

31st January 2022

Mr. Renuke Wijewardhane
Chief Regulatory Officer
Colombo Stock Exchange
04-01, West Block
World Trade Centre
Echelon Square
Colombo 1.

Dear Sir,

Subject: **Disclosure to the Colombo Stock Exchange**

Kelani Tyres PLC wishes to inform the Colombo Stock Exchange that the Directors of the CEAT- Kelani Joint Venture Companies at their meeting held on Thursday 27th of January 2022 has approved a special capital expenditure of Rs 3.2 Billion.

The investments so approved will be utilised for :

- capacity increase of Passenger Car/ SUV/ UV/ Light Van steel belted Radial Tyre capacity from the current installed production of 51,000 tyres to 61,000 tyres per month,
- increase of the Motorcycle/ Scooter tyre manufacturing capability from the 41,000 to 57,000 tyres per month.

These investments shall also see :

- replacement of existing upstream tyre manufacturing equipment with latest state of art machines to enhance capacity and the product offerings of the full factory production to be in line with internationally bench marked tyres & quality,
- an expanded range of tyres to include tyres of 17" rim sizes and above in Car & Sport Utility Vehicles (SUV),
- Tyres of high speed ratings (H & higher), lower rolling resistance and higher overall performance.

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The above Investments shall also enable future expansion for production to reach up to 100,000 Passenger Car/ SUV/ UV/ Light Van tyres per month with further investments in (only) balancing downstream tyre manufacturing equipment and required infrastructure and without any additional or minimal upstream (high cost) equipment.

The positive benefits arising from these investments are expected to get manifested from the Financial Year 2023/24 progressively.

Thank You.

Yours Faithfully,
KELANI TYRES PLC

for Mr. Rohan T. Fernando

Rohan T. Fernando
Managing Director