

18th May 2020

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

Dear Sir,

In response to your letter of 20th April'20, we wish to disclose the impact so far faced by the Company and any other significant developments which has a material impact on the affairs of the Company which the Board of Directors wish to disclose to the shareholders and investing public.

When referring as "Company" I shall be referring not only to the activities of Kelani Tyres PLC (KELANI") but also to the commercial activities of CEAT-KELANI Joint Venture ("CEAT-KELANI") which forms an integral part of "KELANI".

The "Company" virtually was compelled to cease operations from 16th March '20 and came to a full closure by 20th March '20.

Our offices re-opened to function only from 13th May '20.

During the middle of April'20, the Government gave special permission to CEAT-KELANI to start production under strict restrictions/guidelines which permitted only a limited number of production staff to report for duty on the basis of providing special transport services to/from factory among other limitations. Within about a week, we were able to reach a production of approx. 50% of the output which is now improving gradually.

Although in many areas of Sri Lanka (other than Colombo and Gampaha) the curfew was lifted, the demand for tyres was very soft and we expect the demand to be not more than 50% of usual for the month of May '20.

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BOARD OF DIRECTORS

Chanaka De Silva
Chairman

Rohan Fernando
Managing Director

D.S.K. Amarasekera
Director

(Mrs.) S.S. Jayatilaka
Director

T.B. Perera
Executive Director

R.P. Weerasooria
Director

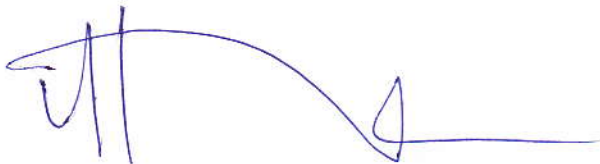
Eraj T. Fernando
Executive Director

Significant developments which has a material impact on the affairs of the "Company"

- 1) "Tyre Import Trade" has been classified as a non-essential item and as per Gazette Extraordinary 2171/5 of 16th April '20, the importation of tyres are not permitted until 15th July '20.
- 2) Our Joint Venture Companies ("CEAT-KELANI" Group) declared a dividend on 26th March '20 and on 17th April'20 KELANI received a sum of Rs.315,800,000/- as our share of the dividend which has now been placed in an interest earning Term Deposit until further decision by the Directors.

Thank you.

Yours faithfully,
KELANI TYRES PLC

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a long horizontal stroke that curves upwards at the end.

Rohan Fernando
Managing Director