an NVQ Level 3 Wood Craftsman (Wood Finisher) Certification, upon the successful completion of the programme requirements.

Further, through JAT's partnership with HDFC Bank, JAT Pintharoo Shilpee Abhiman has been able to support and enhance the lives of painters, by providing them with access to finance to become qualified individuals in the industry and grow their potential. This financing goes towards assisting painters to purchase equipment and for working capital requirements.

- **JAT Loyalty Programme**

Our Loyalty Programme consists of a base of 144,000+ consumers including

painters, carpenters and homeowners. Loyalty members are offered benefits including loyalty points whenever they purchase our products. Throughout the year, JAT conducts various promotional programmes to provide additional benefits to customers.

- **Digital Advertising**

Digital advertising played a key role in creating brand awareness. Through various social media channels including Facebook, YouTube and TikTok, successful marketing campaigns were launched for effective engagement with maximum reach.

- **E-commerce Platform**

JAT's whitebyjat.com is the first-ever e-commerce platform used by the paints industry that uses the latest AI technology to effectively reach its target audiences making it one of the most successful platforms in Sri Lanka. JAT also launched ergonomicsbyjat.com, its latest e-commerce platform to sell its luxury furnishing range of products, Herman Miller and Colan. Using the e-commerce platform, we targeted different consumer segments and identified different purchase patterns of consumers.

- **Partnerships**

We recognise that partnerships are essential for business growth. Accordingly, we teamed up with relevant parties which support us in driving brand awareness.

LOYALTY PROGRAMME

The total number of customers in our loyalty base exceeded 144,000 in FY 2022/23 and the total amount of loyalty payout for the year was Rs. 46 Mn.

	FY 2022/23	FY 2021/22	%
Total Customers	144,005	125,152	15
Redemption (Rs.)	46,170,830	30,467,770	34

Promotional campaigns done through the Loyalty Programme

Customers of JAT Sayerlack Loyalty were given the opportunity to triple their loyalty points through the Sayerlack Loyalty Triple Wasi Campaign held from 15th June 2022 to 31st August 2022. During this period, all loyalty points were tripled, allowing our customers to save more when purchasing Sayerlack Waterbase products.

As another promotional initiative, loyalty points were increased for the "Sayerlack Stain Category" from 9th January 2023 to 31st March 2023. However, the promotion has been extended till the 30th of June 2023.

SYSTEMS AND PROCESSES

JAT began its digital transformation journey during the year under review and formulated a strategy for the next 5 years. Commencement of the transformation was successful with several initiatives implemented during the year.

The ultimate objective of the first year of digital transformation was to create a paperless environment at JAT. Projects initiated to achieve this include:

- **Digital Document Management System**

We have started onboarding physical documents into a digital platform with the support of this system. Initially, the system was implemented in the Commercial Procurement Department and was later expanded to our manufacturing plant. The need to keep physical documents was avoided as SharePoint online storage was used to manage documents online.

- **Enterprise Resource Planning System**

The Enterprise Resource Planning System was initiated to automate a number of workflows. As a result, many processes of the Company have been streamlined for maximum efficiency.

- **Digital Signature Mechanism**

We have engaged with the Legal Department and set out a digital signature mechanism with the support of Adobe Signature.

- **Power BI Dashboards**

We have implemented Power BI Dashboards to facilitate the process of making data-driven decisions. The WHITE by JAT Online Sales Dashboard is one such dashboard containing all the required information and reflects analysed visualisation of information for easy decision-making. The senior management significantly benefitted from the Power BI data visualisation tool when making data-driven decisions.

Additionally, a dashboard has been developed using data from the JAT Loyalty programme. It includes all the customer-relevant information and sales-relevant information. We expect to launch the ERP dashboard containing finance-related information in the near future.

- **Computerised Maintenance Management System**

The Computerised Maintenance Management System was introduced with the aim of providing assistance to the Administration Department. The system facilitates the management of assistant requirements using a helpdesk ticketing system.

- **IOT for Energy Consumption Review and Management**

During the year, a review and management system through IOT was introduced to the Administration Department for the management of energy consumption. The initial stage of this process includes the review of electricity usage through a centralised dashboard which manages the floor-wise consumption/usage of electricity through the CEB power, generator power and solar power separately. The next step is planned for the factory premises in Kahathuduwa as well as to introduce the same for other energies such as LP gas etc.

- **Security Enhancement**

The overall IT and cyber security level of the organisation was enhanced through the upgrade of security to an Endpoint Detection and Response (EDR) which is an integrated, layered approach to endpoint protection that combines real-time continuous monitoring and endpoint data analytics with rule-based automated response with the use of AI.

- **Learning Management System**

Introducing a robust learning management software (LMS) marks a significant step towards empowering our workforce. This innovative platform seamlessly streamlines training, onboarding, and professional development processes, fostering a culture of continuous learning. This platform is intended to be expanded to the NAITA NVQ Level 3 programme too.

- **Digital Procurement System**

By signing up for the Green Tape digital procurement platform, JAT gains access to a game-changing solution. This innovative platform revolutionises procurement processes, offering streamlined supplier management, efficient purchasing workflows, and cost optimisation. With Green Tape, we unlock new levels of transparency, productivity, and sustainability, driving our business forward.

- **Complaint Management System**

This powerful tool centralises and automates the complaint resolution process, enhancing customer satisfaction and loyalty. With its intuitive interface and robust tracking capabilities, we ensure prompt and efficient handling of grievances, fostering a positive brand reputation.

INNOVATION, RESEARCH AND DEVELOPMENT

JAT possesses a Research and Development facility with a highly skilled research team. The continuous research revolves around the development of improved products and the creation of new products. Its main aim is to offer the best product to consumers at an affordable price. Additionally, Research and Development facilitate JAT to maintain the superior quality of its products and adapt global products to suit the local market.

New product launches and product enhancements which added value to the JAT product portfolio during the year are as follows:

- Masters All in One Wood Coating to the Maldives market
- Wallz Brilliant White Emulsion
- Harris Ultimate Roller Brush
- WHITE by JAT – 8-Year Colour Guard Technology

For the first time in Sri Lanka, WHITE by JAT introduced an enhanced Colour-Guard Technology, providing an unprecedented 8-year guarantee on its coating. Traditional white paint often fades and discolours, requiring frequent and costly recoating every 2-3 years. However, with WHITE by JAT's Colour-Guard Technology, the whiteness of the walls remains intact for a remarkable 8-year period. This has been tested and proven through rigorous laboratory tests, demonstrating that walls coated with WHITE by JAT show no signs of colour fading, cracking, or chalking. This exceptional performance makes WHITE by JAT's Interior and Exterior brilliant white emulsion a certified and approved product that can endure for up to 8 years.

CAPITAL REPORTS

INTELLECTUAL CAPITAL

CERTIFICATIONS

Attesting to the excellent production standards, our manufacturing plants have obtained quality accreditations. JAT has established itself in a position to pursue entry into new market categories by maintaining compliance with a variety of environmental, social and product-related certifications.

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

ECO-LABEL CERTIFICATION

Certifies that our products meet stringent performance, health, and environmental criteria in environmental leadership standards

RESPONSIBLE CARE

Complying with international standards in relation to the organisation's commitment to the environment and social sustainability



FORGING AHEAD

JAT looks forward to further development and progress along its digital transformation journey, which was implemented during the year under review. The ongoing project implemented during the first year of its 5 year plan will be continued, with new projects commencing during the next year, after seeking approval from the management.

Necessary actions are planned for the year ahead to create a company-wide learning culture at JAT. Accordingly, a Learning Management System is expected to be launched during the first quarter of the next financial year. The system will be implemented to facilitate our employees as well as the external stakeholders. One of the primary objectives of setting up this system is for the effective and efficient management of training conducted for employees, enabling them to access videos and learning material relevant to each training via one platform.

We will continue to focus on improving our products through research, in order to offer the best quality products to our consumers at affordable prices.

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL



SOCIAL AND RELATIONSHIP CAPITAL

The Group's effort to create longstanding relationships with its key stakeholders has contributed to the collective mutual growth of both parties. Despite the countless adversities in the economic landscape during the financial year in concern, the JAT Group is committed to safeguarding all of its internal and external stakeholders considering it a key priority of the organisation.



SCOPE

Relationship with key stakeholders:

- Customers
- Business Partners
- Distributors and Influencers
- Community
- Shareholders



STRATEGIC FOCUS

- Improving customer service
- Responding with flexibility and agility to consumer needs



VALUE CREATION

Sales value growth

14%

Payments to suppliers

Rs. 7,423 Mn

Community investment

Rs. 0.76 Mn

SWOT ANALYSIS

Strengths

- Enthusiastic employees dedicated to delivering their commitment to the community
- Leadership honouring social commitments and strengthening relationships

Weaknesses

- Lack of investment in consumer engagement platforms

Opportunities

- Dynamic leap to process excellence with AI, which would bring financial benefit to all stakeholders
- Potential to enter untapped markets with the collaboration of existing and new supplier relationships and new shareholder engagements

Threats

- Fuel crisis in the country affecting the transportation networks
- Unfavourable economic conditions affecting the unhindered drive of human-intensive CSR projects

	Good Health and Well-being	Blood Donation Camp
	Quality Education	Shuttle, JAT ESG Forum 2023
	Decent Work and Economic Growth	Carpenter Trainings, "Pintharoo Shilpee Abhiman" Programme
	Partnerships for the Goals	JAT ESG Forum 2023

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

NURTURING OUR SOCIAL AND RELATIONSHIP CAPITAL

STAKEHOLDER FULFILMENT

JAT always tries to satisfy and safeguard all of its stakeholders in the midst of various challenges faced due to the economic crisis.

- Consistency was maintained in employee remunerations despite the present economic downturn backed by cost-of-living allowances given to all employees. Apart from that, many benefits were granted to employees including free lunch and medical insurance. Additionally, remote working facilities were provided to all employees with the digital adoption following the COVID-19 and the fuel crisis.
- Driving the increased efficiency and optimisation of resources, service providers were outsourced for special purposes: salary computation, warehousing and consultants on waste management.
- End customers who are wood costing painters, get immense support from the "Pintharoo Shilpee Abhiman Programme" which is conducted by NAITA as a completely free course for wood coating painters.
- A consistent dividend policy is practised at JAT Holdings PLC keeping in line with the IPO promises made to the shareholders pre and post-listing. The distribution of 35% of the dividend during the financial year is expected to be improved in line with macroeconomic conditions.
- The company has a distributor model in place to cater to the demand island-wide through a vast array of dealers. We also have island-wide delivery for the companies' prime paint "WHITE by JAT", delivered within an optimum time frame throughout the island free of charge.

PROFILES OF OUR CUSTOMERS

JAT has expanded its customer base in recent years due to a widening product portfolio and strategic marketing efforts locally and internationally. Homeowners, residential and commercial projects, and intermediaries including carpenters and painters make up JAT's vast customer profile. Over 6000 dealers in the local

market and a portfolio exceeding 18 brands have enabled JAT to cater to varying customer preferences and offer a range of value propositions. JAT has ventured into new markets in South Asia and Africa to broaden its export offerings.

JAT has established itself in Bangladesh, India, Maldives, and Africa including Ghana, Kenya, Uganda, and Seychelles.

PAINTS, COATINGS AND ACCESSORIES

	JAT always tries to offer innovative product solutions to customers by understanding their needs. Regular interactions and engagement with customers immensely support JAT to meet customer requirements. Customer satisfaction is tracked through social media feedback surveys, consumer research, and one-to-one feedback collection during the sales process in order to continuously improve our products and services. Customer engagement is fulfilled through events, social media, one-to-one contacts, and communication via SMS, emails, and call centres.
	The JAT Loyalty programme, which was introduced in 2019, has experienced considerable development, with the number of loyalty customers exceeding 144,000 in just four years. The purpose of the loyalty programme is to reward customers with long-term financial benefits in appreciation of their patronage.
	The Group is dedicated to providing products that are of the highest quality and consistency, and to that end, adheres to numerous certifications and follows strict quality procedures. No instances of non-compliance with laws, rules or standards pertaining to customer safety, health, labelling information or marketing communication during the year under review.
	JAT created a novel distribution model for the paints industry using a completely integrated end-to-end e-commerce platform and a daring approach to revolutionise the customer experience. The "WHITE by JAT" emulsion paint brand was introduced digitally by adopting a direct-to-consumer strategy as the main sales driver. On the Group's website and other third-party e-commerce platforms, targeted discounts and a competitive pricing strategy were employed to entice customers to make online purchases. A 3-step ordering process with value-added services including volume converters made ordering convenient for customers.
	Despite the supply chain and raw material shortages experienced globally JAT was able to respond to the demand trend with agility and adaptability. JAT's strong relationship with the suppliers and proactive inventory management policy enabled the Group to fulfil the change in customer needs effectively.

BUSINESS PARTNERS

The Group invests in building long-term relationships with its many business partners which comprise local and international suppliers, service providers and dealers. The diverse network of suppliers is a key source of competitive edge that the Group has honed and developed over the years.

The strong supplier relationships are evidenced by the fact that the majority of the supplier base has been partners with JAT for over 5 years.

PRINCIPALS

The majority of JAT's partnerships are established with globally reputed brands. These brands are at the forefront of technology and design, which has allowed the Group to strengthen its portfolio and intellectual capital.

JAT has fostered strong relationships with over 15 principals. The majority of our partnerships are with globally reputed brands that are at the forefront of technology and design, allowing the Group to strengthen its portfolio and intellectual capital.

During the year, emphasis was placed on maintaining close engagement with our principals and ensuring continued supply, in view of the complexities in the economic landscape.

JAT has a successful partnership with Sayerlack products and is the exclusive agent for the distribution of Sayerlack products in South Asia and key regions of Africa. In 2021 Sherwin Williams Company, which is the world's largest paint company, reaffirmed JAT as its No.1 global partner in terms of revenue for its wood coating brand,

Sayerlack. In addition to Sayerlack, JAT is also the exclusive agent for many leading brands such as SEA Kitchen Solutions, Herman Miller office furniture, Knauf Ceilings and Lifewood flooring.

DISTRIBUTORS AND INFLUENCERS

The Group has a multi-channel distribution network linking its range of products with homeowners, retail markets and institutions. The well-established dealer network is spread across the island with over 5,000 customer touchpoints via hardware and general trade stores. The dealer network also stretches to international markets across 84 countries offering the Group's product portfolio.

The Group has leveraged its partnerships with key influencers and collaborated with external institutions to create awareness and expand brand visibility. For instance, during the year, renowned Sri Lankan chef and restaurateur Dharshan Munidasa was appointed as the brand ambassador for SEA luxury kitchens. This fitting collaboration allows the SEA kitchen brand to be promoted and elevated amongst the target upmarket clientele. JAT also partnered with the Geoffrey Bawa Foundation in hosting the exhibition 'Geoffrey Bawa: It is essential to be there' in linking the SEA furniture brand with renowned architectural brands.



Product endorsements through influencers were carried out to enhance brand visibility with Lochi for Harris Brushes.



SUPPLY CHAIN

80% of raw materials are imported from multiple countries including Italy, Germany and the Group ensured an uninterrupted supply of inputs through careful planning of demand and production trends. Disruptions to the supply chain due to import restrictions and a depreciating currency were carefully navigated by proactively managing working capital cycles and negotiating favourable credit terms from foreign suppliers. The Group is actively broad basing its supplier network to reduce reliance on import suppliers by expanding local procurement. During the year raw material and packaging material were sourced from over 500 local suppliers, injecting over Rs. 3 Bn into the local economy which accounts to 52%.

SHAREHOLDER ENGAGEMENT

JAT maintains open and transparent communication with its shareholders. The shareholder event was organised and the quarterly reports were prepared by the Company for proactive engagement with its shareholders. These activities promote a long-lasting relationship with shareholders by providing them with an opportunity to reframe governance issues of the organisation as well as to recognise emerging risks in the industry.

COMMUNITY RELATIONSHIPS

As an advocate of enhancing long-term stakeholder value the Group's approach to CSR is based on driving meaningful socio-economic and environmental change. The Group's overall CSR vision and corporate strategy are aligned through a structured CSR Framework which forms the blueprint for the Group's community initiatives.

Further boosting the initiatives on CSR, the Company introduced social responsibility policy in the FY 2022/23.

CUSTOMER HEALTH AND SAFETY

100% of our products compliance with customer health and safety regulations. There were no incident recorded during the year related to non-compliance of health and safety of the products or services.

PROTECTION OF CUSTOMER PRIVACY

As a company with a loyalty program, we ensure customer privacy protection by implementing robust security measures for data storage and transmission. We obtain explicit consent for data collection, use, and sharing. Strict access controls and encryption safeguard sensitive information. We clearly communicate the purpose of data collection and provide customers with control over their personal information. Further, there have been no substantiated complaints concerning breaches of customer privacy or losses of customer data during the specified reporting period. We remain committed to upholding the highest standards of data protection and privacy for our valued customers.

RESPONSIBLE MARKETING PRACTICES

Our marketing communications adhere to the guidelines established by the Group's Customer Service Division Code of Conduct and adhere to applicable government laws and regulations. We operate within the framework outlined by the Consumer Affairs Authority, implementing strict measures to guarantee that our advertising and labelling offer transparent information about safe product usage. Our user manuals, available in Sinhala and English languages, provide comprehensive details regarding installation, maintenance, and daily operations. Throughout the year, we have not encountered any cases of non-compliance with regulations or standards concerning the health and safety impacts of our products/ services, as well as product and service information and labelling. Additionally, there have been no instances of non-compliance in relation to our marketing communications.

There had been no incidents of noncompliance concerning product and service information and labelling or concerning marketing communication during reporting year.

CAPITAL REPORTS

SOCIAL AND RELATIONSHIP CAPITAL

JAT CSR PROJECTS

PAINTS, COATINGS AND ACCESSORIES

ESG Forum 2023



JAT Holdings PLC, a Sri Lankan multinational conglomerate and the country's market leader in wood coatings, recently hosted the "JAT ESG Forum 2023" at its head office auditorium. The event, which was a knowledge-sharing session covering environmental, social and governance (ESG) frameworks & practices, brought together sustainability experts from leading business organisations in Sri Lanka, including Dialog Axiata PLC,

MAS Holdings, John Keells Holdings PLC, and Hayleys Advantis Limited. The sustainability experts representing these organisations were able to discuss and share insights about the incorporation of ESG (Environment, Social, and Governance) frameworks within Sri Lanka's corporate sector during the event.

The audience included personalities from the wider corporate sector, along with undergraduates from universities around the country, who envision taking up sustainability-focused roles within the corporate sector. The talks, discussions and presentations made at the event were able to convey information and ideas about current progress and future insights, with regard to the implementation of ESG frameworks in Sri Lanka.

Shuttle – Undergraduate skill development and career guidance program



JAT Shuttle is an ongoing program aimed at empowering university students through career development and guidance to transform them as future leaders in Sri Lanka. Members of the Group's management team have contributed to this programme as resource persons by sharing their knowledge and experience in their respective fields. Leadership Development Seminar was held for undergraduates of the University of Sri Jayewardenepura, Business Administration department.

"Shuttle – Extended" was held for the undergraduates of both the University of Peradeniya and the University of Rajarata - Human Resource Department on the 5th of December. The programme focused on capacity-building activities aimed at empowering future HR professionals through career development guidance with the vision to transform them into inspiring future leaders of Sri Lanka.

Carpenter Training for Livelihood Development



Through this initiative, youth in local communities were encouraged to develop carpentry skills, thus improving their employability across the country. Multiple workshops during the year provided training opportunities to 1,731 youth all over the country.

JAT "Pintharoo Shilpee Abhiman" project



The "Pintharoo Shilpee Abhiman" project was launched in 2021 with the aim of uplifting the wood industry and empowering painters. It was a collaborative effort between JAT Holdings PLC and the National Apprentice and Industrial Training Authority (NAITA), under the auspices of the Ministry of Skills Development, Vocational Education, Research and Innovation.

JAT continued the project during the year under review as a part of its CSR plan. It awards internationally recognised NVQ certifications to wood painters and craftsmen who successfully complete the JAT painter's training program. This unique initiative marks the first of its kind in Sri Lanka's paint industry. As of the end of the financial year JAT has supported 209 wood craftsmen since initiation to obtain their NVQ qualification through this project.

As an extension of its JAT "Pintharoo Shilpee Abhiman" programme, JAT Holdings PLC partnered with the Housing Development Finance Corporation Bank of Sri Lanka (HDFC) to offer the opportunity for Sri Lankan wood craftsmen and professional painters to obtain credit facilities for work-related matters and receive financial awareness education training from bank representatives, which will further improve their business acumen and skills. This is the first time that a public and private partnership is being forged for the upliftment of the woodcraft industry in Sri Lanka.

Eco-Innovation Project



The National Cleaner Production Centre (NCPC), Sri Lanka together with the United Nations Environment Programme and the Green Building Council of Sri Lanka have collaborated to support the implementation of a GEF (Global Environment Facility) funded project on global best practices in chemical management.

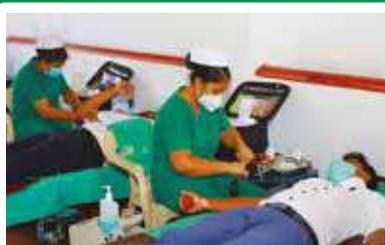
Through the signing of an MOU with NCPC, JAT as a leading force in the paint industry is committed to minimising the impacts of its operations by adapting global tools to reduce the use of chemicals in the building sector. By the end of the year 2022, JAT successfully completed the project. With that, National Cleaner Production Centre (NCPC) awarded the “Eco Label” to JAT’s emulsion paint range.

MEMBERSHIP IN ASSOCIATIONS

JAT holds memberships in various organisations and associations including the following:

- The Ceylon Chamber of Commerce
- The American Chamber of Commerce in Sri Lanka (AMCHAM)
- The Employers' Federation

JAT Blood Donation Camp



JAT Blood Donation Camp 2022 was successfully held at Sri Sudharshanaramaya Purana Viharaya, Weniwelkola in collaboration with the Sri Lanka National Blood Centre. JAT Head office and factory employees, along with community members participated in the blood drive to achieve the required number of donations.

PARTNERSHIPS FOR CSR PROJECTS

JAT has established a number of partnerships with national, international, government and non-governmental institutions which has aided the successful completion of a number of CSR projects. The organisations include:

- National Cleaner Production Centre for Eco-Innovation Project
- United Nations VNET (National Volunteering Network in Sri Lanka)
- National Apprentice and Industrial Training Authority (NAITA)

IMPACT ON LOCAL COMMUNITY

There were no significant negative impacts on the local community as a result of JAT’s operations.



FORGING AHEAD

Further strengthening the relationships with its stakeholders, JAT looks forward to developing and investing in projects which generate continuous benefits for company stakeholders and the community at large. We are committed to highlighting our strategies and future plans to strengthen stakeholder engagement and cultivate meaningful relationships.

We will continue our efforts to contribute positively to the communities in which we operate. This includes supporting local initiatives, volunteering, and fostering partnerships with non-profit organisations. Our aim is to make a lasting social impact and create shared value. Further, we uphold the highest ethical standards in our business dealings and are committed to transparency, fair trade, and responsible sourcing.

Building strong relationships with our stakeholders is paramount. We continue to outline our initiatives to enhance communication, collaboration, and mutual understanding with customers, employees, suppliers, and investors. We value their feedback and actively seek to incorporate it into our decision-making processes.

Looking ahead, we are dedicated to fostering a culture of social responsibility and strengthening our relationships with all stakeholders. By reporting on our progress, challenges, and future plans, we aim to inspire trust, create long-term value, and contribute positively to society.

CAPITAL REPORTS

NATURAL CAPITAL



NATURAL CAPITAL

The Group contributes to the conservation of natural resources through efficient and effective consumption of water and energy, minimal waste disposal, reduced paper consumption and carbon footprint, and dedication towards preserving biodiversity. The manufacturing processes at JAT continue to create an environment-conscious culture through its ESG Sustainability Framework.



SCOPE

- Energy Management
- Waste Management
- Water Management
- GHG Emission Management



STRATEGIC FOCUS

- Chemical conscious culture
- Renewable energy usage
- Environmentally-conscious manufacturing process



VALUE CREATION

Decrease in energy consumption by

9%

Decrease in water consumption by

14%

Decrease in carbon footprint by

12%

Waste disposal

36,925 kg

Carbon footprint

4,258 tCO₂e

Energy intensity

0.000225

MJ/revenue

GHG emissions intensity

0.0000004188

tCO₂e/revenue

SWOT ANALYSIS

Strengths

- Optimum raw material usage
- Coordination with suppliers to reduce rejects and waste
- Global standards in place to ensure minimum environmental and social impact

Weaknesses

- Water-intensive production process

Opportunities

- Environment-conscious research and development
- Expansions on solar generation capacities to reduce dependency on non-renewable energy

Threats

- Price increase of all resources
- Import barriers
- Rise of the energy cost
- Transportation barriers due to the fuel crisis

	Affordable and clean energy	Solar systems are in use
	Industry, Innovation and Infrastructure	Continuous investment in R&D to further advance the eco-consciousness of products
	Sustainable Cities and Consumption	Contribution to safe, resilient, and sustainable settlements by avoiding contamination of any kind
	Responsible Consumption and Production	Promotion of resource and energy efficiency, low VOC products, manufactured environment consciously
	Climate action	Continuous improvements to reduce environmental impact through energy, water, chemical, and GHG emissions management
	Life below water	Introduction of water-based products that eliminate ocean pollution and acidification
	Life on Land	Ensures the products are safe for terrestrial eco-systems

Nurturing our Natural Capital

- Adaptation of ESG material topics to its sustainability framework
- Launch of the "Chemical Conscious" project to the public (during the ESG Forum 2023)
- Recognition of JAT emulsion paint range with "Eco-Label" by the National Cleaner Production Centre
- Extension of the Company Environment Policy through the introduction of new water, energy and chemical management policies to the company

Environmental safety protocols followed by the company

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- Responsible Care Certification
- Eco-Label Certification

JAT Chemical Conscious Journey

The Sustainability Team of our Group was successful in reaching one of the milestones of the "JAT Chemical Conscious Journey" as a cross-functional collaboration among company Research and Development, Operations, and Commercial departments.

The roadmap was designed to reduce the impact of JAT's paint products on the environment. The Group's key raw materials consist of chemicals used in the manufacturing process and packaging material. The Company focuses on the possibility to incorporate recycled materials for its production processes. The initiative stretches from raw material acquisition to delivering the finished goods to the end customers. The highlight of this project is that the project focus is not only on the product's impact on the environment but also on the employees and the community.

Several mechanisms have been implemented to optimise the use of scarce material resources and monitor process parameters to ensure the minimisation of waste across all key operations. The Group is also committed to ensuring that the materials are sourced from responsible and ethical suppliers who comply with the highest social and environmental standards.

All new suppliers have been screened using environmental and social criteria to ensure sustainable sourcing. With this mechanism, there were no negative environmental impacts reported.



The Company's ambition is to have green seal certified products in the portfolio, which pioneered ecolabeling in the United States with a consumer-friendly seal that helps buyers make safer, greener choices with confidence.

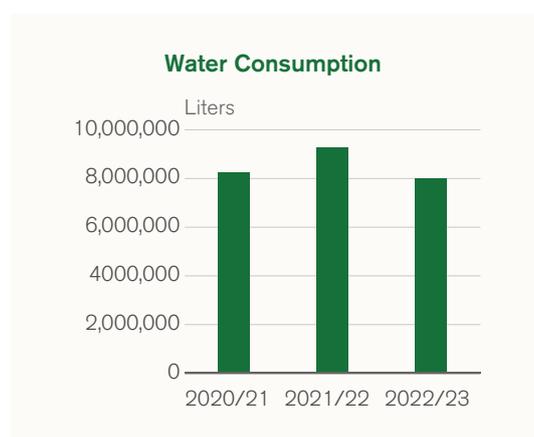
WATER MANAGEMENT

The Group's operations are relatively water-intensive with all water requirements fulfilled through the National Water Supply Board. The Company ensures that no ground or surface water bodies are affected by the withdrawal of water. In addition, a Water Management Policy was introduced.

A rainwater harvesting system is in use at the Head Office premises with a tank capacity of 2,000 litres; the collected rainwater is utilised for gardening and cleaning purposes in the Head Office premises.

Water Footprint Calculation

The Company calculated the water footprint of its emulsion paint range, both interior and exterior. This is the first time the industry, a local paint manufacturer discloses its water footprint of the emulsion paint range, defining its scope with the gate-to-gate.



Water consumption	2020/21	2021/22	2022/23
Litres	8,244,000	9,293,000	8,004,000

Energy Management

A dedicated energy policy of the Company was introduced this financial year, as an extension of the scope which was previously covered under the Company's environmental policy. An organisation-wide energy management agenda has been implemented to enhance the energy efficiency of all operations. The primary sources of energy utilised are electricity and fossil fuel such as diesel and petrol.

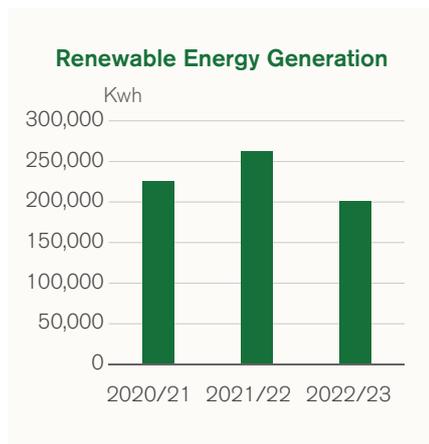
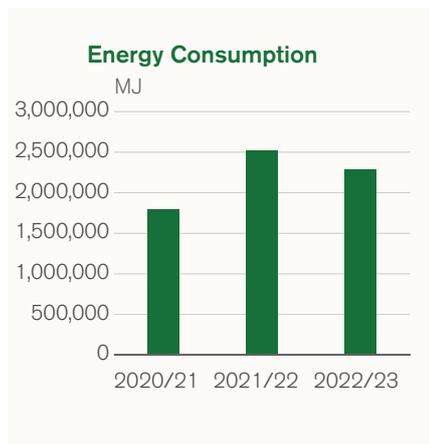
Initiatives implemented in achieving the Group's energy objectives are listed below:

- **Solar Energy** – The Group is committed to reducing reliance on fossil fuel-based energy and has invested in renewable energy. A 350 KW solar system is functioning at the Head Office and factory premises. This initiative enabled the Company to generate power around 186,584 kWh throughout the year. In addition to its commercial impact, this initiative is expected to contribute to reducing the Group's carbon footprint.

CAPITAL REPORTS

NATURAL CAPITAL

- Electricity analysers** – The Company invested in electricity analysers to source data on its building energy utilisation. The analysis of the collected information will be used to provide optimum solutions for hot spots identified in terms of energy utilisation.
- Energy utilisation plan** – For the factory, a scheduled energy utilisation plan was introduced to reduce the demand imposed on the national grid during peak hours. This initiative mainly focuses on maintaining the KVA value at a moderate level.
- Training and awareness** – The Company always insists on identifying and bridging the knowledge gaps of our internal stakeholders in order to take the latest initiatives in greening the industry.

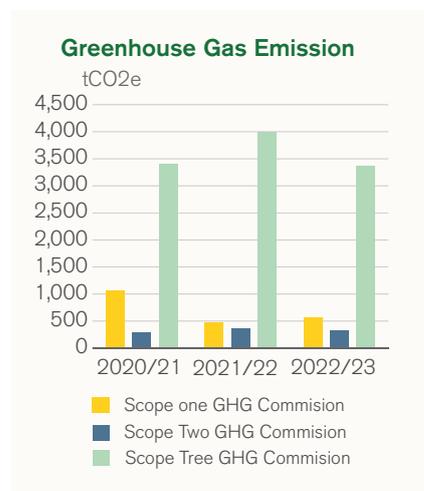
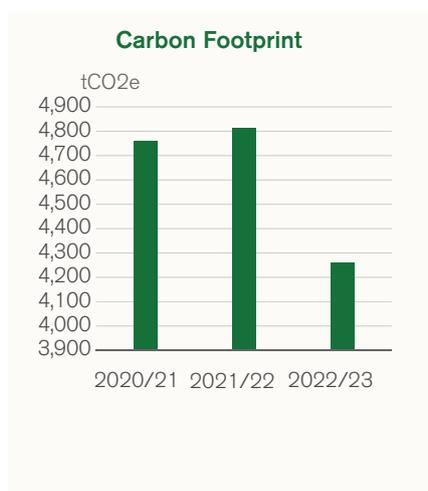


		2022/23	2021/22	Y to Y
Per product CF tCO2e per Litre	tCO2e	0.0012	0.00081	48%
Per EMP CF tCO2e	tCO2e	10.89	13.75	-21%

Waste generated	2022/23	2021/22	2020/21
Disposed	36,925	59,370	58,952
Recycled	34,538	163,924	93,897

Energy Consumption	2022/23	2021/22	2020/21
MJ	2,291,863	2,519,873	1,795,356

Scopes		2022/23	2021/22	2020/21
Scope one GHG emission	tCO2e	568	461	1,065
Scope two GHG emission	tCO2e	317	358	291
Scope Three GHG emission	tCO2e	3,372	3,993	3,402
Total	tCO2e	4,258	4,813	4,759



Level of Carbon Footprint

The Company is aware of the implications of climate change that continue to escalate globally. Hence the Group is committed to driving sustained reductions in emissions. The Group's carbon footprint is measured in accordance with the methodology proposed by the Greenhouse Gas Protocol. The carbon footprint was measured based on emission factors specified in the DEFRA (UK). JAT is the first local paint manufacturer to disclose its carbon footprint in all 3 scopes in the industry. In the calculation of carbon footprint, the Company has taken into consideration its energy consumption, inside and outside of the organisation such as employee commuting, business travels, transportation and distribution, and waste generated in operations.



WASTE MANAGEMENT

The Group's main types of waste include sludge generated from its manufacturing activities, solid waste, and e-waste. It has adopted an integrated waste management policy that ensures that waste is collected, segregated, and disposed of responsibly. In addition, awareness sessions on the responsible disposal of waste are ongoing for employees.

E-waste Management

E-waste collection points have been set up throughout the Group which are later handed over to the CEA. The IT department leads this process. No e-waste was generated during the FY 2022/23.

Waste Water Disposal

The Company has an in-house automated wastewater treatment plant with a 5,000-litre capacity. JAT partnered with Prudence Engineering to ensure that the treatment plant runs at its optimum efficiency with the expectations of future developments.

JAT entered into an agreement with INSEE Eco-Cycle (Pvt) Ltd in 2019, Sri Lanka's only Central Environment Authority (CEA)-approved hazardous waste recycle in Sri Lanka to responsibly dispose of its hazardous waste.

The Company obtained a hazardous waste management license, Environmental Protection License (EPL), and fire certificate in compliance with the conformities of the regulations. The factories are ISO 9001:2015 and ISO 14001:2015 certified. In addition, the Group possesses ISO 45001:2018 Occupational Health and Safety Certification as well. Company has generated 1,844.9 m³ of waste water within the year.

Contribution to Preserving Biodiversity

JAT introduced a water base wood coating product to replace the traditional solvent base products in the market. This product reduces the environmental impact significantly. JAT advocates and invests highly in R&D to develop water base products. Moreover, JAT introduced a chemical leasing business model and invited other institutes and organisations to partner with JAT's environment-conscious journey.

JAT Holdings is officially authorised to use the Responsible Care logo on its products by complying with international standards in relation to the organisation's commitment to the environment and social sustainability.



FORGING AHEAD

The chemical-conscious project has been showing successful outcomes since its launch. JAT expects to further develop the project to reduce chemical-based waste and make its manufacturing process more environmentally conscious.

JAT advocates and invests highly in R&D to develop water base products. Its aim is to promote solvent base products among people by making them more environmentally – conscious.

Assisting the Group in making decisions that will benefit the environment, it is expected to initiate a Life Cycle Assessment of products in the upcoming years by quantifying the environmental impacts of material inputs and outputs. The Group expects to continuously improve the existing responsible procurement by sourcing raw material and packing material that is environmentally friendly and recyclable where applicable.

GOVERNANCE AND RISK



PERFECT
GUARDIANSHIP

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Statement of Directors' Responsibility **124** | Directors' Statement on Internal Controls **125**

GOVERNANCE AND RISK

CORPORATE GOVERNANCE

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

Dear Shareholders,

The Group/Company persistently adheres to the highest ethical standards and adopts the corporate best practices when conducting its business operations. The Board formulates basic principles and standards to define how employees should act when they deal with shareholders, clients, coworkers, suppliers, and other stakeholders.

As a publicly quoted company that fulfils its IPO objectives and its promises to investors, JAT was able to mark FY 2022/23 as a milestone in the company's history with two major developments. JAT proudly unveiled its first fully-owned and self-operated manufacturing plant overseas - Asia Coatings (Pvt) Ltd in Bangladesh. Also, JAT successfully completed the enhancement of the previously existed R&D Facility to a fully-fledged, state-of-the-art facility for all coatings.

A significant change was made in the Company's governance structure during the year with the introduction of a new committee to the set of sub-committees. With the newly added sub-committee, currently, the Board of Directors is supported by five sub-committees, and the objective of the new sub-committee, Nominations Committee is to regulate appointments, structure, size and competencies of the Board of Directors.

Our company is committed to maintaining a strong policy against any form of corruption. The special initiatives taken in this regard include implementing robust compliance programmes, encouraging reporting and whistleblowing, conducting regular audits and risk assessments and promoting transparency and accountability within the organisation's culture.

KEY AREAS OF FOCUS

In the year under review, the Board carefully and continuously observed the ongoing economic crisis and the fuel shortage within the country. The Group proactively monitored the developments in the macro-economic landscape and took conscious efforts in evaluating their effects on the Group's performance and stability. The Board also engaged in a critical analysis of the impacts of emerging regulatory developments on the Group, especially regarding imports. Considering the conditions prevailed, special actions were taken to safeguard the physical and mental well-being of the employees.

COMPLIANCE

The company's conformity with the Code of Best Practices on Corporate Governance published by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) in 2017 is set forth in this report. I hereby assert that I am not aware of any serious breaches of the Code of Business Conduct and Ethics by any Director or member of the Corporate Management team of JAT Holdings PLC, as required by the Code.



Dr. Sivakumar Selliah

Chairman

GOVERNANCE HIGHLIGHTS

BOARD ACTIVITIES

- Introduction of the Nominations Committee
- 9 Board Meetings held
- 12 Sub-committee meetings held

AREAS OF FOCUS

- Monitoring of ongoing economic crisis and the decreasing disposable income
- Overseas operations to maximise the dollarised revenue
- Pursued opportunities for product improvement and product development by setting up a state-of-the-art Research & Development unit
- Implications arising from the fuel shortage within the country
- Proactively monitoring developments in the macro-economic landscape and assessing implications on the Group's performance and stability
- Evaluate the safety measures put in place on safeguarding the physical and mental well-being of employees given the conditions that prevailed
- Critically evaluating the impacts of emerging regulatory developments on the Group, particularly with regard to imports

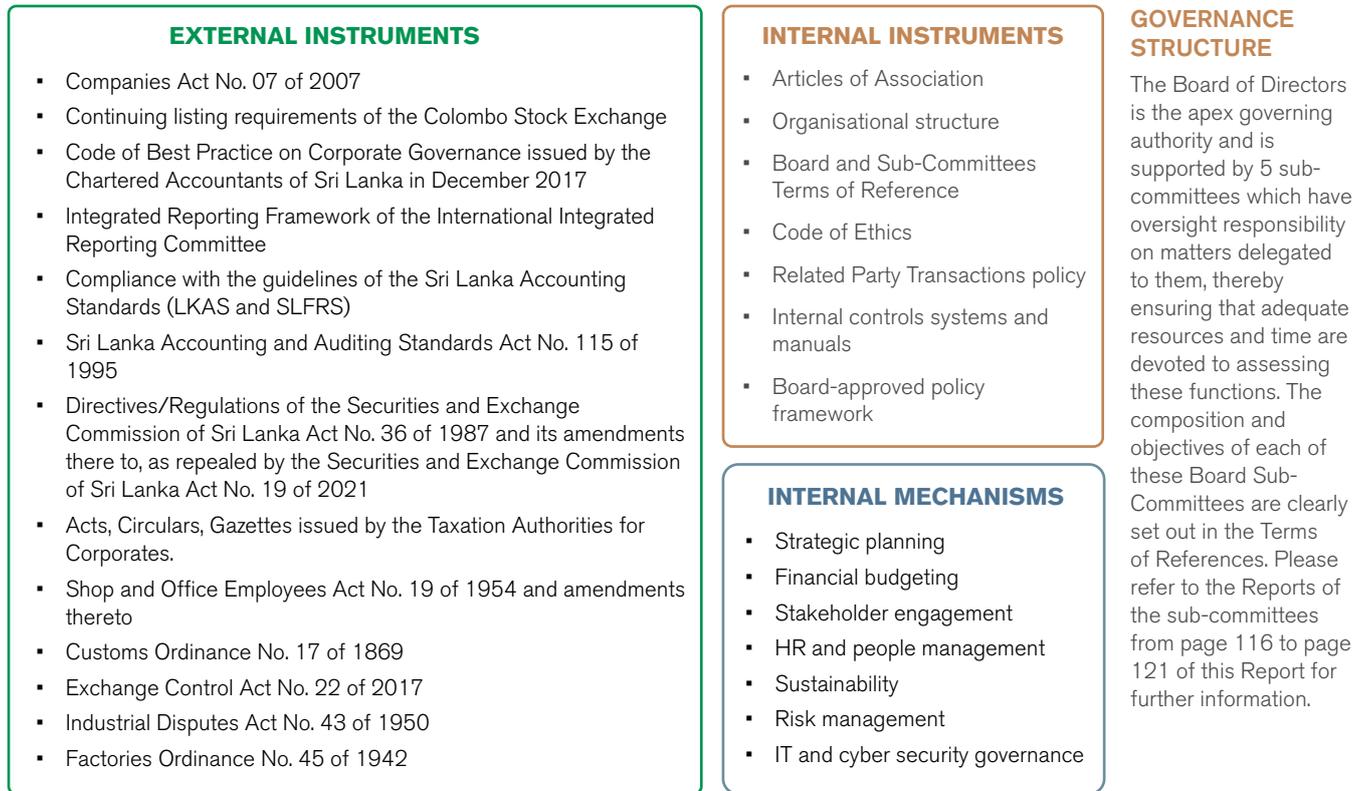
OUR APPROACH TO CORPORATE GOVERNANCE

The Group's corporate governance philosophy underpins the achievement of ethical and stewardship obligations while driving the creation of long-term stakeholder value. Even as a privately held entity, JAT had voluntarily adopted regulatory requirements on corporate governance applicable to listed companies, due to which the transition to a publicly quoted company was seamless, with the relevant governance structures and policies already in place.

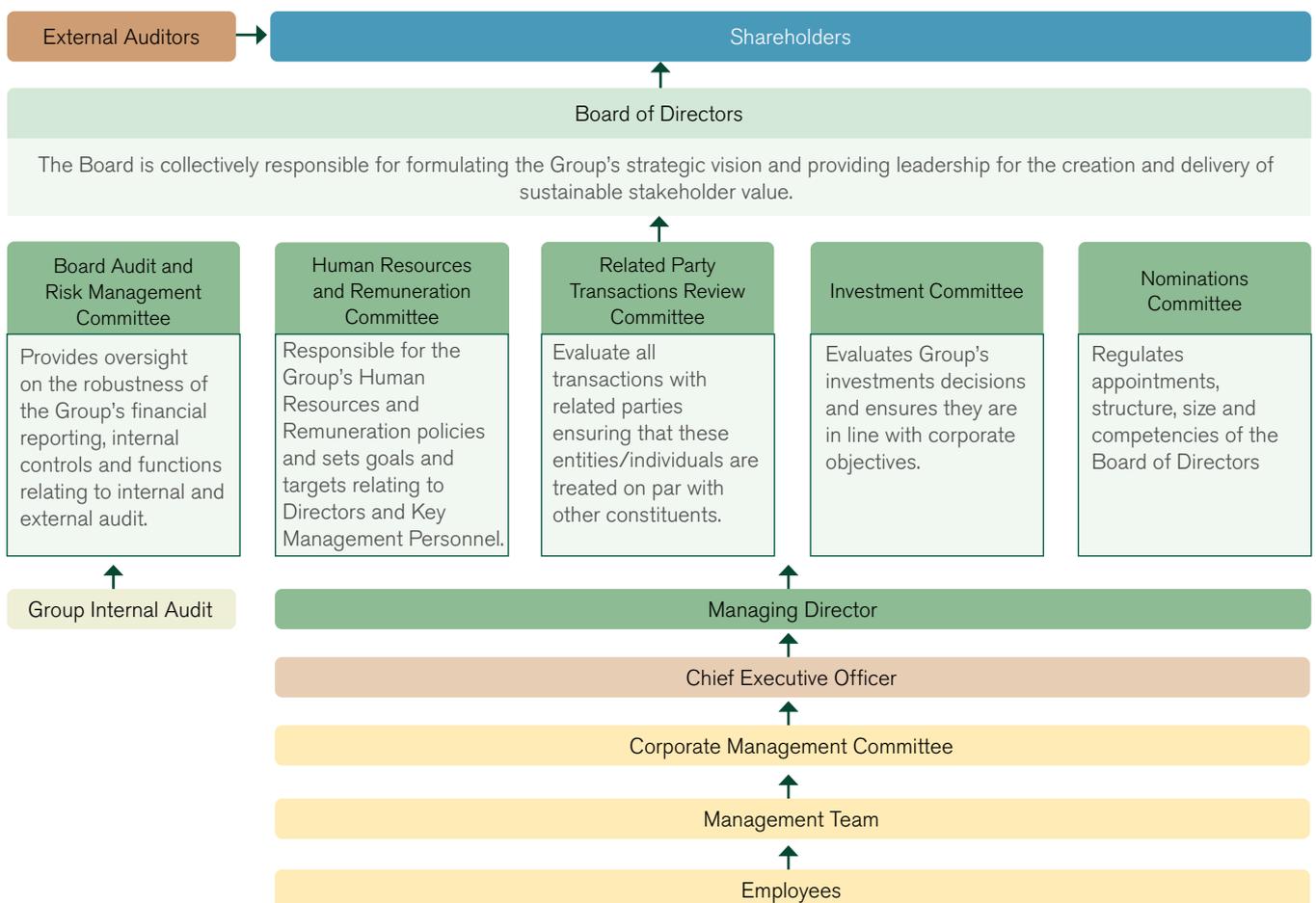
GOVERNANCE AND RISK

CORPORATE GOVERNANCE

Steering instruments of the Group's governance framework:



The Governance Structure is graphically illustrated below:



Sub-Committee	Composition	Page reference to Committee Report
Audit and Risk Management Committee	3 Non-Executive Independent Directors	116
Human Resources and Remuneration Committee	3 Non-Executive Independent Directors	118
Related Party Transactions Review Committee	3 Non-Executive Independent Directors	119
Investment Committee	2 Non-Executive Independent Directors and 1 Non-Executive Non-Independent Director	120
Nominations Committee	3 Non-Executive Independent Directors	121

MEETING ATTENDANCE

	Board Meetings	Audit and Risk Management Committee Meetings	Human Resources and Remuneration Committee Meetings	Related Party Transactions Review Committee Meetings	Investment Committee Meetings	Nominations Committee Meetings
Dr. S. Selliah	9/9	4/4	1/1	4/4	-	-
Aelian Gunawardene	8/9	-	-	-	-	-
Nishal Ferdinando	9/9	-	-	-	-	-
Hussain Akbarally	9/9	4/4	1/1	4/4	3/3	-
Devaka Cooray	9/9	4/4	-	4/4	3/3	-
Priyanthi Pieris	9/9	-	1/1	-	-	-
Joycelyn Gunawardene	8/9	-	-	-	-	-
Anika Williamson	9/9	-	-	-	3/3	-
Richard Gunawardene	8/9	-	-	-	-	-

POLICY FRAMEWORK

A comprehensive Board-approved policy framework ensures consistent treatment of strategic and operational issues; the policies are reviewed and revised regularly to the applicability to changing dynamics. The Group's key policies are presented below.



Human Resources	Risk Management	Sustainability	Others
<ul style="list-style-type: none"> Equal opportunity and diversity Training and development Recruitment and Selection Occupational health and safety Policies covering the usage of company property Non-harassment at workplace 	<ul style="list-style-type: none"> IT and cybersecurity risk management policy Avoidance of conflict of interest Maintaining confidentiality Safeguard the Company's assets 	<ul style="list-style-type: none"> Integrated Management System Policy Quality policy Environment policy Energy policy 	<ul style="list-style-type: none"> Investment management policy Whistleblowing policy

GOVERNANCE AND RISK

CORPORATE GOVERNANCE

EFFECTIVE LEADERSHIP

As the apex governing body, the Board of Directors is responsible for setting the Group's strategic direction, effectively managing risks within the Group's risk appetite and setting the right ethical tone at the top. The Board also plays a vital role in shaping organisational culture and driving accountability, transparency, and integrity across the organisation.

The Board is ultimately responsible for generating and delivering sustainable stakeholder value since it is the ultimate enforcer of the Group's corporate governance standards. The Board Charter outlines the following as the Board's role and responsibilities.

- 1. Strategic Planning:** The Board of Directors is responsible for setting the strategic direction of the organisation, including approving strategic plans, setting long-term goals and objectives, and monitoring progress towards achieving them.
- 2. Policy and Decision Making:** The Board of Directors establishes policies and makes key decisions that guide the Company's operations. This includes approving budgets, setting performance targets, and making decisions on major investments, acquisitions, or divestitures.
- 3. CEO Selection and Oversight:** The Board of Directors hires, evaluates, and sets compensation for the CEO of the Company. It provides oversight of the CEO's performance and ensures that

the CEO is leading the organisation effectively and in alignment with the Board's expectations.

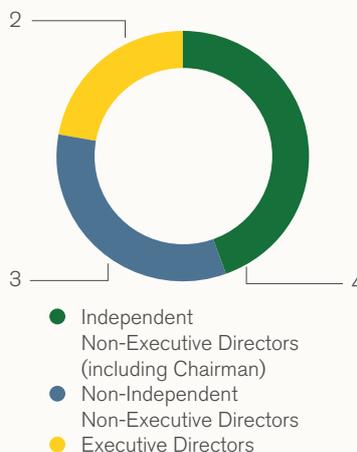
- 4. Risk Management and Compliance:** The Board of Directors oversees the organisation's risk management practices, including identifying and mitigating risks, ensuring compliance with applicable laws and regulations, and implementing effective internal controls.
- 5. Financial Oversight:** The Board of Directors monitors the Company's financial performance, including reviewing and approving financial reports, budgets, and financial policies. It ensures that the Company's financial resources are used effectively and that appropriate financial controls are in place.
- 6. Stakeholder Relations:** The Board of Directors represents the interests of shareholders or stakeholders and maintains effective communication and engagement with them. This includes providing regular updates on the Company's performance, addressing stakeholders' concerns, and acting in the best interests of the Company and its stakeholders.
- 7. Board Composition and Governance:** The Board of Directors is responsible for establishing and maintaining effective governance practices within the organisation. This includes setting the size and composition of the Board, establishing Board Sub-Committees, defining Board roles and responsibilities, and ensuring compliance with corporate governance principles and regulations.

- 8. Ethical and Legal Responsibilities:** The Board of Directors upholds the highest ethical standards within the organisation and ensures compliance with applicable laws and regulations. This includes establishing and monitoring a Code of Conduct, addressing conflicts of interest, and promoting a culture of integrity and accountability.
- 9. Succession Planning:** The Board of Directors plans for the succession of leadership in the organisation, including identifying and developing potential successors for key leadership positions, and ensuring a smooth transition during times of leadership changes.
- 10. Performance Evaluation:** The Board of Directors evaluates its own performance, as well as the performance of the CEO and other top executives, to ensure effectiveness and accountability.
- 11. Crisis Management:** The Board of Directors provides guidance and oversight during times of crisis or emergencies, such as natural disasters, financial crises, or reputational issues, to ensure the Company responds effectively and mitigates risks.
- 12. Legal and Fiduciary Duties:** The Board of Directors has legal and fiduciary duties to act in the best interests of the Company and its shareholders or stakeholders, and to fulfil its obligations under applicable laws, regulations, and corporate governance principles.

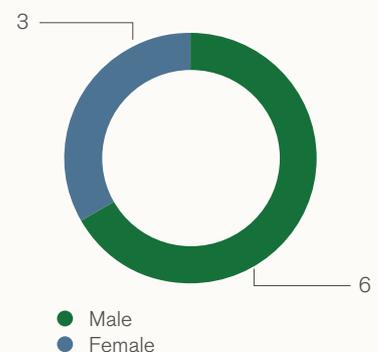
BOARD COMPOSITION

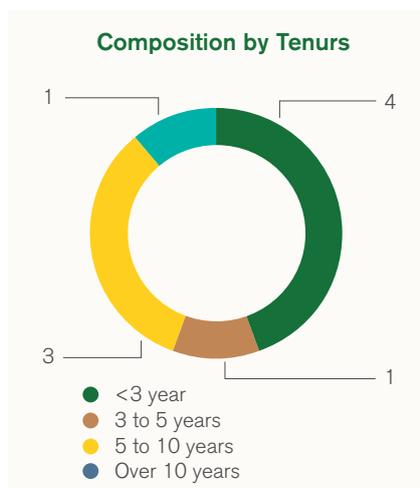
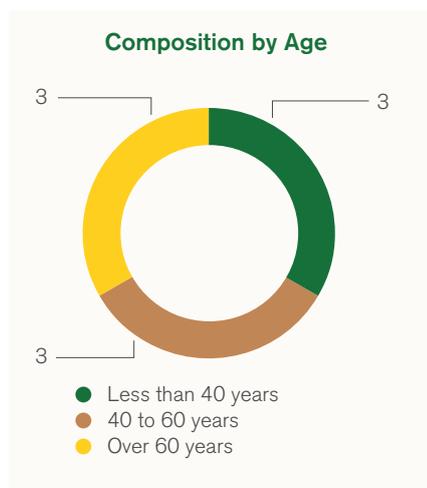
As of the end of March 2023, the Board comprises 9 Directors including 2 Executive and 7 Non-Executive Directors of whom 4 are independent. The Board is diverse in its expertise, skills, experience, and demographics, therefore, bringing in rich perspectives to the Board, enhancing the depth of discussions and quality of decision-making. Please refer to page 32 to 33 for brief profiles of the Board of Directors. Board refreshments happen regularly, and appointments follow a transparent and rigorous process with the recommendations of the Nominations Committee. The Board periodically assesses its skill composition to ensure that its expertise remains relevant in driving the Group's strategic agenda.

Board Composition



Gender Diversity





BOARD MEETING ATTENDANCE

	24/05/2022	21/06/2022	19/07/2022	22/09/2022	20/10/2022	15/11/2022	17/01/2023	20/02/2023	21/03/2023
Dr. S. Selliah	✓	✓	✓	✓	✓	✓	✓	✓	✓
Aelian Gunawardene	✓	✓	✓	✓	x	✓	✓	✓	✓
Nishal Ferdinando	✓	✓	✓	✓	✓	✓	✓	✓	✓
Hussain Akbarally	✓	✓	✓	✓	✓	✓	✓	✓	✓
Devaka Cooray	✓	✓	✓	✓	✓	✓	✓	✓	✓
Priyanthi Pieris	✓	✓	✓	✓	✓	✓	✓	✓	✓
Joycelyn Gunawardene	✓	✓	✓	✓	x	✓	✓	✓	✓
Anika Williamson	✓	✓	✓	✓	✓	✓	✓	✓	✓
Richard Gunawardene	✓	✓	✓	✓	✓	✓	✓	x	✓

All Board meetings are conducted as per a pre-determined agenda. The notices of board meetings along with the agenda and board papers are circulated among the Directors at least 4 (four) days prior to the scheduled meeting, giving adequate time for the Directors to review and request for any additional information or clarifications needed in order to prepare for the meetings.

In such instances where decisions are made by way of special resolutions, all relevant information pertaining to the resolution is sent along with the relevant resolution to enable the Directors to clearly understand the purpose for which a resolution is being circulated.

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. 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.

Induction Programme

- Group's governance procedures
- Regulatory requirements
- Market positions and business strategies
- Presentations by the management team

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

GOVERNANCE AND RISK

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Director in setting the agenda for the Board meetings Sub-Committee meetings and for maintaining proper Board minutes and resolutions in consultation with the Chairman.

STRUCTURES AND BALANCE OF POWER

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 by 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 conceptualising 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.

Board Minutes
<ul style="list-style-type: none"> ▪ Matters considered by the Board and deliberations ▪ Summary of information used for Board deliberations ▪ Testimonies and confirmations from the senior management ▪ Board knowledge and understanding of risk to which the Bank is exposed ▪ Decisions and Board resolutions.

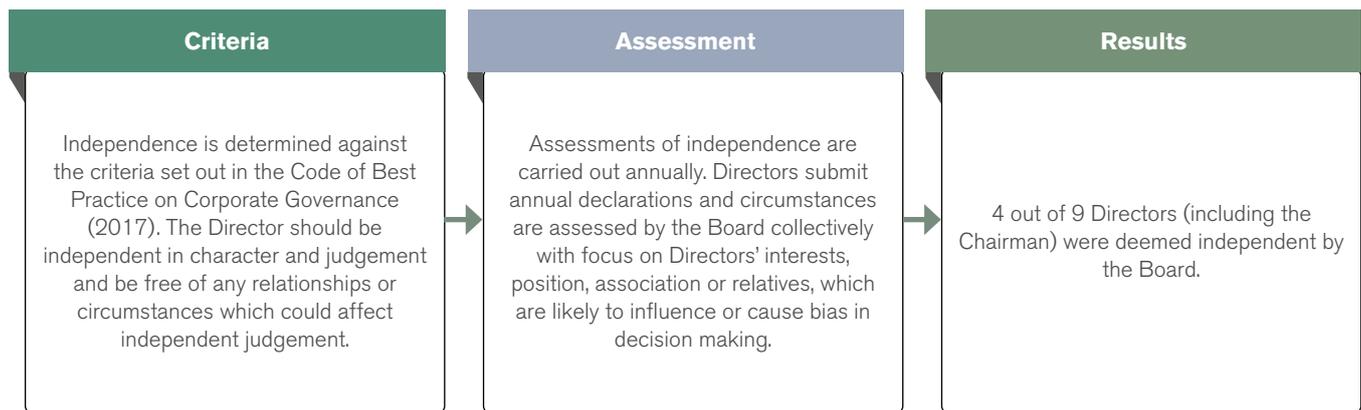
CHAIRMAN
<ul style="list-style-type: none"> ▪ Ensuring that Board proceedings are conducted in a proper manner ▪ Facilitating and encouraging the expression of diverse views by Board members ▪ Lead and manage the business of the Board ▪ Determine corporate governance ▪ Ensuring shareholder concerns are addressed

MANAGING DIRECTOR
<ul style="list-style-type: none"> ▪ Provides assurance to the Board related to identification, assessment of risk and adequacy of internal controls ▪ Ensure alignment between Board of Directors and management ▪ Conceptualising ideas and networking

CHIEF EXECUTIVE OFFICER
<ul style="list-style-type: none"> ▪ Effectively lead the Company's daily operations and ensure the effective implementation of the strategic direction ▪ Ensure succession planning of the executive team ▪ Account for strategy and sustainable growth of Company ▪ Reporting the performance to the Board

INDEPENDENCE

All Directors submit annual declarations of independence or non-independence in accordance with the Articles of Association, stipulations of the Listing Rules of the CSE and the guidelines of the Code of Best Practice.



ASSESSING BOARD EFFECTIVENESS

Board effectiveness is assessed annually through a self-assessment undertaken by each Director. The evaluation criteria encompassed various dimensions such as strategic decision-making, risk management, board composition, diversity, director independence, committee effectiveness, and stakeholder engagement.

COMPLIANCE TO LAWS AND REGULATIONS

We maintained full compliance to all relevant regulations and guidelines and maintained proactive engagement with all relevant authorities in supporting the Government's short-to-medium term economic agenda. Further, there has been no significant incidents of non-compliance with laws and regulations during the reporting year. Also, there were no legal proceedings relating to anti-competitive behaviour, anti-trust and monopoly practices during the reporting period.

GOVERNANCE CONTRIBUTION TO VALUE CREATION IN 2022



OVERSIGHT OF STRATEGY AND PERFORMANCE

The Board provides oversight on the overall performance of the organisation, ensuring that strategy and performance are aligned with the Company's Vision, mission and purpose. The business governance process commences from the point of preparing the Annual Plan and 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 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.

CULTURE AND ETHICS

The Board is responsible for setting the right ethical tone at the top, thereby contributing towards shaping an organisational culture that is aligned with our values. The Group's organisational culture provides a good foundation for understanding the expectations of both what is expected in both internal and external stakeholder interactions. Key tools in place which contribute towards shaping the Group's culture are set out below:

(1) 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. In addition, whoever represents the Company and is authorised to act on behalf of the Company has to abide by the above-mentioned Code of Conduct and Business Ethics.

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

(2) 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. Further, two-way communication is maintained with the whistle-blower throughout this mechanism for any necessary follow-up on the concerns raised. The Company's whistleblowing policy ensures that no employee would be demoted, penalised or subjected to any other type of retaliation.

The Company maintains a policy against corruption and strict actions will be taken against employees who are involved in acts of workplace harassment including accepting bribes or unacceptable gifts and also offering of such items. The internal audit department carries out regular audits of all the transactions and activities of the

group in order to prevent unaccountable expenses. All employees are given training/communication on anti-corruption policies and procedures at induction. Since there were no triggers for the risk of corruption, no operations were assessed during the year for same.

Employees are typically required to adhere to a reporting process when gifts, hospitality, or expenses exceed the defined thresholds. This process may include informing their immediate supervisor or a designated authority within the company, and in some cases, seeking prior approval before accepting or extending such gestures. Moreover, it outlines the consequences or disciplinary measures that can result from non-compliance with the established thresholds and reporting requirements. This serves as a reminder to employees of the significance placed on adherence to these guidelines, promoting responsible behaviour and maintaining the company's ethical standards.

Moreover, employees, contractors, agents, and anyone acting on behalf of the organisation are not allowed to make or accept facilitation payments under any circumstances. This is communicated to employees through the induction program and the employee handbook.

No political contributions of any kind including financial or material donations to a political party, cause, or candidacy are made by the Company.

The company has also taken the below measures against anti-competitive practices.

GOVERNANCE AND RISK

CORPORATE GOVERNANCE

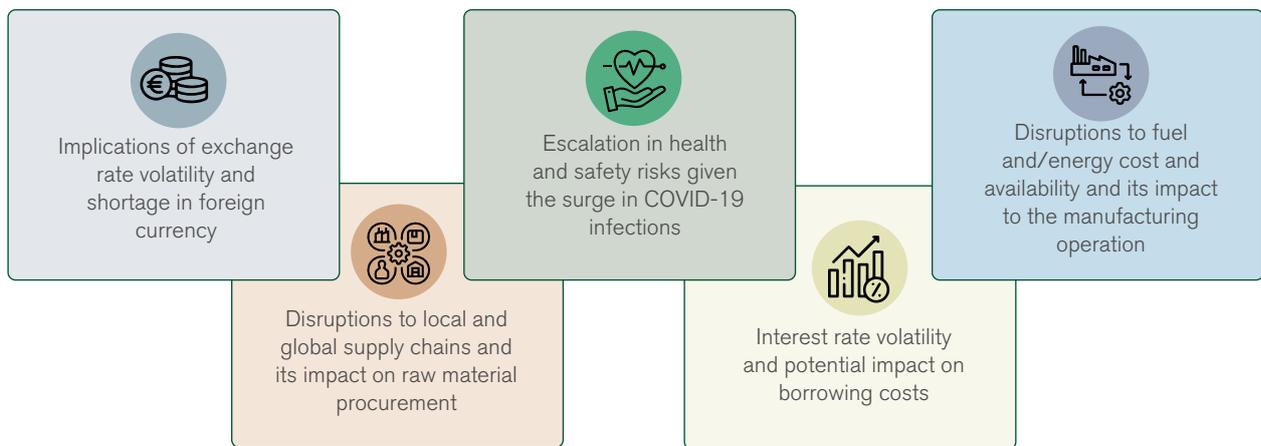
- The Group is not a part of any cartels in the paint segment.
- The Group acts independently in terms of price increases.
- The Company has never been a part of any boycotts etc.
- The Company follows a pricing policy only based on the cost escalation, supply and demand levels in the market

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 and external financial reporting and compliance with 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 the considerable shifts in the Group's external landscape during the year, the Board placed emphasis on the following risk exposures:



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 110 to 115 of this Report contains the declarations prescribed by the Code
- The Statement of Directors' Responsibility is given on page 124 of this Report
- Chief Executive Officer's and Finance Director's Responsibility Statement is given on page 123 of this Report.
- Directors' Statement on Internal Controls is given on page 125 of this Report.

EXTERNAL AUDITORS AND AUDITOR INDEPENDENCE POLICY

The Group's external auditors are Ernst & Young Chartered Accountants, and the 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 pages 116 to 117.

MINIMUM PUBLIC HOLDING

The Company has been transferred to the Second Board with effect from 22nd September 2022 due to non-compliance with the minimum public holding requirement in terms of rule 7.14.1 of the CSE Listing Rules. Consequent to the transfer to the Second Board, the Company is evaluating all possible proposals to take remedial action in order to comply with the minimum public holding requirement.

The public holding of the Company as of 31st March 2023 was 18.658%, which is below the minimum requirement of 20% as specified by the listing rule 7.14.1 (a) of the Colombo Stock Exchange Listing Rules.

IT GOVERNANCE AND RISK MANAGEMENT

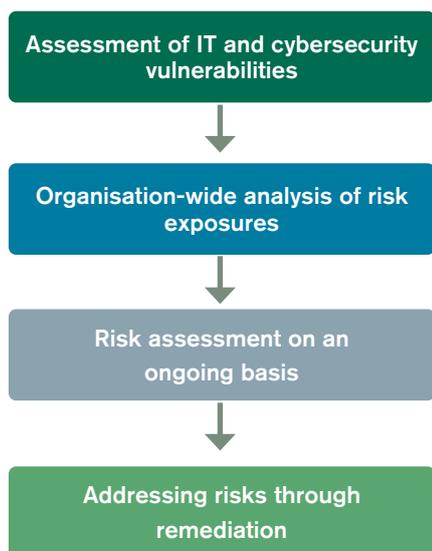
The Group's increased focus on digital platforms and e-commerce channels has increased vulnerabilities to IT risks. A robust IT governance process ensures that these risks are managed in a systematic manner and aligned with the Group's overall strategic and operational objectives. IT Governance is an integral part of the Group's Corporate Governance framework and ensures that the Group's IT agenda is aligned with the Group's overall strategic aspirations. The impact of IT Governance on operational areas of the company is set out below.

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

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 proactively and consistently. 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 is presented alongside.



SUSTAINABILITY AND STAKEHOLDER RELATIONSHIPS

Shareholder relationships: 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. With the Group's transformation to a publicly listed company, measures were taken to strengthen the Investor Relations function.

- **Annual General Meeting:** The AGM provides shareholders with the opportunity to contribute their views and engages 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 dialogue.

- **Dissemination of information:** The Group provides shareholders with timely information on performance and any other material developments through the corporate website, disclosure of quarterly financials in the CSE, press release and one-to-one engagement where relevant. Shareholders can access information and engage in dialogue which is coordinated through the Company Secretary.
- **Investor relations:** A dedicated Investor Relations page on the Group's website ensures that shareholders are kept aware of emerging developments.

ENGAGEMENT WITH OTHER STAKEHOLDERS

Numerous formal and informal engagement channels enable the Group to understand and proactively respond to the expectations of stakeholders as described on pages 45 to 47 of this Report. The value propositions we offer to our stakeholders are presented below:



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.

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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 which 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 practices.

No individual Director is involved in determining his 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 118 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 and the Board. The assessment includes a comparison against pre-defined targets and evaluating reasons for non-achievement if any and it aims to evaluate the CEO's achievements, leadership qualities, and alignment with the organisation's vision and values.

CONSTRUCTIVE USE OF AGM

The Board promotes shareholder engagement at the AGM and makes the necessary preparations. At the AGM, the Chairman welcomes questions from the audience and the Board members are accessible for discussion. Additionally, the company's Key Management Personnel will be present at the AGM.

1. Transparency and Accountability:

The AGM provides an opportunity for the company's management to share information and updates with shareholders or members. This promotes transparency and accountability, as it allows shareholders or members to ask questions, seek clarifications, and hold the management accountable for the company's performance and decisions.

2. Decision-making: The AGM serves as a forum for shareholders or members to make important decisions related to the company's affairs. This includes approving financial statements, appointing or reappointing Directors, setting dividend policies, and approving changes to the company's bylaws or articles of association.

3. Shareholder Engagement: The AGM allows shareholders or members to express their opinions, concerns, and suggestions, and fosters open communication between shareholders or members and the Company's leadership. This facilitates constructive dialogue and builds trust between the company and its shareholders or members.

4. Education and Information Sharing: The AGM is used as a platform for educating shareholders or members about the company's operations, strategies, and plans.

5. Networking and Relationship Building: The AGM brings shareholders or members together in a formal setting, providing an opportunity for networking and relationship building among the shareholders or members themselves, as well as with the company's management and Board of Directors.

6. Conflict Resolution: The AGM serves as a platform for addressing and resolving conflicts among shareholders or members. It allows for open discussion and dialogue, providing an opportunity to address concerns, seek resolutions, and find common ground.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The responsibility of the Directors about the financial statements is set out in the following statement.

The responsibility of the auditors about the financial statements prepared by provisions of the Companies Act No 7 of 2007, is set out in the report of the auditors.

Considering the present financial position of the company and the forecasts for the next year, the Directors have adopted the going concern basis for the preparation of these financial statements.

The Financial Statements comprise of:

- **Income Statement:** 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 of the end of the financial year.

The Directors accept 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 LKAS.
3. Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected.
4. Provides the information required by and otherwise complies with the Companies Act.

The Directors are responsible for the proper management of the resources of the Company, the internal control system has been designed and implemented to obtain reasonable assurance that the company is protected from undue risks and fraud. The Directors are satisfied that the control procedures are operated effectively during the year.

The Directors are required to prepare the financial statements and to provide the auditors with every opportunity to take whatever steps and undertake whatever inspections that may be considered appropriate to enable them to give their audit opinion.

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

STATEMENT OF COMPLIANCE

The Directors confirm that to the best of their knowledge believe that all statutory payments, duties and levies payable by the company and its subsidiaries in relation to regulatory and statutory authorities that were due in respect of the company and its subsidiaries as at the balance sheet date have been duly paid where relevant provided for.

SUSTAINABILITY AND ESG FOCUS

Recognising the urgent need to address environmental challenges, we have implemented strategies to conserve

resources, reduce emissions, and combat climate change. Our efforts include adopting energy-efficient technologies, transitioning to renewable energy sources, and minimising waste generation. Moreover, we prioritise social responsibility by fostering inclusive workplaces, promoting diversity and equality, and supporting community initiatives. With a strong governance framework in place, we ensure transparency, accountability, and ethical practices. Through our integrated approach, we strive to create a positive impact on society while delivering long-term value to our stakeholders.

COMMITMENT TO THE FUTURE

JAT remains committed to 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 emphasising stakeholder satisfaction and delivery of sustainable value.

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURE

MANDATORY PROVISIONS - FULLY COMPLIANT

	Rule	Compliance status	Reference (within the Report)
(i)	Names of persons who were Directors of the Entity	Yes	Corporate Governance Commentary
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein	Yes	Management Discussion and Analysis
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Yes	Share Information
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement	Yes	Share Information
(v)	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity at the beginning and end of each financial year	Yes	Share Information
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Yes	Risk, Opportunities and Internal Controls
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	Yes	Sustainability Integration, Stakeholder Engagement and Materiality
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Yes	Notes to the Financial Statement
(ix)	Number of shares representing the Entity's stated capital	Yes	Share Information
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Yes	Share Information
(xi)	Financial ratios and market price information	Yes	Share Information
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	Yes	Notes to the Financial Statement
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	Yes	Share Information
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes	Yes	Share Information
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Listing Rules	Yes	Corporate Governance Commentary
(xvi)	Related Party transactions exceeding 10 per cent of the equity or 5 per cent of the total assets of the Entity as per audited financial statements, whichever is lower	Yes	Related Party Transactions Review Committee Report

GOVERNANCE AND RISK

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE UNDER SECTION 7.10 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

MANDATORY PROVISIONS - FULLY COMPLIANT

	Rule	Compliance status	Comments
7.10	COMPLIANCE		
	Compliance with Corporate Governance Rules	Yes	The Group is in compliance with the Corporate Governance Rules and any deviations are explained where applicable
7.10.1	Non-Executive Directors (NED)		
	At least 2 members or 1/3 of the Board, whichever is higher should be NEDs	Yes	7 out of the 9 Board members are NEDs. The Company is conscious of the need to maintain an appropriate mix of skills and experience in the Board and to refresh progressively its composition over time, in line with needs
7.10.2	Independent Directors		
a.	2 or 1/3 of NEDs, whichever is higher shall be "independent"	Yes	4 out of the 7 NEDs are independent
b.	Each NED to submit a signed and dated declaration of his/her independence or non-independence	Yes	Independence of the Directors has been determined in accordance with CSE Listing Rules and the 4 Independent NEDs have submitted signed confirmation of their independence
7.10.3	Disclosures relating to Directors		
a.	Names of the independent Directors should be disclosed in the Annual Report	Yes	The Company's Independent Non-Executive Directors are: Dr. S. Selliah, Devaka Cooray, Hussain Akbarally and Priyanthi Pieris
b.	The Board shall annually determine the independence or otherwise of NEDs	Yes	Based on the declarations received from the Non-Executive Directors the Board has determined that the above 4 Directors are independent
c.	A brief resume of each Director should be included in the Annual Report including the Director's experience	Yes	Refer the Board of Directors section of this Annual Report
d.	Provide a resume of new Directors appointed to the Board along with details	Yes	Refer the Board of Directors section of this Annual Report
7.10.4	Criteria for defining the Independence of Directors		
	Requirements for meeting the criteria to be an Independent Director	Yes	All of the Independent Directors of the Company met the criteria for independency specified in this rule
7.10.5	Remuneration Committee		
a.1	Remuneration Committee shall comprise of NEDs, a majority of whom will be independent	Yes	The Remuneration Committee comprises of 3 Independent Non-Executive Directors
a.2	One NED shall be appointed as the Chairman of the Committee by the Board of Directors	Yes	An Independent Non-Executive Director is the Chairman of the Committee
b.	The Remuneration Committee shall recommend the remuneration of the Executive Directors	Yes	The remuneration of the Chairman/Executive Directors are determined as per the remuneration principles of the Group and recommended by the HR and Remuneration Committee
c.1	Names of Remuneration Committee members	Yes	Refer the Board Committees section of this Annual Report
c.2	Statement of Remuneration Policy	Yes	Refer Remuneration Committee Report

STATEMENT OF COMPLIANCE UNDER SECTION 7.10 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

MANDATORY PROVISIONS - FULLY COMPLIANT

	Rule	Compliance status	Comments
c.3	Aggregate remuneration paid to EDs and NEDs	Yes	Aggregate remuneration - Company - EDs - Rs. 46.3 Mn - NEDs - Rs. 15.9 Mn
7.10.6	Audit Committee		
a.1	The Audit Committee (AC) shall comprise of NEDs, a majority of whom should be independent	Yes	The Audit Committee comprises 3 Independent Non-Executive Directors
a.2	A Non-Executive Director shall be the Chairman of the Committee	Yes	The Chairman of the Audit Committee is an Independent Non-Executive Director
a.3	The CEO and CFO should attend AC meetings	Yes	The Chief Executive Officer and Finance Director attended Audit Committee meetings by invitation
a.4	The Chairman of the Audit Committee or one member should be a member of a professional accounting body	Yes	The Chairman of the Audit Committee is a member of a professional accounting body
b.1	Overseeing the preparation, presentation and adequacy of disclosures in the financial statements in accordance with SLFRS/LKAS	Yes	The Audit Committee assists the Board in fulfilling its oversight responsibilities regarding the integrity of the financial statements of the Company and the Group
b.2	Overseeing the compliance with financial reporting requirements, information requirements as per the laws and regulations	Yes	The Audit Committee has overall responsibility for overseeing the preparation of financial statements in accordance with the laws and regulations of the country and also for recommending to the Board, the adoption of best accounting policies
b.3	Ensuring that the internal controls and risk management are adequate to meet the requirements of the SLFRS/LKAS.	Yes	The Audit Committee assesses the role and effectiveness of the Group Business Process which is largely responsible for internal controls and risk management
b.4	Make recommendations to the Board pertaining to External Auditors	Yes	The Committee is responsible for appointment, re-appointment, removal of External Auditors and also the approval of remunerations and terms of engagements
c.1	Names of the Audit Committee members shall be disclosed	Yes	Refer the Report of the Audit and Risk Management Committee in this Annual Report
c.2	Audit Committee shall make a determination of the independence of the External Auditors	Yes	Refer the Report of the Audit and Risk Management Committee in this Annual Report
c.3	Report on the manner in which the Audit Committee carried out its functions	Yes	Refer the Report of the Audit and Risk Management Committee in this Annual Report

GOVERNANCE AND RISK

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE UNDER SECTION 9.3.2 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE

MANDATORY PROVISIONS - FULLY COMPLIANT

	Rule	Compliance status	Reference (within the Report)
(a)	Details pertaining to Non-Recurrent Related Party Transactions	Yes	Notes to the Financial Statements
(b)	Details pertaining to Recurrent Related Party Transactions	Yes	Notes to the Financial Statements
(c)	Report of the Related Party Transactions Review Committee	Yes	Refer Report of the Related Party Transactions Review Committee
(d)	Declaration by the Board of Directors as an affirmative statement of compliance with the rules pertaining to RPT, or a negative statement otherwise	Yes	Annual Report of the Board of Directors

STATEMENT OF COMPLIANCE PERTAINING TO COMPANIES ACT NO. 7 OF 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

	Rule	Compliance status	Reference (within the Report)
168 (1) (a)	The nature of the business together with any change thereof	Yes	Group Directory
168 (1) (b)	Signed financial statements of the Group and the Company	Yes	Financial Statements
168 (1) (c)	Auditors' Report on financial statements	Yes	Independent Auditors' Report
168 (1) (d)	Accounting policies and any changes therein	Yes	Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register	Yes	Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	Yes	Notes to the Financial Statements
168 (1) (g)	Corporate donations made by the Company	Yes	Notes to the Financial Statements
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period	Yes	Group Directory
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered	Yes	Notes to the Financial Statements
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries	Yes	Report of the Audit Committee / Financial Statements
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	Yes	Financial Statements / Annual Report of the Board of Directors

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

VOLUNTARY PROVISIONS

Code Ref.	Requirement	Complied	Compliance and Reference within the Report
A	Directors		
A.1	An effective Board should direct, lead and control the Company	Yes	The Company is headed by an effective Board of Directors who are responsible and accountable for the stewardship function of the Company
A.1.1	Regular Board meetings	Yes	Board meets on a regular basis and the Directors provide information on a structured basis
A.1.2	Role and Responsibilities of the Board	Yes	The Board should be responsible for matters including implementation of business strategy, skills and succession of the management team, integrity of information, internal controls and risk management, compliance with laws and ethical standards, stakeholder interests, adopting appropriate accounting policies and fostering compliance with financial regulations and fulfilling other Board functions
A.1.3	Act in accordance with laws of the Country and obtain independent professional advice	Yes	Compliance with applicable laws and regulations and informed decision making
A.1.4	Access to advice and services of the Company Secretary	Yes	To ensure robust deliberation and optimum decision making, the Directors have access to the services of the Company Secretaries whose appointment and/ or removal is the responsibility of the Board
A.1.5	Bring independent judgment on various business issues and standard of business conduct	Yes	Collectively, the Non-Executive Directors bring a wealth of value adding knowledge, ranging from domestic and international experience to functional know-how, thus ensuring adequate Board diversity in accordance with principles of Corporate Governance. Furthermore, every member of the Board brings independent judgment on various business issues.
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company	Yes	Board meeting attendance - All Non-Executive Directors have attended a majority of the meetings and have devoted their time adequately
A.1.7	Calls for resolutions by at least 1/3rd of Directors	Yes	Any Director can call for a resolution to be presented to the Board if deemed necessary
A.1.8	Board induction and Training	Yes	Directors' induction and development - The Directors are given the opportunity to have sufficient exposure, expertise in their relevant areas to fulfil their duties and responsibilities owing to the Board
A.2	Chairman, Managing Director and CEO	Yes	Division of Responsibility between the Chairman, MD and CEO
A.3	Chairman's role in preserving good corporate governance	Yes	Division of Responsibility between the Chairman, MD and CEO
A.4	Availability of financial acumen	Yes	The Board is equipped with qualified Directors in the field of Finance and accountancy and possesses the necessary financial wisdom. Board has the privilege of having Directors who possess qualifications in the field of finance and accountancy to obtain advice and guidance. Finance Division is also well equipped in financial capabilities having qualified Chartered Accountants and experienced personnel to support the Board of Directors.
A.5	Board balance	Yes	The Board consists of 2 Executive Directors and 7 Non-Executive Directors. Each of them brings to the Board, wide experience and the ability to exercise independence and judgment when taking informed decisions.
A.5.1	The Board should include sufficient number of NEDs	Yes	7 of the 9 Directors are Non-Executive Directors, which is well above the minimum number prescribed by this Code
A.5.2	If the Board includes only 3 NEDs, they should be independent	N/A	
A.5.3	Independence of Directors	Yes	4 of the Non-Executive Directors, which is the majority, are independent in terms of the criteria defined by CSE rule 7.10.4 on corporate governance, fulfils the minimum guidelines prescribed by the code

GOVERNANCE AND RISK

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Code Ref.	Requirement	Complied	Compliance and Reference within the Report
A.5.4	Annual declaration of independence by Directors	Yes	Each Non-Executive Director of the company has made written submissions as to their independence
A.5.5	Annual determination of independence of NEDs	Yes	Based on the written submissions made by the following Non-Executive Directors as per code, the Board deems the said Directors "Independent"
A.5.6	Alternate Directors	N/A	
A.5.7	Senior Independent Director (SID)	N/A	Chairperson's, Managing Director's and CEO's roles have been separated therefore no requirement to appoint a Senior Independent Director
A.5.8	Confidential discussion with the Senior Independent Director	N/A	
A.5.9	Annual meeting with NEDs	Yes	The Chairman meets with the Non-Executive Directors without the presence of Executive Directors, whenever necessary
A.5.10	Recording of dissent in minutes	Yes	Company Secretary records any concerns raised by the Directors during the year in Board minutes with sufficient details
A.6	Supply of Information	Yes	Agenda together with required information is circulated seven days prior to the Board meeting to discharge the Board obligations effectively as a practice
A.6.1	Management's obligation to provide appropriate and timely information	Yes	Board receives adequate information from the Management in a timely manner. The Board receives regular reports and presentations on strategies and developments in relation to its business lines and performance.
A.6.2	Timely submission of the minutes, agenda and papers required for the Board meeting	Yes	Board agendas and necessary Board Papers and minutes are dispatched in advance of the Board meetings
A.7	Appointments to the Board and Re-election	Yes	Appointment of Directors are done in line with the recommendations of the Nominations Committee
A.7.1	Establishing a Nomination Committee, Chairman and Terms of Reference	Yes	A Nominations Committee was formed during the year under review
A.7.2	Annual assessment of Board composition	Yes	Board as a whole carry out an annual assessment of the Board's Composition to assess the level of skills, experience, qualifications, and knowledge of the Board members to address the growing strategic needs of the Company
A.7.3	Disclosures on appointment of new Directors	Yes	All new Board appointments as it happens are communicated to shareholders via the Colombo Stock Exchange. A summary of the new Director appointed including the qualifications, experiences, names of the companies in which the Director holds directorships, and memberships in Board Sub Committees is usually given in the Annual Report.
A.8	Directors to submit themselves for re-election	Yes	The Directors are subject to re-election on the basis of longest in office as provided in Articles of Association
A.9	Appraisal of Board and Sub-Committee Performances	Yes	The performance of the Board and sub-committee is reviewed and evaluated by the Board and Chairperson on self-appraisal basis
A.10	Annual Report to disclose specified information regarding Directors	Yes	Board Profiles Annual Report of the Directors on the Affairs of the Company
A.11	Appraisal of the CEO	Yes	Managing Director evaluates the performance of the Group CEO
A.11.1	Target/goals for the CEO	Yes	CEO is entrusted by the Board to conduct day to day operations effectively to attain strategic targets/goals
A.11.2	Evaluation of the performance of the CEO	Yes	The performance of the CEO is evaluated in relation to the achievement of business targets
B	Directors' Remuneration		
B.1	Establish process for developing policy on executive and director remuneration	Yes	No Director is involved in deciding his or her own remuneration package
B.1.1	Remuneration Committee	Yes	The Board has established a Remuneration Committee authorised to evaluate, assess, decide and recommend to the Board, Executive Director's remuneration as per the Terms and Reference of the Remuneration Committee

Code Ref.	Requirement	Complied	Compliance and Reference within the Report
B.1.2	Composition of the Remuneration Committee	Yes	Remuneration Committee comprises of Non-Executive/Independent Directors only
B.1.3	The Chairman and members of the Remuneration Committee should be listed in the Annual Report each year	Yes	Remuneration Committee comprises of Non-Executive/Independent+E46 Directors only
B.1.4	Remuneration of Non-Executive Directors	Yes	The Board has the authority on deciding the Non-Executive Directors' remuneration packages which is a collective decision. The Non-Executive Directors are paid a fee for attending Board or other Committee meetings or carrying out other Non-Executive duties based on responsibilities assigned.
B.1.5	Consultation of the Chairperson and access to professional advice	Yes	When deciding on remuneration of Executive Directors, the Committee also obtains advice from the Managing Director as necessary
B.2	Level and make-up of remuneration	Yes	The Board together with the Remuneration Committee aims to attract retain and motivate high calibre individuals for top executive positions
B.2.1	Level and make-up of the remuneration of the Managing Director	Yes	The Remuneration Committee assesses the sufficiency of remuneration of Executive Directors to ensure a strategy of retention. Performance of the CEO is evaluated annually and suitable remuneration levels are decided by the Committee.
B.2.2	Comparison of remuneration with other companies	Yes	When positioning remuneration levels relative to other companies in the industry, Remuneration Committee reviews the information related to the Executive Directors' pay level against the industry
B.2.3	Comparison of remuneration with other companies in the Group	Yes	Executive Directors represent other companies within the Group
B.2.4	Performance-related payments to the Managing Director	Yes	Please refer principle B.2 and Code B.2.1 above
B.2.5	Executive share options	Yes	There was no executive share options scheme offered to any Director
B.2.6	Deciding the Executive Directors' Remuneration	Yes	Please see comments given in Principle B.2 for details on Executive Director Remuneration
B.2.7	Early termination of Directors	Yes	Not applicable to the Board
B.2.8	Early termination not included in the initial contract	Yes	In an event of early termination of a Director, remuneration will be concluded based on the scenario
B.2.9	Remuneration of Non-Executive Directors	Yes	Non-Executive Directors are paid a fee for their services as mentioned in Code B.1.4
B.3	Disclosures related to remuneration in Annual Report	Yes	The Remuneration Committee operates within agreed terms of reference and is committed to the principles of accountability and transparency
B.3.1	Disclosure of Remuneration	Yes	Related Party Disclosure Note
C	Relations with Shareholders		
C.1	Constructive use of the AGM and Other General Meetings	Yes	Annual Report of the Directors on the Affairs of the Company and the Group - Annual General Meeting (AGM)
C.1.1	The Notice of AGM and related papers to be sent to shareholders as determined by the Statute, before the meeting	Yes	Notice of the AGM and related documents are sent to shareholders along with the Annual Report within the specified period. The contents of this Annual Report will enable existing and prospective stakeholders to make better informed decisions in their dealings with the Company.
C.1.2	Separate resolution to be proposed for each item and the proxy appointment forms to have options to vote for or against each of the item	Yes	Two-way proxy forms are provided
C.1.3	Availability of all Board Sub-Committee Chairmen at the Annual General meeting	Yes	All Board members which include Chairpersons of all the Board Sub-committees were present at the AGM to answer any questions coming under the purview of their Committee
C.1.4	Procedures of voting at General Meetings	Yes	Voting procedures at the General Meetings are circulated to the shareholders

GOVERNANCE AND RISK

CORPORATE GOVERNANCE

Code Ref.	Requirement	Complied	Compliance and Reference within the Report
C.2	Communication with shareholders	Yes	Extensive financial and non-financial information of company's activities are provided to shareholders through the Annual Report and the Interim Reports published on a quarterly basis
C.2.1	Channel to reach all shareholders of the Company	Yes	Formal communications with the shareholders are conducted through Notices to shareholders, Annual Report, Quarterly Financial Statements, and general meetings of shareholders. All the financial information such as Annual Reports, Interim Reports are made available to shareholders via CSE website. Shareholders can reach Company Secretaries via telephone or email or post for any correspondence.
C.2.2	Policy and methodology for communication with shareholders	Yes	The Communication Policy is implemented through exchange of Memos, Electronic Mail, Board Papers and Presentations
C.2.3	Implementation of the policy and methodology for communication with shareholders	Yes	Please see Code C.2.2 above
C.2.4	Disclosure of contact person	Yes	Shareholders can forward their inquiries via electronic media (e-mail, telephone call or in writing) to the Investor Relations Officer to raise queries
C.2.5	Process to make all Directors aware of major issues and concerns of shareholders	Yes	Material issues and concerns of the shareholders are communicated to the Board by company management and Executive Directors via Board Meetings
C.2.6	Contact person in relation to shareholders' matters	Yes	Details of the Investor Relations Officer are disclosed in the CSE website
C.2.7	The process of responding to shareholder matters	Yes	All shareholder-related material matters are handled promptly and attentively upon being informed
C.3	Disclosure of major and material transactions	Yes	Board has established a process to capture and disclose any material transactions proposed that would alter or vary the net asset position of Company either through its audited financial statements or in interim publication or by making announcement to the Colombo Stock Exchange
C.3.1	Disclosure of all material facts involving any proposed acquisition, sale or disposition of assets	Yes	All material and price sensitive information about the Company is promptly communicated to the Colombo Stock Exchange where the shares of the Company are listed, and released to the employees, press and shareholders
D	Accountability and Audit		
D. 1	Financial Reporting	Yes	The Board presents a balanced and understandable assessment of the Company's financial position, performance and prospects
D.1.1	Statutory and Regulatory Reporting	Yes	Group has reported a true and fair view of its financial position and performance for the year ended 31st March 2023 and at the end of each quarter of 2022/23 financial year. The Board ensures that the quarterly and annual Financial Statements of the Company and Group are prepared and published in compliance with the requirements of the Companies Act No. 7 of 2007, Sri Lanka Accounting Standards (LKASs and SLFRSs) and the Rules of the Colombo Stock Exchange.
D.1.2	Directors' Report in the Annual Report	Yes	The Annual Report of the Board of Directors gives an affirmation on Company's compliance with laws and regulations, confirms the going concern assumption and the effectiveness of Internal Control System that is in place
D.1.3	Statement of Directors' and Auditors' responsibility for the Financial Statements	Yes	Statement of Directors' responsibility provides a statement setting out the responsibilities of the Board for the preparation and presentation of the Financial Statements
D.1.4	Management Discussions and Analysis	Yes	As per Code D.1.4 management commentary covering all requirements is given in the Financial Capital
D.1.5	Declaration by the Board that the business as a Going Concern	Yes	The Annual Report of the Board of Directors provides disclosure affirming the going concern of the company, after drawing attention to aspects mentioned in the schedule G of the Code

Code Ref.	Requirement	Complied	Compliance and Reference within the Report
D.1.6	Summoning an Extra Ordinary General Meeting (EGM) to notify serious loss of capital	Yes	A situation of a serious loss of capital is unlikely to arise
D.1.7	Related party transactions	Yes	An adequate and accurate disclosure of related party transactions is given in Note 14 to the Financial Statements
D.2	Internal Control	Yes	The Board has established an effective system of internal controls to safeguard the assets of the company
D.2.1	Annual evaluation of the risks facing the Company and the effectiveness of the system of internal controls	Yes	Internal Auditors have been entrusted to periodically review the adequacy and effectiveness of internal controls of the Company, feedback of which is given to the Audit Committee
D.2.2	Internal audit function	Yes	Internal Audit division provides independent and objective assurance with respect to the adequacy of the design and operating effectiveness of internal controls and governance process across the Company
D.2.3	Review of the process and effectiveness of risk management and internal controls by the Audit Committee	Yes	Audit and Risk Management Committee continuously reviewed the effectiveness of risk management process and internal controls and ensured the soundness of the risk management process and internal controls and managed to report any deficiencies and matters to Board with recommendations
D.2.4	Responsibilities of Directors in maintaining a sound system of internal control	Yes	The Board Statement on Internal Controls complies with the contents in Annexure K of the code
D.3	Audit and Risk Management Committee	Yes	The Board has established an Audit and Risk Management Committee that operates independently under specified terms of reference covering review of financial reporting aspects, internal controls and maintaining relationship with company auditors internal and external in accordance with the provisions of this Code and other regulatory requirements
D.3.1	Composition of the Audit and Risk Management Committee	Yes	The Committee met 4 times during the year. The names of members forming the Audit Committee, their participation level, secretary, and invitees of the Committee are disclosed on page 53.
D.3.2	Review of Objectivity of the External Auditor	Yes	As disclosed in Audit and Risk Management Committee Report, the said Committee in keeping to its term of reference monitors the objectivity, effectiveness and independence of the External Auditor of the company
D.3.3	Terms of Reference of the Audit and Risk Management Committee	Yes	The Board approved written terms of reference governs all activities of Audit and Risk Management Committee. The Terms of Reference have been drawn after giving due reference to the "Code of Best Practices".
D.3.4	Disclosures of the Audit and Risk Management Committee	Yes	The External Auditor has provided a Confirmation of Independence in compliance with the "Guidelines for Appointment of Auditors of Listed Companies" issued by SEC
D.4	Related Party Transactions Review Committee	Yes	The Board has established Related Party Transactions Review Committee that operates independently under specified terms of reference covering the review of related party transactions and them being arms length
D.4.1	Compositions of the Related Party Transactions Review Committee	Yes	The Committee comprises of 3 Non-Executive Independent Directors. One Independent Non-Executive Director acts as the Chairman of the Committee.
D.4.2	The Committee to have written terms of reference covering the salient aspects as stipulated in the section	Yes	The RPTR Committee has written terms of reference outlining the Scope
D.5	Code of Business Conduct and Ethics	Yes	High standards in business conduct and ethics are an integral part of JAT's culture. In keeping with the practised value system, an organisation-wide human resource policy document is in place which defines clear HR policies and procedures to the employee.

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CORPORATE GOVERNANCE

Code Ref.	Requirement	Complied	Compliance and Reference within the Report
D.5.1	Code of Business Conduct and Ethics	Yes	The HR division has devised a formal document incorporating human resource procedures including aspects on employee conduct
D.5.2	Affirmation by the Chairman that there is no violation of the Code of Conduct and Ethics	Yes	The Chairperson's affirmation that she is not aware of any violations to requirements of the company on specified business conduct and ethics is given in the "Chairperson's review"
D.6	Corporate Governance Disclosures	Yes	Board of Directors upholds adopting sound corporate governance practices while improving the overall governance year on year. The Corporate Governance report provides a comprehensive disclosure of the Company's corporate governance framework and practices indicating Code of Best Practices on Corporate Governance issued in 2017.
E	Institutional Investors		
E.1	Shareholders voting	Yes	Institutional shareholders are required to make considered use of their votes and are encouraged to ensure their voting intentions are translated into practice
E.2	Evaluation of Corporate Governance initiatives	Yes	Matters relating to governance are communicated effectively to all shareholders via the Annual Report and through AGM. Views and other material matters of shareholders are subsequently taken up at Board meetings as necessary.
F	Other Investors		
F.1	Investing/Divesting decision	Yes	Individual shareholders are encouraged to carry out adequate analysis and seek independent advice prior to making investments or divestments directly in shares of the Company
F.2	Individual shareholders voting	Yes	Individual shareholders are encouraged to participate in the Annual General Meeting and to exercise their voting rights
G	Internet of Things and Cybersecurity		
G.1	Internal and external IT devices connected to the Business Model	Yes	Connection of internal and external IT devices to the organisation network has been allowed with necessary access controls and firewalls to safeguard the integrity of information
G.2	Cyber Information Security officer and cyber security risk management policy	Yes	Head of IT and ERP continuously monitor and review the security requirements of the Company's information system
G.3	Discussions on cyber risk management	Yes	This is a regular agenda item of the risk management discussion of the Board and have given due attention
G.4	Independent periodic reviews and assurance	Yes	Periodic reviews are carried out by the external auditors and consultants and observations are submitted to the Board for review and actions
H	Environment, Society and Governance (ESG)		
H.1	Principals of Sustainability Reporting	Yes	Sustainability Governance
H.1.1	Provision of information on ESG	Yes	Company has included the environmental, social and governance factors in its business models and provided sufficient information on all aspects in the Annual Report
H.1.2	The Environment	Yes	The company adopts an integrated approach which mitigates the environmental threats and improves best practices in company's engagements to fulfill the obligation towards the environment. Such best practices are pollution prevention, sustainable resource use, protection of environment and restoration of natural resources.
H.1.3	Social Factors	Yes	The Company adopts an integrated approach to build strong relationship with community and strives towards sustainable development
H.1.4	Governance	Yes	The Company established a governance structure to support its ability to create value and manage risks on all pertinent aspects of ESG
H.1.5	Board's role on ESG Factors	Yes	The Company has followed the Integrated Reporting Framework and the Global Reporting Initiative Guidelines in presenting this Annual Report and has obtained external assurance on the same

GOVERNANCE AND RISK

RISK MANAGEMENT

JAT, which operates its businesses in multiple lines across several markets, is continuously exposed to various risks emerging in the internal and external environment. An organisation-wide, integrated risk management framework is employed in the Group and it possesses structures and tools to identify, manage and mitigate risks effectively and consistently. Macroeconomic vulnerabilities brought on significant changes to the risk environment during the course of the year which forced us to further strengthen our risk management procedures.

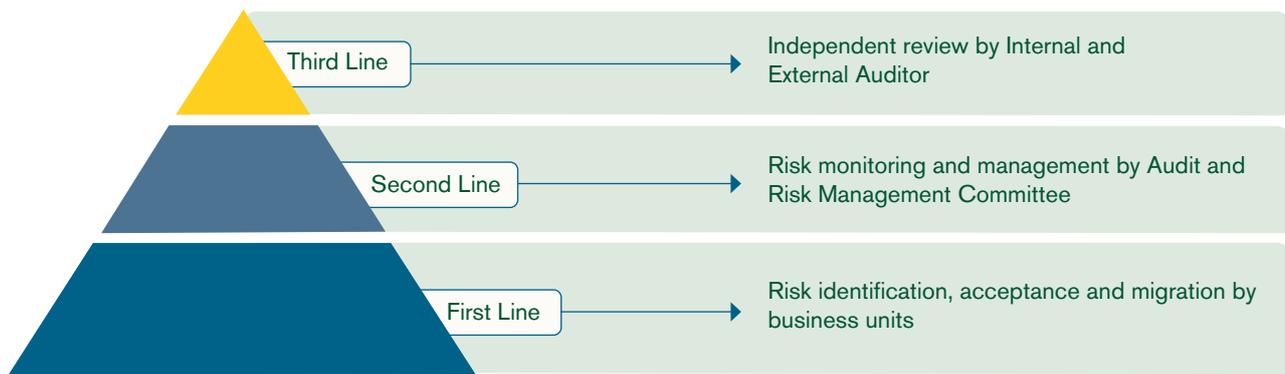
RISK GOVERNANCE

We adopt an enterprise-wide approach to risk management, which comprises a bottoms-up approach to identify, assess, manage and report on risks within a unitary framework which is aligned to our strategy and corporate governance frameworks. The Board of Directors is ultimately in charge of managing the Group's risk exposures. The Audit Committee and the Risk Management Committee extend their immense support to the Board in carrying out its risk-related

responsibilities. In order to ensure that risk exposures are controlled within reasonable bounds, the Committee works closely with corporate management and other workers (Please refer to pages 116 to 117 for the Audit and Risk Management Committee Report). The Group's strong policy structure, which includes policies on business risk, non-business risk, financial risk policy, and IT and cyber risk management, provides further support for risk management.

RISK DRIVERS

The complexity and vitality of risk management are intensified by the rapid changes in the risk landscape caused by the dynamics in the operating environment. Macroeconomic vulnerabilities, supply-chain disruptions, forex crisis, inflation, regulatory developments and technological advancements were among the key variables which influenced the Group's risk landscape during the year.

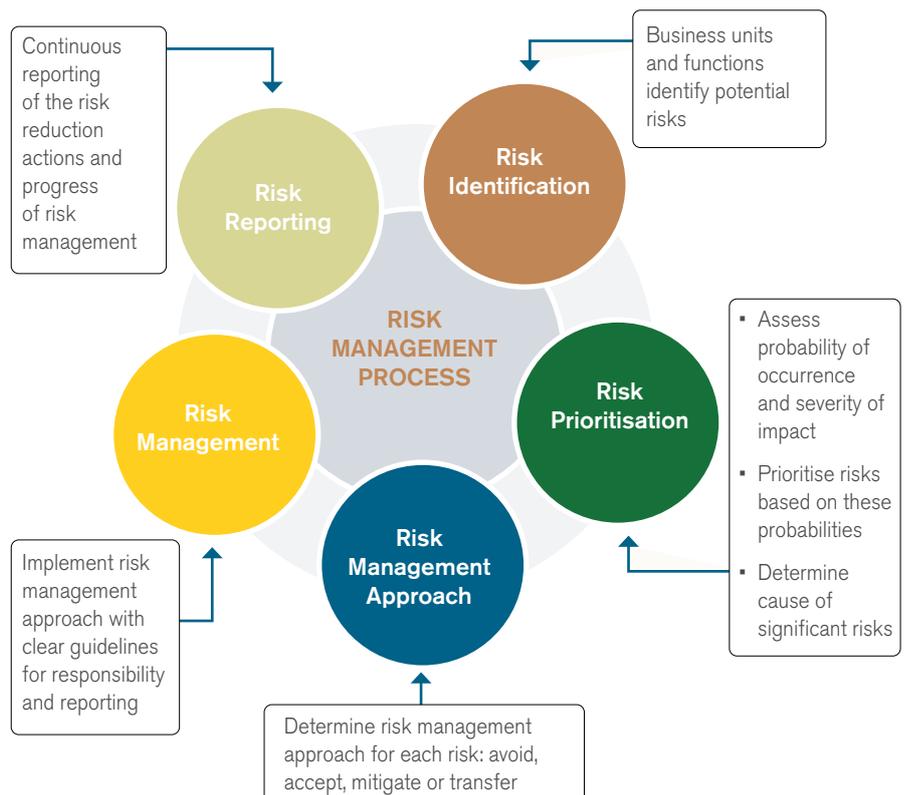


PRINCIPLES OF RISK MANAGEMENT

Proactive risk identification and measurement throughout operations, supply chains and distribution channels are a discipline practised across the entire organisation. Segregation of responsibilities, risk-conscious culture and ongoing Board oversight are facilitated by the framework based on the Three Lines of Defence model.

RISK MANAGEMENT PROCESS

All employees are involved in risk management and it affects all operations and functions of the organisation. The Group's risk management process is demonstrated as follows:



GOVERNANCE AND RISK

RISK MANAGEMENT

Risk Assessment Criteria

		Impact/Consequence						
		1	2	3	4	5		
Likelihood Occurrence/Frequency	5	Moderate	Moderate	High	Significant	Significant		
	4	Low	Moderate	High	High	Significant	Significant	Focus
	3	Low	Moderate	Moderate	High	High	High	Immediate action required
	2	Low	Low	Moderate	Moderate	Moderate	Moderate	Near-term attention and action required
	1	Low	Low	Low	Low	Moderate	Low	Action required to control the risk
							Low	Action required agreed-in-time/No action required

PRINCIPAL RISKS 2022/23

Noticeable changes in the risk landscape of the Group were caused by the unprecedented challenges that emerged from the operating environment, both domestic and global. The table below summarises significant risk exposures for the year under review, their prospective impacts on the Group and strategies employed to manage those risks.

Risk and Risk Rating	Factors Impacting Risk Rating	Mitigation Strategies	Further Information						
External position weaknesses of the country									
<p>Procuring raw materials was disrupted by the severe shortage in Sri Lanka's foreign currency reserves and the difficulties in opening letters of credit to facilitate imports. In addition, with the rupee's sharp depreciation and the fluctuation in exchange rates, the cost of input materials increased over the year.</p> <table border="1"> <tr> <th colspan="2">Risk Rating</th> </tr> <tr> <td>2021/22</td> <td>2022/23</td> </tr> <tr> <td>High</td> <td>High</td> </tr> </table>	Risk Rating		2021/22	2022/23	High	High	<ul style="list-style-type: none"> Exchange rate movements The country's foreign currency reserve position Regulations pertaining to imports Sri Lanka's ability to obtain bridge financing 	<ul style="list-style-type: none"> Introduction of alternative raw materials through value engineering Ensuring better visibility via proactive demand planning and sharing demand forecasts with suppliers 	Operating Environment
Risk Rating									
2021/22	2022/23								
High	High								
Inflationary pressures									
<p>The price hikes in global commodity prices, the abrupt depreciation of the rupee, and disruptions in supply-chain have all contributed to Sri Lanka's inflation levels. In the short term, this is expected to have an influence on the demand for construction activities as consumers prioritise satisfying their essential needs.</p> <table border="1"> <tr> <th colspan="2">Risk Rating</th> </tr> <tr> <td>2021/22</td> <td>2022/23</td> </tr> <tr> <td>High</td> <td>High</td> </tr> </table>	Risk Rating		2021/22	2022/23	High	High	<ul style="list-style-type: none"> Inflation levels Depreciation of the exchange rate Consumer sentiments Disposable income 	<ul style="list-style-type: none"> Pursued opportunities in the value-for-money segment through product innovations Introduced product cost efficiencies through the R&D unit through alternative use of materials and substitutes Targeted marketing promotions to drive demand in selected segments Relentless focus on cost-saving measures to mitigate the impact of product cost increases 	Operating Environment
Risk Rating									
2021/22	2022/23								
High	High								

Risk and Risk Rating	Factors Impacting Risk Rating	Mitigation Strategies	Further Information				
Supply-chain disruptions							
<p>The Group's supply chains had a negative impact due to the crude oil issues and fuel shortages. Due to the fuel crisis in the country, the supply of finished goods to the customers was hampered: the distributors were stranded due to not having fuel for their vehicles to pick up goods and the customers were not able to visit hardware shops to purchase goods.</p> <hr/> <p>Risk Rating</p> <table border="1"> <tr> <td>2021/22</td> <td>2022/23</td> </tr> <tr> <td>Low</td> <td>High</td> </tr> </table>	2021/22	2022/23	Low	High	<ul style="list-style-type: none"> Fuel shortage Commercial sustainability of distributor network 	<ul style="list-style-type: none"> Implemented an online purchasing platform to offer the service of island-wide doorstep delivery 	Social and Relationship Capital
2021/22	2022/23						
Low	High						
Principal relationships							
<p>Strong principal relationships are essential to preserving our competitive edge since they influence the quality of products. Since our main partner continued to support us despite the weak foreign exchange situation of the country throughout the year, the strength of these connections was crucial in ensuring the continuity of our operations.</p> <hr/> <p>Risk Rating</p> <table border="1"> <tr> <td>2021/22</td> <td>2022/23</td> </tr> <tr> <td>Low</td> <td>Low</td> </tr> </table>	2021/22	2022/23	Low	Low	<ul style="list-style-type: none"> Sales volumes generated Level of engagement with principals Product diversification aspirations 	<ul style="list-style-type: none"> Proactive interaction with principals in knowledge transfer and market insight sharing Diversification of risks with continual efforts to deepen our connections by bringing on new principals 	Social and Relationship Capital
2021/22	2022/23						
Low	Low						
People related risks							
<p>Socio-economic uncertainty in the country led to skill migration which eventually challenged attracting and retaining employees.</p> <hr/> <p>Risk Rating</p> <table border="1"> <tr> <td>2021/22</td> <td>2022/23</td> </tr> <tr> <td>Low</td> <td>High</td> </tr> </table>	2021/22	2022/23	Low	High	<ul style="list-style-type: none"> Employee value proposition offered including attractiveness of rewards, opportunities for training and development, career progression and work environment Group's employer brand 	<ul style="list-style-type: none"> Salary increments, incentives and special allowances being continued Continuous investments in training and development Opportunities for career progression Rewards for high-performing employees through an efficient performance management framework Focus on mental well-being through motivational programmes 	Human Capital
2021/22	2022/23						
Low	High						

GOVERNANCE AND RISK

RISK MANAGEMENT

Risk and Risk Rating	Factors Impacting Risk Rating	Mitigation Strategies	Further Information						
Product risk									
<p>Poor quality product manufacturing and delivery significantly affect customer satisfaction and the competitive edge.</p> <table border="1"> <tr> <td colspan="2">Risk Rating</td> </tr> <tr> <td>2021/22</td> <td>2022/23</td> </tr> <tr> <td>Low</td> <td>High</td> </tr> </table>	Risk Rating		2021/22	2022/23	Low	High	<ul style="list-style-type: none"> Relationships with principals Adherence to quality assurance standards The Group's research and development infrastructure and capabilities 	<ul style="list-style-type: none"> Facilitating transfer of knowledge and access to state-of-the-art products by maintaining strong relationships with principals Prioritising research and development Processes of strict quality assurance Maintaining a portfolio of good quality products supported by strong principals 	Intellectual Capital
Risk Rating									
2021/22	2022/23								
Low	High								
Credit and liquidity risk									
<p>Customers' payment delays or nonpayment may cause liquidity issues that have an impact on the Group's financial performance and stability.</p> <table border="1"> <tr> <td colspan="2">Risk Rating</td> </tr> <tr> <td>2021/22</td> <td>2022/23</td> </tr> <tr> <td>Low</td> <td>High</td> </tr> </table>	Risk Rating		2021/22	2022/23	Low	High	<ul style="list-style-type: none"> Business activity and volume growth Level of engagement with customers/dealers Credit management policies and standards The creditworthiness and financial health of customers Economic downturns or instability 	<ul style="list-style-type: none"> Effective credit control policies with periodic evaluation Risk management by obtaining adequate security for offered credit Establish effective systems for monitoring customer payment behaviour and follow up promptly on any overdue payments Maintain healthy relationships with customers 	Financial Capital
Risk Rating									
2021/22	2022/23								
Low	High								
Reputational risks									
<p>Reputational risks can result from failing to comply with the regulations in labour practices, and environmental protection and also implications through product quality, business and employee conduct and relationships with external stakeholders.</p> <table border="1"> <tr> <td colspan="2">Risk Rating</td> </tr> <tr> <td>2021/22</td> <td>2022/23</td> </tr> <tr> <td>High</td> <td>High</td> </tr> </table>	Risk Rating		2021/22	2022/23	High	High	<ul style="list-style-type: none"> Corporate governance and business conduct Compliance framework and practices Organisational culture 	<ul style="list-style-type: none"> Ongoing evaluation of compliance level by the Audit and Risk Management Committee A compliance culture Strong brand-building initiatives Strong sustainability practices with ongoing efforts to minimise negative environmental impacts 	Corporate Governance
Risk Rating									
2021/22	2022/23								
High	High								
Interest rate risk									
<p>Exposure to interest rate risk may occur when the changes in the market interest rates would negatively impact the financial situation of the organisation.</p> <table border="1"> <tr> <td colspan="2">Risk Rating</td> </tr> <tr> <td>2021/22</td> <td>2022/23</td> </tr> <tr> <td>Low</td> <td>Low</td> </tr> </table>	Risk Rating		2021/22	2022/23	Low	Low	<ul style="list-style-type: none"> High-interest rates Adjustments to monetary policy of the Central Bank Alterations in reserve requirements by the central bank High inflation rates 	<ul style="list-style-type: none"> Ongoing engagement and negotiations with banks Optimising short and long-term debt compositions to minimise impact of interest rate hike Leverage strong brand and financial strength (as attested by the credit rating of AA(Ika) by Fitch Rating) to obtain funding at attractive rates 	Financial Capital
Risk Rating									
2021/22	2022/23								
Low	Low								

Risk and Risk Rating	Factors Impacting Risk Rating	Mitigation Strategies	Further Information						
IT system and infrastructure risk									
<p>Risks are frequently associated with the implementation of new IT systems and infrastructure including under- or over-provisioning, hardware and software incompatibilities, network issues, unforeseen costs and other hazards.</p> <table border="1" data-bbox="121 562 416 696"> <thead> <tr> <th colspan="2" data-bbox="121 562 416 600">Risk Rating</th> </tr> <tr> <th data-bbox="121 600 288 651">2021/22</th> <th data-bbox="288 600 416 651">2022/23</th> </tr> </thead> <tbody> <tr> <td data-bbox="121 651 288 696">Low</td> <td data-bbox="288 651 416 696">High</td> </tr> </tbody> </table>	Risk Rating		2021/22	2022/23	Low	High	<ul style="list-style-type: none"> ▪ Inadequate security measures or non-compliance with data protection regulations ▪ Financial loss arising from cyberattacks and vulnerabilities ▪ Poor network infrastructure, including unreliable connectivity or insufficient bandwidth ▪ Compatibility issues between different hardware components or software applications ▪ Potential loss of customer and confidential data ▪ Breakdown of systems 	<ul style="list-style-type: none"> ▪ Establishing strong governance structures, rules, and processes for IT risk management ▪ Investments in cutting-edge cybersecurity infrastructure and software ▪ Constant employee education on reducing cybersecurity threats ▪ Regular penetration testing and vulnerability assessment ▪ Design the IT infrastructure to accommodate future growth and changing business needs ▪ Develop contingency plans 	<p>Intellectual Capital</p>
Risk Rating									
2021/22	2022/23								
Low	High								

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

The Board of Directors of JAT Holdings PLC has pleasure in presenting their Report on the affairs of the Company which covers the Audited Financial Statements of JAT Holdings PLC, the Audited Consolidated Financial statements of the Group, Chairman's Message, Corporate Governance, Management Discussion and Analysis and all other relevant information for the period ended 31st March 2023. Disclosures which appear in the share information section form part of the Annual Report of the Board of Directors as it is a requirement of the Companies Act No. 07 of 2007.

IMPACT OF MACRO ECONOMIC DEVELOPMENTS

Information on future developments and assessment to closest possible reality considering the Financial Crisis in Sri Lanka and globally applicable to JAT Holdings' subsidiaries, is contained in Chairman's message, Managing Director's Review and Chief Executive Officer's Review sections of this Annual Report.

REVIEW OF OPERATIONS DURING THE YEAR

Chairman's Message (pages 24 to 25), Managing Director's Review (pages 26 to 27), Chief Executive Officer's Review (pages 28 to 29) and Management Discussion and Analysis (pages 54 to 83), describe the Company's affairs and the Group's business, and mention important events that occurred during the year in this Report.

CHANGE OF OWNERSHIP & SHAREHOLDING

Current ownership held is displayed in page numbers 191 of this report.

PRINCIPAL ACTIVITIES

The Company/Group is engaged in manufacturing and trading of furnishing and finishing solutions 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 Brushes, Borma Wachs – wood cosmetics, Herman Miller ergonomic office furniture, Horous – office furniture, 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.

CORPORATE VISION AND VALUES

The employees of the Group are accustomed to practice a set of values contained on page 6 of the report, in order to achieve the vision of the company of being the brand of choice to the finishing and furnishing industries in the South Asian Region.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on pages 127 to 129 in this Annual Report.

FINANCIAL STATEMENTS

The Financial Statements of the Company and Group for the year ended 31st March 2023 which have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS), with the inclusion of the Chairman, Managing Director and Finance Director, are given as part of this Annual Report.

THE FINANCIAL STATEMENTS COMPRISE OF

- Statement of Profit or Loss and Other Comprehensive Income which 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 which 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,

- Using appropriate accounting policies which are applied in a consistent manner disclosing and explaining material departures therefrom, if any
- Presented in accordance with SLFRSs and LKASs
- Reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected
- 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.

As at 31 March	Group	
	2022/23	2021/22
Revenue	10,167,326,936	8,896,808,118
Gross Profit	3,423,830,996	2,603,408,041
Total Overheads	(1,600,605,869)	(1,484,225,529)
Other Income	125,813,099	66,948,815
Net Finance cost	(463,034,435)	71,756,398
Income Tax Expense	(185,082,691)	(47,331,041)
Net Profit	1,300,921,100	1,210,556,684

Financial results of the Company/Group are included in pages 130 to 134. These reports together with the Audited Financial Statements reflect the state of affairs of the Company/Group.

DISCLOSURES TO ACCOUNTS

Disclosures made by the company are stated in pages numbers 135 to 189 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 135 to 149. There have been no changes in the accounting policies adopted by the Group during the year under review. The Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) which have materially converged with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

REVENUE

Revenue generated by the Company amounted to LKR 7,161,896,306 (2022 – LKR 6,660,847,225) while the Group revenue accounted to LKR 10,167,326,936 (2022 – LKR 8,896,808,118). Contribution to Group revenue from the different business segments, is contained in note 22 to the Financial Statements.

PROFIT & APPROPRIATIONS

	2022/23	2021/22
Group Profit Before Tax for the twelve months ended 31st March after deducting all expenses, providing for known liabilities and depreciation	1,486,003,791	1,257,887,725
Income Tax Expense	(185,082,691)	(47,331,041)
Non-controlling Interest	(4,345,478)	(4,658,602)
Profit for the Period	1,305,266,578	1,215,215,286
Total Other Comprehensive Income/(Loss)	959,975	1,754,702
Balance Brought Forward from the Previous Year	5,263,420,779	4,451,031,491
Final Dividend for the Period 2021/22	193,954,954	113,648,268
Interim Dividend for the Period 2022/23	229,683,498	290,932,431
Total Available for Appropriation	6,138,539,386	5,263,420,779
Transfer to Reserve Fund	-	-
Total Appropriation	-	-
Balance on Group basis to be carried forward	6,138,539,386	5,263,420,779
Balance on Company basis to be carried forward	5,828,321,631	4,966,747,147

PROPERTY, PLANT AND EQUIPMENT

During the period under review, the Company and the Group invested a sum of LKR 339,612,321 (2022 – LKR 267,187,956) and LKR 446,960,749 (2022 – LKR 268,903,157) in Property, Plant and Equipment.

Details of Property, Plant and Equipment and Intangible Assets and their movements are given in Notes 6 and 8 to the Financial Statements respectively. Details of Freehold Land and Buildings are given in Note 6.3 to the Financial Statements.

MARKET VALUE OF PROPERTIES

The freehold property of the Company/Group is revalued by an Independent Qualified Valuer when 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 124 of this report.

DIVIDENDS

In terms of Article 38 an Interim Dividend of LKR 229,683,497.85 was paid on 30th December 2022 for the Financial Year 2022/23 which accounted for LKR 0.45 per share.

The Board of Directors obtained a Certificate of Solvency from the Auditors prior to the date of dispatch of all dividend payments made in accordance with Section 57 of the Companies Act No. 07 of 2007.

The Company maintains a policy of declaring 35% to 40% dividend.

RESERVES

Group reserves and retained earnings as at 31st March 2023 amounted to LKR 6,246,438,711 (2022 – LKR 5,359,718,003). The break-up and movement are shown in the Statement of Changes in Equity in the Financial Statements.

STATED CAPITAL

Stated Capital as at 31st March 2023 for the Company amounted to LKR 2,395,221,320 (2022 – LKR 2,395,221,320). The movement and composition of the Stated Capital is disclosed in the Changes to Equity and in Note 17 to the Financial Statements.

SHARE INFORMATION

The distribution and composition of shareholders and the information relating to earnings, dividends, net assets, market value per share and share trading is given in the Share Information section of the Annual Report.

As additional disclosures the Company's Board of Directors' shareholdings as of 31st March 2023, market capitalisation, public holding percentage and number of public shareholders are given in the share information section of the Annual Report.

MAJOR SHAREHOLDERS

Details of the Company's twenty largest shareholders and the percentages held by each of them are disclosed in the Share Information section of the Annual Report.

EQUITABLE TREATMENT OF SHAREHOLDERS

The Group/Company has at all times ensured that all shareholders are treated equitably.

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

BOARD OF DIRECTORS

The following Directors served on the Board of the Company during the period under review.

- Dr. Sivakumar Selliah – Non-Executive/Independent Director
- Aelian Gunawardene – Executive /Non-Independent Director
- Nishal Ferdinando – Executive /Non-Independent Director
- Hussain Akbarally – Non-Executive/Independent Director
- Devaka Cooray – Non-Executive/Independent Director
- Priyanthi Pieris – Non-Executive /Independent Director
- Joycelyn Gunawardene – Non-Executive/Non-Independent Director
- Anika Williamson – Non-Executive /Non-Independent Director
- Richard Gunawardene – Non-Executive / Non-Independent Director

Brief profiles of the Directors are shown on pages 32 to 33.

The Board comprises 9 Directors; 2 Executive/Non-Independent Directors, 4 Non-Executive/Independent Directors and 3 Non-Executive/Non-Independent Directors to maintain the Board balance.

In accordance with Rule 7.10.2 (b) of the Colombo Stock Exchange (CSE) Listing Rules, Non-Executive Directors have submitted a signed and dated declaration as per the specimen given in Appendix 7A of continuing Listing Rules of CSE.

Three out of the 9 Directors on the Board, 3 are Females which accounts to a composition of 33%.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In terms of Articles 88 (i) and 89 Mr. Mututantrige Parakrama Devaka Cooray – Director and Mrs. Dayangani Priyanthi Pieris – Director retires by rotation and offers themselves for re-election at the Annual General Meeting.

BOARD COMMITTEES

AUDIT AND RISK MANAGEMENT COMMITTEE

Following are the names of the Directors comprising the Audit and Risk Management 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
- Hussain Akbarally – Member/Non-Executive/Independent Director

The Report of the Audit and Risk Management Committee on pages 116 to 117 sets out the manner of compliance by the Company on Internal Control and Risk Management systems in accordance with the requirements of the Rule 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance.

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
- Hussain Akbarally – Member/Non-Executive/Independent Director

The Report of the HR and Remuneration Committee on page 118 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 14.6 to the financial statements on page 162.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

- Dr. Sivakumar Selliah – Chairman/Non-Executive/Independent Director
- Hussain Akbarally – Member/Non-Executive/Independent Director
- Devaka Cooray – 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 119 sets out the manner of compliance by the Company.

INVESTMENTS COMMITTEE

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

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

NOMINATIONS COMMITTEE

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

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

A Nominations Committee was formed during the year under review to regulate appointments, structure, size and competencies of the Board of Directors.

The Report of the Board Nomination Committee on page 121 sets out the manner of compliance by the Company in accordance with the requirements of the Code of Best Practice on Corporate Governance issued by The Institute of Chartered Accountants of Sri Lanka.

INTERESTS REGISTER AND INTERESTS IN CONTRACTS

The Company has maintained an Interests Register as required under the Companies Act No. 7 of 2007.

The Directors have all made general disclosures relating to share dealings and indemnities and remuneration to the Board of Directors as permitted by Section 192 (2) of the Companies Act No. 7 of 2007 and no additional interests have been disclosed by any Director. The Interest Register is available at the Registered Head Office of the Company, in keeping with the requirements of the section 119 (1) (d) of the Companies Act No. 7 of 2007.

DIRECTORATE AND SHAREHOLDING

Shareholding of the Group is stated in Note 191 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 the Executive Directors for the reporting period ended 31st March 2023 is given on Note 14.6 of this report.

The total fees of Non-executive Directors for the reporting period ended 31st March 2023 is given in page 162 of this report. This includes the board fees, attendance fees and subcommittee fees paid to Non-executive Directors.

RELATED PARTY TRANSACTIONS

The Directors declare that during the year under review there were no related party transactions which required shareholder approval or nonrecurrent related party transactions which required immediate market disclosures in accordance with Section 9 of the Listing Rules of the CSE.

EMPLOYMENT SHARE OPTION PLAN (ESOP)

During the year 2021/22, the Company implemented an Employee Share Option Plan (ESOP) to retain and motivate talented and critical employees for the business; motivate employees to align their self-interests with the best interests of the Company, reward employee performance with ownership in proportion to their contribution, and align individual performance of employees with the Company's objectives.

A total of 13,851,851 shares were allocated for the ESOP where the Exercise Price shall be the price at which the Company made its Initial Public Offering on the Colombo Stock Exchange which is Rs. 27/-.

Participants shall be required to exercise their Options within a window of twelve (12) months immediately after the expiry of three (03) years after the Options are granted.

EMPLOYMENT

The Company has an equal opportunity policy and these principles are enshrined in specific selection, training, development and promotion policies, ensuring that all decisions are based on merit. The Group practices equality of opportunity for all employees irrespective of ethnic origin, religion, political opinion, gender, marital status or physical disability.

Employee ownership of the company is facilitated through the Employee Share Option Plan.

The details of the Group's human resource initiatives are specified on page 62 of this report.

The number of persons employed by the Company and Group are as at 31st March 2023 was 349 and 391 respectively.

There have been no material issues pertaining to employees and industrial relations of the Company and the Group.

SUPPLIER POLICY

The Group applies a clear supplier policy where supplier registrations are made subsequent to negotiating and agreeing the payment and delivery terms. Supplier selections are solely based on quality and price decided on calling upon several quotations.

Purchases pertaining to distributorships and agencies are executed based on the agreements signed with the suppliers.

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 85 to 95 describes the good corporate governance principles adopted by the Company.

The company has complied with section 7.10 of the Listing rules of the Colombo Stock Exchange (CSE) as described on pages 96 to 97.

SUSTAINABILITY

The Group follows a stakeholder governance model to achieve its objectives.

The Group has been able to focus on material issues such as natural resource conservation and the environment, as well as material issues raised by other stakeholders such as employees, customers, suppliers, and the community, owing to the findings of ongoing internal stakeholder engagements. These phases have been contained in a Group-wide sustainable development strategy that is constantly evolving based on the stakeholder engagements indicated above.

This Integrated Annual Report includes a comprehensive discussion of the Group's financial and non-financial performance in order to provide stakeholders with holistic information about the Group's value creation proposition through the six forms of capital reported under the International Financial Reporting Standards.

RESEARCH AND DEVELOPMENT

The Group has given immense importance to R&D from the inception of the Company with added emphasis focussed this year with the set-up of a state-of-the-art R&D complex at Sri Lanka Institute of Nanotechnology (SLINTEC) utilising advanced testing equipment and service of experienced professional chemists both locally and internationally while collaborating with international laboratories and suppliers. Upon setting up this new facility, all R&D initiatives within JAT Group were centralised and carried out efficiently through this new facility. The new R&D facility enabled JAT to reduce the dependency on R&D support by existing suppliers, improve collaboration with suppliers' R&D facilities to improve the JAT wood coating product range as well as enhance quality and offer tailor made product solutions to new market segments. This modern facility would enable JAT to reach new heights and become a leading player in the South Asian region, whilst reinforcing its competitive edge in its core business by spearheading innovation in wood coating, decorative paint and other specialised coatings segments.

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

ENVIRONMENTAL PROTECTION

The Group complies with the relevant environmental laws, regulations and endeavours to comply with best practices at all times.

The steps taken by the Company to ensure environmental protection, is given under Natural Capital on pages 80 to 83.

CORPORATE SOCIAL RESPONSIBILITY

The Group has a separate division which spearheads all CSR activities for each entity.

COMMITMENTS AND CONTINGENCIES

Commitments and Contingent Liabilities of the Group are disclosed in the Note 31 to the Financial Statements on page 181.

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 32 to the Financial Statements on page 182.

STATUTORY PAYMENTS

The declaration relating to statutory payments is made in the Statement of Directors' Responsibility on page 124.

SUBSIDIARIES

The names of the Directors holding office at the end of the reporting period ended 31st March 2023 in respect of the subsidiaries are given below.

Company Name	Directors
Brush Master (Pvt) Ltd	Aelian Gunawardene
	Joycelyn Gunawardene
	Kalidas Nadar Prem Sagar
	Kalidas Prabhu Darshan
Worldwide Resins & Chemicals (Private) Limited	S. Sivasubramaniam
	Mangala Attanayake
	Richard Gunawardene
JAT Exports (Pvt) Ltd	Aelian Gunawardene
	Richard Gunawardene
JAT Exports DMCC	Anika Williamson
JAT Global Private Limited	Anika Williamson
	B. S. Mutturaj
Asia Coatings (Pvt) Ltd	Richard Gunawardene
	Anika Williamson

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 lies with the Board of Directors who are assisted by the Audit and Risk Management Committee. The report on risk management is included in pages 105 to 109 of this report.

IMPACT OF MACRO ECONOMIC FACTORS AND IMPLICATION TO GROUP'S PERFORMANCE

The year under review has been challenging with business being affected due to macro-economic conditions; both in Quarter 1 and Q4 due to the COVID-19 global pandemic and economic uncertainties prevalent in the country, however the management was proactive on all occasions and was able to counteract the effects and ensured continued operations.

However, the higher interest rates and the devaluation of currency which continued throughout Q4 was a concern and is a factor of concern in the foreseeable future too.

FUTURISTIC OUTLOOK

The Company presents an exciting futuristic outlook for our backward vertical integration strategy involving a binder manufacturing plant in Sri Lanka and an alkyd resin manufacturing plant in Bangladesh. Additionally, the focus on innovation is exemplified through the establishment of a state-of-the-art R&D centre, where cutting-edge technologies and processes are developed to enhance product quality and efficiency.

Furthermore, the Company has taken initiative to enter the retail market in Bangladesh. By directly reaching out to consumers, we aim to build brand recognition and capture new growth opportunities. Leveraging our vertically integrated supply chain, we will offer a diverse range of high-quality products, catering to the evolving needs of customers.

GOING CONCERN

The Board of Directors and the Management have formed judgement that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing and presenting these financial statements.

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
- 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.

TRANSFER TO THE SECOND BOARD

Due to the Non-compliance with minimum public holding requirement in terms of Rule 7.14.1 of the CSE Listing Rules, the Company has been transferred to the Second Board with effect from 22nd September 2022.

Consequent to the current Stock Market conditions and world economic downturn, rectification of public holding is not foreseeable in the near future. However, the Board of Directors continuously evaluate the position and will endeavour to take remedial action.

AUDITORS

The Financial Statements for the period under review were audited by Ernst and Young Chartered Accountants who offer themselves for reappointment for the ensuing year. The Directors propose the reappointment of Ernst and Young Chartered Accountants as Auditors of the Company for the year 2023/24 subject to the approval of the Shareholders at the Annual General Meeting.

The Audit and Risk Management 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 and Risk Management Committee are set out in the Audit and Risk Management Committee Report.

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

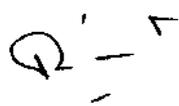
ANNUAL GENERAL MEETING

The 10th Annual General Meeting will be held at the Registered Office of the Company, at No. 351, Pannipitiya Road, Thalawathugoda on 30th June 2023 at 10.30 a.m.

NOTICE OF MEETING

The Notice of the Annual General Meeting to the shareholders is given on page 212.

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

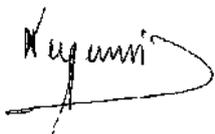


Dr. Sivakumar Selliah
Chairman



Aelian Gunawardene
Managing Director

By Order of the Board
JAT Holdings PLC



N. I. D. Corporate Services (Pvt) Ltd
Secretaries to the Company
6th June 2023

BOARD COMMITTEE REPORTS

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

MANDATE AND RESPONSIBILITY

The Audit and Risk Management Committee is a subcommittee of the Company's Board of Directors, reporting directly to the Board. The Committee is authorised to conduct an independent evaluation of JAT Holdings PLC and its subsidiaries' financial reporting processes in order to provide extra confidence to the Board of Directors regarding the accuracy of its financial statements and processing.

The Committee engaged with management to review key risks faced by the Group as a whole and the main sectors with a view to obtaining assurances that appropriate and effective risk mitigation strategies were in place. The Committee is empowered to review and monitor the financial reporting process of the Group to provide additional assurance on the reliability of the Financial Statements through a process of independent and objective review.

The Committee's overarching goal is to assess the Company's internal control and risk management systems to ensure control and compliance and provide suggestions for improvement to the Board of Directors for adoption.

For JAT Holdings PLC and its subsidiaries, the Audit and Risk Management Committee is in charge of developing and implementing sufficient and acceptable internal control systems.

The meeting minutes of the Audit and Risk Management Committee are meticulously documented and are tabled at the Board Meetings enabling all Board Members to have access to same.

MEMBERS OF THE COMMITTEE

The Audit and Risk Management Committee comprises of three Independent Non-Executive Directors as given below.

- Devaka Cooray – Chairman/Non-Executive Independent Director
- Dr. Sivakumar Selliah – Member/Non-Executive Independent Director
- Hussain Akbarally – Member/Non-Executive Independent Director

Brief profiles of the members of this Committee are stated on pages 32 to 33 of this report.

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

The Company Secretary acts as the Secretary to the Committee.

MEETINGS HELD

The Audit and Risk Management Committee held 4 meetings during the financial year under review.

The attendance of the Committee members at the meetings was as follows.

	18/05/2022	05/08/2022	11/11/2022	02/02/2023
Devaka Cooray – Chairman	✓	✓	✓	✓
Dr. Sivakumar Selliah	✓	✓	✓	✓
Hussain Akbarally	✓	✓	✓	✓

FUNCTIONS OF THE COMMITTEE

• Financial Reporting

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.

Prior to publication, the Audit Committee examines and discusses the Group's quarterly and annual financial statements with management.

The scope of the audit committee at the year end audit includes determining whether the financial statements and disclosures are compliant with Sri Lanka Accounting Standards and discusses the statements compiled with the auditors.

The propriety of accounting policies and changes in substantial judgemental matters are addressed by the External Auditors in their reports to the Committee on the audit for the year.

• Compliance

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

The Committee ensures that the Group follows all applicable laws, regulations, codes, and standards. The Group's Code of Conduct and Ethics includes provisions for enforcing compliance norms.

• 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. Formal confirmations and assurances were obtained from the senior management of the Group on a quarterly basis regarding the efficacy and status of the internal control systems and risk management systems and compliance with applicable laws and regulations.

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.

The Committee received frequent reports from the Group Internal Audit division on the adequacy and efficacy of internal controls in the Group, as well as compliance with laws and regulations as well as established policies and processes. The Committee also looked through reports from the Internal Auditors on the Company's activities and several of its unquoted subsidiaries. The Manager - Internal Audit documented and submitted to the Committee on a quarterly basis any actions made in response to the recommendations from audit committee members, as well as any other major follow-up matters.

▪ **External Audits**

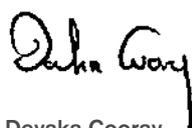
Assesses the independence and performance of the External Auditors and makes recommendations to the Board on the appointment/re-appointment of External Auditors.

Prior to the start of the audit, the Committee examined and discussed the External Auditors' Letter of Engagement with the External Auditors and management, including the scope of the audit. The External Auditors kept the Committee informed on a regular basis about important issues that needed to be resolved. The Committee met with the External Auditors and management before the end of the audit to discuss and agree on the treatment of all audit matters. This featured a discussion of the Committee's formal reports from the External Auditors. Prior to the finalisation of the financial statements, the Committee met with the External Auditors without management present to receive their advice on specific concerns and to determine whether they had any areas of concern.

The Audit and Risk Management Committee conducted a confidential and independent discussion with the External Audit Partners in the absence of the management team to ensure the independence of the external audit. The Committee is convinced that the External Auditors' independence has not been compromised by any event or service that creates a conflict of interest. The Committee also evaluated the procedures established by the Auditors to maintain their independence, and the Auditors confirmed that they were following the independence guidance set forth in the Institute of Chartered Accountants of Sri Lanka's Code of Ethics.

The performance of the External Auditors was assessed using a formal assessment process that included input from the Internal Auditors.

As such, there have been no reported incidents either internal or external, regarding the breach of ethics or unlawful behaviour 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 PLC

REPORT OF THE HR AND REMUNERATION COMMITTEE

MANDATE AND RESPONSIBILITY

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

The HR and Remuneration Committee examines the proposals and recommendations made by the management on the remuneration package for the Company's Executive Directors and Senior Management and makes the recommendation to the Board for approval.

The scope of the Committee also involves, to look into the fees and perquisites of the Chairman, the Managing Director, CEO, and the Independent Directors of the Board.

MEMBERS OF THE COMMITTEE

The HR and Remuneration Committee consists of 3 Independent Non-Executive Directors.

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

Brief profiles of the members of this Committee are given on page 32 to 33 of this report.

The Company Secretary acts as the Secretary to the Committee.

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.

23/05/2022	
Dr. Sivakumar Selliah – Chairman	✓
Priyanthi Pieris	✓
Hussain Akbarally	✓

REMUNERATION POLICY

The Company has a philosophy of attracting and retaining high-profile executives. In this context, the Committee considers competition, individual and collective performance, and target attainment while determining the Company's overall remuneration policy.

REMUNERATION AND OTHER BENEFITS

The Board as a whole decides on the Non-Executive Directors' salary based on the Committee's recommendations.

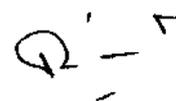
Remuneration of staff is based on the profile of the job holder and encompasses the base salary, benefits and fixed allowances (which is considered as guaranteed remuneration), alongside a variable pay scheme. Such variable pay schemes are designed to drive business goals and have been aligned with the goals of corporate governance.

Based on market surveys carried out, the Company, has adopted measures while ensuring internal and external parity, which will support the organisation to attract the right talent from external talent pools and retain high performers within the organisation. No remuneration is paid to the Non-Executive Directors other than the Directors' fees and Sub Committee fees paid for participation in Board meetings and Subcommittee meetings.

JAT EMPLOYEE SHARE OPTION PLAN

An Employee Share Option Plan (ESOP) is available in the Company which was introduced by aligning the Company's goals and objectives with individual performance to motivate employees through equity ownership. The Plan was introduced to selected employees based on position held, seniority, and contribution in terms of strategic and operational importance to the company.

The ESOP scheme, which is enforceable after 3 years of listing, will enable the selected employees to purchase at the IPO issue price and benefit from the capital appreciation which they would have contributed to, ensuring the individual performance is directly attributable to the midterm goals of the Company.



Dr. Sivakumar Selliah

Chairman – HR and Remuneration Committee

Chairman – Non-Executive/Independent – JAT Holdings PLC

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

MANDATE AND RESPONSIBILITY

The Board established the Related Party Transaction Review Committee in terms of the Code of Best Practice on related party transactions issued by the Securities and Exchange Commission of Sri Lanka and section 9 of the Listing Rules of the Colombo Stock Exchange. The Related Party Transaction Review Committee aids the Board in ensuring that the interests of all shareholders are considered when dealing with related parties and avoidance of conflicts of interest.

The mandate of the Committee is derived from the Code of Best Practice and the Rules and are as follows.

- To review in advance all proposed related party transactions of the Group prior to the transaction being entered into.
- Seek any information the Committee requires from Management, employees or external parties with regard to any transaction entered into with a related party.
- Obtain knowledge or expertise to assess all aspects of proposed related party transactions where necessary including obtaining appropriate professional and expert advice from suitably qualified persons.
- To recommend, where necessary, to the Board and obtain their approval prior to the execution of any related party transaction.
- To monitor that all related party transactions of the entity are transacted on normal commercial terms and are not prejudicial to the interests of the entity and its minority shareholders.
- To review the economic and commercial substance of both recurrent/non-recurrent related party transactions.

MEMBERS OF THE COMMITTEE

The Related Party Transaction Review Committee consists of three Independent Non-Executive Directors as given below.

- Dr. Sivakumar Selliah – Chairman/Non-Executive Independent Director
- Hussain Akbarally – Member/Non-Executive Independent Director
- Devaka Cooray – Member/Non-Executive Independent Director

Brief profiles of the members of this Committee are stated in pages 32 to 33 of this report.

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

The Company Secretary acts as the Secretary to the Committee.

MEETINGS HELD

During the financial, the Committee met 4 times. Attendance of the Committee Members at these meetings is given in the table below.

	18/05/2022	05/08/2022	11/11/2022	02/02/2023
Dr. Sivakumar Selliah – Chairman	√	√	√	√
Hussain Akbarally	√	√	√	√
Devaka Cooray	√	√	√	√

POLICIES AND PROCEDURES ON RELATED PARTY TRANSACTIONS

The Related Party Transactions Review Committee conducts its activities as per its Policy and Guidelines and is entrusted with the task of reviewing Related Party Transactions other than those transactions explicitly exempted under the Code of Best Practice.

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

- When reviewing a transaction, the Committee would decide whether the proposed transaction is carried out on an arm's length basis irrespective of whether it is recurrent or nonrecurrent in nature.
- Reviewing and approval would be either by meeting of members (subject to quorum being present) or by circulation.
- In determining whether to obtain the approval of the Board of Directors for a Related Party Transaction, the Committee will take into account, among other factors it deems appropriate, whether the proposed Related Party Transactions pose a conflict of interest to the Directors.

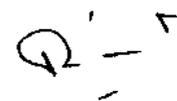
The self-declarations from the Directors and Key Management Personnel are obtained for the purpose of identifying parties related to them. Further, the guidelines which senior management must follow in routing Related Party Transactions to the relevant forum, including transaction threshold values and pricing where applicable have been documented even in the case of once approved recurrent transactions which are of operational nature, which as per Code need not be repeatedly approved, if within the broad thresholds.

TRANSACTIONS DURING THE YEAR

Details of transactions with Related Parties during the year is set out in pages 161 to 162 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 same.



Dr. Sivakumar Selliah

Chairman – Related Party Transactions Review Committee

Chairman – Non-Executive/Independent – JAT Holdings PLC

REPORT OF THE INVESTMENT COMMITTEE

MANDATE AND RESPONSIBILITY

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.

The primary responsibility of the Investment Committee is to review investments proposed by the Company's management and provide 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
2. Investments in areas outside Company's existing operations, irrespective of quantum of investment.

MEMBERS OF THE COMMITTEE

The Committee comprises of the Chairman and two members.

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

Brief profiles of the Directors are given on page 32 to 33 of this report.

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

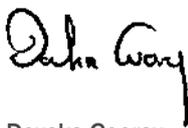
The Company Secretary acts as the Secretary to the Committee.

MEETINGS HELD

The Committee met 3 times during the financial year.

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

	02/04/2022	27/07/2022	29/09/2022
Devaka Cooray – Chairman	√	√	√
Hussain Akbarally	√	√	√
Anika Williamson	√	√	√



Devaka Cooray

Chairman – Investment Committee

Non-Executive Independent Director – JAT Holdings PLC

REPORT OF THE NOMINATIONS COMMITTEE

MANDATE AND RESPONSIBILITY

The Nominations Committee was formed with the main focus of assisting the Board to ensure the required balance of expertise of the Board to meet the strategic demands of the Company and the Group.

Main responsibilities of the Committee includes the following.

- Consideration of making any appointment of new Directors or re-electing current Directors
- Provide advice and recommendations to the Board on such appointments
- Review criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to the Board and Key Management Personnel in the Company
- Maintain board balance

Maintaining gender diversity is a key consideration when selecting candidates to help build a stronger and more successful company that reflects the needs and perspectives of its shareholders.

MEMBERS OF THE COMMITTEE

The Nominations Committee consists of 3 Independent Non-Executive Directors.

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

Brief profiles of the members of this Committee are given on page 32 to 33 of this report.

The Company Secretary acts as the Secretary to the Committee.

MEETINGS

The Committee meets as and when required. Since the Committee was formed on 20th February 2023, there had been no meetings for the year under review.



Dr. Sivakumar Selliah

Chairman – Nominations Committee

Chairman – Non-Executive/Independent –
JAT Holdings PLC

BOARD OF DIRECTORS – COMMUNICATION POLICY

POLICY STATEMENT

JAT Holdings PLC 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 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 has 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

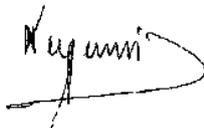
PROCEDURES FOR HANDLING COMMUNICATIONS TO THE BOARD

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 addition, 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 and Risk Management 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 PLC



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

6th June 2023

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

Chief Executive Officer's and Chief Financial Officer's Responsibility Statement

The Financial Statements of JAT Holdings PLC and the Consolidated Financial Statements of the Company and its subsidiaries (the Group) as at 31st March 2023 are prepared and presented in conformity with the following requirements:

- Sri Lanka Accounting Standards issued by The Institute of Chartered Accountants of Sri Lanka (LKAS and SFRS)
- Companies Act No. 07 of 2007
- Continuing listing requirements of the Colombo Stock Exchange
- 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
- Acts, Circulars, Gazettes issued by the Taxation Authorities for Corporates
- Exchange Control Act No. 22 of 2017

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. Additionally, the requirements as per the laws of the countries where the foreign subsidiaries are domiciled are abided by.

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.

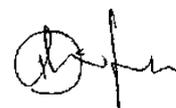
The Internal Audit Department has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company and the Group were consistently followed. However, there are inherent limitations that should be recognised in weighing the assurances provided by any 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 pages 116 to 117 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 127 to 129 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 31 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 31st March 2023 have been paid, or where relevant provided for.



Nishal Ferdinando
 Director/Chief Executive Officer



Rizna Dilshard
 Finance Director

6th June 2023
 Colombo

STATEMENT OF DIRECTORS 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 2023 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.

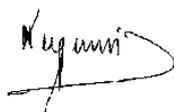
The Board of Directors declared one interim dividend for the twelve months' period ended 31st March 2023 in terms of the Articles of Association of the Company and in line with Section 56 of the Companies Act No 07. of 2007. The solvency test was satisfied immediately after such distribution in accordance 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 127 to 129 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 2023/24.

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 PLC



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

Secretaries to the Company

6th June 2023

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

The following statement fulfils the requirement to publish the Directors' Statement on internal control as per the Code of Best Practice on Corporate Governance 2017 issued by CA Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to the business environment or regulatory guidelines. The process is regularly reviewed by the Board.

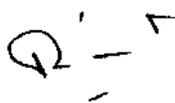
The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting, and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements. The Board has implemented the following to obtain reasonable assurance that proper systems of internal controls are in place:

- Instituted various committees to assist the Board in ensuring the effectiveness of Company's operations and the operations are in accordance with the corporate strategies and annual budget.
- The Internal Audit Department reviews and reports on the internal control environment in the Company and Group. Audits are carried out on all subsidiaries in accordance with the annual audit plan approved by the Audit and Risk Management Committee. Findings are submitted to the Audit and Risk Management Committee for review at their periodic meetings.
- The Audit and Risk Management Committee reviews internal control issues identified by the Internal Audit Department and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Audit and Risk Management Committee meetings are tabled at the Board meetings.

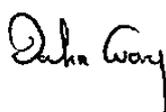
- The adoption of new Sri Lanka Accounting Standards comprising LKAS and SLFRS in 2013, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Continuous monitoring is in progress to ensure effective implementation of the required processes.
- The comments made by External Auditors in connection with the internal control system during the financial year were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

CONCLUSION

The Board of Directors confirm that the financial reporting system of JAT Holdings PLC has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No 7 of 2007 and the Listing Rules of the Colombo Stock Exchange.



Dr. S. Selliah
 Chairman - JAT Holdings PLC



Devaka Cooray
 Chairman – Audit and Risk Management Committee

FINANCIAL STATEMENTS



PERFECT
GROWTH

INDEPENDENT AUDITOR'S REPORT



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

Tel: +94 11 246 3500
Fax (Gen): +94 11 269 7369
Fax (Tax): +94 11 557 8180
Email: eyst@lk.ey.com
ey.com

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JAT HOLDINGS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JAT Holdings PLC ("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 2023, 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 2023, 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue from contracts with customers</p> <p>During the current financial year, the Group recognised revenue of Rs. 10,167 Mn which represents a 14% increase when compared with the prior financial year from sales arrangements for products and services provided by the group's entities as disclosed in Note 22 and recognised as per the group accounting policy mentioned in Note 3.17.1 to the financial statements.</p> <p>A significant amount of the increase in revenue recorded during the current year is arising from multiple group locations based outside of Sri Lanka.</p> <p>Revenue was a key audit matter due to:</p> <ul style="list-style-type: none"> The materiality of the balance and the geographical spread of the group operations high volume of transactions and significant increase recorded during the current year Consideration of revenue as a key financial performance measure linked to the achievement of performance targets and management incentive schemes 	<p>Our audit procedures included the following key procedures;</p> <ul style="list-style-type: none"> We identified the group entities that generated significant revenues and performed the following key procedures, with the involvement of component auditors, where relevant; Understood the nature of revenue contracts entered by group entities Evaluated the design of internal controls and tested the operating effectiveness of the key controls over the recognition of revenue. Our procedures included testing the general IT control environment and key IT application controls relating to most significant IT systems relevant to revenue Performed inquiries of management and appropriate analytical procedures over revenue transactions throughout the financial year to understand and assess the reasonableness of the reported revenues Tested the appropriateness of revenue recognised for the period by reviewing the relevant contracts with customers and other related supporting evidence Tested revenue cutoff at the period-end date to determine whether transactions are recorded in the proper period and to the proper accounts <p>We also assessed the adequacy of the disclosures in respect of revenue in Note 3.17.1 and 22 to the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
<p>Existence and valuation of inventories</p> <p>As disclosed in Note 11 to the financial statements, the carrying value of inventories amounted to Rs. 3,512 Mn which accounts for 27% of the total consolidated assets.</p> <p>A significant amount of inventory (20%) is located in multiple group locations based outside of Sri Lanka.</p> <p>The existence and valuation of inventories was a key audit matter due to the:</p> <ul style="list-style-type: none"> ▪ The materiality of the balance and the existence of inventory at multiple geographical locations ▪ Judgements applied by the management in valuing the inventories on hand and in determining the provision for slow-moving and obsolete inventory based on the group accounting policy mentioned in Note 3.10 to the financial statements 	<p>Our audit procedures included the following key procedures;</p> <ul style="list-style-type: none"> ▪ We identified the group entities that have significant inventory balances as at 31 March 2023 and performed the following key procedures, with the involvement of component auditors, where relevant; ▪ Obtained an understanding of the types, forms and usability of inventories maintained by the entity, together with key processes and controls relating to the management and measurement of inventories and tested relevant key controls ▪ Observed physical inventory counts and reconciled the count results to the inventory reports that support the reported balance as at the reporting date ▪ Tested whether inventories were stated at the lower of cost and net realisable value, by comparing cost with subsequent selling prices of such items and assessed the reasonableness of judgements applied by the management in recording inventories at net realisable value ▪ Tested the age analysis and shelf life of inventories considered by management for purposes of determining the allowance for slow-moving and obsolete inventory including assessing the reasonableness of judgements applied by the management. <p>We also assessed the adequacy of disclosures made in relation to inventories, and related allowances in Notes 3.10 and 11 to the financial statements.</p>

Other Information included in the 2022/23 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 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:

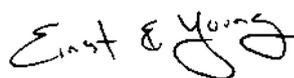
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 and the Group.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 7742.



06 June 2023
 Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sejeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yatagala ACA ACMA

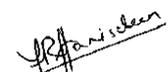
Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudan ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

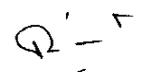
STATEMENT OF FINANCIAL POSITION

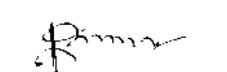
As at 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
ASSETS					
Non-current assets					
Property, plant and equipment	6	1,979,440,089	1,667,971,362	1,872,397,657	1,663,832,775
Right-of-use assets	7	76,080,912	15,142,330	23,620,842	15,142,330
Intangible assets	8	18,941,870	17,627,288	11,157,602	9,688,032
Investments in subsidiaries	9.1	-	-	633,275,240	333,818,740
Consumable biological assets	10	68,830,578	68,577,048	68,830,578	68,577,048
Lease rentals receivables	9.2	138,183,850	-	138,183,850	-
Other Investment	9.3	59,489,052	-	59,489,052	-
Advance paid for investment properties	13	715,298,499	142,421,669	218,823,451	142,421,669
		3,056,264,850	1,911,739,697	3,025,778,272	2,233,480,594
Current assets					
Inventories	11	3,511,755,816	2,253,759,798	2,681,493,784	2,146,186,902
Income tax recoverable		-	-	-	6,212,097
Trade and other receivables	12	3,670,323,743	4,784,543,338	2,411,654,625	3,145,299,054
Advances and prepayments	13	1,590,711,826	787,270,868	1,508,332,929	744,554,705
Lease rentals receivables	9.2	1,522,505	-	1,522,505	-
Amounts due from related parties	14.1	15,466,305	61,400,571	222,508,575	367,231,598
Short term financial assets	15	887,203,460	1,056,499,610	618,217,309	868,684,706
Cash and cash equivalents	16.1	275,833,478	688,829,851	115,240,932	547,892,271
		9,952,817,133	9,632,304,036	7,558,970,659	7,826,061,333
Total assets		13,009,081,983	11,544,043,733	10,584,748,931	10,059,541,927
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	17	2,395,221,320	2,395,221,320	2,395,221,320	2,395,221,320
Retained earnings		6,138,539,386	5,263,420,779	5,828,321,631	4,966,747,147
Foreign currency translation reserve		107,899,325	96,297,224	-	-
Equity attributable to equity holders of the parent		8,641,660,031	7,754,939,323	8,223,542,951	7,361,968,467
Non-controlling interest		(13,807,358)	(8,337,725)	-	-
Total equity		8,627,852,673	7,746,601,598	8,223,542,951	7,361,968,467
Non-current liabilities					
Interest bearing loans and borrowings	18	57,376,938	13,588,091	14,616,309	2,265,966
Retirement benefit obligation	19	74,142,249	63,888,296	72,827,983	62,913,258
Deferred tax liability	20	58,885,477	14,334,396	55,170,522	14,334,396
		190,404,664	91,810,783	142,614,814	79,513,620
Current liabilities					
Trade and other payables	21	2,516,304,370	2,413,243,197	830,839,982	1,401,216,873
Amounts due to related parties	14.2	-	4,607,375	-	-
Interest bearing loans and borrowings	18	1,557,543,932	1,275,445,841	1,355,896,675	1,216,842,967
Income tax payable		116,976,344	12,334,939	31,854,509	-
		4,190,824,646	3,705,631,352	2,218,591,166	2,618,059,840
Total equity and liabilities		13,009,081,983	11,544,043,733	10,584,748,931	10,059,541,927

It is certified that the financial statements have been prepared in compliance with the requirements of the Companies Act No. 7 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 135 to 189 form an integral part of these financial statements.
 6th June 2023
 Colombo

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue from contracts with customers	22	10,167,326,936	8,896,808,118	7,161,896,306	6,660,847,225
Cost of sales		(6,743,495,940)	(6,293,400,077)	(4,330,928,805)	(4,549,794,831)
Gross profit		3,423,830,996	2,603,408,041	2,830,967,501	2,111,052,394
Other income	23	125,813,099	66,948,815	335,770,973	245,070,416
Selling and distribution expenses		(839,320,124)	(824,388,131)	(813,606,197)	(786,455,595)
Administrative expenses		(761,285,745)	(659,837,398)	(625,605,788)	(542,891,889)
Results from operating activities		1,949,038,226	1,186,131,327	1,727,526,490	1,026,775,327
Finance cost	24	(591,462,318)	(64,931,434)	(460,727,979)	(60,441,170)
Finance income	25	128,427,883	136,687,832	102,013,564	58,048,781
Profit before tax	26	1,486,003,791	1,257,887,725	1,368,812,074	1,024,382,938
Income tax expense	27	(185,082,691)	(47,331,041)	(84,487,111)	(26,668,845)
Profit for the year		1,300,921,100	1,210,556,684	1,284,324,964	997,714,093
Profit for the period attributable to:					
Equity holders of the parent company		1,305,266,578	1,215,215,286	1,284,324,964	997,714,093
Non-controlling interest		(4,345,478)	(4,658,602)	-	-
		1,300,921,100	1,210,556,684	1,284,324,964	997,714,093
Other comprehensive Income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Currency translation of foreign operations		11,604,624	121,632,520	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		11,604,624	121,632,520	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gains/(losses) on defined benefit plans	19.1	1,230,255	2,217,911	1,138,426	1,725,326
Income tax effect	20	(250,454)	(241,546)	(250,454)	(241,546)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax		979,801	1,976,365	887,972	1,483,780
Other comprehensive income for the period, net of tax		12,584,425	123,608,885	887,972	1,483,780
Total Comprehensive loss for the year, net of tax		1,313,505,525	1,334,165,569	1,285,212,936	999,197,873
Total Comprehensive Income attributable to:					
Equity holders of the parent company		1,317,828,654	1,338,133,913	1,285,212,936	999,197,873
Non-controlling interest		(4,323,129)	(3,968,344)	-	-
		1,313,505,525	1,334,165,569	1,285,212,936	999,197,873
Basic/Diluted earnings per share	28	2.56	2.47	2.52	2.03
Dividend per share	29.			0.83	0.82

The accounting policies and notes on pages 135 to 189 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CHANGES IN EQUITY

Group	Note	Attributable to equity holders of the parent				Non-controlling interest	Total equity
		Stated capital	Retained earnings	Foreign currency translation reserve	Total		
		Rs.	Rs.	Rs.	Rs.		
Balance as at 1 April 2021		918,770,013	4,451,031,491	(24,866,701)	5,344,934,803	(4,369,381)	5,340,565,422
Issue of shares	17	1,506,996,900			1,506,996,900	-	1,506,996,900
Transaction costs for issued share capital	17	(30,545,593)			(30,545,593)	-	(30,545,593)
Profit for the year		-	1,215,215,286	-	598,668,246	1,769,217	600,437,463
Other comprehensive income							
Currency translation of foreign operations		-	-	121,163,925	121,163,925	468,595	121,632,520
Actuarial gains/(losses) on defined benefit plans	19.1	-	1,996,248	-	1,996,248	221,663	2,217,911
Income tax effect on defined benefit plan	20.	-	(241,546)	-	(241,546)	-	(241,546)
Total other comprehensive income/(loss), net of tax		-	1,754,702	121,163,925	122,918,627	690,258	123,608,885
Total comprehensive income/(loss) for the year, net of tax		-	1,216,969,988	121,163,925	1,338,133,913	(3,968,344)	1,334,165,569
Dividends to equity holders	29		(404,580,699)	-	(404,580,699)	-	(404,580,699)
Balance as at 31 March 2022		2,395,221,320	5,263,420,779	96,297,224	7,754,939,323	(8,337,725)	7,746,601,598
Profit for the year		-	1,305,266,578	-	1,305,266,578	(4,345,478)	1,300,921,100
Other comprehensive income							
Currency translation of foreign operations				11,602,102	11,602,102	2,521	11,604,624
Actuarial gains/(losses) on defined benefit plans			1,210,429		1,210,429	19,826	1,230,255
Income tax effect on defined benefit plan			(250,454)		(250,454)	-	(250,454)
Total other comprehensive income/(loss), net of tax	29		959,975	11,602,102	12,562,078	22,347	12,584,425
Total comprehensive income/(loss) for the year, net of tax		-	1,306,226,554	11,602,102	1,317,828,656	(4,323,131)	1,313,505,525
Acquisition of non controlling Interests			(7,469,495)		(7,469,495)	(1,146,505)	(8,616,000)
Dividends to equity holders	29		(423,638,452)	-	(423,638,452)	-	(423,638,452)
Balance as at 31 March 2023		2,395,221,320	6,138,539,386	107,899,325	8,641,660,031	(13,807,358)	8,627,852,673

Foreign currency translation reserve comprises of all foreign exchange differences arising from the translation of foreign subsidiaries in the Group.

The accounting policies and notes on pages 135 to 189 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Company	Note	Stated capital Rs.	Retained earnings Rs.	Total Rs.
Balance as at 1 April 2021		918,770,013	4,372,129,973	5,290,899,986
Issue of shares	17	1,506,996,900	-	1,506,996,900
Transaction costs for issued share capital	17	(30,545,593)	-	(30,545,593)
Profit for the year		-	997,714,093	997,714,093
Other comprehensive income				
Actuarial gains/(losses) on defined benefit plans	19.1		1,725,326	1,725,326
Income tax effect on defined benefit plan	20	-	(241,546)	(241,546)
Total other comprehensive income, net of tax			1,483,780	1,483,780
Total comprehensive income/(loss) for the year, net of tax		-	999,197,873	999,197,873
Dividends to equity holders	29	-	(404,580,699)	(404,580,699)
Balance as at 31 March 2022		2,395,221,320	4,966,747,147	7,361,968,467
Profit for the year		-	1,284,324,964	1,284,324,964
Other comprehensive income				
Actuarial gains/(losses) on defined benefit plans	19.1		1,138,426	1,138,426
Income tax effect on defined benefit plan	20		(250,454)	(250,454)
Total other comprehensive income, net of tax			887,972	887,972
Total comprehensive income/(loss) for the year, net of tax		-	1,285,212,936	1,285,212,936
Dividends to equity holders	29	-	(423,638,452)	(423,638,452)
Balance as at 31 March 2023		2,395,221,320	5,828,321,631	8,223,542,951

The accounting policies and notes on pages 135 to 189 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

Year ended 31 March 2023	Note	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash flows from/ (used in) operating activities					
Profit before tax		1,486,003,791	1,257,887,725	1,368,812,074	1,024,382,938
Adjustments for,					
Depreciation of property, plant and equipment	6	124,925,575	116,943,299	120,209,754	116,114,862
Amortisation for intangible assets	8	3,430,122	5,309,354	3,275,135	5,254,697
Depreciation of right-of-use assets	7	34,946,760	19,118,341	16,769,733	19,118,341
Provision for defined benefit plans	19.1	17,401,179	11,074,121	16,926,524	10,724,117
Provision/(Reversal) of obsolete and slow moving inventories	11.1	(12,864,544)	77,921,966	3,762,044	71,280,305
Disposal loss/(gain) on property, plant and equipment	23	(2,567,637)	(30,803,270)	(2,567,637)	(30,803,270)
Changes in fair value of biological assets	10	1,595,964	(10,456,704)	1,595,964	(10,456,704)
Changes in fair value of investment in other financial assets	23	(107,946,676)	(6,305,004)	(107,946,676)	(6,305,004)
Temporary concessions of right-of-use assets	7	(3,657,396)	(8,607,890)	(3,657,396)	(8,607,890)
Allowances for expected credit losses	12.3	60,712,678	115,922,097	56,435,492	109,651,053
Other write offs		(34,573,008)	-	(34,573,008)	-
Dividend income	23	(1,183,522)	(4,978,879)	(192,025,317)	(177,498,410)
Finance income	25	(128,427,883)	(136,687,832)	(102,013,564)	(58,048,781)
Finance costs	24	591,462,318	64,931,434	460,727,979	60,441,170
Unrealised (gain) / loss on foreign exchange (net)		(158,358,417)	(38,105,853)	(50,188,497)	27,391,395
Operating profit before working capital changes		1,870,899,305	1,433,162,905	1,555,542,606	1,152,638,819
(Increase)/ decrease in inventories		(1,245,131,474)	(751,559,349)	(539,068,926)	(755,467,540)
(Increase)/ decrease in trade and other receivables		829,377,194	(1,422,241,919)	760,589,357	(708,566,892)
(Increase)/ decrease in amount due from related parties		116,286,131	9,417,463	(124,686,997)	(34,696,217)
(Increase)/ decrease in advances and prepayments		(803,440,958)	(689,545,570)	(763,778,224)	(668,620,445)
Increase/ (decrease) in amount due to related parties		(4,607,375)	3,248,608	-	-
Increase/ (decrease) in trade and other payables		114,124,736	695,984,552	(574,706,264)	384,512,176
Cash generated from operations		877,507,559	(721,533,311)	313,891,552	(630,200,099)
Tax paid		(12,046,929)	(9,465,960)	(12,046,929)	-
Defined benefit plan cost paid	19	(5,916,973)	(2,276,455)	(5,873,373)	(2,165,164)
Finance cost paid		(585,063,497)	(62,535,504)	(458,471,003)	(58,045,240)
Net cash flow from/(used in) operating activities		274,480,161	(795,811,228)	(162,499,752)	(690,410,503)
Cash flows from/(used in) investing activities					
Purchase and constructions of property, plant & equipment		(389,173,491)	(264,420,962)	(281,825,064)	(262,705,761)
Acquisition of intangible assets		(4,744,704)	(438,050)	(4,744,704)	(438,050)
Cost incurred on investment properties		(422,563,407)	-	(95,418,757)	-
Proceeds from disposal of property, plant and equipment		7,617,065	41,789,639	7,617,065	41,789,639
Investment in biological assets		(1,849,494)	-	(1,849,494)	-
Proceeds from lease investments		9,309,215	-	9,309,215	-
Investment in fixed deposits and money market funds		(2,584,644,161)	(1,587,773,587)	(2,559,796,116)	(1,466,474,549)
Proceeds from redemption of money market funds		2,897,797,540	885,723,859	2,897,797,540	885,723,859
Dividend income received		1,183,522	4,978,879	1,183,522	32,848,199
Payments made for acquisition of right-of-use assets		(18,216,676)	(2,420,000)	(4,847,117)	(2,420,000)
Proceeds from sale of financial instruments - fair valued through profit or loss		37,364,169	306,125,484	37,364,169	306,125,484
Purchase of financial instruments - fair valued through profit or loss		(31,543,479)	(356,355,948)	(31,543,479)	(356,355,948)
Investment in treasury bills		(533,671,540)	(14,552,630)	(533,671,540)	(14,552,630)
Proceeds from treasury bills		464,101,169	-	548,263,499	-
Investment in debentures		(56,960,000)	-	(56,960,000)	-
Interest income received		125,898,831	136,648,502	85,558,579	58,009,451
Net cash flows from/(used in) investing activities		(500,095,440)	(850,694,814)	16,437,318	(778,450,305)
Cash flows from/(used in) financing activities					
Repayment of interest bearing loans and borrowings	18	(3,291,315,139)	(3,040,825,691)	(3,037,038,843)	(2,870,571,962)
Proceeds from interest bearing loans and borrowings	18	3,292,813,261	3,723,621,241	2,930,239,520	3,566,863,913
Payments under lease liabilities	18.2	(25,871,863)	(13,094,848)	(13,925,933)	(13,094,848)
Dividend paid		(423,638,452)	(404,580,699)	(423,638,452)	(404,580,699)
Ordinary shares buy back		-	-	-	-
Proceeds from issue of shares	17	-	1,506,996,900	-	1,506,996,900
Transaction costs for issued share capital	17	-	(30,545,593)	-	(30,545,593)
Net cash from / (used in) from financing activities		(448,012,192)	1,741,571,311	(544,363,707)	1,755,067,711
Effects of exchange rate changes on cash and cash equivalents		(12,402,311)	17,388,588	-	-
Net increase in cash and cash equivalents		(686,029,783)	112,453,856	(690,426,142)	286,206,903
Cash and cash equivalents at the beginning of the year		602,845,436	490,391,580	500,888,630	214,681,727
Cash and cash equivalents at the end of the year	16	(83,184,347)	602,845,436	(189,537,512)	500,888,630

The accounting policies and notes on pages 135 to 189 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

The consolidated financial statements of the JAT Holdings PLC and its subsidiaries (collectively, the Group) for the year ended 31 March 2023 were approved by the Board of Directors by way of Resolution by circulation on 30th May 2023. JAT Holdings PLC (the Company or the parent) is a public limited company incorporated and domiciled in Sri Lanka and whose shares are listed on Colombo Stock Exchange and publicly traded. 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.

1.2 Principal business activities and nature of operations of the group

JAT Holdings PLC 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. Information of the subsidiaries are provided in Note 3.3.1.

1.3 Parent and ultimate parent enterprise

JAT Holdings PLC does not have an identifiable parent of its own. JAT Holding PLC is the ultimate parent of the Group.

1.4 Number of employees

The number of employees of the Group at the end of the year was 391 (2022 – 386), Company – 349 (2022– 350).

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the requirement of the Companies Act No. 7 of 2007.

2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items stated in the statement of financial position.

Item	Basis of measurement	Disclosure notes
Consumable biological assets	Measured at fair value	Note 10
Financial assets at fair value through profit or loss	Measured at fair value	Note 15
Retirement benefit obligations	Measured at the present value of the defined benefit obligation	Note 19
Lease liabilities	Measured at amortised cost using effective interest method	Note 18.2

Where appropriate, the specific policies are explained in the succeeding notes.

2.3 Comparative information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

2.4 Functional and presentation currency

The consolidated financial statements are presented in Sri Lankan Rupees (Rs.), which is the primary economic environment in which the holding company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency.

The following subsidiaries are using different functional currencies other than Sri Lankan Rupees (Rs.):

Name of the subsidiary	Country of incorporation	Functional currency
JAT Global (Pvt) Ltd	India	Indian Rupees
JAT Exports DMCC	United Arab Emirates	US Dollars
Asia Coatings (Pvt) Limited	Bangladesh	Bangladeshi Taka

NOTES TO THE FINANCIAL STATEMENTS

2.5 Going concern

The directors have made an assessment of the Group's ability to continue as a going concern and are satisfied that it has the resources to continue in business for the foreseeable future. The assessment took into consideration the performance of the Group and the measures adopted by the government to support the recovery of the economy. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Business combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate

classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of SLFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with SLFRS 9. Other contingent consideration that is not within the scope of SLFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

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). If the fair value of the net assets acquired is in excess of the aggregate

consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

3.2 Current versus non-current classification

The Group presents assets and liabilities in the Statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the 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 the 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.

Deferred tax liabilities are classified as non-current assets and liabilities

3.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as for the year ended 31 March 2023.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

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 power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income are attributed to the 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Accounting under separate financial statements

Investment in subsidiary is measured at cost less accumulated impairment in the separate financial statements.

3.3.1 Subsidiaries

Subsidiaries are those enterprises controlled by the parent and have been listed in the Group directory.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the 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.

The financial statements of all subsidiaries in the Group other than JAT Exports DMCC are prepared for a common financial year, which is 12 months ending 31 March, using consistent accounting policies. The Financial Statements of JAT Exports DMCC prepare for the year ended 31st December and the additional financial statement has been prepared for consolidation purposes matching the twelve-month financial period up to 31st March as of the same date as the financial statements of the parent company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Subsidiaries & their controlling percentages of the Group, which have been consolidated are as follows:

Subsidiary	Principal activities	Country of incorporation	Effective holding	
			2023	2022
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	78.4%	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%
Asia Coatings (Private) Limited	Importing/Manufacturing and trading of chemical products	Bangladesh	99.96%	98.51%

NOTES TO THE FINANCIAL STATEMENTS

3.3.2 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.

3.3.3 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.

3.3.4 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.

3.4 Foreign currency

3.4.1 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.

3.4.2 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.

3.5 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, 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 summarised in the Note 34.

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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Management determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (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 Biological assets. 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 Group'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 Group 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.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

Fair value measurement	Disclosure Notes
Disclosures for valuation methods, significant estimates and assumptions	Notes 10.1 and 34
Quantitative disclosures of fair value measurement hierarchy	Note 34
Investment in quoted equity shares	Notes 15.1
Consumable biological assets	Note 10
Financial Instruments (Including those carried at amortised cost)	Note 33

3.6 Property, plant and equipment

3.6.1 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.

3.6.2 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 recognised 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 recognised in the statement of profit or loss as incurred.

3.6.3 Depreciation

Depreciation is recognised in the Statement of profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Asset	Years
Office and factory buildings	50 Years
Office equipment	7 Years
Computers	4 Years
Furniture and fittings	6 - 10 Years
Motor vehicles	4 - 6 Years
Store equipment	6 - 10 Years
Signboards	5 Years
Factory equipment	7 Years
Lab equipment	7 - 10 Years
Plant and machinery	10 - 25 Years
Leasehold improvements	4 Years

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.

NOTES TO THE FINANCIAL STATEMENTS

3.6.4 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.

3.6.5 Derecognition

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognising 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 derecognised.

3.7 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.

3.7.1 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.

3.7.2 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. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right of use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term.

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:

Description	Period
Land and buildings	2 - 5 Years

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.

3.7.3 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings

3.7.3.1 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

3.8 Intangible assets

3.8.1 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.

3.8.2 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 amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the profit or loss statement in the year in which the expenditure is incurred.

3.8.3 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 amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation 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 amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss statement in the expense category consistent with the function of the intangible asset.

3.8.4 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.

3.9 Fair valuation of biological assets

The entity recognise 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 the 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 sandalwood 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.

3.10 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable 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 labour 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

3.10.1 Provision for obsolete and slow-moving inventories

A provision for slow moving inventories is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

Provision for Paint Items (Items with shelf-life)

The company makes a hundred percent (100%) provision when the inventory item exceeds its average shelf-life. The estimated lifespan of the paint items has been decided by the company's Research and Development team or specified by the original manufacturer.

Provision for non-paint Items (Items with no shelf-life)

Similarly, for the non-paint items (i.e. furniture, Paint Brushes, and Rollers, etc), the company makes a judgemental provision based on the nature and the aging bucket of the inventory category. The Management of the company decided the percentage of provision by consulting the internal technical experts advice based on the factors that may negatively impact the value of the inventory including the change in saleable condition, obsolescence, shrinkage etc.

3.11 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.

3.11.1 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 Note 4
- Financial assets Notes 15.4 and 33
- Trade receivables, including contract assets Note 12.3

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.

3.11.2 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, loans and borrowings and amounts due to related parties.

NOTES TO THE FINANCIAL STATEMENTS

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.

3.11.3 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.

3.11.4 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 33.

3.12 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.

3.13 Impairment of non-financial assets

The Group 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 recognised in the profit and loss during the reporting period.

3.14 Liabilities and provisions

Provisions are recognised 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.

3.15 Retirement benefit obligations

3.15.1 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.

3.15.2 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 19. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The gratuity liability is not funded in the planned assets.

3.16 Taxation

3.16.1 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 recognised directly in Other Comprehensive Income are also recognised 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.

3.16.2 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 recognised 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 recognised 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 utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 utilised.

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 utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised 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 realised 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 recognised directly in statement of other comprehensive income are also recognised 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.

3.16.3 Sales tax

Revenues, expenses and assets are recognised 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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

3.16.4 Social Security Contribution Levy

According to the Social Security Contribution Levy Act No. 25 of 2022, JAT Holdings PLC is liable for Social Security Contribution Levy ("SSCL") at 2.5% on the liable turnover arising from providing a service with effect from 01 October 2022.

The Company is liable to pay SSCL when importing goods. This cost is treated as a direct cost and recognised in the cost of sales. When the Company is liable to pay SSCL based on liable turnover, then it would be recognised as an expense in the Statement of Profit or Loss.

3.17 Statement of profit or loss

For the purpose of presentation of the statement of profit or loss, the function of expenses method is adopted.

3.17.1 Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity 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

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 22.1 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 recognised 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 22.2.

3.17.2 Other income

a) Dividends

Dividend income is recognised when the shareholder's right to receive payment is established.

b) Rental income

Rental income is recognised 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 recognised on an accrual basis.

3.17.3 Expenditure recognition

Expenses are recognised 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 statements of profit or loss in the year in which the expenditure is incurred.

3.17.4 Finance income and finance costs

Finance income comprises interest income on funds invested and gain arisen from the foreign exchange translation of financial assets and liabilities. 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, 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.

3.17.5 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 capitalised 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 recognised in profit or loss using the effective interest method.

3.18 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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.

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 recognised 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 10.1. Such estimations are subject to significant uncertainties due to the sensitivity of assumptions used.

Employee benefit liability - Gratuity

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of long term Government Bonds (Treasury Bonds) corresponding to the average work life of the employees.

NOTES TO THE FINANCIAL STATEMENTS

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about pension obligations are provided in note 19.

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 note 12.3.

Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 1 on 'Presentation of Financial Statements.

Notes to the financial statements are presented in a systematic manner which ensures the understandability and comparability of financial statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

Others

Other information about judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes to these financial statements.

Accounting estimate/judgment	Notes
Going Concern	2.5
Useful lives of tangible and intangible assets	
Property, plant and equipment	3.6 and 6
Intangible assets	3.8 and 8
Right-of-use assets	3.7.2 and 7
Valuation of inventories	3.10 and 11
Provision for obsolete and slow moving inventories	3.10.1
Provisions and contingencies	3.14 and 31.2

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Adoption of these amendments and interpretations will not have significant impact on the consolidated financial statements of the Group.

Definition of Accounting Estimates - Amendments to LKAS 8

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

Amendments to LKAS 1 Presentation of Financial Statements 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
- Disclosures

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

Amendments to LKAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The Group is currently revisiting the accounting policy information disclosures to ensure consistency with the amended requirements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

Also, under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023.

The Group is currently assessing the impact of the amendments.

NOTES TO THE FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT

6.1 Group

6.1.1 Gross carrying amounts

Year ended 31 March	Balance as at 01.04.2022 Rs.	Additions Rs.	Disposals / Transfers Rs.	Exchange difference Rs.	Balance as at 31.03.2023 Rs.
At cost					
Freehold					
Land	465,572,589	51,999,000	-	-	517,571,589
Office and factory buildings	970,960,544	91,119,415	-	2,932,624	1,065,012,583
Office equipments	38,630,673	4,007,340	-	108,692	42,746,705
Computers	59,454,690	20,789,955	(901,242)	162,515	79,505,918
Furniture and fittings	73,439,430	9,844,623	-	(98,879)	83,185,174
Motor vehicles	147,187,925	37,607,308	-	(138,889)	184,656,344
Store equipments	963,849	3,196,498	-	(121,630)	4,038,718
Sign boards	4,791,320	1,079,438	-	(53,113)	5,817,645
Factory equipments	6,846,276	7,628,079	-	(364,757)	14,109,598
Lab equipments	25,327,594	95,115,261	-	(148,493)	120,294,362
Plant and machinery	238,510,100	80,169,214	-	(756,463)	317,922,851
	2,031,684,990	402,556,131	(901,242)	1,521,607	2,434,861,486
Leasehold					
Leasehold Improvements	27,453,785	1,100,481	(21,978,554)	-	6,575,712
	27,453,785	1,100,481	(21,978,554)	-	6,575,712
Total value of depreciable assets	2,059,138,775	403,656,612	(22,879,796)	1,521,607	2,441,437,198
In the course of construction					
Year ended 31 March	Balance as at 01.04.2022 Rs.	Additions Rs.	Transfers Rs.	Exchange difference Rs.	Balance as at 31.03.2023 Rs.
Capital work in progress	15,186,825	43,304,137	(5,788,256)	(1,371,302)	51,331,404
	15,186,825	43,304,137	(5,788,256)	(1,371,302)	51,331,404
Total gross carrying amount	2,074,325,600	446,960,749	(28,668,052)	150,305	2,492,768,602

6.1.2 Depreciation

Year ended 31 March	Balance as at 01.04.2022 Rs.	Charge for the year Rs.	Disposals / Transfers Rs.	Exchange difference Rs.	Balance as at 31.03.2023 Rs.
At cost					
Freehold					
Office and factory buildings	141,987,398	18,738,111	-	(11,824)	160,713,685
Office equipments	17,136,365	6,856,187	-	3,387	23,995,938
Computers	30,447,998	15,517,085	(301,214)	8,371	45,672,240
Furniture and fittings	23,516,193	8,273,296	-	18,538	31,808,027
Motor vehicles	88,855,745	22,074,049	-	(15,116)	110,914,679
Store equipments	139,746	343,291	-	(11,382)	471,655
Sign boards	2,478,190	978,010	-	(1,770)	3,454,429
Factory equipments	2,240,632	1,525,297	-	(30,335)	3,735,594
Lab equipments	8,809,646	7,310,547	-	(18,949)	16,101,244
Plant and machinery	75,387,152	37,128,220	-	(61,854)	112,453,518
	390,999,065	118,744,093	(301,214)	(120,934)	509,321,010
Leasehold					
Leasehold improvements	15,355,173	6,181,482	(17,529,153)	-	4,007,502
	15,355,173	6,181,482	(17,529,153)	-	4,007,502
Total depreciation	406,354,238	124,925,575	(17,830,367)	(120,934)	513,328,512

6.1.3 Net book values

As at 31 March	2023 Rs.	2022 Rs.
At cost		
Freehold		
Land	517,571,589	465,572,589
Office and factory buildings	904,298,898	828,973,146
Office equipments	18,750,766	21,494,308
Computers	33,833,678	29,006,692
Furniture and fittings	51,377,147	49,923,237
Motor vehicles	73,741,666	58,332,180
Store equipments	3,567,062	824,103
Sign boards	2,363,215	2,313,130
Factory equipments	10,374,004	4,605,644
Lab equipments	104,193,118	16,517,948
Plant and machinery	205,469,333	163,122,948
	1,925,540,476	1,640,685,925
Leasehold		
Leasehold improvements	2,568,210	12,098,612
	2,568,210	12,098,612
In the course of construction		
Capital work in progress	51,331,403	15,186,825
	51,331,403	15,186,825
Total carrying amount of property, plant and equipment	1,979,440,089	1,667,971,362

NOTES TO THE FINANCIAL STATEMENTS

- 6.1.4 During the financial year, the group acquired property, plant and equipment to the aggregate value of Rs. 446,960,749/- (2022 - Rs. 264,420,962/-). Cash payments amounting to Rs. 389,173,491/- (2022 - Rs. 264,420,962/-) were made during the year for purchase of property, plant and equipment.
- 6.1.5 As at 31 March 2023, the group had a total of fully depreciated assets still in use amounting to Rs. 75,761,169/- (2022-Rs. 45,852,489/-)
- 6.1.6 In 2023, the Group sold property, plant, and equipment with a net carrying amount of Rs. 5,049,428/- (2022 - Rs. 10,986,369/-) for a cash consideration of Rs. 7,617,065/- (2022 - Rs. 41,789,639/-). The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss.
- 6.1.7 The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.
- 6.1.8 There were no borrowing costs capitalised on interest-bearing loans and borrowings and lease liabilities by the Company on qualifying assets during the financial years 2022/2023 and 2021/2022.
- 6.1.9 On re-assessment of the fair value of the Group's assets, it has been identified that there is no impairment of property plant and equipment which requires provision in the financial statements.

6.2 Company

6.2.1 Gross carrying amounts

Year ended 31 March	Balance as at 01.04.2022 Rs.	Additions Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2023 Rs.
At cost				
Freehold				
Land	465,572,589	51,999,000	-	517,571,589
Office and factory buildings	970,960,542	38,444,303	-	1,009,404,845
Office equipments	37,693,603	2,142,858	-	39,836,461
Computers	55,076,368	18,003,318	(901,242)	72,178,444
Furniture and fittings	65,577,630	6,964,429	-	72,542,059
Motor vehicles	146,394,664	35,855,460	-	182,250,124
Store equipments	963,849	724,539	-	1,688,388
Sign boards	4,791,320	-	-	4,791,320
Factory equipments	5,952,495	214,900	-	6,167,395
Lab equipments	25,327,594	92,097,353	-	117,424,947
Plant and machinery	229,374,339	64,772,845	-	294,147,184
	2,007,684,993	311,219,005	(901,242)	2,318,002,756
Leasehold				
Leasehold improvements	27,453,786	1,100,481	(21,978,554)	6,575,713
	27,453,786	1,100,481	(21,978,554)	6,575,713
Total value of depreciable assets	2,035,138,779	312,319,486	(22,879,796)	2,324,578,469
In the course of construction				
Capital work in progress	15,186,824	27,292,835	(5,788,256)	36,691,403
	15,186,824	27,292,835	(5,788,256)	36,691,403
Total gross carrying amount	2,050,325,603	339,612,321	(28,668,052)	2,361,269,872

6.2.2 Depreciation

Year ended 31 March	Balance as at 01.04.2022 Rs.	Charge for the year Rs.	Disposals / Transfers Rs.	Balance as at 31.03.2023 Rs.
At cost				
Freehold				
Office and factory buildings	141,987,398	18,497,813	-	160,485,211
Office equipments	16,277,291	6,796,279	-	23,073,570
Computers	26,714,925	14,785,552	(301,214)	41,199,263
Furniture and fittings	17,176,486	7,873,697	-	25,050,183
Motor vehicles	88,533,837	21,815,593	-	110,349,430
Store equipments	139,746	111,969	-	251,715
Sign boards	2,478,190	942,028	-	3,420,218
Factory equipments	1,348,757	906,869	-	2,255,626
Lab equipments	8,809,646	6,925,436	-	15,735,082
Plant and machinery	67,671,380	35,373,036	-	103,044,416
	371,137,656	114,028,272	(301,214)	484,864,714
Leasehold				
Leasehold Improvements	15,355,172	6,181,482	(17,529,153)	4,007,501
	15,355,172	6,181,482	(17,529,153)	4,007,501
Total depreciation	386,492,828	120,209,754	(17,830,367)	488,872,215

6.2.3 Net book values

As at 31 March	2023 Rs.	2022 Rs.
At cost		
Freehold		
Land	517,571,589	465,572,589
Office and factory buildings	848,919,634	828,973,144
Office equipments	16,762,891	21,416,312
Computers	30,979,181	28,361,443
Furniture and fittings	47,491,876	48,401,144
Motor vehicles	71,900,694	57,860,827
Store equipments	1,436,673	824,103
Sign boards	1,371,102	2,313,130
Factory equipments	3,911,769	4,603,738
Lab equipments	101,689,865	16,517,948
Plant and machinery	191,102,768	161,702,959
	1,833,138,042	1,636,547,337
Leasehold		
Leasehold improvements	2,568,212	12,098,614
	2,568,212	12,098,614
In the course of construction		
Capital work in progress	36,691,403	15,186,824
	36,691,403	15,186,824
Total carrying amount of property, plant and equipment	1,872,397,657	1,663,832,775

NOTES TO THE FINANCIAL STATEMENTS

- 6.2.4 During the financial year, the company acquired property, plant, and equipment to the aggregate value of Rs. 339,612,321/- (2022 - Rs. 267,187,956/-). Cash payments amounting to Rs. 281,825,064/- (2022 - Rs. 262,705,761/-) were made during the year for purchase of property, plant and equipment.
- 6.2.5 As at 31 March 2023, the Company had a total of fully depreciated assets still in use amounting to Rs. 75,761,169/- (2022 - Rs. 33,312,845/-).
- 6.2.6 In 2023, the company sold property, plant and equipment with a total net carrying amount of Rs.5,048,429 /- (2022 - Rs. 10,986,369/-) for a cash consideration of Rs.7,617,065/- (2022 - Rs. 41,789,639/-). The net gains on these disposals were recognised as part of other operating income in the statement of profit or loss.

6.3 Value and ownership of freehold land and freehold buildings of the Group.

Location	Property	No. of Buildings	Ownership	Extent	Carrying value Rs.
Thalawathugoda	Land	-	Freehold	A-1, R-0, P4.83	243,621,000
	Building	01	Freehold	63,246 Sq. ft	530,866,373
Kahathuduwa	Land	-	Freehold	A-2, R-1, P-45.70	75,170,590
	Building	05	Freehold	65,486 Sq. ft	260,075,573
Badulla	Land	-	Freehold	A-0, R-1, P-32	4,000,000
Horana	Land	-	Freehold	A-0, R2, P - 24.05	7,500,000
	Building	01	Freehold	15,048 Sq. ft	18,536,913
Kaduwela	Land	-	Freehold	A0, R1, P1.60	38,999,000
	Building	01	Freehold	10000 Sq. ft	21,604,143
Hokandara	Land	-	Freehold	A-0, R-0, P -14.17	25,755,000
	Building	01	Freehold	4,000 Sq. ft	17,836,633
Ekala Land	Land	-	Freehold	A0, R5, P65	122,526,000
Bangladesh - Dhaka	Building	01	Freehold	17,000 Sq. ft	55,379,262

7 RIGHT-OF-USE ASSETS

As at 31 March	Group		Company	
	Land and buildings		Land and buildings	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Group/ Company				
Cost				
As at 1 April	61,768,221	53,028,347	61,768,221	53,028,347
New lease entered during the year	101,255,967	8,739,874	25,248,245	8,739,874
Effect of movements in exchange rates	(5,540,788)	-	-	-
As at 31 March	157,483,401	61,768,221	87,016,466	61,768,221
Accumulated depreciation				
As at 1 April	46,625,891	27,507,550	46,625,891	27,507,550
Depreciation charge for the year	34,946,760	19,118,341	16,769,733	19,118,341
Effect of movements in exchange rates	(170,163)	-	-	-
As at 31 March	81,402,488	46,625,891	63,395,624	46,625,891
Carrying value	76,080,912	15,142,330	23,620,842	15,142,330

8 INTANGIBLE ASSETS

8.1 Group

As at 31 March	Goodwill	Computer Software	2023	2022
	Rs.	Rs.	Rs.	Rs.
Cost				
At the beginning of the year	7,663,026	41,091,827	48,754,853	47,923,603
Acquisitions during the year	-	4,744,704	4,744,704	438,050
Effect of movements in exchange rates	-	13,172	13,172	393,200
At the end of the year	7,663,026	45,849,703	53,512,729	48,754,853
Amortisation				
At the beginning of the year	-	31,127,565	31,127,565	25,443,495
Amortisation for the year	-	3,430,122	3,430,122	5,309,354
Effect of movements in exchange rates	-	13,172	13,172	374,716
At the end of the year	-	34,570,859	34,570,859	31,127,565
Carrying value as at 31 March	7,663,026	11,278,844	18,941,870	17,627,288

8.2 Company

As at 31 March	Computer software	
	2023	2022
	Rs.	Rs.
Cost		
At the beginning of the year	39,504,074	39,066,025
Acquisitions during the year	4,744,705	438,049
At the end of the year	44,248,779	39,504,074
Amortisation		
At the beginning of the year	29,816,042	24,561,345
Amortisation for the year	3,275,135	5,254,697
At the end of the year	33,091,177	29,816,042
Carrying value as at 31 March	11,157,602	9,688,032

NOTES TO THE FINANCIAL STATEMENTS

9 INVESTMENTS

9.1 Investment In Subsidiaries

As at 31 March	Number of shares		Holding		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Worldwide Resins & Chemicals (Private) Limited	1,000,000	1,000,000	100%	100%	10,000,000	10,000,000
JAT Global (Private) Limited	7,546,198	7,546,198	98.37%	98.37%	173,011,448	173,011,448
Brush Master (Private) Limited	401,894	281,944	78.41%	55%	48,616,000	40,000,000
JAT Exports (Private) Limited	10,587,236	10,587,236	100%	100%	105,872,360	105,872,360
JAT Exports DMCC	3,050	100	100%	100%	295,775,432	4,934,932
					633,275,240	333,818,740

9.2 Lease Rentals Receivables

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 1 April				
New lease entered during the year	151,583,207	-	151,583,207	-
Effect of movements in exchange rates	(10,052,460)	-	(10,052,460)	-
Accretion of interest	6,790,385	-	6,790,385	-
Payments received	(8,614,777)	-	(8,614,777)	-
As at 31 March	139,706,355	-	139,706,355	-
Current	1,522,505	-	1,522,505	-
Non-current	138,183,850	-	138,183,850	-

The Group/Company has entered in to finance lease on its one condominium property at Altair Residencies, Colombo 02 for a period of 5 Years.

The table below summarises the maturity profile of the Group's/Company's lease rentals receivables at 31 March 2023 based on contractual undiscounted payments.

As at 31 March 2023	Within one Year Rs.	1 to 3 Years Rs.	3 to 5 Years Rs.	Total Rs.
Lease Rentals Receivables	26,243,550	96,943,000	134,398,250	257,584,800

9.3 Other Investments

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Quoted Investment				
Investment in Debentures	59,489,052	-	59,489,052	-
	59,489,052	-	59,489,052	-

The investment is made on long term debentures issued by Sampath bank PLC and Commercial Bank PLC. The respective information relates to debentures are mentioned below.

Issuer Details	Coupon Rate	Tenure
Sampath Bank PLC	28%	5 Years
Commercial Bank PLC	28%	5 Years

10 CONSUMABLE BIOLOGICAL ASSETS

Year ended 31 March	Company/ Group	
	2023 Rs.	2022 Rs.
At the beginning of the year	68,577,048	58,120,344
Changes in fair value less costs to sell	(1,595,964)	10,456,704
Maintenance costs	1,849,494	-
At the end of the year	68,830,578	68,577,048

The Group's/ Company's biological assets consist of a Sandalwood plantation situated in the Village of Meegahakiula.

As at 31 March 2023, the Group / Company had 356 of immature sandalwood trees (2022: 356).

10.1 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 2023, Sandalwood's market price is estimated to Rs.19,000/- per kilogram (2022: Rs. 18,000/- per kilogram). Significant unobservable inputs used in fair value measurements of sandalwood are the following:

As at 31 March	2023 Rs.	2022 Rs.
Total number of Trees	356	356
Total number of Harvestable trees (12% allowance for death)	313	313
Harvest at maturity	313 @ 20 Kg	313 @ 20 Kg
Estimated scented of heartwood	6,260 Kg	6,260 Kg
Value at harvest (per Kg)	Rs. 19000	Rs. 18000
Discount rate	20%	18%
Number of years to maturity	3	4
Wood content per tree at maturity	20 Kg	20 Kg

10.2 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.

10.3 Sensitivity analysis

Sensitivity variation sales price

Net present value of the biological assets as appearing in the statement of financial position are very sensitive to the changes into the average sales prices applied. Simulations made for sandalwood trees show that an increase or decrease by 10% of the estimated future selling price while other variables remained unchanged, has the following effect on the net present value of biological assets:

	+10%	-10%
Sandalwood plantation (Rs.)	6,883,058	(6,883,058)

Sensitivity variation discount rate

Net present value of the biological assets as appearing in the statement of financial position are very sensitive to changes of the discount rate applied. Simulations made for sandalwood trees show that an increase or decrease by 1% of the estimated future discount rate has the following effect on the net present value of biological assets:

	+1%	-1%
Sandalwood plantation (Rs.)	(1,688,948)	1,748,418

NOTES TO THE FINANCIAL STATEMENTS

11 INVENTORIES

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Finished goods	2,321,349,296	1,302,542,544	1,651,930,526	1,216,803,482
Raw materials	1,265,328,286	918,750,695	1,104,494,467	872,739,694
Goods in transits	77,575	-	-	-
Work in progress	76,643,179	196,973,623	67,200,962	195,013,853
	3,663,398,336	2,418,266,862	2,823,625,955	2,284,557,029
Less: Provision for obsolete and slow moving inventories (Note 11.1)	(151,642,520)	(164,507,064)	(142,132,171)	(138,370,127)
	3,511,755,816	2,253,759,798	2,681,493,784	2,146,186,902

11.1 Provision for obsolete and slow moving inventories

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	164,507,064	86,585,098	138,370,127	67,089,822
Provision/write-offs during the year (net)	(12,864,544)	77,921,966	3,762,044	71,280,305
At the end of the year	151,642,520	164,507,064	142,132,171	138,370,127

12 TRADE AND OTHER RECEIVABLES

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade receivables-Others	3,209,966,769	3,286,935,792	2,010,644,490	3,012,708,393
Trade receivables-Related Parties (Note 12.1)	251,491,685	1,628,529,142	81,826,446	107,146,344
Trade receivables (Note 12.2)	3,461,458,454	4,915,464,934	2,092,470,936	3,119,854,737
Allowance for expected credit losses (Note 12.3)	(228,151,324)	(202,011,654)	(191,536,072)	(169,673,587)
	3,233,307,130	4,713,453,280	1,900,934,864	2,950,181,150
Other receivables	437,016,613	71,090,058	510,719,761	195,117,904
	3,670,323,743	4,784,543,338	2,411,654,625	3,145,299,054

12.1 Trade receivables - Related Parties

Year ended 31 March	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
JAT Exports (Pvt) Ltd	Subsidiary	-	-	-	42,389,036
JAT Holdings Bangladesh (Pvt) Ltd	Affiliate	240,896,326	1,550,343,864	-	-
JAT Tradings (Pvt) Ltd	Affiliate	2,410	53,781,536	2,410	53,781,536
Brush Master (Pvt) Ltd	Subsidiary	-	-	68,636,436	1,889,536
Alpha Delta Coatings (Pvt) Ltd	Affiliate	9,092,601	15,317,506	-	-
96 Developments (Pvt) Ltd	Affiliate	-	9,086,236	-	9,086,236
Worldwide Resins & Chemicals (Pvt) Ltd	Subsidiary	-	-	5,684,048	-
JAT Global (Pvt) Ltd	Subsidiary	-	-	6,003,205	-
Flexospan Steel Buildings (Pvt) Ltd	Affiliate	1,500,348	-	1,500,348	-
		251,491,685	1,628,529,142	81,826,446	107,146,344

12.2 Trade receivables

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade debtors - Local	2,571,817,582	2,808,821,945	1,767,599,734	2,683,123,520
Project debtors	315,364,508	382,951,624	315,364,508	382,951,624
Export debtors	574,276,364	1,723,691,366	9,506,693	53,779,593
	3,461,458,454	4,915,464,935	2,092,470,935	3,119,854,737
Allowance for expected credit losses (Note 12.3)	(228,151,324)	(202,011,655)	(191,536,071)	(169,673,587)
	3,233,307,130	4,713,453,280	1,900,934,864	2,950,181,150

12.3 Allowance for expected credit losses

Movement in allowance for expected credit losses

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance at the beginning of the year	202,011,654	100,120,366	169,673,587	74,053,342
Provision for the year	60,712,678	115,922,097	56,435,492	109,651,053
Written off during the year	(34,573,008)	(14,030,808)	(34,573,008)	(14,030,808)
Balance at the year end	228,151,324	202,011,655	191,536,071	169,673,587

The Group adopted Expected Credit Loss (ECL) approach for the impairment of its financial assets. This enables better credit risk reporting of financial instruments by carrying reasonably quantified default risk adjusted value of assets in the balance sheet and minimising the timing difference in recognition of future default loss.

NOTES TO THE FINANCIAL STATEMENTS

13 ADVANCES AND PREPAYMENTS

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Advances - Related parties (Note 13.1)	2,164,630	17,726,834	2,164,630	17,726,834
- Advance paid for investment properties (Note 13.2)	715,298,499	142,421,669	218,823,451	142,421,669
- others	1,572,422,122	758,013,137	1,490,567,666	718,101,300
Prepayments	16,125,074	11,530,897	15,600,633	8,726,571
	2,306,010,325	929,692,537	1,727,156,380	886,976,374
Current advances and prepayments	1,590,711,826	787,270,868	1,508,332,929	744,554,705
Non-current advances - Advance paid for investment properties	715,298,499	142,421,669	218,823,451	142,421,669

13.1 Advances -Related parties

Year ended 31 March	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Bileeta (Pvt) Ltd	Affiliate	2,164,630	17,726,834	2,164,630	17,726,834
		2,164,630	17,726,834	2,164,630	17,726,834

13.2 Advance paid for investment properties

The Group/Company has paid advances to acquire five condominium apartments at Altair Residencies Building Colombo 02. The transfer deeds have not been issued and registered due to the non-availability of Condominium Management Authority certification.

13.2.1 Movement in advance paid for investment properties

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	142,421,669	142,421,669	142,421,669	142,421,669
Incurred during the year	721,892,400	-	225,417,352	-
Disposal	(149,015,570)	-	(149,015,570)	-
At the end of the year	715,298,499	142,421,669	218,823,451	142,421,669

14 RELATED PARTY TRANSACTIONS

Refer Note 3.3.1 for effective equity holding percentages and other key information's of Group entities.

Terms and conditions of transactions with related parties

The Group and Company carried out transactions in the ordinary course of the business on an arm's length basis at commercial rates with parties who are defined as Related Parties as per the Sri Lanka Accounting Standard - LKAS 24 'Related Party Disclosures'.

Outstanding current account balances at the year end are unsecured, charged with weighted average cost of debt rate, and settlements occur in cash.

The details of guarantees provided to the banks on behalf of related parties are disclosed in Note 31.2.

Disclosure as per the requirement of the Colombo Stock Exchange Listing Rule Section 9.3.2 (a) and 9.3.2 (b) are on page 119 - Related Party Transactions Review Committee Report.

14.1 Amounts due from related parties

Year ended 31 March	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Solid Land Developments (Pvt) Ltd	Affiliate	-	4,138,530	-	4,138,530
JAT Trading (Pvt) Ltd	Affiliate	-	14,588,000	-	14,588,000
Securitech Systems (Pvt) Ltd	Affiliate	-	27,207,736	-	27,207,736
Worldwide Resins & Chemicals (Pvt) Ltd	Subsidiary	-	-	-	598,023
JAT Exports DMCC	Subsidiary	-	-	206,955,135	281,220,504
Asia Coatings (Pvt) Ltd	Subsidiary	-	-	-	24,012,500
JAT Exports (Private) Limited	Subsidiary	-	-	87,135	-
Key management personnel		15,466,305	15,466,305	15,466,305	15,466,305
		15,466,305	61,400,571	222,508,575	367,231,598

14.2 Amounts due to related parties

Year ended 31 March	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
JAT Holdings Bangladesh (Pvt) Ltd	Affiliate	-	4,607,375	-	-
		-	4,607,375	-	-

NOTES TO THE FINANCIAL STATEMENTS

14.3 Related party disclosures

Details of significant related party transactions are as follows;

14.4 Transactions with subsidiaries

As at 31 March	Transaction amount			
	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade sales	116,464,199	277,744,717	-	-
Trade purchases	(74,707,101)	(126,590,010)	-	-
Settlements and net fund transfers	(89,419,856)	(330,879,366)	-	-
Expenses incurred on behalf of subsidiaries	90,208,981	162,982,321	-	-
Dividend income	210,830,315	172,519,531	-	-
Other service income	7,010,000	7,776,000	-	-
Other service expenses	(8,467,583)	(7,872,708)	-	-
Interest charged	38,785,444	2,925,339	-	-
Net loan granted	(140,958,910)	38,060,700	-	-

14.5 Transactions with affiliates *

As at 31 March	Transaction amount			
	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade sales	1,520,903	14,616,106	148,973,746	1,640,920,104
Other purchases	(4,055,992)	(9,510,889)	(4,055,992)	(9,510,889)
Settlements and net fund transfers	(47,145,971)	39,222,726	1,182,976,779	(618,170,587)
Expenses incurred on behalf of other related parties	1,350,874	5,023,331	14,774,016	5,023,331
Trade purchases	(68,244,060)	(46,299,534)	(1,764,415,732)	(46,299,534)

* Affiliate Companies include: JAT Holdings Bangladesh (Pvt) Ltd, Solid Land Developments (Pvt) Ltd, Securitech Systems (Pvt) Ltd, JAT Property Group (Pvt) Ltd, JAT Technologies (Pvt) Ltd, JAT Trading (Pvt) Ltd, Flexospan Building (Pvt) Ltd, Alpha Delta Coating Bileeta (Pvt) Ltd, and 96 Development (Pvt) Ltd

14.6 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.

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
	Short-term employee benefits	78,219,659	106,278,286	62,202,084
Ordinary shares buy back	-	-	-	-
Proceeds for the disposal of property, plant and equipment	-	25,075,000	-	25,075,000

15 SHORT TERM FINANCIAL ASSETS

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Equity instruments designated at fair value through profit or loss				
Listed equity investments (Note 15.1)	28,913,092	38,663,838	28,913,092	38,663,839
Investment in money market funds (Note 15.2)	589,304,217	815,428,908	589,304,217	815,428,908
Other financial assets at amortised cost				
Investment in fixed deposits (Note 15.3)	268,986,151	187,814,905	-	-
Investment in treasury bills	-	14,591,959	-	14,591,959
	887,203,460	1,056,499,610	618,217,309	868,684,706

15.1 Investment in quoted securities - Group/ Company

As at 31 March	No. of shares		Market value	
	2023	2022	2023 Rs.	2022 Rs.
Tokyo Cement Company (Lanka) PLC	-	107,000	-	3,627,300
Expo Lanka Holdings PLC	78,659	50,009	10,855,121	10,389,370
Lanka Walltile PLC	-	36,100	-	2,516,170
Sunshine Holdings PLC	13,947	75,000	627,615	2,745,000
Lanka Tiles PLC	17,440	40,000	751,664	2,388,000
Watawala Plantations PLC	-	13,375	-	1,247,888
Access Engineering PLC	97,823	148,000	1,389,087	2,220,000
Elpitiya Plantations PLC	-	5,800	-	437,900
Hayleys PLC	55,390	70,390	3,988,080	5,412,991
LOLC Holdings PLC	3,612	3,612	1,354,500	2,158,170
Central Finance Company PLC	-	44,500	-	3,030,450
LB Finance PLC	-	28,200	-	1,635,600
ACL Cables PLC	-	15,000	-	855,000
Kotagala Plantations PLC	29,500	-	179,950	-
Lankem Developments PLC	69,783	-	1,744,575	-
Balangoda Plantations PLC	24,000	-	1,591,200	-
Horana Plantations PLC	25,000	-	1,312,500	-
Swisstek (Ceylon) PLC"	50,000	-	705,000	-
Brown & Company PLC	1,000	-	119,500	-
Renuka Foods PLC	100,000	-	2,140,000	-
Lankem Ceylon PLC	8,000	-	605,600	-
The Colombo Fort Land And Building PLC	27,000	-	704,700	-
Softlogic Life Insurance PLC	10,000	-	844,000	-
			28,913,092	38,663,839

NOTES TO THE FINANCIAL STATEMENTS

15.2 Investment in money market funds

As at 31 March	Credit Rating	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Capital Alliance Investments Limited	Af(lka)	589,304,217	815,428,908	589,304,217	815,428,908
		589,304,217	815,428,908	589,304,217	815,428,908

15.3 Investment in fixed deposits

As at 31 March	Credit Rating	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Commercial Bank of Ceylon PLC	A(lka)	268,986,151	187,814,905	-	-
		268,986,151	187,814,905	-	-

15.4 Impairment of investments in fixed deposits and money market funds

Management has assessed the provision of impairment of fixed deposits and money market funds by considering the credit ratings of these institutions and considering other economic factors and concluded that the resulting impairment provision is immaterial to the financial statements.

16 CASH AND CASH EQUIVALENTS

16.1 Favourable cash and cash equivalent balances

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Cash and bank balances	227,496,410	249,292,165	115,167,997	147,744,134
Short term deposits (3 months maturity period)	48,337,068	439,537,686	72,935	400,148,137
	275,833,478	688,829,851	115,240,932	547,892,271

16.2 Unfavourable cash and cash equivalent balances

Bank overdrafts (Note 18)	(359,017,825)	(85,984,415)	(304,778,443)	(47,003,641)
Total cash and cash equivalents for the purpose of cash flow statement	(83,184,347)	602,845,436	(189,537,512)	500,888,630

17 STATED CAPITAL

Company / Group	2023		2022	
	Number of shares	Rs.	Number of shares	Rs.
Issued and fully-paid - ordinary shares				
Balance at the beginning of the year	510,407,773	2,395,221,320	454,593,073	918,770,013
Share buy back	-	-	-	-
Issue of shares	-	-	55,814,700	1,506,996,900
Transaction costs for issued share capital	-	-	-	(30,545,593)
Balance at the end of the year	510,407,773	2,395,221,320	510,407,773	2,395,221,320

The Company has issued Fifty Five Million Eight Hundred And Fourteen Thousand Seven Hundred (55,814,700) New Ordinary Voting Shares each at Rs. 27/- to the general public on 30 July 2021 by way of an Offer for Subscription with Twenty Seven Million Ninety Thousand One Hundred And Forty Six (27,090,146) Ordinary Voting Shares as Offer for Sale in the Colombo Stock Exchange and the listing of up to Five Hundred Ten Million And Four Hundred Seven Thousand Seven Hundred and Seventy Three (510,407,773) Ordinary Voting Shares.

18 INTEREST BEARING LOANS AND BORROWINGS

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Other financial liabilities				
Current interest bearing loans and borrowings				
Bank loans (Note 18.1)	1,181,878,687	1,174,370,269	1,043,302,642	1,154,748,169
Lease liabilities (Note 18.2)	16,647,421	15,091,157	7,815,590	15,091,157
Bank overdrafts	359,017,825	85,984,415	304,778,443	47,003,641
	1,557,543,932	1,275,445,841	1,355,896,675	1,216,842,967
Non-current interest bearing loans and borrowings				
Bank loans (Note 18.1)	665,625	11,322,125	-	-
Lease liabilities (Note 18.2)	56,711,312	2,265,966	14,616,309	2,265,966
	57,376,937	13,588,091	14,616,309	2,265,966
Total Interest bearing loans and borrowings	1,614,920,869	1,289,033,932	1,370,512,984	1,219,108,933

NOTES TO THE FINANCIAL STATEMENTS

18.1 Bank loans

Group	As at 01.04.2022	Loan obtained	Repayment	Exchange rate adjustments	As at 31.03.2023	Current	Non-current
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Short term loans							
People's Bank	200,000,000	-	(200,000,000)	-	-	-	-
Commercial Bank PLC	459,480,000	1,357,563,869	(1,204,480,000)	-	612,563,869	612,563,869	-
Standard Chartered	50,000,000	-	(50,000,000)	-	-	-	-
Seylan Bank	-	100,000,000	(50,000,000)	-	50,000,000	50,000,000	-
Import loans							
Hatton National Bank PLC	52,653,424	283,004,513	(208,762,535)	(4,646,164)	122,249,239	122,249,239	-
Commercial Bank PLC	366,230,729	1,132,266,108	(1,302,989,734)	-	195,507,103	195,507,103	-
Standard Chartered	35,864,015	12,524,445	(48,388,460)	-	-	-	-
NDB Bank PLC	-	407,454,326	(213,552,350)	-	193,901,976	193,901,976	-
Term loans							
Commercial Bank PLC-Term Loan	21,464,225	-	(13,142,100)	-	8,322,125	7,656,500	665,625
	1,185,692,393	3,292,813,261	(3,291,315,179)	(4,646,164)	1,182,544,312	1,181,878,687	665,625

Company	As at 01.04.2022	Loan obtained	Repayment	Exchange rate adjustments	As at 31.03.2023	Current	Non-current
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Short Term Loans							
People's Bank	200,000,000	-	(200,000,000)	-	-	-	-
Commercial Bank PLC	450,000,000	1,270,000,000	(1,180,000,000)	-	540,000,000	540,000,000	-
Standard Chartered	50,000,000	-	(50,000,000)	-	-	-	-
Seylan Bank	-	100,000,000	(50,000,000)	-	50,000,000	50,000,000	-
Import Loans							
Hatton National Bank PLC	52,653,424	283,004,513	(208,762,535)	(4,646,164)	122,249,239	122,249,239	-
Commercial Bank PLC	366,230,729	857,256,195	(1,086,335,498)	-	137,151,427	137,151,427	-
Standard Chartered	35,864,015	12,524,445	(48,388,460)	-	-	-	-
NDB Bank PLC	-	407,454,326	(213,552,350)	-	193,901,976	193,901,976	-
	1,154,748,168	2,930,239,479	(3,037,038,843)	(4,646,164)	1,043,302,642	1,043,302,642	-

18.2 Lease liabilities

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
As at 01 April	17,357,123	30,344,058	17,357,123	30,344,058
Lease entered during the year	83,039,296	6,319,873	20,401,129	6,319,873
Effect of movements in exchange rates	(3,907,247)	-	-	-
Accretion of interest	6,398,821	2,395,930	2,256,976	2,395,930
Adjustment on temporary concessions	(3,657,396)	(8,607,890)	(3,657,396)	(8,607,890)
Payments made	(25,871,863)	(13,094,848)	(13,925,933)	(13,094,848)
As at 31 March	73,358,734	17,357,123	22,431,899	17,357,123
Current lease liabilities	16,647,421	15,091,157	7,815,590	15,091,157
Non-current lease liabilities	56,711,313	2,265,966	14,616,309	2,265,966

18.2.1 Total amount recognised in profit or loss

The following are the amounts recognised in profit or loss:

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Depreciation expense of right-of-use assets	34,946,760	19,118,341	16,769,733	19,118,341
Interest expense on lease liabilities	6,398,821	2,395,930	2,256,976	2,395,930
Temporary concessions	(3,657,396)	(8,607,890)	(3,657,396)	(8,607,890)
Total amount recognised in profit or loss	37,688,185	12,906,381	15,369,313	12,906,381

The Group had total cash outflows for leases of Rs. 25,871,863/- in 2023 (2022: Rs. 13,094,848/-). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 35.3.1 (Maturity Note.)

The Company had total cash outflows for leases of Rs. 13,925,933/- in 2023 (2022: Rs. 13,094,848/-). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 35.3.2 (Maturity Note.)

NOTES TO THE FINANCIAL STATEMENTS

18 INTEREST-BEARING LOANS AND BORROWINGS (CONTD.)

18.3 Nature and repayment terms of the facilities

Lender	Nature of facility	Nominal Interest rate	Repayment terms	Carrying value of facility	
				2023 Rs.	2022 Rs.
JAT Holdings PLC					
Standard Chartered Bank	Short term loan (revolving)	Respective AWPLR+0.2%	90 days from the granted date	-	50,000,000
	Import loan	Respective AWPLR	Up to 180 days	-	35,864,015
	Overdraft	Respective AWPLR+0.2%	On demand	48,814,123	34,827,718
Commercial Bank of Ceylon PLC					
	Short term loan (revolving)	AWPLR+0.5% (reviewed monthly)	Within 90 days	540,000,000	50,000,000
	Short term loan (non-revolving)	AWPLR +0.5%(reviewed monthly)	Within 90 days	-	400,000,000
	Import loan	AWPLR +0.5%(reviewed monthly)	Within 120 days	137,151,427	366,230,730
	Overdraft	AWPLR+0.5% (reviewed monthly)	On demand	-	-
Hatton National Bank					
	Import loan	AWPLR+0.5% (Weekly review)	Within 120 days	122,249,198	9,149,441
	One off import loan (USD)	03M LIBOR USD + 4%	Within 120 days	-	43,503,927
	Overdraft	AWPLR+0.5% (Weekly review)	On demand	24,526,138	-
Peoples Bank					
	Short term loan (revolving)	AWPLR+0.5% (weekly review)	Within 120 days	-	200,000,000
	Overdraft	AWPLR+0.5% (weekly review)	On demand	-	305,519
National Development Bank					
	Import loan	AWPLR + 0.5% (reviewed weekly)	Within 90 days	193,901,976	-
	Overdraft	AWPLR + 0.5% (reviewed weekly)	On demand	72,784,047	-
Seylan Bank					
	Short term loan (revolving)	AWPLR + 0.5% (reviewed monthly) 22% floor rate	Within 120 days	50,000,000	-
	Overdraft	AWPLR + 0.5% (reviewed monthly) 22% floor rate		96,576,126	-
DFCC Bank					
	Overdraft	AWPLR + 0.5% (reviewed monthly) 22% floor rate	On demand	55,764,387	-
Brush Master (Pvt) Ltd					
Commercial Bank of Ceylon PLC	Term loan	AWPLR+1.5% (reviewed monthly)	In 48 equal monthly installments	3,328,125	5,990,625
	Working capital term loan	4% p.a (fixed rate)	1st Installment 586,000/-, 21 Equal Installment of Rs.373,300 & Final Installment 374,100	1,494,000	5,973,600
	Working capital term loan	4% p.a (fixed rate)	25 equal monthly installment of Rs. 500,000/-	3,500,000	9,500,000
Worldwide Resins & Chemicals (Pvt) Ltd					
Commercial Bank of Ceylon PLC	Import Loan	AWPLR+0.5%	Within 120 days	58,355,676	-
	Overdraft	AWPLR+0.5%	On Demand	-	-
	Working capital term loan	4% p.a (fixed rate)	25 equal monthly installment of Rs. 280,000/-	1,960,000	5,320,000
	Working capital term loan	4% p.a (fixed rate)	02 Installments of Rs.440,000/-; 22 equal installments of Rs.260,000/-	1,040,000	4,160,000
Asia Coatings (Pvt) Ltd.					
Commercial Bank of Ceylon PLC	Temporary Overdraft	9%	On Demand	33,049,269	-
	Loan Against Trust Receipt	9%	Within 120 Days	69,563,869	-

18.4 Assets pledged

The following assets have been pledged as security for above liabilities:

Lender	Nature of facility	Nature of the collateral	Carrying value of facility	
			2023 Rs.	2022 Rs.
JAT Holdings PLC				
Standard Chartered Bank	Import letters of credit	Primary mortgage over stocks at Logiwiz and Advantis Logistic Hub & book debtors		
	Short term loans			
	Overdraft			
	Import loan		Rs.375 Mn	Rs.375 Mn
	Shipping guarantees		Euro 1 Mn	Euro 1 Mn
	Bond & guarantees			
	Financial guarantees/SBLC			
Commercial Bank of Ceylon PLC	Overdraft	Lien over savings deposit	Rs. 28.46 Mn	Rs.18.88 Mn
	Letters of credit	Mortgage over Property at Thalawathugoda	Rs. 578.00 Mn	Rs.572 Mn
	Import Demand Loan	Insurance policy over property at Thalawathugoda	Rs. 362.20 Mn	Rs.60 Mn
	Revolving short term loan	Documents of title over goods imported	-	Rs.71 Mn
	Advance document release			
	Shipping guarantee facility			
	Letters of Guarantee			
National Development Bank PLC	Stand by letter of credit	Primary mortgage over stocks & book debts	Rs.616Mn	Rs.616Mn
	Import loan			
	Pre export finance			
	Overdraft			
Asia Coatings Pvt Ltd	Temporary Overdraft	Registered hypothecation first charge over stocks	BDT 160Mn	
	Temporary Letter of Credit	Margin Buildup for BDT 100,000 per month		
	Temporary Loan Against Trust Receipt			

19 RETIREMENT BENEFIT OBLIGATION

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Balance as at 01 April	63,888,296	57,308,540	62,913,258	56,079,631
Current service cost	8,456,820	6,774,168	8,118,668	6,473,281
Interest cost	8,944,361	4,299,954	8,807,856	4,250,836
Actuarial (gain)/loss arising from changes in assumptions	(1,230,255)	(2,217,911)	(1,138,426)	(1,725,326)
Payments made during the year	(5,916,973)	(2,276,455)	(5,873,373)	(2,165,164)
As at 31 March	74,142,249	63,888,296	72,827,983	62,913,258

NOTES TO THE FINANCIAL STATEMENTS

19.1 Following amount are recognised in profit or loss and other comprehensive income during the year in respect of the retirement benefit obligation.

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Expense recognised in profit or loss				
Current service cost	8,456,820	6,774,168	8,118,668	6,473,281
Interest cost	8,944,361	4,299,954	8,807,856	4,250,836
	17,401,181	11,074,122	16,926,524	10,724,117
Actuarial gains and losses recognised directly in OCI				
Recognised during the period	(1,230,255)	(2,217,911)	(1,138,426)	(1,725,326)

Messrs. Actuarial and Management Consultants (Pvt) Ltd Actuaries, carried out an actuarial valuation of the defined benefit plan gratuity on 31 March 2023. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The liability is not externally funded.

The Projected Unit Credit Method is used to determine the present value of the defined benefit obligation and the current service cost.

19.2 The principal assumptions used in determining defined benefit obligation are shown below:

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Discount rate	20%	14%	20%	14%
Salary increment	16%	13%	16%	13%
Staff turnover	16% - 22%	16% - 18%	22%	18%
Retirement age	60 years	60 years	60 years	60 years

Assumptions regarding future mortality are based on A 1967/70 mortality table, issued by the Institute of Actuaries, London.

19.3 Sensitivity of assumptions employed in actuarial valuation

Values appearing in the financial statements are very sensitive to the changes in financial and non financial assumptions used.

A Sensitivity analysis was carried out as follows,

19.3.1 Group

As at 31 March	2023		2022		
	Effect on comprehensive income increase / (reduction)	Effect on employee benefit obligation increase / liability	Effect on comprehensive income increase / (reduction)	Effect on employee benefit obligation increase / (reduction) in the liability	
	Rs.	Rs.	Rs.	Rs.	
Increase/(decrease) in discount rate	+ 1 %	2,282,164	(2,282,164)	2,665,384	(2,665,384)
	+ 1 %	(2,427,542)	2,427,542	(2,888,631)	2,888,631
Increase/ (decrease) in salary increment	+ 1 %	(2,766,310)	2,766,310	(3,131,882)	3,131,882
	+ 1 %	2,637,019	(2,637,019)	2,935,397	(2,935,397)

19.3.2 Company

As at 31 March	2023		2022		
	Effect on comprehensive income increase / (reduction)	Effect on employee benefit obligation increase / liability	Effect on comprehensive income increase / (reduction)	Effect on employee benefit obligation increase / (reduction) in the liability	
	Rs.	Rs.	Rs.	Rs.	
Increase/(decrease) in discount rate	+ 1 %	2,225,790	(2,225,790)	2,616,927	(2,616,927)
	+ 1 %	(2,366,271)	2,366,271	(2,835,092)	2,835,092
Increase/ (decrease) in salary increment	+ 1 %	(2,697,724)	2,697,724	(3,074,103)	3,074,103
	+ 1 %	2,573,092	(2,573,092)	2,882,282	(2,882,282)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

19.4 The following are the expected payments to the defined benefit plan in future years

As at 31 March	Group		Company	
	2023	2022	2023	2022
	Rs.	Rs.	Rs.	Rs.
Within the next 12 months	12,722,625	8,273,039	12,535,261	8,153,942
Between 2 and 5 years	49,096,189	40,186,884	48,512,573	39,719,747
Between 5 and 10 years	9,462,013	9,828,326	9,029,867	9,560,786
Beyond 10 years	2,861,422	5,600,047	2,750,282	5,478,783
Total expected payments	74,142,249	63,888,296	72,827,983	62,913,258

19.5 The Group weighted average duration of the defined benefit plan obligation at the end of the reporting period is 3.8 years (2022: 4.91 years).

NOTES TO THE FINANCIAL STATEMENTS

20 DEFERRED TAX LIABILITIES

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
At the beginning of the year	14,334,396	-	14,334,396	-
Amount origination/ (reversal) of temporary differences				
- Recognised in profit or loss				
Accelerated depreciation for tax purposes	39,669,573	(30,805,696)	34,970,887	(30,805,696)
Biological assets	3,697,077	4,923,621	3,697,077	4,923,621
Retirement benefit obligation	(6,912,200)	913,979	(6,912,200)	913,979
Provision for doubtful debts	(28,637,285)	(4,668,353)	(27,910,065)	(4,668,353)
Provision for obsolete and slow moving inventories	(29,520,199)	(4,670,261)	(29,520,199)	(4,670,261)
Right-of-use assets	1,614,768	847,512	1,430,429	847,512
Carried forward business losses	64,388,893	47,552,048	64,829,743	47,552,048
- Recognised in other comprehensive income				
Actuarial gains and losses on defined benefit plans	250,454	241,546	250,454	241,546
At the end of the year	58,885,477	14,334,396	55,170,522	14,334,396

Net deferred tax asset/liability on each temporary difference which were recognised in the financial statements are disclosed below.

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax liability				
Capital allowances for tax purpose	107,998,767	53,262,943	103,001,919	53,262,943
Consumable biological assets	23,104,769	16,898,083	23,104,769	16,898,083
Right-of-use assets	15,546,876	-	1,120,358	-
Deferred tax assets				
Right-of-use assets	-	(310,071)	-	(310,071)
Expected credit losses	(52,305,206)	(22,441,154)	(50,601,674)	(22,441,154)
Retirement benefit obligation	(18,965,333)	(12,303,587)	(18,965,333)	(12,303,587)
Provision for obsolete and slow moving inventories	(50,041,565)	(20,771,818)	(50,041,565)	(20,771,818)
Carried forward business losses & Others	33,547,169	-	47,552,048	-
	58,885,477	14,334,396	55,170,522	14,334,396

21 TRADE AND OTHER PAYABLES

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade payables-Others	497,376,317	1,717,614,227	158,507,536	753,640,991
Related parties (Note 21.1)	986,391,478	-	-	21,085,982
	1,483,767,795	1,717,614,227	158,507,536	774,726,973
Other payables	937,997,822	581,301,177	606,346,977	571,650,100
Contract liabilities	61,931,367	44,611,164	54,566,620	42,200,972
Sundry creditors including accrued expenses	32,607,386	69,716,629	11,418,848	12,638,828
	2,516,304,370	2,413,243,197	830,839,981	1,401,216,873

21.1 Trade Payables - Related Parties

As at 31 March	Relationship	Group		Company	
		2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Brush Masters (Pvt) Ltd	Subsidiary	-	-	-	20,553,980
Worldwide Resins & Chemicals (Pvt) Ltd	Subsidiary	-	-	-	532,002
JAT Holdings Bangladesh (Pvt) Ltd	Affiliate	986,391,478	-	-	-
		986,391,478	-	-	21,085,982

22 REVENUE FROM CONTRACTS WITH CUSTOMERS

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Revenue generated within Sri Lanka	7,599,793,839	6,920,264,730	7,108,717,860	6,660,847,225
Revenue generated outside Sri Lanka	2,567,533,097	1,976,543,388	53,178,447	-
	10,167,326,936	8,896,808,118	7,161,896,306	6,660,847,225

Revenue Generated within Sri Lanka includes all local sales and Project sales.

NOTES TO THE FINANCIAL STATEMENTS

22.1 Disaggregation of revenue

Based on the nature of the product sold

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Wood coatings	6,415,165,948	6,177,200,352	4,064,007,959	4,167,459,064
Paints, chemicals and other products	2,685,192,330	1,881,288,605	2,031,322,806	1,655,068,999
Brushes	259,088,102	402,471,779	258,684,986	402,471,779
Furnitures	46,943,841	60,988,887	46,943,841	60,988,887
Finishing and furnishing projects	760,936,714	374,858,495	760,936,714	374,858,495
	10,167,326,936	8,896,808,118	7,161,896,306	6,660,847,225

Wood coatings

This segment focuses on importing and manufacturing of a range of water based and polyurethane based wood coatings solutions and sand papers. Revenue is recognised 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 recognised.

Paints, chemicals and other products

This segment focuses on manufacturing of emulsion paints, resins, chemicals and other industrial solutions. Revenue is recognised 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 recognised.

Brushes

This segment focuses on manufacturing of brushes, rollers and handlers and other paint and wood coating application solutions. Revenue is recognised 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 recognised.

Furnitures

This segment focuses on importing of chairs, work stations, tables, cupboards, Sofas, Coffee machines and other office and domestic furnishing solutions. Revenue is recognised 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 recognised.

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.

22.1 Disaggregation of revenue (Contd...)

Based on the geographical locations of the customers

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sri Lanka	7,599,793,839	6,920,264,730	7,108,717,860	6,660,847,225
India	136,942,276	40,206,648	8,732,490	-
Bangladesh	2,289,226,050	1,906,458,878	-	-
Maldives	134,898,059	25,307,535	39,380,609	-
Others	6,459,712	4,570,327	5,065,348	-
	10,167,326,936	8,896,808,118	7,161,896,306	6,660,847,225

Revenue from contract with customers

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Goods transferred at a point of time	9,225,753,580	8,521,949,622	6,220,322,951	6,285,988,730
Services transferred over time	941,573,355	374,858,496	941,573,355	374,858,495
	10,167,326,936	8,896,808,118	7,161,896,306	6,660,847,225

22.2 Contract balances

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Trade receivables (Note 12.1)	3,233,307,130	4,713,453,281	1,900,934,864	2,950,181,149
Contract liabilities (Note 21)	61,931,367	44,611,164	54,566,620	42,200,972

Contract liabilities include short term advances received for the finishing and furnishing projects

NOTES TO THE FINANCIAL STATEMENTS

23 OTHER INCOME

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Sundry income	12,053,832	5,797,067	10,011,391	10,199,138
Rent income	-	-	1,170,000	1,200,000
Dividend income from equity instruments	1,183,522	4,978,879	212,013,837	177,498,410
Changes in fair value of biological assets	(1,595,964)	10,456,704	(1,595,964)	10,456,704
Changes in fair value of financial assets	107,946,676	6,305,004	107,946,676	6,305,004
Temporary concession of right-of-use assets	3,657,396	8,607,890	3,657,396	8,607,890
Gain on disposal of property, plant, and equipment	2,567,637	30,803,270	2,567,637	30,803,270
	125,813,099	66,948,815	335,770,973	245,070,416

24 FINANCE COST

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest expenses on bank overdrafts	43,504,202	9,809,918	43,160,488	9,287,709
Interest expenses on import loans	123,785,032	30,778,806	113,495,272	27,619,687
Interest expenses on lease liabilities	6,398,821	2,395,930	2,256,976	2,395,930
Interest expenses on bank loans	144,785,460	21,946,779	142,084,300	21,137,844
Early Settlement Discounts	17,608,804	-	17,608,804	-
ECBA Loan interest	-	-	9,242,803	-
Bank Charges	147,734	-	-	-
Foreign exchange loss	255,232,264	-	132,879,336	-
	591,462,318	64,931,434	460,727,979	60,441,170

25 FINANCE INCOME

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Interest income	84,423,948	47,714,950	102,013,564	50,135,843
Foreign exchange gain	44,003,935	88,972,881	-	7,912,937
	128,427,883	136,687,832	102,013,564	58,048,781

26 PROFIT BEFORE TAX

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Include in cost of sales				
Employees benefits including the following				
- Defined contribution plan costs - EPF & ETF	8,995,379	7,039,259	8,287,402	6,232,618
- Other staff cost	164,529,819	119,496,805	148,400,619	89,624,047
Depreciation	43,811,865	36,944,150	45,444,108	36,596,709
Included in administrative expenses				
Employees benefits including the following				
- Defined contribution plan costs - EPF & ETF	17,770,861	12,946,060	16,298,888	11,873,726
- Other staff cost	254,474,814	243,955,150	184,547,757	203,819,676
Depreciation	50,147,430	45,102,152	66,242,956	45,102,152
Amortisation of intangible assets	3,430,122	5,309,354	3,275,135	5,254,697
Auditors remuneration	4,985,302	3,009,840	960,000	800,000
Impairment of obsolete stocks	25,898,930	77,921,966	25,898,930	71,280,305
Donations	500	1,262,129	500	1,262,129
Included in selling & distribution expenses				
Employees benefits including the following				
- Defined benefit plan costs	17,401,179	11,074,122	16,926,524	10,724,117
- Defined contribution plan costs - EPF & ETF	16,790,331	15,801,462	16,790,331	15,443,537
- Other staff cost	335,744,594	345,893,776	327,729,046	330,272,841
Allowance for expected credit loss	60,712,678	115,922,097	56,435,492	109,651,053
Depreciation	30,966,281	34,547,660	47,736,013	34,547,660
Depreciation of right-of-use assets	34,946,760	19,118,341	16,769,733	19,118,341

27 INCOME TAX EXPENSE

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Current income tax				
Current income tax charge (Note 27.1)	145,287,765	24,680,106	47,521,076	3,619,638
Income tax over provision in respect of previous years	(3,619,638)	(398,272)	(3,619,638)	-
Irrecoverable economic service charge	-	8,956,357	-	8,956,357
	141,668,127	33,238,191	43,901,438	12,575,995
Deferred tax expense				
Deferred taxation charge/(reversal) (Note 27.5)	43,414,564	14,092,850	40,585,673	14,092,850
	185,082,691	47,331,041	84,487,111	26,668,845

NOTES TO THE FINANCIAL STATEMENTS

27.1 A reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows;

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Profit before taxation	1,486,003,791	1,257,887,725	1,368,812,074	1,024,382,938
Dividend income from group companies	210,830,315	172,519,531	-	-
	1,696,834,106	1,430,407,256	1,368,812,074	1,024,382,938
Add: Aggregate disallowed items	287,867,805	431,409,291	268,949,623	419,914,798
Less: Aggregate allowable items	(1,126,989,968)	(568,268,028)	(1,087,661,298)	(565,140,212)
Less: Tax exempt income	(211,961,716)	(504,020,760)	(211,913,064)	(228,328,925)
Less: Income not form a part of trade or business	(112,575,745)	(93,707,662)	(112,575,745)	-
Add: Other sources of income	3,114,003	46,181,879	3,114,003	46,181,879
Business loss	-	37,256,406	-	-
Exempt Loss	-	38,648,385	-	-
Tax loss utilised during the year	-	(656,840,681)	-	(656,792,279)
Taxable profit	536,288,485	161,066,086	228,725,593	40,218,199
Income tax charged at:				
Income tax @ 9%	-	3,619,638	-	3,619,638
Income tax @ 14%	23,451,499	11,120,236	18,437,520	-
Income tax @ 15%	25,151	-	25,151	-
Income tax @ 24%	4,651,351	9,940,232	-	-
Income tax @ 27.5%	71,542,927	-	-	-
Income tax @ 30%	45,616,835	-	29,058,405	-
Current tax expense	145,287,765	24,680,106	47,521,076	3,619,638

27.2 General provisions

Corporate Income Taxes of companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 as amended.

Resident companies in the Group, excluding those which enjoy a concessionary tax rates, were liable to income tax during the year of assessment 2022/23 at the rate of 24% & 30% (Y/A 2021/22 - 24%)

Corporate Taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

27.3 Income tax rates

Concessionary Tax Rates

In terms of the Inland Revenue Act No. 24 of 2017, the profits/losses of companies listed below are subject to the income tax concessionary rate of 14%* for the mentioned undertaking:

Company	Basis	Income tax rate
JAT Holdings PLC	Manufacturing and trading of goods	14% - 30%*
Brush Master (Pvt) Ltd	Manufacturing of goods	18% - 30%
JAT Exports (Pvt) Ltd	Export of goods	14% - 30%

* The budget 2021 proposed a 50% tax concession for the years 2021/2022 for companies that get listed in the CSE before 31 December 2021, and to maintain a corporate tax rate of 14% for the subsequent three years.

Overseas operations

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. Set out below are the Income tax rates applicable for the companies in the relevant foreign jurisdictions.

Company	Country	Income tax rate
Asia Coatings (Private) Limited	Bangladesh	27.5%
JAT Global (Private) Limited	India	25.17%

27.4 In determining the arm's length price, the Group has complied with the transfer pricing regulations prescribed in the Inland Revenue Act and amendment thereto and the Gazette notifications issued on transfer pricing.

27.5 Deferred tax expense /(reversal)

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Deferred tax arising from				
- Accelerated depreciation for tax purposes	39,669,573	(30,805,696)	34,970,887	(30,805,696)
- Biological assets	3,697,077	4,923,621	3,697,077	4,923,621
- Retirement benefit obligation	(6,912,200)	913,979	(6,912,200)	913,979
- Provision for doubtful debts	(29,523,349)	(4,668,353)	(27,910,065)	(4,668,353)
- Provision for obsolete and slow moving inventories	(29,520,199)	(4,670,261)	(29,520,199)	(4,670,261)
- Right-of-use assets	1,614,768	847,512	1,430,429	847,512
- Benefit arising from tax losses and others	64,388,894	47,552,048	64,829,745	47,552,048
Total deferred tax charge/(reversal)	43,414,564	14,092,850	40,585,673	14,092,850

Due to the changes in rate of taxes applicable to the Group/Company an additional deferred tax charge of Rs. 8,117,135 was recognised for the current period.

27.6 Tax losses carried forward

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Tax losses brought forward	63,762,061	683,346,336	-	656,792,279
Tax loss for the year	15,238,925	37,256,406	-	-
Tax losses set off against taxable profit	-	(656,840,681)	-	(656,792,279)
Carried forward tax losses	79,000,986	63,762,061	-	-

NOTES TO THE FINANCIAL STATEMENTS

28 BASIC/DILUTED LOSS PER SHARE

Basic earnings/(loss) per share is calculated by dividing the net profit / (loss) for the year attributable to equity holders of the company, by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earnings per share computations

Year ended 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Amounts used as the numerator :				
Net profit /(loss) attributable to equity holders of the company	1,305,266,578	1,215,215,286	1,284,324,964	997,714,093
Amounts used as the denominator :				
Weighted average number of ordinary shares in issue applicable to basic earnings/(loss) per share	510,407,773	491,904,818	510,407,773	491,904,818
Earnings per share (Rs.)	2.56	2.47	2.52	2.03

29 DIVIDENDS PER SHARE

Year ended 31 March	Group/Company			
	2023		2022	
	Dividend per share Rs.	Gross dividend Rs.	Dividend per share Rs.	Gross dividend Rs.
Equity dividend on ordinary shares declared and paid during the year				
Final dividend (Previous years' final dividend paid in the current year)	0.38	193,954,954	0.25	113,648,268
First interim dividend declaration	0.45	229,683,498	0.32	163,330,487
Second interim dividend declaration	-	-	0.25	127,601,943
Total	0.83	423,638,452	0.82	404,580,699

30 PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Financial information of Brush Master (Private) Limited that have material non-controlling interests is provided below.

As at 31 March	2023 Rs.	2022 Rs.
Non-controlling interest in %	21.6%	45%
Non-current assets	1,110,119	1,670,187
Current assets	75,459,048	47,203,420
Total assets	76,569,167	48,873,608
Non-current liabilities	1,979,893	9,297,162
Current liabilities	78,701,481	25,966,787
Total liabilities	80,681,374	35,263,949
Equity attributable to the owners of the company	(3,223,970)	7,485,312
Non-controlling interests	(888,237)	6,124,346
Year ended 31st March		
Revenue from contracts with customers	57,363,914	116,949,562
Profit/(loss) after tax	(17,813,695)	(7,790,436)
Profit attributable to the owners of the company	(12,024,614)	(4,284,740)
Profit attributable to the non-controlling interests	(5,789,080)	(3,505,696)
Total comprehensive income	(17,721,866)	(7,297,851)
Net cash inflow/(outflow) from operating activities	14,827,253	10,586,786
Net cash (outflow) from investing activities	(124,000)	(1,378,500)
Net cash inflow/(outflow) from financing activities	(13,142,100)	(9,376,400)
Total net cash inflow/(outflow)	1,561,153	(168,114)

31 COMMITMENTS AND CONTINGENCIES

31.1 Commitments

(a) Capital Commitments

The Company and Group do not have significant capital commitments as at the reporting date.

(b) Operating lease commitments

The future aggregate minimum lease payments under non cancellable operating leases are as follows:

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Not later than 1 year	12,079,363	14,002,530	20,911,193	14,002,530
Later than 1 year and no later than 5 years	19,646,208	2,344,190	61,741,211	2,344,190
	31,725,571	16,346,720	82,652,404	16,346,720

NOTES TO THE FINANCIAL STATEMENTS

31.2 Contingencies

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.

As at 31 March	Total		Subsidiaries		Affiliates	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Institution						
Bank of Ceylon	-	150,000,000	-	-	-	150,000,000
Commercial Bank of Ceylon PLC	186,950,000	109,450,000	186,950,000	109,450,000	-	-
People's Bank	-	57,922,070	-	-	-	57,922,070
National Development Bank PLC	-	-	-	-	-	-
Hatton National Bank PLC	-	-	-	-	-	-
Others	7,970,369	7,970,369	7,970,369.00	7,970,369	-	-
	194,920,369	325,342,439	194,920,369	117,420,369	-	207,922,070

32 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.

33 FINANCIAL INSTRUMENTS

33.1 Financial assets and liabilities by categories in accordance with SLFRS 9 - Group

The following table shows the carrying amounts and fair values of financial assets and financial liabilities of the Group and the Company.

As at 31 March	Note	2023		2022	
		Fair value through profit or loss Rs.	Amortised cost Rs.	Fair value through profit or loss Rs.	Amortised cost Rs.
Financial assets					
Long term financial assets					
- Quoted debt instruments	9.3	-	59,489,052	-	-
Short term financial assets					
- Listed equity investments	15.1	28,913,092	-	38,663,838	-
- Investment in money market funds	15.3	589,304,217	-	815,428,909	-
- Investment in fixed deposits	15.4	-	268,986,151	-	187,814,904
- Investment in treasury bills	15	-	-	-	14,591,959
Trade and other receivables	12	-	3,670,323,743	-	4,784,543,338
Amounts due from related parties	14.1	-	15,466,305	-	61,400,571
Cash and cash equivalents					
- Short term deposits	16.1	-	48,337,068	-	439,537,686
Total financial assets		618,217,309	4,062,602,319	854,092,747	5,487,888,458

33.1 Financial assets and liabilities by categories in accordance with SLFRS 9 - Group (Contd.)

As at 31 March	Note	2023		2022	
		Fair value through profit or loss	Other Financial liabilities	Fair value through profit or loss	Other Financial liabilities
		Rs.	Rs.	Rs.	Rs.
Financial liabilities					
Interest bearing loans and borrowings					
- Bank loans	18.1	-	1,182,544,312	-	1,185,692,394
- Lease liabilities	18.2	-	73,358,733	-	17,357,123
- Bank overdrafts	16.2	-	359,017,825	-	85,984,415
Trade and other payables	21	-	2,516,304,370	-	2,413,243,197
Amounts due to related parties	14.2	-	-	-	4,607,375
Income tax payable		-	116,976,344	-	12,334,939
Total financial liabilities		-	4,248,201,584	-	3,719,219,444

33.2 Financial assets and liabilities by categories in accordance with SLFRS 9 - Company

As at 31 March	Note	2023		2022	
		Fair value through profit or loss	Amortised cost	Fair value through profit or loss	Amortised cost
		Rs.	Rs.	Rs.	Rs.
Financial assets					
Long term financial assets					
- Quoted debt instruments	9.3	-	59,489,052	-	-
Short term financial assets					
- Listed equity investments	15.1	28,913,092	-	38,663,838	-
- Investment in money market funds	15.3	589,304,217	-	815,428,909	-
- Investment in fixed deposits	15.4	-	-	-	-
- Investment in treasury bills	15	-	-	-	14,591,959
Trade and other receivables	12	-	2,411,654,625	-	3,145,299,054
Amounts due from related parties	14.1	-	222,508,575	-	367,231,598
Cash and cash equivalents					
- Short term deposits	16.1	-	72,935	-	400,148,137
Total financial assets		618,217,309	2,693,725,187	854,092,747	3,927,270,748

As at 31 March	Note	2023		2022	
		Fair value through profit or loss	Other Financial liabilities	Fair value through profit or loss	Other Financial liabilities
		Rs.	Rs.	Rs.	Rs.
Financial liabilities					
Interest bearing loans and borrowings					
- Bank loans	18.1	-	1,043,302,642	-	1,154,748,169
- Lease liabilities	18.2	-	22,431,900	-	15,091,157
- Bank overdrafts	16.2	-	304,778,443	-	47,003,641
Trade and other payables	21	-	830,839,981	-	1,401,216,873
Total financial liabilities		-	2,233,207,476	-	2,618,059,840

NOTES TO THE FINANCIAL STATEMENTS

Financial assets of which carrying values are reasonable approximates at their fair value

The management assessed that the fair values of cash and short-term deposits, trade and other receivables, amounts due from related 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.

Financial liabilities of which carrying values are reasonable approximates at their fair value

The management assessed that the fair values of trade and other payables and interest bearing loans and borrowings approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long term loans and financial leases approximate their carrying amount as majority of the loan portfolio consist of loans obtained at variable interest rates.

34 FAIR VALUE MEASUREMENT

The Group held the following financial instruments carried at fair value in the statement of financial position:

34.1 Group/Company

Fair value measurement hierarchy for assets as at 31 March 2022 and 2023:

Assets measured at fair value:	Note	Date of valuation	Fair value measurement using			
			Total Rs.	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at 31 March 2023						
Non-financial assets						
Consumable biological assets	10	31 March 2023	68,830,578	-	-	68,830,578
Non financial assets as at 31 March 2023			68,830,578	-	-	68,830,578
Financial assets						
Equity instruments designated at fair value through profit or loss						
Quoted equity shares	15.1	31 March 2023	28,913,092	28,913,092	-	-
Investment in money market funds	15.3	31 March 2023	589,304,217	-	589,304,217	-
Financial assets as at 31 March 2023			618,217,308	28,913,092	589,304,217	-

34.2 Group/Company

Assets measured at fair value:	Note	Date of valuation	Fair value measurement using			
			Total Rs.	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at 31 March 2022						
Non-financial assets						
Consumable biological assets	10	31 March 2022	68,577,048	-	-	68,577,048
Non financial assets as at 31 March 2022			68,577,048	-	-	68,577,048
Financial assets						
Equity instruments designated at fair value through profit or loss						
Quoted equity shares	15.1	31 March 2022	38,663,838	38,663,838	-	-
Investment in money market funds	15.3	31 March 2022	815,428,909	-	815,428,909	-
Financial assets as at 31 March 2022			854,092,747	38,663,838	815,428,909	-

During the reporting period ended 31 March 2023 there were no transfers between Level 1 and Level 2 fair value measurements

35 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 PLC.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

35.1 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 equity investments and investments designated under fair value through profit or loss.

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.

35.1.1 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.

35.1.2 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:

Year ended 31 March	Increase/decrease in basis points	Company Effect on profit before tax Rs.	Group Effect on profit before tax Rs.
2023	+ 50	(14,424,299)	(15,131,978)
	- 50	14,424,299	15,131,978
2022	+ 50	(11,547,482)	(11,574,107)
	- 50	11,547,482	11,574,107

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

35.1.3 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.

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. The Group's exposure to foreign currency risk as at 31st March 2022 and 2023, and sensitivity analysis to profit & loss and equity if exchange rate increased / (decrease) by 5%.

As at 31 March 2023	Change in rates		Group		Company	
			Effect on profit before tax		Effect on profit before tax	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
USD	+ 5%	- 5%	36,929,411	(36,929,411)	23,152,080	(23,152,080)
EURO	+ 5%	- 5%	45,287,242	(45,287,242)	9,385,900	(9,385,900)

As at 31 March 2022	Change in rates		Group		Company	
			Effect on profit before tax		Effect on profit before tax	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
USD	+ 5%	- 5%	29,161,555	(29,161,555)	12,853,528	(12,853,528)
EURO	+ 5%	- 5%	(1,117,291)	1,117,291	(19,266,716)	19,266,716

35.1.4 Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities.

The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

All the listed equity instruments were measured based on the prices available as of 31 March 2023.

As at 31 March	2023		2022	
	Rs.	%	Rs.	%
Materials	705,000	2%	3,627,300	9%
Transportation	10,855,121	38%	10,389,370	27%
Capital goods	6,806,967	24%	13,392,161	35%
Food beverage & tobacco	8,347,504	29%	4,430,788	11%
Diversified financials	1,354,500	5%	6,824,220	18%
Insurance	844,000	3%		
	28,913,092	100%	38,663,839	100%

35.2 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.

Carrying amount of financial assets represents the maximum credit exposure of those assets. The Group's maximum exposure to credit risk at the reporting date were as follows;

As at 31 March	Note	2023		2022	
		Fair value through profit or loss Rs.	Other Financial liabilities Rs.	Fair value through profit or loss Rs.	Other Financial liabilities Rs.
Trade and other receivables	12	3,670,323,743	76%	4,784,543,338	73%
Amounts due from related parties	14.1	15,466,305	0%	61,400,571	1%
Short term financial assets					
- Investment in money market funds	15.3	589,304,217	12%	815,428,909	12%
- Investment in fixed deposits	15.4	268,986,151	6%	187,814,904	3%
- Investment in treasury bills	15	-	0%	14,591,959	0.2%
Cash at bank and cash equivalents	16.1	275,833,478	6%	688,829,851	11%
		4,819,913,894	100%	6,552,609,532	100%

35.2.1 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 homogeneous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data.

35.2.2 Cash and cash equivalents, money market, short term, and fixed 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.

The Group held cash in hand and at bank equivalents of Rs. 276 mn at 31 March 2023 (2022 -Rs. 689 mn) which represents its maximum credit exposure on these assets.

Respective credit ratings of banks and other investment companies which group cash balances held are as follows;

Sampath Bank PLC – A(Ika)

Commercial Bank of Ceylon PLC – A(Ika)

Hatton National Bank PLC– A(Ika)

People's Bank – A(Ika)

National Development Bank PLC -A-(Ika)

DFCC Bank PLC - A-(Ika)

Standard Chartered Bank - AAA(Ika)

The Hongkong and Shanghai Banking Corporation Limited - AA-

Capital Alliance Investments LTD - Af(Ika)

National Savings Bank - AAA(Ika)

NOTES TO THE FINANCIAL STATEMENTS

35.3 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.

35.3.1 Maturity analysis - Group

The table below summarises the maturity profile of the Group's financial liabilities at 31 March 2023 based on contractual undiscounted payments.

As at 31 March 2023	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Financial liabilities						
Bank loans	-	631,500,713	551,043,599	-	-	1,182,544,312
Lease liabilities	-	3,323,962	17,609,409	61,741,211	-	82,674,582
Bank overdrafts	-	359,017,825	-	-	-	359,017,825
Amounts due to related parties	-	-	-	-	-	-
Trade and other payables	-	2,516,304,370	-	-	-	2,516,304,370
	-	3,510,146,870	568,653,008	61,741,211	-	4,140,541,089

As at 31 March 2022	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Financial liabilities						
Bank loans	-	184,141,853	314,583,291	686,967,250	-	1,185,692,394
Lease liabilities	-	5,479,718	8,522,812	2,344,190	-	16,346,720
Bank overdrafts	-	85,984,415	-	-	-	85,984,415
Amounts due to related parties	-	4,607,375	-	-	-	4,607,375
Trade and other payables	-	2,413,243,197	-	-	-	2,413,243,197
	-	2,693,456,559	323,106,103	689,311,440	-	3,705,874,101

35.3.2 Maturity analysis - Company

The table below summarises the maturity profile of the company's financial liabilities at 31 March 2023 based on contractual undiscounted payments.

As at 31 March 2023	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Financial liabilities						
Bank loans	-	574,655,548	468,647,094	-	-	1,043,302,642
Lease liabilities	-	1,938,371	10,163,169	19,646,208	-	31,747,748
Bank overdrafts	-	304,778,443	-	-	-	304,778,443
Trade and other payables	-	830,839,981	-	-	-	830,839,981
	-	1,712,212,343	478,810,263	19,646,208	-	2,210,668,814

As at 31 March 2022	Payable on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Financial liabilities						
Bank loans	-	1,068,445,671	86,302,497	-	-	1,154,748,169
Lease liabilities	-	5,479,718	8,522,812	2,344,190	-	16,346,720
Bank overdrafts	-	47,003,641	-	-	-	47,003,641
Trade and other payables	-	1,401,216,873	-	-	-	1,401,216,873
	-	2,522,145,903	94,825,309	2,344,190	-	2,619,315,403

36 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 Group 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.

As at 31 March	Group		Company	
	2023 Rs.	2022 Rs.	2023 Rs.	2022 Rs.
Debt / Equity	19%	17%	17%	17%

SHAREHOLDER INFORMATION

STATED CAPITAL

As at 31 March		2023	2022
Stated Capital		2,395,221,320	2,395,221,320
Number of Ordinary Shares		510,407,773	510,407,773
Class of Shares	Ordinary Shares		
Voting Rights	One vote per ordinary share		

STOCK EXCHANGE LISTING

The issued ordinary shares of JAT Holdings PLC are listed with the Colombo Stock Exchange of Sri Lanka.

DISTRIBUTION OF SHAREHOLDING AS AT 31ST MARCH 2023

From	To	No. of Holders	No. of Shares	%
1	1,000	2,092	799,718	0.16
1,001	10,000	1,794	7,520,156	1.47
10,001	100,000	633	18,878,243	3.70
100,001	1,000,000	99	27,251,116	5.34
Over 1,000,000		24	455,958,540	89.33
Total		4,642	510,407,773	100.00

CATEGORIES OF SHAREHOLDERS AS AT 31ST MARCH 2023

	No. of Shareholders	%	No. of Shares	%
Local Individuals	4,417	95.15	409,557,247	80.24
Local Institutions	207	4.46	80,140,438	15.70
Foreign Individuals	14	0.30	14,435,567	2.83
Local Institutions	4	0.09	6,274,521	1.23
Total	4,642	100.00	510,407,773	100.00

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2023

	Name of Director	No. of Shares
1	Dr. S. Selliah	1,320,000
2	Aelian Gunawardene	332,258,639
3	Nishal Ferdinando (CEO)	-
4	Hussain Akbarally	-
5	Devaka Cooray	550,000
6	Priyanthi Pieris	-
7	Joycelyn Gunawardene	9,145,221
8	Anika Williamson	13,717,832
9	Richard Gunawardene	13,717,832

12 months ended	2023	2022
Market price per share		
Highest during the year	Rs. 18.50 (04.04.2022)	Rs. 32.00 (20.01.2022)
Lowest during the year	Rs. 9.20 (27.04.2022)	Rs. 14.20 (30.03.2022)
As at end of the year	Rs. 16.00 (31.03.2023)	Rs. 15.90 (31.03.2022)



	2023	2022
Number of Transactions during the year	18,730	40,395
Number of Shares traded during the year	49,276,113	130,707,425
Value of shares traded during the year (Rs.)	701,379,024.60	3,298,433,442.80

PUBLIC HOLDING AS AT 31ST MARCH 2023

The Public Holding Percentage	18.658%
Total number of shareholders who held public shares	4,629
Total No. of shareholders	4,642
The float adjusted market capitalisation	Rs. 1,523,692,016.00

The float adjusted market capitalisation of the Company falls under Option 5 of Rule 7.14.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has not complied with the minimum public holding requirement applicable under the said option.

TOP TWENTY SHAREHOLDERS LIST - DATED 31ST MARCH 2023

Name	No. of Shares	%
1 MR A.W. GUNAWARDENE	332,258,639	65.097
2 FALCON TRADING (PVT) LTD	27,077,498	5.305
3 MR R.W. GUNAWARDENE	13,717,832	2.688
4 MRS A.N. WILLIAMSON	13,717,832	2.688
5 SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	11,032,733	2.162
6 MRS J. GUNAWARDENE	9,145,221	1.792
7 SSBT-ARK GLOBAL EMERGING COMPANIES,LP	5,555,500	1.088
8 DEUTSCHE BANK AG AS TRUSTEE TO CAPITAL ALLIANCE QUANTITATIVE EQUITY FUND	5,249,020	1.028
9 MRS A. KAILASAPILLAI	4,240,000	0.831
10 MRS A. SELLIAH	4,240,000	0.831
11 ADAMJEE LUKMANJEE & SONS (PVT) LTD	3,698,999	0.725
12 ARUNODHAYA (PRIVATE) LIMITED	3,385,000	0.663
13 ARUNODHAYA INVESTMENTS (PRIVATE) LIMITED	3,360,000	0.658
14 ARUNODHAYA INDUSTRIES (PRIVATE) LIMITED	3,360,000	0.658
15 SDS SPICES (PVT) LTD	2,668,000	0.523
16 ANDYSEL PRIVATE LIMITED	2,120,000	0.415
17 MR M.A. LUKMANJEE	1,636,800	0.321
18 SAMPATH BANK PLC/ DR.T.SENTHILVERL	1,611,299	0.316
19 HATTON NATIONAL BANK PLC/ARUMAPURAGE PETER LASANTHA FERNANDO	1,405,386	0.275
20 MR B.W. KUNDANMAL	1,386,600	0.272
OTHERS	59,541,414	11.665
TOTAL	510,407,773	100.000

10 YEAR SUMMARY - GROUP

Year ended 31 March	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Trading results										
Gross Turnover	10,167,326,936	8,896,808,118	5,359,510,190	6,295,513,667	6,547,228,876	5,446,689,000	5,782,965,328	4,904,771,722	3,546,166,115	2,992,617,332
Profit from operating activities	1,949,038,226	1,186,131,327	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
Net finance income/(cost)	(463,034,435)	7,175,6398	(40,374,552)	(133,105,173)	(111,816,410)	(106,198,342)	(83,023,258)	(40,110,597)	(30,818,974)	(36,489,142)
Profit before taxation	1,486,003,791	1,257,887,725	644,491,868	703,508,060	941,261,680	586,314,176	1,031,500,835	1,004,925,378	639,905,861	445,120,312
Tax expenses	(185,082,691)	(47,331,041)	(44,054,405)	(43,624,797)	(60,291,578)	48,463,543	(129,198,152)	(155,865,854)	(98,273,619)	(54,222,352)
Profit for the year	1,300,921,100	1,210,556,684	600,437,463	659,883,264	880,970,102	634,777,719	902,302,683	849,059,524	541,632,242	390,897,961
Statement of financial position										
Assets										
Property, plant and equipment	1,979,440,089	1,667,971,362	1,530,699,458	1,435,361,574	1,487,443,551	1,316,298,723	1,084,679,458	875,695,866	598,750,044	459,713,230
Intangible assets	18,941,870	17,627,288	22,480,109	24,156,939	23,873,057	20,344,464	80,529,287	58,492,610	1,550,552	1,571,052
Right-of-use assets	76,080,912	15,142,330	25,520,798	44,390,742	-	-	-	-	-	-
Consumable Biological Assets	68,890,578	68,577,048	58,120,344	49,241,160	33,822,114	26,365,238	16,217,483	7,893,750	7,500,000	7,500,000
Other Investments	59,489,052	-	-	2,467,248	19,684,448	14,588,000	14,588,000	-	-	-
Investment properties	715,298,499	142,421,669	142,421,669	43,039,000	41,039,000	-	-	-	-	-
Advance paid for investment properties	138,183,850	-	-	94,196,239	94,196,239	-	-	-	-	-
Lease rentals receivables	-	-	-	-	-	6,133,016	25,919,758	15,527,397	847,395	988,101
Deferred tax asset	9,952,817,133	9,632,304,036	5,278,549,174	5,463,814,488	5,293,241,644	4,851,821,885	4,471,071,098	3,367,120,429	2,478,369,894	2,105,384,694
Current assets	13,009,081,983	11,544,043,733	7,057,791,552	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
Total assets										
Equity and liabilities										
Share capital	2,395,221,320	2,395,221,320	918,770,013	918,770,013	918,770,013	918,770,013	918,770,013	628,770,000	628,770,000	628,770,000
Retained earnings	6,138,539,386	5,263,420,779	4,451,031,493	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
Non-controlling interest	(13,807,358)	(9,337,725)	(4,369,381)	(6,089,990)	(1,103,326)	(2,006,627)	3,252,293	(693,568)	-	-
Reserves	107,899,325	96,297,224	(24,866,702)	(23,849,583)	(24,298,241)	(24,189,450)	4,290,285	-	-	-
Retirement benefit obligation	74,142,249	63,888,296	57,308,540	46,338,309	36,306,416	33,556,928	24,328,246	24,257,631	23,019,385	16,624,393
Long term loans and borrowings	57,376,938	13,588,091	39,199,622	36,500,846	62,332,065	232,205,387	230,879,150	117,113,070	8,739,473	14,965,627
Deferred tax liability	58,885,477	14,334,396	-	19,182,904	19,170,797	-	-	-	4,644,867	1,498,163
Current liabilities	4,190,824,648	3,705,631,352	1,620,717,967	2,092,670,692	2,307,852,936	2,139,228,279	2,056,814,646	1,716,826,223	1,220,934,880	1,052,706,781
Total Equity and liabilities	13,009,081,983	11,544,043,733	7,057,791,552	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
Ratios										
NP Ratio (%)	13%	14%	11%	11%	13%	12%	16%	17%	15%	13%
Return On Equity (%)	15%	16%	11%	14%	19%	17%	27%	34%	30%	26%
Return on Total Assets (%)	10%	10%	9%	10%	13%	10%	16%	20%	18%	15%
Current Ratio (Times)	2.37	2.60	3.26	2.61	2.29	2.27	2.17	1.96	2.03	2
Quick Ratio (Times)	1.54	1.99	2.29	1.76	1.67	1.51	1.48	1.52	1.45	1.23
Annual Sales Growth (%)	1.4%	66%	-15%	-4%	20%	-6%	18%	38%	18%	38%

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Group	31st March 2023 (12 Months)		31st March 2022 (12 Months)		31st March 2021 (12 Months)		31st March 2020 (12 Months)		31st March 2019 (12 Months)	
	Rs.	%								
Revenue from contracts with customers	10,167,326,936	100.0%	8,896,808,118	100.0%	5,359,510,190	100.0%	6,295,513,667	100.0%	6,547,228,876	100.0%
Local Sales	6,838,857,124		6,545,406,235		4,554,151,275		3,527,766,806		4,068,897,077	
Export Sales	2,567,333,097		1,976,543,387		618,054,189		1,740,974,630		1,647,707,433	
Project Sales	760,936,715		374,858,496		187,304,726		1,026,772,231		830,624,366	
Cost of sales	(6,743,495,940)	66.3%	(6,293,400,077)	70.7%	(3,715,213,356)	69.3%	(4,556,690,210)	72.4%	(4,615,570,992)	70.5%
Gross profit	3,423,830,996	33.7%	2,603,408,041	29.3%	1,644,296,834	30.7%	1,738,823,457	27.6%	1,931,657,884	29.5%
Other income	125,813,099	1.2%	66,948,815	0.8%	52,597,141	1.0%	75,230,888	1.2%	18,902,946	0.3%
Selling and distribution expenses	(839,320,124)	8.3%	(824,388,131)	9.3%	(710,914,449)	13.3%	(666,567,852)	10.6%	(591,838,018)	9.0%
Administrative expenses	(761,285,745)	7.5%	(659,837,398)	7.4%	(301,113,105)	5.6%	(310,873,260)	4.9%	(305,644,720)	4.7%
Results from operating activities	1,949,038,226	19.2%	1,186,131,327	13.3%	684,866,421	12.8%	836,613,233	13.3%	1,053,078,092	16.1%
Net finance income/(cost)	(463,034,435)	4.6%	71,756,398	0.8%	(40,374,552)	0.8%	(85,938,272)	1.4%	(111,816,410)	1.7%
Profit before tax	1,486,003,791	14.6%	1,257,887,725	14.1%	644,491,868	12.0%	750,674,961	11.9%	941,261,682	14.4%
Profit for the year	1,300,921,100	12.8%	1,210,556,684	13.6%	600,437,463	11.2%	707,050,164	11.2%	880,970,104	13.5%

Company	31st March 2023 (12 Months)		31st March 2022 (12 Months)		31st March 2021 (12 Months)		31st March 2020 (12 Months)		31st March 2019 (12 Months)	
	Rs.	%								
Revenue from contracts with customers	7,161,896,306	100.0%	6,660,847,225	100.0%	4,512,726,994	100.0%	4,428,459,732	100.0%	6,313,251,937	100.0%
Local Sales	6,347,781,145		6,285,988,730		4,325,422,268		3,401,634,827		3,835,700,384	
Export Sales	53,178,447		-		-		52,674		1,647,707,433	
Project Sales	760,936,714		374,858,495		187,304,726		1,026,772,231		829,844,120	
Cost of sales	(4,330,928,805)	60.5%	(4,549,794,831)	68.3%	(3,064,492,333)	67.9%	(3,082,976,868)	69.6%	(4,440,034,655)	70.3%
Gross profit	2,830,967,501	39.5%	2,111,052,394	31.7%	1,448,234,661	32.1%	1,345,482,864	30.4%	1,873,217,282	29.7%
Other income	335,770,973	4.7%	245,070,416	3.7%	157,243,260	3.5%	290,145,451	6.6%	39,339,692	0.6%
Selling and distribution expenses	(813,606,197)	11.4%	(756,455,595)	11.8%	(626,542,152)	13.9%	(623,075,762)	14.1%	(575,629,259)	9.1%
Administrative expenses	(625,605,788)	8.7%	(542,891,889)	8.2%	(360,950,669)	8.0%	(330,639,254)	7.5%	(257,203,683)	4.1%
Results from operating activities	1,727,526,490	24.1%	1,026,775,327	15.4%	617,985,100	13.7%	681,913,299	15.4%	1,079,724,032	17.1%
Net finance income/(cost)	(358,714,416)	5.0%	(2,392,590)	0.0%	(52,482,964)	1.2%	(96,448,486)	2.2%	(96,409,785)	1.5%
Profit before tax	1,368,812,074	19.1%	1,024,382,938	15.4%	565,502,136	12.5%	585,464,813	13.2%	983,314,247	15.6%
Profit for the year	1,284,324,964	17.9%	997,714,093	15.0%	529,242,689	11.7%	575,926,621	13.0%	926,126,073	14.7%

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Group	31st March 2023 (12 Months)		31st March 2022 (12 Months)		31st March 2021 (12 Months)		31st March 2020 (12 Months)		31st March 2019 (12 Months)	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Revenue from contracts with customers	10,167,326,936	114.3%	8,896,808,118	166.0%	5,359,510,190	85.1%	6,295,513,667	96.2%	6,547,228,876	100.0%
Local Sales	6,838,857,124		6,545,406,235		4,554,151,275		3,527,766,806		4,068,897,077	
Export Sales	2,567,333,097		1,976,543,387		618,054,189		1,740,974,630		1,647,707,433	
Project Sales	760,936,715		374,858,496		187,304,726		1,026,772,231		830,624,366	
Cost of sales	(6,743,495,940)	107.2%	(6,293,400,077)	169.4%	(3,715,213,356)	81.5%	(4,556,690,210)	98.7%	(4,615,570,992)	100.0%
Gross profit	3,423,830,996	131.5%	2,603,408,041	158.3%	1,644,296,834	94.6%	1,738,823,457	90.0%	1,931,657,884	100.0%
Other income	125,813,099	187.9%	66,948,815	127.3%	52,597,141	69.9%	75,230,888	398.0%	18,902,946	100.0%
Selling and distribution expenses	(839,320,124)	101.8%	(824,388,131)	116.0%	(71,091,449)	106.7%	(666,567,852)	112.6%	(591,838,018)	100.0%
Administrative expenses	(761,285,745)	115.4%	(659,837,398)	219.1%	(301,113,105)	96.9%	(310,873,260)	101.7%	(305,644,720)	100.0%
Results from operating activities	1,949,038,226	164.3%	1,186,131,327	173.2%	684,866,421	81.9%	836,613,233	79.4%	1,053,078,092	100.0%
Net finance income/(cost)	(463,034,435)	645.3%	71,756,398	177.7%	(40,374,552)	47.0%	(85,938,272)	76.9%	(111,816,410)	100.0%
Profit before tax	1,486,003,791	118.1%	1,257,887,725	195.2%	644,491,868	85.9%	750,674,961	79.8%	941,261,682	100.0%
Profit for the year	1,300,921,100	107.5%	1,210,556,684	201.6%	600,437,463	84.9%	707,050,164	80.3%	880,970,104	100.0%

Company	31st March 2023 (12 Months)		31st March 2022 (12 Months)		31st March 2021 (12 Months)		31st March 2020 (12 Months)		31st March 2019 (12 Months)	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Revenue from contracts with customers	7,161,896,306	107.5%	6,660,847,225	147.6%	4,512,726,994	101.9%	4,428,459,732	70.1%	6,313,251,937	100.0%
Local Sales	6,347,781,145		6,285,988,730		4,325,422,268		3,401,634,827		3,835,700,384	
Export Sales	53,178,447		-		-		52,674		1,647,707,433	
Project Sales	760,936,714		374,858,495		187,304,726		1,026,772,231		829,844,120	
Cost of sales	(4,330,928,805)	95.2%	(4,549,794,831)	148.5%	(3,064,492,333)	99.4%	(3,082,976,868)	69.4%	(4,440,034,655)	100.0%
Gross profit	2,830,967,501	134.1%	2,111,052,394	145.8%	1,448,234,661	107.6%	1,345,482,864	71.8%	1,873,217,282	100.0%
Other income	335,770,973	137.0%	245,070,416	155.9%	157,243,260	54.2%	290,145,451	737.5%	39,339,692	100.0%
Selling and distribution expenses	(813,606,197)	103.5%	(786,455,595)	125.5%	(626,542,152)	100.6%	(623,075,762)	106.2%	(575,629,259)	100.0%
Administrative expenses	(625,605,788)	115.2%	(542,891,889)	150.4%	(360,950,669)	109.2%	(330,639,254)	128.6%	(257,203,683)	100.0%
Results from operating activities	1,727,526,490	168.2%	1,026,775,327	166.1%	617,985,100	90.6%	681,913,299	63.2%	1,079,724,032	100.0%
Net finance income/(cost)	(358,714,416)	14994.0%	(2,392,390)	4.6%	(52,482,964)	54.4%	(96,448,486)	100.0%	(96,409,785)	100.0%
Profit before tax	1,368,812,074	133.6%	1,024,382,938	181.1%	565,502,136	96.6%	585,464,813	59.5%	983,314,247	100.0%
Profit for the year	1,284,324,964	128.7%	997,714,093	186.5%	529,242,689	91.9%	575,926,621	62.2%	926,126,073	100.0%

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Group	31st March 2023		31st March 2022		31st March 2021		31st March 2020		31st March 2019	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
ASSETS										
Non-current assets										
Property, plant and equipment	1,979,440,089	15.2%	1,667,971,362	14.4%	1,530,699,457	21.7%	1,435,361,574	20.1%	1,487,443,550	21.3%
Right-of-use assets	76,080,912	0.6%	15,142,330	0.1%	25,520,797	0.4%	44,390,742	0.6%	-	0.0%
Intangible assets	18,941,870	0.1%	17,627,288	0.2%	22,480,109	0.3%	24,156,939	0.3%	23,873,058	0.3%
Investments in subsidiaries	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other investments	59,489,052	0.5%	-	0.0%	-	0.0%	2,467,248	0.0%	19,684,448	0.3%
Lease rentals receivables	138,183,850	1.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Consumable biological assets	68,830,578	0.5%	68,577,048	0.6%	58,120,344	0.8%	49,241,160	0.7%	33,822,114	0.5%
Advance paid for investment properties	715,298,499	5.5%	142,421,669	1.2%	142,421,669	2.0%	137,235,239	1.9%	135,235,239	1.9%
	3,056,264,850	23.5%	1,911,739,697	16.6%	1,779,242,376	25.2%	1,692,852,902	23.7%	1,700,058,410	24.3%
Current assets										
Inventories	351,175,581	27.0%	2,253,759,798	19.5%	1,562,903,810	22.1%	1,782,316,767	24.9%	1,434,264,359	20.5%
Income tax recoverable	-	0.0%	-	0.0%	11,437,292	0.2%	51,228,687	0.7%	68,676,197	1.0%
Trade and other receivables	3,670,323,743	28.2%	4,784,543,338	41.4%	2,836,316,766	40.2%	2,989,366,864	41.8%	3,061,758,980	43.8%
Advances and prepayments	1,590,711,826	12.2%	787,270,868	6.8%	85,983,114	1.2%	83,937,410	1.2%	364,751,520	5.2%
Lease rentals receivables	1,522,505	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Amounts due from related parties	15,466,305	0.1%	61,400,571	0.5%	70,818,034	1.0%	59,585,255	0.8%	47,092,631	0.7%
Short term financial assets	887,203,460	6.8%	1,056,499,610	9.2%	216,806,589	3.1%	-	0.0%	-	0.0%
Cash and cash equivalents	275,833,478	2.1%	688,829,851	6.0%	494,283,570	7.0%	497,379,506	6.9%	316,697,956	4.5%
	9,952,817,133	76.5%	9,632,304,036	83.4%	5,278,549,174	74.8%	5,463,814,489	76.3%	5,293,241,643	75.7%
Total assets	13,009,081,983	100.0%	11,544,043,733	100.0%	7,057,791,551	100.0%	7,156,667,391	100.0%	6,993,300,053	100.0%
EQUITY AND LIABILITIES										
Capital and reserves										
Stated capital	2,395,221,320	18.4%	2,395,221,320	20.7%	918,770,013	13.0%	918,770,013	12.8%	918,770,013	13.1%
Retained earnings	6,138,539,386	47.2%	5,263,420,779	45.6%	4,451,031,491	63.1%	4,073,144,201	56.9%	3,674,269,393	52.5%
Foreign currency translation reserve	107,899,325	0.8%	96,297,224	0.8%	(24,866,701)	0.4%	(23,849,583)	0.3%	(24,298,241)	-0.3%
Equity attributable to equity holders of the parent	8,641,660,031	66.4%	7,754,939,323	67.2%	5,344,934,803	75.7%	4,968,064,631	69.4%	4,568,741,165	65.3%
Non-controlling interest	(13,807,358)	0.1%	(8,337,725)	0.1%	(4,369,381)	0.1%	(6,089,990)	0.1%	(1,103,326)	0.0%
	8,627,852,673	66.3%	7,746,601,598	67.1%	5,340,565,422	75.7%	4,961,974,641	69.3%	4,567,637,839	65.3%
Non-current liabilities										
Interest bearing loans and borrowings	57,376,938	0.4%	135,880,911	0.1%	29,439,735	0.4%	36,500,846	0.5%	62,332,065	0.9%
Retirement benefit obligation	74,142,249	0.6%	63,888,296	0.6%	57,308,540	0.8%	46,338,309	0.6%	36,306,416	0.5%
Deferred tax liability	58,885,477	0.5%	14,334,396	0.1%	-	0.0%	19,182,904	0.3%	19,170,797	0.3%
	190,404,664	1.5%	91,810,782	0.8%	86,748,275	1.2%	102,022,059	1.4%	117,809,278	1.7%
Current liabilities										
Trade and other payables	2,516,304,370	19.3%	2,413,243,197	20.9%	1,127,339,229	16.0%	1,206,267,576	16.9%	962,035,114	13.8%
Amounts due to related parties	-	0.0%	4,607,375	0.0%	91,617	0.0%	50,795	0.0%	1,066,865	0.0%
Interest bearing loans and borrowings	1,557,543,932	12.0%	1,275,445,841	11.0%	503,047,009	7.1%	886,352,320	12.4%	1,344,750,957	19.2%
Income tax payable	116,976,344	0.9%	12,334,939	0.1%	-	0.0%	-	0.0%	-	0.0%
	4,190,824,646	32.2%	3,705,631,353	32.1%	1,630,477,855	23.1%	2,092,670,691	29.2%	2,307,852,936	33.0%
Total equity and liabilities	13,009,081,983	100.0%	11,544,043,733	100.0%	7,057,791,551	100.0%	7,156,667,391	100.0%	6,993,300,053	100.0%

VERTICAL ANALYSIS

FOR THE LAST FIVE YEARS STATEMENT OF FINANCIAL POSITION

Company	31st March 2023		31st March 2022		31st March 2021		31st March 2020		31st March 2019	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
ASSETS										
Non-current assets										
Property, plant and equipment	1,872,397,657	17.7%	1,663,832,775	16.5%	1,528,228,246	23.0%	1,426,621,941	21.9%	1,474,465,376	21.2%
Right-of-use assets	23,620,842	0.2%	15,142,330	0.2%	25,520,797	0.4%	44,390,742	0.7%	-	0.0%
Intangible assets	11,157,602	0.1%	9,688,032	0.1%	14,504,680	0.2%	15,865,240	0.2%	15,999,529	0.2%
Investments in subsidiaries	633,275,240	6.0%	333,818,740	3.3%	333,818,740	5.0%	333,818,740	5.1%	223,011,448	3.2%
Other investments	59,489,052	0.6%	-	0.0%	-	0.0%	2,467,248	0.0%	19,684,448	0.3%
Lease rentals receivables	138,183,850	1.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Consumable biological assets	68,830,578	0.7%	68,577,048	0.7%	58,120,344	0.9%	49,241,160	0.8%	33,822,114	0.5%
Advance paid for investment properties	218,823,451	2.1%	142,421,669	1.4%	142,421,669	2.1%	137,235,239	2.1%	135,235,239	1.9%
	3,025,778,272	28.6%	2,233,480,594	22.2%	2,102,614,476	31.6%	2,009,640,310	30.8%	1,902,218,154	27.4%
Current assets										
Inventories	2,681,493,784	25.3%	2,146,186,902	21.3%	1,461,999,666	22.0%	1,669,106,489	25.6%	1,292,538,239	18.6%
Income tax recoverable	-	0.0%	6,212,097	0.1%	18,788,089	0.3%	74,085,127	1.1%	69,993,205	1.0%
Trade and other receivables	2,411,654,625	22.8%	3,145,299,054	31.3%	2,315,246,921	34.8%	2,102,542,315	32.2%	2,946,524,495	42.4%
Advances and prepayments	1,508,332,929	14.3%	744,554,705	7.4%	75,934,260	1.1%	52,190,829	0.8%	342,724,427	4.9%
Lease rentals receivables	1,522,505	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Amounts due from related parties	222,508,575	2.1%	367,231,598	3.7%	246,056,188	3.7%	233,886,036	3.6%	92,210,336	1.3%
Short term financial assets	618,217,309	5.8%	868,684,706	8.6%	216,806,589	3.3%	-	0.0%	-	0.0%
Cash and cash equivalents	1,152,409,932	11.1%	547,892,271	5.4%	216,355,313	3.3%	378,198,499	5.8%	307,102,355	4.4%
	7,558,970,659	71.4%	7,826,061,333	77.8%	4,551,187,026	68.4%	45,100,099,295	69.2%	5,051,093,057	72.6%
Total assets	10,584,748,931	100.0%	10,059,541,927	100.0%	6,653,801,502	100.0%	6,519,649,605	100.0%	6,953,311,211	100.0%
EQUITY AND LIABILITIES										
Capital and reserves										
Stated capital	2,395,221,320	22.6%	2,395,221,320	23.8%	918,770,013	13.8%	918,770,013	14.1%	918,770,013	13.2%
Retained earnings	5,828,321,631	55.1%	4,966,747,147	49.4%	4,372,129,973	65.7%	4,063,668,240	62.3%	3,800,916,480	54.7%
Foreign currency translation reserve	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Equity attributable to equity holders of the parent	8,223,542,951	77.7%	7,361,968,467	73.2%	5,290,899,986	79.5%	4,982,438,253	76.4%	4,719,686,493	67.9%
Non-controlling interest	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total equity	8,223,542,951	77.7%	7,361,968,467	73.2%	5,290,899,986	79.5%	4,982,438,253	76.4%	4,719,686,493	67.9%
Non-current liabilities										
Interest bearing loans and borrowings	14,616,309	0.1%	2,265,966	0.0%	10,292,086	0.2%	29,178,971	0.4%	62,332,065	0.9%
Retirement benefit obligation	72,827,983	0.7%	62,913,258	0.6%	56,079,631	0.8%	45,624,470	0.7%	35,602,551	0.5%
Deferred tax liability	55,170,522	0.5%	14,334,396	0.1%	-	0.0%	19,182,904	0.3%	19,170,797	0.3%
	142,614,814	1.3%	79,513,620	0.8%	66,371,717	1.0%	93,986,345	1.4%	117,105,413	1.7%
Current liabilities										
Trade and other payables	830,839,981	7.8%	1,401,216,873	13.9%	820,994,171	12.3%	595,085,804	9.1%	836,600,664	12.0%
Amounts due to related parties	-	0.0%	-	0.0%	-	0.0%	-	0.0%	947,489	0.0%
Interest bearing loans and borrowings	1,355,896,675	12.8%	1,216,842,967	12.1%	475,535,629	7.1%	848,139,203	13.0%	1,278,971,152	18.4%
Income tax payable	31,854,509	0.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	2,218,591,165	21.0%	2,618,059,840	26.0%	1,296,529,799	19.5%	1,443,225,007	22.1%	2,116,519,305	30.4%
Total equity and liabilities	10,584,748,931	100.0%	10,059,541,927	100.0%	6,653,801,502	100.0%	6,519,649,605	100.0%	6,953,311,211	100.0%

HORIZONTAL ANALYSIS

FOR THE LAST FIVE YEARS STATEMENT OF FINANCIAL POSITION

Group	31st March 2023		31st March 2022		31st March 2021		31st March 2020		31st March 2019	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
ASSETS										
Non-current assets										
Property, plant and equipment	1,979,440,089	118.7%	1,667,971,362	109.0%	1,530,699,457	106.6%	1,435,361,574	96.5%	1,487,443,550	100.0%
Right-of-use assets	76,080,912	502.4%	15,142,330	59.3%	25,520,797	57.5%	44,390,742	100.0%	-	0.0%
Intangible assets	18,941,870	107.5%	17,627,288	78.4%	22,480,109	93.1%	24,156,939	101.2%	23,873,058	100.0%
Investments in subsidiaries	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Other Investments	59,489,052	100.0%	-	0.0%	-	0.0%	2,467,248	12.5%	19,684,448	100.0%
Lease rentals receivables	138,183,850	100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Consumable biological assets	68,830,578	100.4%	68,577,048	118.0%	58,120,344	118.0%	49,241,160	145.6%	33,822,114	100.0%
Advance paid for investment properties	715,298,499	502.2%	1,42,421,669	100.0%	1,42,421,669	103.8%	137,235,239	101.5%	135,235,239	100.0%
	3,056,264,850	159.9%	1,911,739,697	107.4%	1,779,242,376	105.1%	1,692,852,902	99.6%	1,700,058,410	100.0%
Current assets										
Inventories	3,511,755,816	155.8%	2,253,759,798	144.2%	1,562,903,810	87.7%	1,782,316,767	124.3%	1,434,264,359	100.0%
Income tax recoverable	-	0.0%	-	0.0%	11,437,292	22.3%	51,228,687	74.6%	68,676,197	100.0%
Trade and other receivables	3,670,323,743	76.7%	4,784,543,338	168.7%	2,836,316,766	94.9%	2,989,366,864	97.6%	3,061,758,980	100.0%
Advances and prepayments	1,590,711,826	202.1%	787,270,868	915.6%	85,983,114	102.4%	83,937,410	23.0%	364,751,520	100.0%
Lease rentals receivables	1,522,505	100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Amounts due from related parties	15,466,305	25.2%	61,400,571	86.7%	70,818,034	118.9%	59,585,255	126.5%	47,092,631	100.0%
Short term financial assets	887,203,460	84.0%	1,066,499,610	487.3%	216,806,589	100.0%	-	0.0%	-	0.0%
Cash and cash equivalents	275,833,478	40.0%	688,829,851	139.4%	494,283,570	99.4%	497,379,506	157.1%	316,697,956	100.0%
	9,952,817,133	103.3%	9,692,304,036	182.5%	5,278,549,174	96.6%	5,463,814,489	103.2%	5,293,241,643	100.0%
Total assets	13,009,081,983	112.7%	11,544,043,733	163.6%	7,057,791,551	98.6%	7,156,667,391	102.3%	6,993,300,053	100.0%
EQUITY AND LIABILITIES										
Capital and reserves										
Stated capital	2,395,221,320	100.0%	2,395,221,320	260.7%	918,770,013	100.0%	918,770,013	100.0%	918,770,013	100.0%
Retained earnings	6,138,539,386	116.6%	5,263,420,779	118.3%	4,451,031,491	109.3%	4,073,144,201	110.9%	3,674,269,393	100.0%
Foreign currency translation reserve	107,899,325	112.0%	99,297,224	387.3%	(24,866,701)	104.3%	(23,849,583)	98.2%	(24,298,241)	100.0%
Equity attributable to equity holders of the parent	8,641,660,031	111.4%	7,754,939,323	145.1%	5,344,934,803	107.6%	4,968,064,631	108.7%	4,568,741,165	100.0%
Non-controlling interest	(13,807,358)	165.6%	(8,337,725)	190.8%	(4,369,381)	71.7%	(6,089,990)	552.0%	(1,103,326)	100.0%
Total equity	8,627,852,673	111.4%	7,746,601,598	145.1%	5,340,565,422	107.6%	4,961,974,641	108.6%	4,567,637,839	100.0%
Non-current liabilities										
Interest bearing loans and borrowings	57,376,938	422.3%	13,588,091	46.2%	29,439,735	80.7%	36,500,846	58.6%	62,332,065	100.0%
Retirement benefit obligation	74,142,249	116.0%	63,888,296	111.5%	57,308,540	123.7%	46,338,309	127.6%	36,306,416	100.0%
Deferred tax liability	58,885,477	410.8%	14,334,396	100.0%	-	0.0%	19,182,904	100.1%	19,170,797	100.0%
	190,404,664	207.4%	91,810,782	105.8%	86,748,275	85.0%	102,022,059	86.6%	117,809,278	100.0%
Current liabilities										
Trade and other payables	2,516,304,370	104.3%	2,413,243,197	214.1%	1,127,339,229	93.5%	1,206,267,576	125.4%	962,035,114	100.0%
Amounts due to related parties	-	0.0%	4,607,375	5028.9%	91,617	180.4%	50,795	4.8%	1,066,865	100.0%
Interest bearing loans and borrowings	1,557,543,932	122.1%	1,275,445,841	253.5%	503,047,009	56.8%	886,352,320	65.9%	1,344,750,957	100.0%
Income tax payable	116,976,344	948.3%	12,334,939	100.0%	-	0.0%	-	0.0%	-	0.0%
	4,190,824,646	113.1%	3,705,631,353	227.3%	1,630,477,855	77.9%	2,092,670,691	90.7%	2,307,852,936	100.0%
Total equity and liabilities	13,009,081,983	112.7%	11,544,043,733	163.6%	7,057,791,551	98.6%	7,156,667,391	102.3%	6,993,300,053	100.0%

HORIZONTAL ANALYSIS FOR THE LAST FIVE YEARS STATEMENT OF FINANCIAL POSITION

Company	31st March 2023		31st March 2022		31st March 2021		31st March 2020		31st March 2019	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
ASSETS										
Non-current assets										
Property, plant and equipment	1,872,397,657	112.5%	1,663,832,775	108.9%	1,528,228,246	107.1%	1,426,621,941	96.8%	1,474,465,376	100.0%
Right-of-use assets	23,620,842	156.0%	15,142,330	59.3%	25,520,797	57.5%	44,390,742	100.0%	-	0.0%
Intangible assets	11,157,602	115.2%	9,688,032	66.8%	14,504,680	91.4%	15,865,240	99.2%	15,999,529	100.0%
Investments in subsidiaries	633,275,240	189.7%	333,818,740	100.0%	333,818,740	100.0%	333,818,740	149.7%	223,011,448	100.0%
Other Investments	59,489,052	100.0%	-	0.0%	-	0.0%	2,467,248	12.5%	19,684,448	100.0%
Lease rentals receivables	138,183,850	100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Consumable biological assets	68,830,578	100.4%	68,577,048	118.0%	58,120,344	118.0%	49,241,160	145.6%	33,822,114	100.0%
Advance paid for investment properties	218,823,451	153.6%	142,421,669	100.0%	142,421,669	103.8%	137,235,239	101.5%	135,235,239	100.0%
	3,025,778,272	135.5%	2,233,480,594	106.2%	2,102,614,476	104.6%	2,009,640,310	105.6%	1,902,218,154	100.0%
Current assets										
Inventories	2,681,493,784	124.9%	2,146,186,902	146.8%	1,461,999,666	87.6%	1,669,106,489	129.1%	1,292,538,239	100.0%
Income tax recoverable	-	0.0%	6,212,097	33.1%	18,788,089	25.4%	74,085,127	105.8%	69,993,205	100.0%
Trade and other receivables	2,411,654,625	76.7%	3,145,299,054	135.9%	2,315,246,921	110.1%	2,102,542,315	71.4%	2,946,524,495	100.0%
Advances and prepayments	1,508,332,929	202.6%	744,554,705	98.0%	75,934,260	145.5%	52,190,829	15.2%	342,724,427	100.0%
Lease rentals receivables	1,522,505	100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Amounts due from related parties	222,508,575	60.6%	367,231,598	149.2%	246,056,188	105.2%	233,886,036	253.6%	92,210,336	100.0%
Short term financial assets	618,217,309	71.2%	868,684,706	400.7%	216,806,589	100.0%	-	0.0%	-	0.0%
Cash and cash equivalents	115,240,932	21.0%	547,892,271	253.2%	216,355,313	57.2%	378,198,499	123.2%	307,102,355	100.0%
	7,558,970,659	96.6%	7,826,061,333	179.0%	4,551,187,026	100.9%	4,510,009,295	89.3%	5,051,093,057	100.0%
Total assets	10,584,748,931	105.2%	10,059,541,927	151.2%	6,653,801,502	102.1%	6,519,649,605	93.8%	6,953,311,211	100.0%
EQUITY AND LIABILITIES										
Capital and reserves										
Stated capital	2,395,221,320	100.0%	2,395,221,320	260.7%	918,770,013	100.0%	918,770,013	100.0%	918,770,013	100.0%
Retained earnings	5,828,321,631	117.3%	4,966,747,147	113.6%	4,372,129,973	107.6%	4,063,668,240	106.9%	3,800,916,480	100.0%
Foreign currency translation reserve	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Equity attributable to equity holders of the parent	8,223,542,951	111.7%	7,361,968,467	139.1%	5,290,899,986	106.2%	4,982,438,253	105.6%	4,719,686,493	100.0%
Non-controlling interest	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total equity	8,223,542,951	111.7%	7,361,968,467	139.1%	5,290,899,986	106.2%	4,982,438,253	105.6%	4,719,686,493	100.0%
Non-current liabilities										
Interest bearing loans and borrowings	14,616,309	645.0%	2,265,966	22.0%	10,292,086	35.3%	29,178,971	46.8%	62,332,065	100.0%
Retirement benefit obligation	72,827,983	115.8%	62,913,258	112.2%	56,079,631	122.9%	45,624,470	128.1%	35,602,551	100.0%
Deferred tax liability	55,170,522	384.9%	14,334,396	100.0%	-	0.0%	19,182,904	100.1%	19,170,797	100.0%
	142,614,814	179.4%	79,513,620	119.8%	66,371,717	70.6%	93,986,345	80.3%	117,105,413	100.0%
Current liabilities										
Trade and other payables	830,839,981	59.3%	1,401,216,873	170.7%	820,994,171	138.0%	595,085,804	71.1%	836,600,664	100.0%
Amounts due to related parties	-	0.0%	-	0.0%	-	0.0%	-	0.0%	947,489	100.0%
Interest bearing loans and borrowings	1,355,896,675	111.4%	1,216,842,967	255.9%	475,535,629	56.1%	848,139,203	66.3%	1,278,971,152	100.0%
Income tax payable	31,854,509	100.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
	2,218,591,165	84.7%	2,618,059,840	201.9%	1,296,529,799	89.8%	1,443,225,007	68.2%	2,116,519,305	100.0%
Total equity and liabilities	10,584,748,931	105.2%	10,059,541,927	151.2%	6,653,801,502	102.1%	6,519,649,605	93.8%	6,953,311,211	100.0%

OUR PRESENCE

HEAD OFFICE

JAT Holdings PLC

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Website: www.jatholdings.com

FOREIGN BRANCHES

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JAT Experience Centre – Nawala

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JAT TECH CENTERS

JAT Tech Centre – Moratuwa

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Tel: +94 11 5745745

JAT Tech Centre – Colpetty

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Tel: +94 11 5231313

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INDEPENDENT ASSURANCE ON INTEGRATED REPORTING



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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF JAT HOLDINGS PLC ON THE INTEGRATED ANNUAL REPORT- 2022/23

INTRODUCTION AND SCOPE OF THE ENGAGEMENT

The management of JAT Holdings PLC (“the Company”) engaged us to provide an independent assurance on the following elements of its Integrated Annual Report for the year ended 31st March 2023 (“the Report”).

- Reasonable assurance on the information on financial capital management as specified on pages 54 to 57 of the Report.
- Limited assurance on other information on management of the capitals (other than financial capital), stakeholder engagement, business model, strategy, organisational overview & external environment outlook presented in the Report on pages 54 to 57, prepared in accordance with the Guiding Principles and Content Elements given in the IFRS Foundation/International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework).

BASIS OF OUR WORK AND LEVEL OF ASSURANCE

We perform our procedures to provide reasonable and limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000) (Revised): ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information’.

The capital management criteria used for this limited assurance engagement are based on the Guiding Principles and Content Elements given in the IFRS Foundation/International Integrated Reporting Council (IIRC)’s Integrated Reporting Framework (<IR> Framework).

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 (Revised) and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

MANAGEMENT OF THE COMPANY’S RESPONSIBILITY FOR THE REPORT

The management of the Company is responsible for the preparation and presentation and self-declaration of the information and statement contained within the Report, and for maintaining adequate records and internal controls that are designed to support the Integrated Reporting process under the Integrated Reporting Framework (<IR> Framework)

ERNST & YOUNG’S RESPONSIBILITIES

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).

This report is made solely to the Company in accordance with our engagement letter dated 02nd May 2023. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code of Ethics for Professional Accountants issued by CA Sri Lanka,

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

KEY ASSURANCE PROCEDURES

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusions. We performed such other procedures as we considered necessary in the circumstances.

KEY ASSURANCE PROCEDURES INCLUDED:

- Performed a comparison of the content of the Integrated Annual Report against the Guiding Principles and Content Elements given in the Integrated Reporting Framework (<IR> Framework).
- Checked whether the information contained in the Integrated Annual Report – Financial Capital element information has been properly derived from the audited financial statements.
- Conducted interviews with the selected key management personnel and relevant staff and obtained an understanding of the internal controls, governance structure and reporting process relevant to the Integrated Report.
- Obtained an understanding of the relevant internal policies and procedures developed, including those relevant to determining what matters most to the stakeholders, how the organisation creates value, the external environment, strategy, approaches to putting members first, governance and reporting.

- Obtained an understanding of the description of the organisation's strategy and how the organisation creates value, what matters most to the stakeholders and enquiring the management as to whether the description in the Integrated Report accurately reflects their understanding.
- Checked the Board of Directors meeting minutes during the financial year to ensure consistency with the content of the Integrated Report.
- Tested the relevant supporting evidence related to qualitative & quantitative disclosures within the Integrated Report against identified material aspects.
- Read the Integrated Report in its entirety for consistency with our overall knowledge obtained during the assurance engagement

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

LIMITATIONS AND CONSIDERATIONS

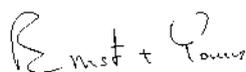
Social, Natural and Intellectual capital management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Report.

CONCLUSION

Based on our procedures and the evidence obtained, we conclude that:

- The information on financial performance as specified on pages 54 to 57 of the Report are properly derived from the audited financial statements for the year ended 31 March 2023.
- Nothing has come to our attention that causes us to believe that other information on stakeholder engagement, business model, organisation overview & external environment and outlook presented in the Report are not fairly presented, in all material respects, in accordance with the Integrated Annual Reporting practices and policies which are derived from the IFRS Foundation/International Integrated Reporting Council (IIRC)'s Integrated Reporting Framework (<IR> Framework).



6th June 2023
Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulugamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sultiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MSc-MSc-IT, G B Goudien ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

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INDEPENDENT ASSURANCE ON SUSTAINABILITY REPORTING



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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF JAT HOLDINGS PLC ON THE SUSTAINABILITY REPORTING CRITERIA PRESENTED IN THE INTEGRATED ANNUAL REPORT- 2021/22

SCOPE

We have been engaged by JAT Holdings PLC (“the Entity”) to perform a ‘limited assurance engagement,’ as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on the Economic, Environment, Social and Governance (EESG) indicators of the Entity’s Integrated Annual Report (the “Subject Matter”) as of 31st March 2023.

CRITERIA APPLIED BY JAT HOLDINGS PLC

In preparing the Subject Matter, JAT Holdings PLC applied the following criteria (“Criteria”):

- The Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines, publicly available at GRI’s global website www.globalreporting.org.

Such Criteria were specifically designed for purpose of assisting you in determining whether Entity’s Economic, Environment, Social and Governance (EESG) indicators of the Entity’s Integrated Annual Report FY 2022/23 is in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

JAT HOLDINGS PLC’S RESPONSIBILITIES

JAT’s management is responsible for selecting the Criteria, and for presenting the EESG indicators contained in the Integrated Annual Report in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

ERNST & YOUNG’S RESPONSIBILITIES

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised)), and the terms of reference for this engagement as agreed with the JAT Holdings PLC on 02nd May 2023 Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment,

including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

OUR INDEPENDENCE AND QUALITY CONTROL

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Professional Accountants issued by CA Sri Lanka and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

DESCRIPTION OF PROCEDURES PERFORMED

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

OUR PROCEDURES INCLUDED:

- Validated the information presented and checked the calculations performed by the organisation through recalculation
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.

- Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

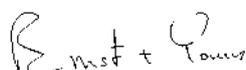
EMPHASIS OF MATTER

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

We also do not provide any assurance on the assumptions and achievability of prospective information presented in the Integrated Annual Report.

CONCLUSION

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Economic, Environment, Social and Governance (EESG) indicators of the Entity's Integrated Annual Report as of 31st March 2023 in order for it to be in accordance with the Criteria.



6th June 2023
Colombo

Partners: H M A Jayasinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulengamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

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A member firm of Ernst & Young Global Limited

GRI INDEX

GRI 1 used		GRI 1: Foundation 2021				
Statement of use		JAT Holdings PLC has reported in accordance with the GRI Standards for the period starting from 1st April 2022 to 31st March 2023				
Applicable GRI Sector Standard(s)		Refer the following index				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 202	2-1 Organisational details	4	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organisation's sustainability reporting	4				
	2-3 Reporting period, frequency and contact point	4-5				
	2-4 Restatements of information	4				
	2-5 External assurance	5, 200-203				
	2-6 Activities, value chain and other business relationships	40-41, 76-77				
	2-7 Employees	63, 68				
	2-8 Workers who are not employees	63				
	2-9 Governance structure and composition	86				
	2-10 Nomination and selection of the highest governance body	100				
	2-11 Chair of the highest governance body	32				
	2-12 Role of the highest governance body in overseeing the management of impacts	90				
	2-13 Delegation of responsibility for managing impacts	90				
	2-14 Role of the highest governance body in sustainability reporting	93				
	2-15 Conflicts of interest	67				
	2-16 Communication of critical concerns	45				
	2-17 Collective knowledge of the highest governance body	89				
	2-18 Evaluation of the performance of the highest governance body	94				
	2-19 Remuneration policies	93				
	2-20 Process to determine remuneration	93				
	2-21 Annual total compensation ratio	97				
	2-22 Statement on sustainable development strategy	24-25				
	2-23 Policy commitments	87				
	2-24 Embedding policy commitments	87				
	2-25 Processes to remediate negative impacts	92				
	2-26 Mechanisms for seeking advice and raising concerns	92				
	2-27 Compliance with laws and regulations	90				
	2-28 Membership associations	79				
	2-29 Approach to stakeholder engagement	45				
	2-30 Collective bargaining agreements	67				

GRI 1 used		GRI 1: Foundation 2021				
Statement of use		JAT Holdings PLC has reported in accordance with the GRI Standards for the period starting from 1st April 2022 to 31st March 2023				
Applicable GRI Sector Standard(s)		Refer the following index				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	48-50	A grey cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	49-50				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	42				
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	40				
	201-2 Financial implications and other risks and opportunities due to climate change	44				
	201-3 Defined benefit plan obligations and other retirement plans	147, 171-172				
	201-4 Financial assistance received from government	N/A		Not applicable	No assistance was received	
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	21				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	59-60				
	203-2 Significant indirect economic impacts	21				
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	77				
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	77				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	82				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	91				
	205-2 Communication and training about anti-corruption policies and procedures	91				
	205-3 Confirmed incidents of corruption and actions taken	91				
Anti-competitive behaviour						
GRI 3: Material Topics 2021	3-3 Management of material topics	91				
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	90				

GRI INDEX

GRI 1 used		GRI 1: Foundation 2021				
Statement of use		JAT Holdings PLC has reported in accordance with the GRI Standards for the period starting from 1st April 2022 to 31st March 2023				
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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	147				
GRI 207: Tax 2019	207-1 Approach to tax	147				
	207-2 Tax governance, control, and risk management	147				
	207-3 Stakeholder engagement and management of concerns related to tax	147				
	207-4 Country-by-country reporting	57				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	80				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	N/A		Information unavailable/incomplete	In the process of implementation	
	301-2 Recycled input materials used	82				
	301-3 Reclaimed products and their packaging materials	N/A		Information unavailable/incomplete	In the process of implementation	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	81				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	82				
	302-2 Energy consumption outside of the organisation	82				
	302-3 Energy intensity	80				
	302-4 Reduction of energy consumption	82				
	302-5 Reductions in energy requirements of products and services	N/A		Information unavailable/incomplete	In the process of implementation	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	81				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	81				
	303-2 Management of water discharge-related impacts	81				
	303-3 Water withdrawal	81				
	303-4 Water discharge	81				
	303-5 Water consumption	81, 83				

GRI 1 used		GRI 1: Foundation 2021				
Statement of use		JAT Holdings PLC has reported in accordance with the GRI Standards for the period starting from 1st April 2022 to 31st March 2023				
Applicable GRI Sector Standard(s)		Refer the following index				
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	82				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	82				
	305-2 Energy indirect (Scope 2) GHG emissions	82				
	305-3 Other indirect (Scope 3) GHG emissions	82				
	305-4 GHG emissions intensity	80				
	305-5 Reduction of GHG emissions	82				
	305-6 Emissions of ozone-depleting substances (ODS)	N/A		Information unavailable/incomplete	Negligible	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A		Information unavailable/incomplete	Negligible	
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	82				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	82				
	306-2 Management of significant waste-related impacts	82				
	306-3 Waste generated	82				
	306-4 Waste diverted from disposal	82				
	306-5 Waste directed to disposal	82				
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	81				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	81				
	308-2 Negative environmental impacts in the supply chain and actions taken	81				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	62				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	63	Disclosure by region	Information unavailable/incomplete	In the process of implementation	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	63-65				
	401-3 Parental leave	68				

GRI INDEX

GRI 1 used		GRI 1: Foundation 2021				
Statement of use		JAT Holdings PLC has reported in accordance with the GRI Standards for the period starting from 1st April 2022 to 31st March 2023				
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GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	62				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	68				
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	66				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	66				
	403-2 Hazard identification, risk assessment, and incident investigation	66				
	403-3 Occupational health services	N/A		Not applicable	Not applicable for the current workforce	
	403-4 Worker participation, consultation, and communication on occupational health and safety	66				
	403-5 Worker training on occupational health and safety	66				
	403-6 Promotion of worker health	67				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	67				
	403-8 Workers covered by an occupational health and safety management system	67				
	403-9 Work-related injuries	66				
	403-10 Work-related ill health	66				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	65				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	65				
	404-2 Programs for upgrading employee skills and transition assistance programs	63-65				
	404-3 Percentage of employees receiving regular performance and career development reviews	63				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	67				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	68				
	405-2 Ratio of basic salary and remuneration of women to men	65				

GRI 1 used		GRI 1: Foundation 2021				
Statement of use		JAT Holdings PLC has reported in accordance with the GRI Standards for the period starting from 1st April 2022 to 31st March 2023				
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Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	67				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	66				
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	66				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	66				
Child labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	67				
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	67				
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	67				
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	67				
Security practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	63				
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	63				
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	75				
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	78-79				
	413-2 Operations with significant actual and potential negative impacts on local communities	79				
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	81				
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	81				
	414-2 Negative social impacts in the supply chain and actions taken	81				

GRI INDEX

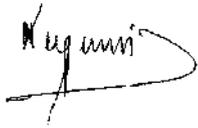
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			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Public policy						
GRI 3: Material Topics 2021	3-3 Management of material topics	91				
GRI 415: Public Policy 2016	415-1 Political contributions	91				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	77				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	77				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	77				
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	77				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	77				
	417-2 Incidents of non-compliance concerning product and service information and labelling	77				
	417-3 Incidents of non-compliance concerning marketing communications	77				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics	77				
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	77				

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth (10th) Annual General Meeting of JAT HOLDINGS PLC will be held at No. 351, Pannipitiya Road, Thalawathugoda on Friday, 30th June 2023 at 10.30 a.m for the following purposes;

1. To receive the Annual Report of the Board of Directors on the affairs of the Company and its subsidiaries, the Financial Statements for the year ended 31st March 2023, and the report of the Auditors thereon.
2. To re-elect Mr. Mutuantrige Parakrama Devaka Cooray as a Director, in terms of Articles 88(i) and 89 of the Articles of Association of the Company.
3. To re-elect Mrs. Dayangani Priyanthi Pieris as a Director, in terms of Articles 88(i) and 89 of the Articles of Association of the Company.
4. To re-appoint M/S Ernst and Young Chartered Accountants as the Company's Auditors for the ensuing year and to authorise the Directors to determine their remuneration.
5. To authorise the Board of Directors to determine donations for the year ending 31st March 2024 and up to the next Annual General Meeting.

By order of the Board
JAT HOLDINGS PLC



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

06th June 2023

Notes:

A Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.

1. A Shareholder 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 Shareholder of the Company.
3. A form of proxy is enclosed for this purpose.
4. The completed form of proxy must be deposited at the registered office of the Company, No. 351, Pannipitiya Road, Thalawathugoda, or must be emailed to sujeeva@jatholdings.com/sh@jatholdings.com not less than 36 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 PLC, hereby appoint
 of..... whom
 failing DR. SIVAKUMAR SELLIAH whom failing MR. AELIAN WINSTON GUNAWARDENE whom failing MR. NISHAL FERDINANDO whom
 failing MR. HUSSAIN AKBARALLY whom failing MR. MUTUTANTRIGE PARAKRAMA DEVAKA COORAY whom failing MRS. DAYANGANI
 PRIYANTHI PIERIS whom failing MRS. JOYCELYN GUNAWARDENE whom failing MRS. ANIKA NIRANJALIE WILLIAMSON NEE
 GUNAWARDENE whom failing MR. RICHARD WINSTON GUNAWARDENE* as my/our proxy to represent me/us and to vote on my/our
 behalf at the TENTH (10TH) ANNUAL GENERAL MEETING of the Company to be held on 30th June 2023 and any adjournment thereof, and
 at every poll which may be taken in consequence thereof to vote:-

	In favour	Against
1. To re-elect Mr. Mututantrige Parakrama Devaka Cooray as a Director, in terms of Articles 88(i) and 89 of the Articles of Association of the Company,	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect Mrs. Dayangani Priyanthi Pieris as a Director, in terms of Articles 88(i) and 89 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-appoint M/S Ernst and Young Chartered Accountants as the Company's Auditors for the ensuing year and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
4. To authorise the Board of Directors to determine donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2023.

.....
 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 completed 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 or must be emailed to sujeeva@jatholdings.com/sh@jatholdings.com not less than 36 hours before the time appointed for holding the Meeting.

SHAREHOLDER FEEDBACK FORM

It is the endeavour of the JAT Holdings PLC 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. 18/49A, 1/2, Circular Road B. Muhandiram E. D. Dabare Mawatha, Colombo 5

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.				

Quality and Contents of Annual Report

	Outstanding	Very Good	Good	Poor
Through shareholder communication				
Through Annual Reports				
Through newspapers/ Press				
Through our website www.jatholdings.com				
Through e – mails (If we have your email)				

Quality and Contents of Annual Report

	Outstanding	Very Good	Good	Poor
Overall Quality				

Comments/Suggestions/Remarks

CORPORATE INFORMATION

COMPANY NAME

JAT HOLDINGS PLC

LEGAL FORM

A Public Limited Liability Company incorporated in Sri Lanka on 1st July 1993 under the Companies Act No. 17 of 1982 and reregistered under the Companies Act No. 7 of 2007. The Company was listed on the Colombo Stock Exchange on 12th August 2021.

COMPANY REGISTRATION NUMBER

PQ00237072

ACCOUNTING YEAR END

31st March

REGISTERED OFFICE

No. 351, Pannipitiya Road, Thalawathugoda, Sri Lanka
Phone: +94 11 - 4407700
Fax: +94 11 - 2773793
Email: info@jatholdings.com
Website: www.jatholdings.com

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
Seylan Bank PLC

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

REGISTRARS

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

INVESTOR RELATIONS

JAT Holdings PLC
No. 351, Pannipitiya Road, Thalawathugoda, Sri Lanka
Phone: +94 11 - 4407700
Email: sh@jatholdings.com

BOARD OF DIRECTORS

Dr. Sivakumar Selliah – Chairman
Aelian Gunawardene – Managing Director
Nishal Ferdinando – Chief Executive Officer
Hussain Akbarally
Devaka Cooray
Priyanthi Pieris
Joycelyn Gunawardene
Anika Williamson
Richard Gunawardene

AUDIT & RISK MANAGEMENT COMMITTEE

Devaka Cooray – Chairman
Dr. Sivakumar Selliah
Hussain Akbarally

HR & REMUNERATION COMMITTEE

Dr. Sivakumar Selliah – Chairman
Priyanthi Pieris
Hussain Akbarally

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Dr. Sivakumar Selliah – Chairman
Devaka Cooray
Hussain Akbarally

INVESTMENT COMMITTEE

Devaka Cooray - Chairman
Hussain Akbarally
Anika Williamson

NOMINATION COMMITTEE

Dr. Sivakumar Selliah – Chairman
Devaka Cooray
Priyanthi Pieris

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www.jatholdings.com