
Annual Report 2023 - 2024



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Corporate Information

NAME OF COMPANY

Kelani Tyres PLC

LEGAL FORM

A quoted Public Company with limited liability

COMPANY REGISTRATION NO

PQ.123

DIRECTORS

Chanaka De Silva	-	Chairman
Rohan T. Fernando	-	Managing Director
T. Bevan Perera	-	Executive Director
D. S. Kamantha Amarasekera	-	Director
Ms S. S. Jayatilaka	-	Director
Eraj T. Fernando	-	Executive Director
R. P. Weerasooria	-	Director

SECRETARIES & REGISTRARS

P W Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road,
Colombo 08.
Tel: 011 4640360/3

With effect from 1st January 2024 a new company Central Depository Systems (Pvt) Ltd (CDS) of M&M Center, Ground floor, 341/5, Kotte Road, Rajagiriya. TP# 0112356444 were appointed as registrars of the Company.

AUDITORS

KPMG
Chartered Accountants
32A, Sir Mohamed Macan Marker Mawatha,
P. O. Box 186
Colombo 03.

BANKERS

Sampath Bank Plc
Commercial Bank of Ceylon Plc

MANAGEMENT

Mr. N.P. Lenaduwa	-	GM/Finance
Mr. M. J. R. B. Peter	-	GM/Finance -Seconded to the JV (resigned w. e. f. 30th April 2023)
Mrs. P. P. K. P. Premawardana	-	GM/Finance -Seconded to the JV (appointed w. e. f. 1st June 2023)

REGISTERED OFFICE

P.O. Box 8, Nungamugoda, Kelaniya.

CORPORATE OFFICE

203, Union Place, Colombo 2.
Tel.: 2434183/2421418, Fax: 2300877
E-mail-roti@sltnet.lk

Chairman's Review

On behalf of the board of directors of Kelani Tyres PLC it is my pleasure to welcome all of you to the Thirtieth Annual General Meeting and to present the annual report the audited financial statements for the year ended 31st March 2024.

As you aware after two consecutive turbulent years the Sri Lankan Economy gradually recovered and has returned to relative stability. Inflation has decelerated to single digits. The rupee has appreciated and the borrowing rates manageable and economic fundamentals relatively stable. I am happy to inform that the JV achieved year on year turn over growth of 21%. The turn over achieved was Rs.24.909 Bn compared to 20.552 Bn in the previous year. Profits achieved after Tax of the JV for the year ending 31/03/2024 was Rs.1.742 billion compared to after Tax profit Rs.988.836 Mn achieved in the previous year, which is commendable.

Performance statistics for the last 5 years are given below for your information.

All amounts are in Thousands

Period	Production MT	Gross. Sales	Profit from Operations	PAT	Cost of Sales	Export Earnings	CAPEX
2019 (19/20)	14,680	11,416,833	1,103,596	933,799	7,078,022	1,324,057	390,533
2020 (20/21)	17,612	13,942,469	2,117,200	1,948,196	8,280,762	996,144	487,528
2021 (21/22)	19,454	20,549,426	1,909,298	1,692,837	12,744,603	747,685	1,011,831
2022 (22/23)	10,776	20,552,945	1,465,600	988,836	12,200,420	1,349,823	1,642,725
2023 (23/24)	11,979	24,909,399	2,224,775	1,742,429	12,901,543	1,283,860	584,420

The (CEAT-KELANI)JV, currently is the largest Nylon & Steel Radial Tyre manufacturer in Sri Lanka and together with the extensive network of dealers, we continue to be the market leader in Truck, Light Truck, Van, Car, TruckBus Radials and Agriculture tyres.

All officials in the Ministry of Industries & Commerce and Ministry of Finance & Planning have always extended their fullest support to the JV and we place on record our sincere appreciation to the support extended.

I thank my fellow Directors for all the advice, support and guidance extended at all times to steer the JV through a challenging year in a complex business climate. I place on record my appreciation of the support extended by Mr. Harsh Goenka – Chairman CEAT Ltd India, Mr. Anant Goenka – Vice Chairman CEAT Ltd. and Mr. Arnab Banerjee - Managing Director CEAT Ltd, India. I also thank the Management Teams and staff at Kelani Tyres PLC and CEAT Kelani Sri Lanka Joint Venture for their commitment and untiring efforts to make operations successful by facing numerous challenges and uncertainties during the year.

I thank you, our shareholders, for the continuous support extended to your Board of Directors. The confidence demonstrated by you has encouraged us to make decisions in the best long-term interests of the Company.

I am pleased to inform you that based on the performance of the Company during the year under review and the subsequent dividend received from the JV, the Directors have approved an Interim Dividend of Rs. 6/- (net) per share for the year 2024/25, compared to the Interim Dividend of Rs.5/- (net) per share paid in the year 2023/24.



Chanaka de Silva

20th August 2024

Colombo.

Annual Report of the Board of Directors on the affairs of the Company

The Directors of Kelani Tyres PLC have pleasure in presenting their Annual Report on the affairs of the Company together with the Audited Financial Statements of the Company and the Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2024 conforming to all relevant statutory requirements.

This Report provides the information as required by the Companies Act, No.07 of 2007, Listing Rules of the Colombo Stock Exchange and the recommended Best Practices.

General

Kelani Tyres PLC is a public limited liability company which was incorporated under the Companies Act, No.17 of 1982 as a limited liability company on 4th October 1990, listed on the Colombo Stock Exchange on 28th January 1994 and re-registered as per the Companies Act, No. 07 of 2007 on 3rd March 2008 with PQ 123 as the new number assigned to the Company.

Principal Activities

The Company is involved in the business of importation and sale of tyres in addition to holding investments in its subsidiary and joint venture as well as earning rental income from investment property.

There have been no significant changes in the nature of the activities of the Company and its Subsidiary during the year under review.

The principal activities of the Group are as follows:

Name of the company	Principal activity
Executive Cars (Private) Limited	Vehicle hire business
CEAT Kelani Holdings (Private) Limited	Investment holding

Review of Performance

The Chairman's review, which forms an integral part of the Directors' Report, contains a detailed description of the operations of the Company and the Group during the year ended 31st March 2024.

Results

The profit/(loss) for the year of the Company and the Group amounted to Rs.575.908 million and Rs. 946.919 million, respectively, as compared to last year's profit/(loss) of Rs.870.391 million and Rs. 507.790 million, respectively. The results for the

year and changes in equity are set out in the Income Statement and Statement of changes in equity on pages 26, 28 and 29.

Financial Statements

The Financial Statements of the Company and the Consolidated Financial Statements of the Group have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by The Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The aforesaid Financial Statements, duly signed by the Finance Officer, two Directors on behalf of the Board and the Auditors are included in this Annual Report and form an integral part of this Annual Report of the Board of Directors.

Report of the Independent Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company and the Group is given on pages 22 to 25.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are given on pages 31 to 52 to the Financial Statements. There were no significant changes to the accounting policies during the year under review vis-à-vis those used in the previous year.

Directors' responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company and the Group to reflect a true and fair view of the state of its affairs.

The Directors are of the view that the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement and Notes to Financial Statements appearing on pages 26 to 78 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the amendments thereto and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is given on page 17.

Annual Report of the Board of Directors on the affairs of the Company (Contd..)

Information on the Directors of the Company and the Group as at 31st March 2024

Directors of the Company

The Board of Directors of the Company as at 31st March 2024 consisted of seven (7) Directors, with a broad range of skills, experience and attributes, as detailed in the brief profiles of the Directors on page 8.

The names of the Directors who held office as at 31st March 2024 are given below:

Executive Directors

Mr. Rohan T. Fernando - Managing Director
Mr. T. Bevan Perera
Mr. Eraj T. Fernando

Non-Executive Directors

Mr. R. C. D. De Silva - Chairman
Mr. D. S. K. Amarasekera*
Ms. S. S. Jayatilaka*
Mr. R. P. Weerasooria

* Independent Directors as per the Listing Rules

Changes in the directorate during the year

There were no changes in the directorate during the period under review.

Recommendation for re-election of Directors who retire by rotation

Ms. S. S. Jayatilaka retires by rotation at the Annual General Meeting in terms of Articles 84 and 85 of the Articles of Association and being eligible is recommended by the Directors for re-election.

Re-appointment of Directors who are over 70 years of age

- Mr. R. C. D. De Silva who is Eighty Two (82) years of age will vacate office at the conclusion of the forthcoming Annual General Meeting in pursuance of Section 210 of the Companies Act, No.07 of 2007 and is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

- Mr. T. Bevan Perera who is Seventy One (71) years of age will vacate office at the conclusion of the forthcoming Annual General Meeting in pursuance of Section 210 of the Companies Act, No.07 of 2007 and is recommended by the Board, for re-appointment as a Director under Section 211 of the Companies Act, specially declaring that the age limit stipulated in Section 210 of the Companies Act shall not apply to the said Director.

Directors of the subsidiary

Names of the Directors of the fully owned subsidiary Executive Cars (Private) Limited are given below:

Mr. R. C. D. De Silva - Chairman
Mr. Rohan T. Fernando - Managing Director
Mr. T. Bevan Perera - Director
Ms. S. S. Jayatilaka - Director

Fit and Proper Assessment of Directors

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

Additional disclosures pertaining to Directors

- (i) Material Business relationships
None of the Directors or close family members have any material business relationships with other Directors of the Company
- (ii) Other directorships held by the Directors
Other directorships held by Directors are disclosed on page 8.

Interest Register

The Company maintains an interest register in term of the Companies Act, No. 7 of 2007, which is deemed to form part and parcel of this Annual Report and is available for inspection upon request.

Annual Report of the Board of Directors on the affairs of the Company (Contd..)

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interest Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The Directors declare that all material interests in contracts involving the Company have been disclosed to the Board and wherever any Director was materially interested in a contract or a proposed contract with the Company, they have refrained from voting on such contracts. It is further declared that during the year under review, the Company did not enter into any contracts in which any Director was materially interested.

The relevant Interest of Directors in the shares of the Company as at 31st March 2024 as recorded in the Interest Register is given in this Report under Directors' Shareholding.

Directors' Remuneration and other benefits

All Directors emoluments and other benefits are disclosed under Directors' emoluments in Note 8.1 to the Financial Statements on page 53.

Declaration under the Listing Rules, on Related Party Transactions

The Directors declare that the Company is in compliance with the Listing Rules of the Colombo Stock Exchange pertaining to Related Party Transactions during the Financial Year ended 31st March 2024.

Directors' Interest in Shares of the Company

The relevant interests of Directors in the shares of the Company as at 31st March 2024 and their corresponding holdings as at the end of the previous financial year are as follows: -

	As at 31.03.2024	As at 31.03.2023
Mr. Chanaka De Silva	2,000,000	2,000,000
Mr. Rohan T. Fernando	Nil	Nil
Mr. T. Bevan Perera	1,920	1,920
Mr. D. S. K. Amarasekera	Nil	Nil
Ms. S. S. Jayatilaka	240	240
Mr. Eraj T. Fernando	24,553	24,553
Mr. R. P. Weerasooria	Nil	Nil

Mr. Chanaka De Silva, Mr. Rohan T. Fernando and Mr. Eraj T. Fernando are Directors of Silverstock Limited which company held 38.477Mn shares constituting 47.857% of the issued shares of the Company.

Independent Auditors

The Financial Statements of the Company and for the year ended 31st March 2024 were audited by KPMG, Chartered Accountants.

The Financial Statements of the Subsidiary Company Executive Cars (Pvt) Ltd were audited by Dinitway Partners, Chartered Accountants and Joint venture Companie's Financial Statements were audited by KPMG, Chartered Accountants.

The Auditors have confirmed that they have had no interest in or relationship with the Company than that of Auditors. They confirm that they are independent in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

The Auditors were paid Rs.1,075,000/- and Rs.50,000/- as Audit Fees by the Company and its Subsidiary, respectively.

Details of such payments to audit firms on account of audit fees set out in Note 8 to the Financial Statements on page 53.

Based on the recommendations of the Audit Committee a resolution to re-appoint the Auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Stated Capital

The Stated Capital of the Company as at 31st March 2024 is Rs.402,000,000/- represented by 80,400,000 ordinary shares. There were no changes in the Stated Capital of the Company during the year.

Shareholders

There were 9,604 registered shareholders as at 31st March 2024 (9,621 shareholders as at 31st March 2023). The distribution of shareholding as at 31st March 2024 is given on page 79.

Annual Report of the Board of Directors on the affairs of the Company (Contd..)

Public Holdings

A percentage of 49.618% of the issued shares of the Company are held by the public comprising of 9,596 shareholders as at the end of the year (31/03/2023 – 50.086% comprising of 9,613 shareholders).

Major Shareholding

Details of the major shareholders of the Company as at 31 March 2024 are given under largest shareholdings on page 80.

Stock Market Information

Information relating to trading of shares of the Company is given under share valuation on page 79.

Property, Plant and Equipment and Investment Property

The Land and Building situated at Dr. Colvin R. De Silva Mawatha, Colombo 2 (part of the land and building) is classified under Property Plant and Equipment in the Financial Statements:

- Land to the extent of 9.8 perches and a two storied building of 3,364sq.ft

The Land and Building situated at Nungamugoda, Kelaniya is classified under Investment Property (IP) in the Financial Statements:

- IP (income generated) Land called Philmount Estate together with the factory and administrative buildings (4 Nos) - Land to the Extent of 1A. 2R. 19P and Building 34,253sq.ft. Previous valuation did not include a building with an extent of 3,920sq.ft with the value of Rs. 16Mn. This was corrected during the year.

An independent valuation was performed by valuers to determine the fair value of the said property as at 31st March 2024 and its value had increased by Rs. 50.788Mn compared with the previous year's value of Rs. 82.721Mn.

During the year under review the Company had made investment of Rs. 4.49Mn (2023- Rs. Nil) in property that generated rental income.

The Company had incurred Rs. 2.72Mn (2023 – Rs. Nil) as repairs and maintenance in property that did not generate rental income during the year under review.

Details of property, plant and equipment and Investment Property of the Company and its Group, additions and disposals made during the year and the depreciation charge for the year are shown in Note 12 and 13 to the Financial Statements.

Material Foreseeable Risk Factors

The Directors review the Group internal control system and the associated risks of the business through the Business Review Committee and the joint venture company's Audit Committee.

Reserves

The reserves of the Company with the movements during the year are given in Note 23 to the Financial Statements.

Charitable Contributions

Although the mandate was given to Directors, the Company did not make any contributions for charitable purpose during the year.

Industrial Relations

During the year under review, the industrial relations of the Company have been excellent.

By following an open door policy the Company has ensured staff engagement and contentment.

Statutory Payments

All statutory payments of the Company as at the balance sheet date have been made or where necessary provided for in the Financial Statements.

Compliance with Laws and Regulations

The Board has made arrangements to make themselves aware of applicable laws, rules, and regulations and changes thereto, particularly to Listing Rules and applicable capital market provisions through regular updates provided by Directors themselves.

To the best of knowledge and belief of the Directors, there were no material non-compliances with laws or regulations and there were no fines which are material imposed on the Company by any government or regulatory authority in the country.

Dividend

An interim dividend of Rs.5/- per share for the year under review was paid on 19th September 2023.

Annual Report of the Board of Directors on the affairs of the Company (Contd..)

The Directors have approved the payment of an interim dividend of Rs.6/- per share for the year 2024/25, payable on 13th September 2024, subject to obtaining a Certificate of Solvency from the Auditors. As required by Section 56 of the Companies Act, the Directors have certified that the Board is satisfied that the Company will immediately after the distribution is made, satisfy the solvency test in accordance with the provisions of the Companies Act, No. 07 of 2007.

Going Concern

The Financial Statements are prepared on going concern principles. After making adequate enquiries from the Management, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

Events occurring after the Reporting Date

No events have occurred since the reporting date which require adjustments to, or disclosure in the Financial Statements. The subsequent events disclosed by the Group's interest in the equity accounted investee is disclosed in Note 16.5 to the Financial Statements on page 65.

Corporate Governance

The Board of Directors are responsible for the governance of the Company. The Board has placed considerable emphasis on developing rules, structures and processes to ensure integrity and transparency in all the dealings of the Company and adopting good governance in managing the affairs of the Company. The Board in the discharge of its responsibilities aforesaid had been guided by the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors confirms that the Company is compliant with the Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange.

The Statement on Corporate Governance appears on pages 9 to 15.

Annual General Meeting

The Notice of the Thirtieth (30th) Annual General Meeting appears on page 91.

This Annual Report is signed for and on behalf of the Board of Directors by



Director



Director



P W Corporate Secretarial (Pvt) Ltd

Director/Secretaries

This 20th day of August 2024

Colombo.

Profile Of Directors

Mr. Chanaka De Silva

Chairman

Mr. Chanaka De Silva possess over 40 years of management experience of which more than 30 years has been at Director/Chairman level.

He has been the Chairman of KelaniTyres PLC since privatisation (in 1992) and the Chairman of Ceat Sri Lanka Group Companies since the formation of the Joint Venture (in 1998) and also the Chairman of Silverstock Holdings Group of Companies - the major shareholders of KelaniTyres PLC.

He has held the position of Chairman of Sri Lanka Insurance Corporation, TransAsia Hotels Ltd, Club Robinson, and also founder Chairman of Union Commodities (Pvt) Ltd, Union Export Ltd and first Chairman of the Union Bank of Colombo Ltd. He has been a Director of Sri Lankan Airlines Ltd, Sri Lankan Airline Catering Ltd, Intercontinental Hotel, Oberoi Hotel and Lewis Brown & Co. Ltd.

Mr. Rohan T. Fernando

Managing Director

Mr. Rohan Fernando is one of the most experienced persons in the tyre trade in Sri Lanka having been actively involved in the tyre trade for more than 30 years.

In addition to his position as Managing Director of KelaniTyres PLC he also holds the position of Executive Director of Ceat Sri Lanka Group of Companies.

He is also the Managing Director of Silverstock Holdings Group of Companies - the major shareholders of KelaniTyres PLC.

Mr. T. Beven Perera

Executive Director

Mr. Beven Perera is a well known businessman and counts over 35 years experience in the field of tyres in Sri Lanka. He was a Director of Sri Lanka Tyre Corporation (prior to privatisation) and continued holding his Board position post privatisation to present.

He was a former Director of C.W.E. (2001-2004) and STC General Trading Company (2004-2008).

Mr. D.S.K. Amarasekera

ACA, B.Sc., Attorney-at-law

Director

Mr. Kamantha Amarasekera is an eminent tax consultant and the Senior Tax and Legal Partner of Amarasekera & Company – a leading tax consultancy firm in the country.

He is a member of the Institute of Chartered Accountants of Sri Lanka and is an Attorney-at-Law of the Supreme Court of Sri Lanka.

He graduated in Business Administration from the University of Sri Jayawardenapura. Mr. Kamantha Amarasekera is also a Director of Associated Ceat (Pvt) Ltd., Lanka Milk Food PLC, Madulsima Plantation PLC, Balangoda Plantation PLC, Eden Hotels PLC, Confifi Hotels Holdings PLC, Browns Investment PLC, Palm Garden Hotels PLC and Ceylon Hotel Holdings PLC.

Mrs. S.Saroja Jayatilaka

FCA, MBA

Director

Mrs. Saroja Jayatilaka is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and holds a Masters in Business Administration from the University of Colombo.

She has well over 40 years of experience in key managerial positions in the field of Accounting and Finance of which 25 years is in fields related to Tyre Industry and Exports.

Mrs. Jayatilaka is a Director of CEAT Kelani international Tyres (Pvt_) Ltd a company in CEAT Kelani Joint Venture. And she is also the chairperson of the Audit Committee of the CEAT Kelani Joint Venture.

She has held the position of Director Finance at Union Commodities (Pvt) Ltd until 31st March 2023.

Mr. Eraj T. Fernando

Director

Mr. Eraj T. Fernando has more than 20 years of experience in the Rubber and Commodity Trade. He was the former Chairman of the Corporative Wholesale establishment (C.W.E).

Mr. Eraj T. Fernando is also a Director of CEAT Sri Lanka Group Companies, Hangover Hohtels (Pvt) Ltd and Revognah Leisure (Pvt) Ltd.

Mr. R.P. Weerasooria

BSC in Marketing (Bently College - USA)

Director

Priyanjith is the Group Managing Director of FINCO Holdings (Pvt) Ltd and has over 25 years of experience across manufacturing, apparel, consultancy, financial services & leisure industries.

Priyanjith provides strategic direction and leadership to the CEO's of group companies in Hostels and Travel Sector, Manufacturing, Energy and the Consultancy Practice.

In 2011, Priyanjith divested FINCO's interest in apparel following and lead the group's expansion into the leisure industry with UGA brand of hotels. The investment into bespoke travelling planning with the formation of TFG in 2014 complimented FINCOs existing businesses of general sales agents of Korean Air, Alpha Travels & Holidays (Pvt).

Under his leadership, RDC - a pioneer consulting practice in Sri Lanka registered with international lending organizations including the World Bank, Asian Development Bank, Japanese International Cooperation Agency (JAICA) Kuwait Fund for Arab Economic Development (KFCD), Fund for International Development (OFID), has successfully completed several projects, both locally and internationally.

The 2018 divestment of FINCOs construction industry investments allowed Priyanjith to add investment in financial services and renewable energy businesses to the FINCO portfolio.

Priyanjith services on Board of CEAT Kelani Holdings since 2013, Kelani Tyres board since 2016 and many other non-listed companies.

He is an alumnus of Bentley College U.S.A., where he obtained a degree in Bachelor of Science in Marketing.

Statement on Corporate Governance

Corporate Governance is the system of rules and principles by which companies are directed, managed and controlled and which creates a relationship between corporate Managers, Directors and the providers of equity, people and institutions who save and invest their capital to earn a return. Therefore, the Company is committed to maintain a high standard of Corporate Governance rules and practices. Good governance facilitates effective management and control of the business, while maintaining a high level of business ethics. It also involves balancing the interest of many stakeholders of the Company and provides the framework for attaining the Company's objectives, whilst acting as a measure of improving economic efficiency, growth and enhancing investor confidence.

The Board of Directors

The prime responsibilities of the Board of Directors are setting up the Company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The Board of Directors is also responsible to create value for its shareholders, potential shareholders and stakeholders through actions that are in compliance with laws and regulations, and, to promote a culture that rewards integrity, transparency, fair dealings and accountability.

The Board has placed high priority on following the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, new rules of disclosure requirements for listed companies as mandated by the Colombo Stock Exchange, Securities and Exchange Commission of Sri Lanka and the Companies Act, No. 7 of 2007 in carrying out its business.

The Directors who have expertise in varied business fields bring along many years of diverse experience at the Board level. They participate actively in defining goals, strategies and business aims of the Company and its Group collectively through their expertise in varied business fields.

The Board has overall collective responsibility for better performance and in carrying out activities for the best interest of the Company as well as its shareholders. In particular, Non-Executive Directors are responsible for:

- Using their un-biased wide range of skills, experience and recent relevant knowledge based on independent judgment on issues faced by the business.

- Constructively challenging and helping to develop proposals on strategy.
- Scrutinize Management performance in meeting agreed goals and monitor performance reporting and overseeing the management of the business.
- Satisfy themselves on the integrity of financial information and that financial controls and the system of risk management are robust and defensible.
- Determining appropriate levels of remuneration for Executive Directors, and also appointment, removal and succession planning.

The Directors are required to update the Board with any new information in relation to their independence and to satisfy the Board that any outside commitments are not in conflict with the duties as a Director of the Company.

Composition of the Board and Independence

The Board of Kelani Tyres PLC comprises of three (03) Executive Directors and four (04) Non-Executive Directors. Their names and profiles are given on pages 4 and 8 of the Annual Report.

Based on the declarations submitted by the Non-Executive Directors, the Board has determined that two Non-Executive Directors, namely, Mrs. S. S. Jayatilaka and Mr. D. S. K. Amarasekera are "Independent" as per the Listing Rules.

In determining the Directors' independence the Board has taken into consideration that Mrs. S. S. Jayatilaka serves as a Non-Executive Director of Executive Cars (Pvt) Ltd of which Mr. Rohan T. Fernando is the Managing Director and Mr. T. Bevan Perera is an Executive Director. Mr. R. C. D. De Silva serves as the Chairman of Executive Cars (Pvt) Ltd. Accordingly; the total number of common Directors on the Board of the said company is four (04) being a majority of the Directors of the Company.

The period of service of Mrs. S. S. Jayatilaka and Mr. D. S. K. Amarasekera exceeds nine years.

The Board has decided that Mrs. S. S. Jayatilaka and Mr. D. S. K. Amarasekera shall nevertheless be treated as Independent Directors, on the basis that the aforesaid factors do not compromise the independence and objectivity of the said Directors in discharging the functions as Independent Directors.

Statement on Corporate Governance (Contd..)

Chairman and Managing Director

The roles of the Chairman and the Managing Director are separate with a clear distinction of responsibilities, which ensures balance of power and authority.

Board Meetings

The Board meets regularly to review and approve the set objectives, monitor performance against set objectives and also ensure compliance with statutory obligations.

The Board met on six (06) occasions during the year under review and the attendance at the relevant meetings is as follows;

Name of Director	Attendance
Executive Directors:	
Mr. Rohan T. Fernando	06 occasions
Mr. T. Bevan Perera	06 occasions
Mr. Eraj T. Fernando	06 occasions
Non-Executive Directors:	
Mr. Chanaka De Silva	06 occasions
Mr. R. Priyanjith Weerasooria	01 occasions
Independent Non-Executive Directors:	
Mr. D. S. Kamantha Amarasekera	04 occasions
Ms. S. S. Jayatilaka	06 occasions

The Directors receive a comprehensive package of relevant information of the Company and joint venture investee companies on all issues prior to each meeting. The Board monitors and oversees the business performance of the Company and its investments. Subject to formal and transparent procedures, approvals relating to key appointments and capital expenditure are granted at Board meetings. There were also written Board Minutes relating to discussions and key decisions of the meetings and they are available for inspection at any time. All the Directors have access to details of Board minutes through the Board Secretary.

Dedication of adequate time and effort

The Board dedicated adequate time and effort to discharge their duties effectively. Adequate time is devoted at every meeting to ensure that the Board's responsibilities are carried out satisfactorily to create a confidence that all the activities and affairs of the entity are controlled and carefully monitored for the best interest of the shareholders and other stakeholders.

Appointments to the Board

The Board collectively decides on the appointment of Directors.

As per the Articles of Association of the Company, at each Annual General Meeting (AGM), one Director, except the Directors referred to hereinafter shall retire by rotation and offer himself for re-election. A Director appointed to the office of Executive Chairman, Managing or joint Managing Director shall not, whilst holding that office, be subject to retirement by rotation. Any Director appointed during the year seeks re-election at the next AGM.

Access to Management and Independent Advisors

The Board members have access to the Management. The Board and the Board Committees have access to the advice of the Company Secretaries and independent legal, accounting and other experts and consultants, as they may deem appropriate at the Company's expense.

Board Sub Committees

The Board has established three (3) Sub Committees in order to monitor, review and enhance the transparency and accountability of overall functions and by doing so they safeguard and maintain the good governance practices of the Company and the Group. These Sub Committees are as follows:

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee

Audit Committee

The Audit Committee consists of the following two Independent Non-Executive Directors and one Non-Executive Director:

Mr. D. S. Kamantha Amarasekera - Chairman
Ms. S. S. Jayatilaka - Member
Mr. R. P. Weerasooria - Member

The Audit Committee is responsible to assist the Board in accomplishing its oversight responsibilities in the financial reporting process. The detailed Audit Committee Report appears on pages 18 and 19 of this report.

Statement on Corporate Governance (Contd..)

Remuneration Committee

The Remuneration Committee consists of two Independent Non-Executive Directors and one Non-Executive Director, their names are as follows:

Mr. D. S.Kamantha Amarasekera - Chairman
Ms. S. S. Jayatilaka - Member
Mr. R. P. Weerasooria - Member

The Remuneration Committee is responsible to the Board to determine the remuneration policy for the Executive Directors and Key Management Personnel. The detailed Remuneration Committee Report appears on page 19 of this report.

The Related Party Transactions Review Committee

The Related Party Transactions Review Committee comprises of two (2) Independent Non-Executive Directors and one (1) Non-Executive Director. The Committee is expected to meet at least once in every quarter [during the year under review the Committee met five (05) times] to discharge their responsibilities in reviewing related party transactions.

The detailed Related Party Transactions Review Committee Report appears on pages 22 to 21.

Shareholder Interest/Relations

Your Board has always given priority to establish policies to protect and promote the shareholders rights to ensure that all shareholders will be treated fairly and equally and values the importance of equitable treatment to them. The Board is accountable for its activities delivering value through good governance of the business and ensures to make available information on strategies, performance and the financial status of the Company at the Annual General Meeting each year.

Your Board always encourages maximizing attendance of shareholders at General Meetings and gives the shareholders opportunities to ask questions. The Directors are always ready to answer reliably and maintain an appropriate dialogue with them and also continue to treat all shareholders fairly.

Oversight on the Performance of Investee Companies

Since your Company is only a vehicle to carry the investment in the two-Kelani production entities, which handle all production and commercial operations vis-à-vis the manufacture of motor vehicle tyres, the oversight function of the Audit and Remuneration Committees ought to be and was in fact directed on the operation of these two production companies.

This task was affected via the Business Review Committee chaired by your Chairman and the joint venture companies Audit Committee chaired by one of the Independent Directors of your Company.

The functions of the Remuneration Committee for the two production companies are also carried out by the Business Review Committee.

The Directors are satisfied that the Company has sufficient resources to continue in operation for the foreseeable future. Your Board has ensured to make available accuracy, integrity and reliability of financial statements and reports through maintaining an efficient, proper internal control system.

Company Secretaries/Legal Officers

P W Corporate Secretarial (Pvt) Ltd, who act as Secretaries to the Company are qualified to act as Secretaries as per the provisions of the Companies Act, No. 07 of 2007.

All Directors have access to the advice and services of the Company Secretaries as well as the Company Lawyers and the Tax Consultants.

Compliance with Legal Requirements

The Board through the Company Secretaries and the finance division makes every endeavor to ensure that the Company complies with laws and regulations. It is the responsibility of the Board of Directors to follow host of legal and non - legal principles and practices affecting the control of the affairs of the Company. The Board of Directors requires that in all possible aspects, the financial statements of the Company are prepared in accordance with Sri Lanka Accounting Standards and the relevant Statutes. The Company has regular communication with shareholders through quarterly updates of performance. Maximum possible information is provided to shareholders and full disclosure is made subject only to any sensitive information, which could directly impact the business of the Company.

The Board is satisfied with its level of compliance with the governance requirements and recognizes that practicing its procedures creates a good corporate culture that will satisfy reliability of the shareholders towards the Company and your Board will assure to continue the same with timely and relevant changes of governance requirements in the future. The Company has adopted a Code of Business Conduct and Ethics for Directors and the Members of the Senior Management.

Statement on Corporate Governance (Contd..)

The Company has complied with the Colombo Stock Exchange Listing Rules and the best practices set out in the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Directors' confirmation on complying with all statutory dues is given in the Report of the Directors on page 6.

Compliance with CSE Continuing Listing Rules

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
7.6(i), (ii)	Names of persons who during the financial year were directors and principle activities during the year	Compliant	Report of the Board of Directors on pages 3 and 4.
7.6 (iii), (iv)	30 Largest shareholders, float adjusted market capitalization, public holding (%) and number of public shareholders and the minimum public requirement	Compliant	Share information on page 80.
7.6 (v)	Directors shareholdings	Compliant	Report of the Board of Directors on page 5.
7.6 (vi)	Material foreseeable risk factors of the Company	Compliant	Risk Management Report on page 16.
7.6 (vii)	Details of material issues pertaining to employees and Industrial relations of the Entity	N/A	
7.6 (viii)	Extent, location, valuations and the number of buildings and investment properties of the entity	Compliant	Note 12 and 13 of the Financial Statements on pages 56 to 60.
7.6 (ix)	No of shares representing the Entity's stated capital	Compliant	Note 22 of the Financial Statement on page 67.
7.6 (x)	Distribution schedule of the shareholders and shareholding (%)	Compliant	Share information on page 79.
7.6(xi)	Ratios and market prices	Compliant	Refer pages 81 and 82 of the Annual Report
7.6 (xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	N/A	
7.6 (xiii)	If during the financial year the Entity has raised funds through Public, Right issue or Private Placement	N/A	
7.6 (xiv)	Information in respect of Employees Share Ownership or Stock Option Scheme	N/A	
7.6 (xv)	Disclosure pertaining to Corporate Governance practices in terms of Section 9 of the Rules	Compliant	Corporate Governance Report on pages 13, 14, and 15.

Statement on Corporate Governance (Contd..)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
7.6 (xvi)	Related Party transactions exceeding 10% of Equity or 5% of total assets of the Entity as per audited financial statements, whichever is lower	Compliant	There were no related party receivable/ payable for the year under review
9.1.3	Applicability of Corporate Governance Rules	Compliant	Section 6-Legal and Regulatory Compliance of Corporate Governance report
9.2.1	Establishment and disclosure of policies set out in the listing rules	Effective from 1/10/2024	Will be fully compliant by October 2024
9.3.1	Board Committees- The following Board Committee are established and are functioning effectively: (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit committee (d) Related Party Transaction Review Committee	Partially Compliant	The Company has established the Remuneration Committee, Audit committee and Related Party Transaction Review Committee. The Nominations and Governance Committee will be formed by October 2024.
9.3.2	Composition, Responsibilities and Disclosures required in respect the above board Committees	Compliant	All the Committees comply with the required rules. Please refer the respective Committee Reports
9.3.3	The Chairperson of the Board of Directors shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Compliant	Chairperson of the Board is not the Chairperson of any Board Committees
9.4.1	Meeting Procedures	Compliant	Company maintains records of all resolutions passed at General Meetings.
9.5	Policy on matters relating to the Board of Directors	Effective from 1/10/2024	Will be compliant by October 2024
9.6.1	The Chairperson shall be a Non-Executive Director	Compliant	The Chairperson is a Non-Executive Director
9.6.3	The requirement for a Senior Independent Director		N/A
9.7.1/9.7.4	Fitness of Directors and CEOs	Compliant	The Directors have provided the declaration confirming that they satisfy the Fit and Proper Assessment Criteria during the financial year and as at the date of such confirmation
9.7.5	Disclosures in the Annual Report	Compliant	Page 4 of the Annual Report provides the relevant disclosure
9.8.1.	Minimum number of Directors	Compliant	The Board of Directors consists of 7 Directors
9.8.2	Minimum number of Independent Directors	Compliant	Two Directors are Independent

Statement on Corporate Governance (Contd..)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
9.8.5(a)	Independent Directors	Compliant	Each Independent Director has submitted declarations on his/her Independence/ Non-Independence during 2023/24
9.8.5(b)	Disclosure relating to Directors	Compliant	Please refer page 10 for the names of the Independent Directors
9.9 / (a)/ (b)/(c)/(d)/(e)	Alternate Directors	N/A	
9.10.1	Requirement pertaining to the disclosure of the Directors	Effective from 1/10/2024	Will be complaint by October 2024
9.10.2	Disclosure relating to Directors	Compliant	The Company discloses the appointments of new Directors to the Colombo Stock Exchange, together with a brief resume of the Director, capacity of directorship and if they hold any relevant interest in shares of the Listed Entity. There were no new appointments of Directors in 2023/2024.
9.10.3	Disclosure relating to Directors	Compliant	All changes to Board Committees were immediately informed to the Colombo Stock Exchange.
9.10.4	Disclosure details relating to Directors	Compliant	Please refer pages 3,4,5 and 8.
9.11	Nomination and Governance Committee	Effective from 1/10/2024	Will be complaint by October 2024
9.12.2	The remuneration committee shall conform to the requirements set out in the Listing Rules	Compliant	Refer Remuneration Committee Report on page 19.
9.12.5	Remuneration Committee shall have written terms of reference	Compliant	The Remuneration Committee has a written Terms of Reference
9.12.6	Composition of the remuneration committee	Compliant	Refer Remuneration Committee Report on page 19.
9.12.6.3	The Remuneration Committee chaired by an independent non executive director	Compliant	Please refer Remuneration Committee Report on page 19.
9.12.7	Functions of Remuneration Committee	Compliant	The remuneration Committee recommends the remuneration payable to the Executive Directors
9.12.8 (a)	Disclosure of Chairperson and members of the Remuneration Committee	Compliant	Please refer Remuneration Committee Report on page 19.
9.12.8 (b)	Statement regarding the remuneration policy	Compliant	Please refer Remuneration Committee Report on page 19.
9.12.8 (c)	The aggregate remuneration of the Executives and Non-Executive Directors	Compliant	Note 8.1 to the Financial Statements on page 53.

Statement on Corporate Governance (Contd..)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
9.13.1	Composition of Audit Committee (AC)	Compliant	Please refer Audit Committee Report on pages 18 to 19.
9.13.2	The AC shall have a written terms of reference.	Compliant	
9.13.3 and 9.13.3 (1) to (7)	Composition of the Audit Committee	Compliant	
9.13.4 (1)	Functions of the Audit Committee	Compliant	
9.13.5	Disclosure related to information in the Audit Committee Report included in the Annual Report	Compliant	
9.14.1 and 9.14.2	Composition of the Related Party Transactions Review Committee (RPTRC)	Compliant	Please refer the Related Party Transactions Review Committee Report on pages 20 to 21.
9.14.3	Functions of the RPTRC	Compliant	
9.14.4	General requirements stipulated in CSE Listing Rules (1) to (4)	Compliant	
9.14.8 (1) and (2)	Disclosures of RPTs details in the Annual Report	Compliant	Please refer the Related Party Transactions Review Committee Report on page 21 and Note 27.1 to the Financial statements
9.14.8 (3)	RPTRC Report in the Annual Report	Compliant	Refer the Related Party Transactions Review Committee Report on pages 20 to 21.
9.14.8 (4)	An affirmative declaration by the Board of Directors		Please refer the Annual Report of Board of Directors for an affirmative statement of compliance of the Board on page 5.
9.14.9	Acquisition and Disposal of Assets from/to Related Parties	N/A	
9.16	Additional disclosures by the Board of Directors in the Annual Report	Compliant	Report of the Board of Directors on pages 3 to 7.

By Order of the Board
KELANI TYRES PLC



P W Corporate Secretarial (Pvt) Ltd
Director/Secretaries

This 20th day of August 2024
Colombo

RISK Management

Management of commercial and operational risks of the CEAT-Kelani JV companies primarily rests with the Board of Directors, where one half (including the Chairman) in each of the companies is represented by nominees of Kelani Tyres PLC. Application of sound internal controls and systems and compliance to statutory requirements are the necessary tools used to evaluate and monitor levels of risk.

All investments in projects, capacity expansion, production capability modernization, and restructuring of existing operations (where required) are adequately reviewed and approved by the Board of Directors.

Given below are key risks and risk mitigation activities addressed by them continuously.

Description of Risk	Risk Mitigation
<p>Asset Risk Losses due to machinery and equipment breakdowns and damages due to fire or theft.</p>	<ul style="list-style-type: none"> • Insuring the plant and machinery adequately. • Carry out diligently, preventive and autonomous maintenance.
<p>Credit Risk Possible losses due to default by debtors of the group of companies.</p>	<ul style="list-style-type: none"> • Regular follow up on the performance of trade debtors' position and over dues to minimize possible losses. • Ensuring adequate impairment provisions.
<p>Liquidity (Funding) Risk Inability to fund working capital and required capital expenditure.</p>	<ul style="list-style-type: none"> • Ensuring that a sufficient asset base is available to offer as collateral when required to financial institutions. • Obtaining funding from commercial banks at lowest possible cost.
<p>Interest Rate Risk Possible negative impact on the profitability.</p>	<ul style="list-style-type: none"> • Negotiating with commercial banks for best possible interest rates for borrowings. • Negotiating for supplier credit – local purchases and imports.
<p>Exchange rate fluctuation affecting cost of inputs of production. Risk of raw material and other imported input cost increases.</p>	<ul style="list-style-type: none"> • Micro economic trends are monitored closely. • Monitoring regularly foreign currency exposure in order to minimize exchange losses.
<p>Competition Risk Loss of market share and competitiveness leading to loss of profitability.</p>	<ul style="list-style-type: none"> • Ensuring that at all times quality standards are met and maintained. • Promoting the brand to create brand loyalty. • Ensuring availability of products to customers in all parts of Sri Lanka. • Keeping abreast of technology developments in the industry and adopting what is relevant to the local market with the shortest possible time lag. • Closely monitoring competitor activities in the market place and evaluating and improving our strategies to be ahead of competition.
<p>Operational Risk Losses from human errors, inefficient processes, frauds and natural perils.</p>	<ul style="list-style-type: none"> • Conducting Internal Audit reviews on a regular basis to ensure compliance and effectiveness of internal controls and standard operating procedures. • Maintaining updated, business continuity plans.
<p>Employee Risk Risk of not being able to attract, motivate and retain skilled and experienced staff affecting competitiveness.</p>	<ul style="list-style-type: none"> • Implementing effective human resource policies. • Adopting an open-door policy for any employee to speak to senior management regarding any concern.
<p>Employee Health and Safety Risk Risk of injuries due to accidents whilst at work, affecting especially production output.</p>	<ul style="list-style-type: none"> • Safety procedures have been made available for all operational areas and adherence is monitored. • Maintain and monitor health and safety statistics.
<p>Environmental Issues Risk Risk of disruptions to operations by statutory bodies monitoring adverse impact to environment and reactions by persons living in the vicinity of plants.</p>	<ul style="list-style-type: none"> • Comply with standards set by relevant statutory authorities. • Building a trusting and cordial relationship with persons living in the vicinity of the plant.

Statement of the Directors' Responsibility

STATEMENT OF THE DIRECTORS' RESPONSIBILITY FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Board of Directors is responsible for preparing and presenting the Financial Statements, which are set out on pages 26 to 78.

As per the provisions of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company and its subsidiaries as at the end of the financial year and of its profit or loss.

In preparing the Financial Statements, the Directors have selected appropriate accounting policies and applied them in a consistent manner. Such policies are supported by reasonable and prudent judgment and all applicable Accounting Standards have been followed.

Further, the Directors have a responsibility to ensure that sufficient accounting records are maintained to disclose with reasonable accuracy, the financial position of the Company and the subsidiaries and that the Financial Statements presented comply with the requirements of the Companies Act No. 07 of 2007.

The Directors have taken reasonable steps to safeguard the assets of the Company and to establish appropriate internal control systems with a view to preventing and detecting fraud and other irregularities.

The Directors to the best of their knowledge and belief, are satisfied that all statutory payments in relation to all relevant regulatory and statutory authorities, which were due and payable by the Company and the Subsidiary as at the reporting date have been paid and where relevant, provided for.

The Directors are confident that they have discharged their responsibility as set out in this statement.

By Order of the Board
KELANI TYRES PLC



P W Corporate Secretarial (Pvt) Ltd.,
Secretaries

This 20th day of August 2024
Colombo

Audit Committee Report

Introduction

The Audit Committee of the Company is constituted as a Sub-Committee of the Main Board, to which it is accountable. The Charter of the Committee clearly defines its terms of reference and the activities of the Audit Committee are in line with the Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

Purpose

The Committee assists the Main Board in fulfilling its responsibility to the shareholders and other stakeholders relating to the Company's financial statements and the financial reporting process to ensure that the financial reporting systems adhere to the Sri Lanka Accounting Standards and with other regulatory bodies.

The Committee also reviews the internal controls, business risks and pursues other operational activities.

Composition

The Audit Committee comprises of the following members:

Mr. D.S. Kamantha Amarasekera
Chairman - Independent Non-Executive Director

Mrs. S. S. Jayatilaka- Member
Independent Non-Executive Director (also, the Chairman of CEAT-Kelani JV Companies Audit Committee)

Mr. R. P. Weerasooria
Member – Non-Executive Director (appointed w.e.f. 26th June 2024)

The Chairman, Mr. D.S. K Amarasekera is a member of The Institute of Chartered Accountants of Sri Lanka.

Meetings

The Committee met six (06) times during the year and reviewed and discussed with the Company's Management team and the External Independent Auditors, the recurrent business transaction of the Company as well as the interim financials and consolidated financial statements for the year ended 31st March 2024.

The Managing Director, Mr. Rohan Fernando attends the meetings at the invitation of the Committee.

The attendance of the Directors at the said meetings is given below.

Name of Director	Total Meetings attended
Mr. D.S. K. Amarasekera	6
Mrs. S. S. Jayatilaka	6
Mr. R. P. Weerasooria	Nil

Main role and responsibilities of the Audit Committee

- Review and discuss the annual and quarterly financial statements prior to their release, to ensure compliance with the Sri Lanka Accounting Standards and the Companies Act, No 7 of 2007.
- Review the operational effectiveness of the internal controls of the systems and procedures and the business risk and the procedures in place to mitigate such risk.
- Assessment of the independence and performance of the External Auditors.
- Make recommendations to the Board pertaining to appointment, re appointment and removal of External Auditors and to approve the remuneration and terms of engagement of the External Auditors.

Internal Controls and Risk Assessment

The internal controls and risk assessment of subsidiaries are reviewed through their respective Audit Committees and Risk Committees (where applicable) whilst the said function in regard to the Company is directly handled by the Committee.

External Auditors

The Committee meets the Independent Auditors at least once a year to review their findings, issues raised, as well as the effectiveness of the internal controls in place.

The non-audit services provided by the Independent Auditors were also reviewed to ensure that the provisions of these services do not impair their independence

Independence of Auditors

The Committee is satisfied that the independence of the External Auditors has not been impaired by any event or service that gives rise to a conflict of interest. The Committee has considered the nature of the services provided by the Auditors

Audit Committee Report (Contd..)

and the level of audit and non-audit fees paid to Auditors and where relevant granted its pre-concurrence / concurrence for the provisions of such services whilst ensuring that the provision of such services does not impair their independence.

To the extent that the Audit Committee is aware, the Auditors do not have any relationship with (other than the Auditor and provider of non-assurance services as aforesaid) or interest in, the Company and the Group, which in the opinion of the Audit Committee, may reasonably be considered to have a bearing on their independence within the meaning of the Code of Professional Conduct and Ethics issued by the Institute of Chartered Accountants of Sri Lanka as at the reporting date.

Re-appointment of Auditors

The Audit Committee having evaluated the performance of the Independent Auditors, has decided to recommend to the

Directors the re-appointment of Messrs KPMG, Chartered Accountants for the financial year ending 31st March 2025 up to the next Annual General Meeting, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Conclusion

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the Company and its subsidiaries' assets are safeguarded and that the financial position and the results disclosed in the Audited Accounts are free from, any material mis-statements.



D. S. K. Amarasekera

Chairman- Audit Committee

Report of the Remuneration Committee

The Remuneration Committee consists of the following members and is a Sub-Committee of the main Board to which it is accountable.

Mr. D. S. K. Amarasekera
Chairman - Independent Non-Executive Director

Mrs. S. S. Jayatilaka- Member
Independent Non-Executive Director

Mr. R. P. Weerasooria
Member –No-Executive Director (appointed w.e.f. 26th June 2024)

The Committee reviews and recommends to the Board, the remuneration packages of the Key Management Personnel, after taking into account the market conditions and the guidelines set by the Company.

None of the Directors draw any salary from the Company.

Mr. Rohan Fernando - Managing Director participates in the deliberations by invitation.

The Committee met Once (01) during the year under review and the attendance of the Directors at the said meetings is given below.

Name of Director	Total Meetings attended
Mr. D.S. K. Amarasekera	01
Mrs. S. S. Jayatilaka	01
Mr. R. P. Weerasooria	Nil

Remuneration Policy

- Ensure compliance with laws and regulation of Sri Lanka
- Ensure compensation is fair, equitable and based on performance
- Ensure that the pay practices adopted by the Company are non-discriminatory
- Ensure compliance with 9.12 of the Corporate Governance rules of Colombo Stock Exchange.



D. S. K. Amarasekera

Chairman- Remuneration Committee

Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) was formed by the Board of Directors of Kelani Tyres PLC (KTPLC) as a sub-committee to the Main Board in compliance with the Code of Best Practices on Related Party Transactions (Code) issued by the Securities and Exchange Commission of Sri Lanka (SEC) to conduct an independent review approval and oversight of all related party transactions (RPT) of the Company and to ensure that the Company complies with the Rules set out in the Code.

Composition of the Committee

The Related Party Transactions Review Committee of the Company comprises the following Non-Executive Directors:

Mr. D.S. K. Amarasekera – Chairman (Independent Non-Executive Director)

Mrs. S. S. Jayatilaka - Member (Independent Non-Executive Director)

Mr. R. P. Weerasooria – Member (Non-Executive Director-appointed w.e.f. 26th June 2024)

In addition, Mr. Rohan Fernando - Managing Director and General Manager attend meetings by invitation.

Meetings

The Committee held five (05) meetings during the period under review and the attendance of the Directors at the said meetings is given below.

Name of Director	Total Meetings attended
Mr. D.S. K. Amarasekera	5
Mrs. S. S. Jayatilaka	5
Mr. R. P. Weerasooria	Nil

The minutes of the meetings were tabled at Board meetings for review.

Charter of the Committee

The Charter of the Related Party Transactions Review Committee clearly sets out the purpose, membership, authority, the duties and responsibilities of the Committee. In order to discharge the duties and responsibilities effectively and in an efficient manner, the Committee has been authorized to:

- Receive regular reports pertaining to related party transactions from the Management to provide any information within the scope of its responsibilities.
- Establish policies and procedures that provide general pre-approvals to certain classes or types of related party transactions.
- Review and evaluate the terms, conditions, authenticity and the advisability of any transactions with a related party.
- Determine whether the transactions entered into with any related party are fair and transparent to the best interests of the Company as well as its shareholders.
- Examine transactions entered into with related parties and recommend to the Board whether they are within the policies and procedures stipulated by the Committee.
- Obtain advice and assistance from legal, technical, financial and other advisors from within or outside the Company as deemed necessary by the Committee in order to carry out its duties.

Responsibilities of the Related Party Transactions Review Committee

The following key responsibilities have been set out in the Charter of RPTRC.

- Ensure that the Company complies with the Rules set out in the Code.
- Subject to the exception given under Rule 27 of the Code, review, in advance, all proposed related party transactions and also examine any previously reviewed transactions, whether the Management has provided required information when seeking approval of the Committee for such proposed material changes, if any, prior to the completion of the transaction.
- Have meetings every fiscal quarter and report to the Board on the Committee's activities.
- The Committee shall take into consideration the facts and circumstances provided by the Senior Management with regard to the related party transactions and examine the Directors' independence with regard to such proposed transactions.
- Whether the related party transaction requires immediate market disclosure, as describe under Section 8 of the CSE Listing Rules.
- Review guidelines and policies annually and recommend amendments to the Board as and when determined to be appropriate by the Committee.

Report of the Related Party Transactions Review Committee (Contd..)

Procedures for Reporting and Review of RPTs

The Managing Director is responsible for reporting to the Committee as per the information set out under Rule 30 of the Code other than the exceptions given in Rule 27 of the Code.

The Committee reviewed all related party transactions of the Company for the financial year 2023/24 and it was observed that all related party transactions entered into during the year were of a recurrent nature and necessary for the day-to-day operations of the Company. The Committee has recommended that these transactions were at “arm’s length” not favorable to any related party than generally available to the public.

During the year under review the Company engaged in renting premises and renting a vehicle to related Companies. All transactions were of a recurrent nature and have been carried out in compliance with the policies and procedures set out by the Related Party Transactions Review Committee. A brief statement of transactions entered into with related parties are as follows:

*Related Party	Relationship	Transaction Type	Terms	Debt period	Value of transaction (Excl. taxes) F/Y 2023-2024 (Rs.in millions)	Outstanding as at 31-3-2024 (Rs.in millions)
WPL	Common Directors	Stores Rent & Vehicle Hiring	At market rate	Monthly	5.25 (0.91% of total income)	Nil
CKITL	JV Partner	Stores Rent	At market rate	Monthly	0.456 (0.08% of total income)	Nil
		Dividend			500.0 (87.06% of total income)	Nil

*WPL - Wheels (Pvt) Ltd

CKITL – CEAT-Kelani International Tyres (Pvt) Ltd

Further, the Committee has proposed and recommended the imposing of a penalty charge of 1% per annum on the dues that are not settled on the due date.

The details of the related party transactions entered into during the year are given in Note 27.1 to the Financial Statements on page 71 of the Annual Report.

Declaration

In terms of Rule 9.14.8 (4) of the Listing Rules of the Colombo Stock Exchange, a declaration by the Board of Directors as an affirmative statement of the compliance with the Listing Rules pertaining to Related Party Transactions is given on page 5 of the Annual Report.



D. S. K. Amarasekera

Chairman - Related Party Transactions Review Committee

Independent Auditor's Report



KPMG
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TO THE SHAREHOLDERS OF KELANI TYRES PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kelani Tyres 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 2024, and the statement of profit and 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 material accounting policies and other explanatory information as set out on pages 26 to 78.

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 of 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

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 Code of Ethics for professional Accountants issued by CA Sri Lanka (Code of Ethics), 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 Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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C. P. Jayatilake FCA
Ms. S. Joseph FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel FCA
Ms. P.M.K. Sumanasekara FCA

T. J. S. Rajakarier FCA
W.K.D.C.Abeyrathne FCA
Ms.B.K.D.T.N.RodrigoFCA
Ms. C.T.K.N. Perera ACA
R.W.M.O.W.D.B. Rathnadiwakara FCA

W. W. J. C. Perera FCA
G.A.U.KarunaratneFCA
R. H. Rajan FCA
A.M.R.P. Alahakoon ACA

Principals: S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R.Ziyad FCMA (UK), FCIT, K. SomasundaramACMA (UK)

Independent Auditor's Report (Contd..)

1. Valuation of Investment Properties

Risk description	Our response
<p>Refer to note 13 in the Financial Statements.</p> <p>The Company's investment properties are stated at their fair value in the amount of Rs. 697.5 million as at 31 March 2024 with the gain on fair value change for the year ended recorded in the statement of profit or loss amounting to Rs. 50.8 million.</p> <p>Management's assessment of the fair value of the investment properties are based on the valuations performed by an independent qualified property valuer in accordance with recognized industry standards.</p> <p>Estimating the fair value is a complex process which involves a significant degree of judgment and estimates in respect of market price per perch, value per square foot and depreciation rate used of investment properties.</p> <p>We identified this as a key audit matter because of the subjective nature of property valuations using level 3 assumptions and significance of the value of Investment properties to the Financial Statements.</p>	<p>Our audit procedures included;</p> <ul style="list-style-type: none"> • Discussions with management and the external valuer and comparison of the key assumptions used by challenging the reasonableness of key assumptions based on our knowledge of the industry. • Assessing the reasonability of the method, assumptions, data used in the valuation with the assistance of KPMG valuation Specialist. • Assessing the objectivity, independence, competence and professional qualifications of the external valuer. • Assessing the adequacy of the disclosures in the financial statements, including the description and appropriateness of the inherent degree of subjectivity and key assumptions in the estimates.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

We read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

Independent Auditor's Report (Contd..)

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

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 Company and the Group's internal control.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Independent Auditor's Report (Contd..)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 3272.



CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

24 June 2024

Consolidated Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees thousands)

	Note	Group		Company	
		Year ended 31 March		Year ended 31 March	
		2024	2023	2024	2023
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Revenue	5	-	839	-	-
Cost of sales		-	(292)	-	-
Gross profit		-	547	-	-
Other operating income	6	74,323	62,207	574,323	921,974
Gain from fair value adjustment on investment property	13	50,788	82,721	50,788	82,721
Administrative expenses		(168,381)	(146,067)	(168,177)	(148,268)
Depreciation and amortisation		(1,114)	(14,374)	(1,114)	(14,374)
(Loss)/profit from operations		(44,384)	(14,966)	455,820	842,053
Finance income	7.1	162,928	85,922	162,928	85,922
Finance costs	7.2	(3,248)	(19,594)	(3,248)	(19,594)
Net finance income		159,680	66,328	159,680	66,328
Share of net profit of equity accounted investee, net of tax	16	871,215	494,418	-	-
Profit before taxation	8	986,511	545,780	615,500	908,381
Income tax expense	9	(39,592)	(37,990)	(39,592)	(37,990)
Profit for the year		946,919	507,790	575,908	870,391
Other comprehensive income/(expenses)					
Items that will not be reclassified to profit or loss					
Loss on defined benefit obligation		(1,462)	(507)	(1,462)	(507)
Related tax on defined benefit obligation		438	152	438	152
Related tax on revaluation of property, plant and equipment		-	(2,642)	-	(2,642)
Share of OCI of equity accounted investee					
Gain/(loss) on defined benefit obligation		(73,382)	76,953	-	-
Related tax on defined benefit obligation		22,015	(23,086)	-	-
Related tax on revaluation of property, plant and equipment		-	(69,887)	-	-
Total other comprehensive (expense)/income for the year		(52,391)	(19,017)	(1,024)	(2,997)
Total comprehensive income for the year		894,528	488,773	574,884	867,394
Profit attributable to:					
Owners of the Company		946,919	507,790	575,908	870,391
Non-controlling interest		-	-	-	-
		946,919	507,790	575,908	870,391
Total comprehensive income attributable to:					
Owners of the Company		894,528	488,773	574,884	867,394
Non-controlling interest		-	-	-	-
		894,528	488,773	574,884	867,394
Basic earnings per share (Rs.)	10	11.78	6.32	7.16	10.83
Dividend per share (Rs.)	11	5.00	5.00	5.00	5.00

The notes to the financial statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statements of Financial Position

(all amounts in Sri Lanka Rupees thousands)

As at 31 March	Note	Group 31 March		Company 31 March	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
ASSETS					
Non-current assets					
Property, plant and equipment	12	32,986	31,816	32,986	31,816
Investment property	13	697,500	642,221	697,500	642,221
Investment in equity accounted investee	16	5,229,450	4,909,603	139,607	139,607
Investment in subsidiaries	17	-	-	10	10
Total non-current assets		5,959,936	5,583,640	870,103	813,654
Current assets					
Trade and other receivables	18	4,413	3,893	4,413	3,893
Amounts due from related parties	19	39,600	36,412	39,600	36,412
Income tax receivable		4,315	4,315	3,712	3,712
Other investments	20	874,952	848,695	874,952	848,695
Cash and cash equivalents	21	279,152	233,405	275,240	229,239
Total current assets		1,202,432	1,126,720	1,197,917	1,121,951
Total assets		7,162,368	6,710,360	2,068,020	1,935,605
EQUITY AND LIABILITIES					
Equity					
Stated capital	22	402,000	402,000	402,000	402,000
Revaluation reserve	23	753,290	753,290	22,049	22,049
Retained earnings		5,833,735	5,341,208	1,470,678	1,297,794
Total equity attributable to owners of the Company		6,989,025	6,496,498	1,894,727	1,721,843
Non-controlling interest		-	-	-	-
Total equity		6,989,025	6,496,498	1,894,727	1,721,843
Non-current liabilities					
Loans and borrowings	24	-	-	-	-
Retirement benefit obligation	25	11,156	7,920	11,156	7,920
Deferred tax liability	15	79,634	40,480	79,634	40,480
Total non-current liabilities		90,790	48,400	90,790	48,400
Current liabilities					
Trade and other payables	26	73,097	65,057	73,047	64,957
Loans and borrowings	24	-	833	-	833
Bank overdrafts	21	9,456	99,572	9,456	99,572
Total current liabilities		82,553	165,462	82,503	165,362
Total liabilities		173,343	213,862	173,293	213,762
Total equity and liabilities		7,162,368	6,710,360	2,068,020	1,935,605

These Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.



Chief Financial Officer

The Board of Directors is Responsible for the preparation and presentation of these Financial Statements.
Approved and Signed for and on behalf of the Board,



Director

19 June 2024
Colombo



Director

The notes to the financial statements form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Consolidated Statement of Changes in Equity - Group

(all amounts in Sri Lanka Rupees thousands)

	Note	Stated capital Rs. '000	Revaluation reserves Rs. '000	Retained earnings Rs. '000	Total Rs. '000
Balance as at 1 April 2022		402,000	825,819	5,181,906	6,409,725
Comprehensive income for the year					
Profit for the year		-	-	507,790	507,790
Other comprehensive income/(expense) for the year, net of tax		-	(72,529)	53,512	(19,017)
Total comprehensive income for the year		-	(72,529)	561,302	488,773
Transactions with owners of the Company					
Dividend paid during the year	11	-	-	(402,000)	(402,000)
Balance as at 31 March 2023		402,000	753,290	5,341,208	6,496,498
Balance as at 1 April 2023		402,000	753,290	5,341,208	6,496,498
Comprehensive income for the year					
Profit for the year		-	-	946,919	946,919
Other comprehensive expense for the year, net of tax		-	-	(52,391)	(52,391)
Total comprehensive income for the year		-	-	894,528	894,528
Transactions with owners of the Company					
Dividend paid during the year	11	-	-	(402,000)	(402,000)
Balance as at 31 March 2024		402,000	753,290	5,833,735	6,989,025

The notes to the financial statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity - Company

(all amounts in Sri Lanka Rupees thousands)

	Note	Stated capital Rs. '000	Revaluation reserves Rs. '000	Retained earnings Rs. '000	Total Rs. '000
Balance as at 1 April 2022		402,000	24,691	829,758	1,256,449
Comprehensive income for the year					
Profit for the year		-	-	870,391	870,391
Other comprehensive income for the year, net of tax		-	(2,642)	(355)	(2,997)
Total comprehensive income for the year		-	(2,642)	870,036	867,394
Transactions with owners of the Company					
Dividend paid during the year	11	-	-	(402,000)	(402,000)
Balance as at 31 March 2023		402,000	22,049	1,297,794	1,721,843
Balance as at 1 April 2023		402,000	22,049	1,297,794	1,721,843
Comprehensive income for the year					
Profit for the year		-	-	575,908	575,908
Other comprehensive expense for the year, net of tax		-	-	(1,024)	(1,024)
Total comprehensive income for the year		-	-	574,884	574,884
Transactions with owners of the Company					
Dividend paid during the year	11	-	-	(402,000)	(402,000)
Balance as at 31 March 2024		402,000	22,049	1,470,678	1,894,727

The notes to the financial statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Consolidated Statement of Cash Flows

(all amounts in Sri Lanka Rupees thousands)

For the year ended 31 March	Note	Group		Company	
		2024 Rs. '000	2023 Rs. '000	2024 Rs. '000	2023 Rs. '000
Cash flows from operating activities					
Profit before taxation		986,511	545,780	615,500	908,381
Adjustments for:					
Depreciation on property, plant and equipment	12	1,114	14,666	1,114	14,374
Other adjustment to property, plant and equipment	12	-	(2,566)	-	-
Profit on disposal of property, plant and equipment	6	-	(208)	-	25
Change in fair value of investment property	13	(50,788)	(82,721)	(50,788)	(82,721)
Fair value gain from unit trust investment	6	(61,642)	(42,755)	(61,642)	(42,755)
Realised gain from unit trust investment	6	(6,508)	(12,338)	(6,508)	(12,338)
Share of profit from equity accounted investee	16	(871,215)	(494,418)	-	-
Dividend income	6	-	-	(500,000)	(860,000)
Provision for defined benefit obligation	25	1,774	1,737	1,774	1,737
Impairment of other assets		-	1,621	-	1,621
Finance income	7.1	(162,928)	(85,922)	(162,928)	(85,922)
Finance costs	7.2	3,248	19,594	3,248	19,594
Operating loss before working capital changes		(160,434)	(137,530)	(160,230)	(138,004)
Changes in:					
Decrease / (increase) in trade and other receivables		(520)	345,075	(520)	344,876
(Increase) in amounts due from RPT		(3,188)	(4,200)	(3,188)	(4,200)
Increase / (decrease) in trade and other payables		8,040	(87,557)	8,090	(87,538)
Cash (used in) / generated from operating activities		(156,102)	115,788	(155,848)	115,134
Gratuity paid	25	-	(1,589)	-	(1,589)
Interest paid	7.2	(3,248)	(19,594)	(3,248)	(19,594)
Net cash flow (used in) / generated from operating activities		(159,350)	94,605	(159,096)	93,951
Cash flows from investing activities					
Acquisition of property, plant and equipment	12	(2,284)	(5,823)	(2,284)	(5,823)
Acquisition of investment property	13.1	(4,491)	-	(4,491)	-
Cash proceeds from disposal of PPE		-	234	-	-
Dividend received from joint venture	16.2 / 6	500,000	860,000	500,000	860,000
Investment in government securities		95,829	(600,000)	95,829	(600,000)
Net investment in fixed deposits		-	44,730	-	44,730
Purchase of units	20.3	(124,923)	(383,667)	(124,923)	(383,667)
Proceeds from sale of units		65,338	439,228	65,338	439,228
Interest income from other investments		168,577	82,717	168,577	82,717
Net cash generated from investing activities		698,046	437,419	698,046	437,185
Cash flows from financing activities					
Repayment of borrowings	24	(833)	(10,000)	(833)	(10,000)
Dividends paid		(402,000)	(402,000)	(402,000)	(402,000)
Net cash flow used in financing activities		(402,833)	(412,000)	(402,833)	(412,000)
Net increase/(decrease) in cash and cash equivalents during the year					
		135,863	120,024	136,117	119,136
Cash and cash equivalents at the beginning of the year	21	133,833	13,809	129,667	10,531
Cash and cash equivalents at the end of the year		269,696	133,833	265,784	129,667

The notes to the financial statements form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Consolidated Financial Statements

1. REPORTING ENTITY

1.1 Domicile and legal form

KelaniTyres PLC (the “Company”) is a public limited liability company that is incorporated under the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 07 of 2007 and domiciled in Sri Lanka. The registered office of the Company is situated at P.O. Box 8, Nungamugoda, Kelaniya.

The Company is listed on the Colombo Stock Exchange under stock code - TYREN000.

The consolidated financial statements of the Company as at and for the year ended 31 March 2024 comprise of the financial information of the Company, its subsidiary, Executive Cars (Private) Limited, and joint venture, CEATKelani Holdings (Private) Limited (together referred to as the “Group” and individually as “Group entities”).

1.2 Principle activities and nature of operation

The Company is involved in the business of importation and sale of tyres in addition to holding investments in its subsidiary and joint venture as well as earning rental income from investment property.

The principal activity of the Group are as follows,

Name of the Company	Principal activities
Executive Cars (Private) Limited	Vehicle hire business
CEATKelani Holdings (Private) Limited	Investment holding

1.3 Parent Enterprise

In the opinion of the Directors, the Company’s parent entity is considered to be Silverstock Limited, who owns 47.86%. Silverstock Limited is domiciled in Sri Lanka.

1.4 Subsidiary

In 2006, the vehicle hire business of the KelaniTyres PLC was transferred to a fully owned subsidiary, Executive Cars (Private) Limited (Previously known as KTL Executive Hire (Private) Limited), which was incorporated on 1 January 2006.

1.5 Joint venture

The Company’s JV comprises of 50% holding of CEATKelani Holding (Private) Limited. The JV’s principal activity is the manufacture of automobile tyres for the purpose of local sales and exports. In addition, the JV imports and sells tyres of certain sizes. The JV’s manufacturing facilities are located at their factories at Nagoda, Kalutara district and Kelaniya, Gampaha district.

On 1 July 1999, a joint venture was formed after entering into an agreement between Associated CEAT (Private) Limited (ACPL), CEAT Limited India and the KelaniTyres PLC [KTPLC]. CEAT Kelani International Tyres (Private) Limited (CKITL) was incorporated to carry on the tyre manufacturing operations and the assets and facilities of KelaniTyres PLC were transferred to CKITL. ACPL shares were transferred to Associated CEAT Holding (Private) Limited (ACH), a new company. Another company was incorporated, CEAT Kelani Holdings (Private) Limited (CKHPL) to acquire and hold eventually all of the shares of ACPL and CKITL. The consideration for such acquisition was the issuance by CKHPL of its shares to both ACHPL and KTPLC in equal proportion. CEAT Kelani Radials (Private) Limited (previously known as Associated CEAT Kelani Radials (Private) Limited)

Notes to the Consolidated Financial Statements (Contd..)

1. REPORTING ENTITY (Contd..)

1.5 Joint venture (Contd..)

which was incorporated on 9 September 2005 is also a fully owned subsidiary of CKHPL. Asian Tyres (Private) Limited was incorporated on 14 November 2012, under Company's Act No. 07 of 2007 as a fully owned subsidiary of CKITL was amalgamated with CEAT Kelani Radials (Private) Limited a wholly own subsidiary of CKH with effect from 1 April 2021. CEAT Kelani Radials (Private) Limited was amalgamated with CEAT Kelani International Tyres (Private) Limited with effect from 1 April 2023.

1.6 Number of employees

The total number of employees of the Group as at 31 March 2024 is 8 (2023 – 8).

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standards (hereinafter referred to as SLFRSs/LKASs) as issued by the Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act No. 07 of 2007.

The consolidated financial statements for the year ended 31 March 2024 were authorised for issue by the Directors on 19 June 2024.

2.2 Basis of measurement

The consolidated financial statements have been prepared on historical cost basis, except when adequate disclosure is made regarding fair values under relevant notes. Assets and liabilities are grouped by nature and listed in an order that reflects their relative liquidity. No adjustments have been made for inflationary factors affecting these consolidated financial statements. The consolidated financial statements, except for information on cash flows have been prepared following the accrual basis of accounting.

2.3 Comparative information

Comparative information is disclosed in respect of the previous period in the Financial Statements in order to enhance the understanding of the current period's Financial Statements and to enhance the inter-period comparability. The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

2.4 Going concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management 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 consolidated financial statements of the Group continue to be prepared on a going concern basis. The Company has a strong asset base which includes sustainable investments that yield significant income and the asset base of the Company has grown during the year. Furthermore, the Company maintains a healthy liquidity position and has ready access to funding if required.

2.5 Functional and presentation currency

The consolidated financial statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional currency. All financial information presented in Sri Lankan Rupees have been rounded to the nearest Rupees thousands.

Notes to the Consolidated Financial Statements (Contd..)

2. BASIS OF PREPARATION (Contd..)

2.6 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with SLFRSs/LKASs 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. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual results may differ from those estimates and judgmental decisions. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements is included in the following notes:

- Note 3.5.5.1 - Impairment of financial assets
- Note 3.5.5.2 - Impairment of non-financial assets
- Note 3.7 - Property, plant and equipment and useful life
- Note 3.8 - Intangible asset and amortisation
- Note 3.9 - Investment property
- Note 3.12 - Provisions and contingencies
- Note 3.13 - Employee benefits
- Note 3.25 (a) - Current taxation
- Note 3.25 (b) - Deferred taxation

2.7 Materiality and aggregation

Each material class of similar items is presented separately in the consolidated financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group.

3.1 Changes in material accounting policies

The Group adopted following Changes to accounting policies with effect from 1 April 2023.

Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred tax related assets and liabilities arising from a single transaction (amendment LKAS 12) from 1 April 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that arise to equal and offsetting temporary differences. Eg: Leases.

Material Accounting Policy Information

The Group adopted Disclosure of Accounting Policies (Amendments to LKAS 01) from 1 April 2023.

Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

Notes to the Consolidated Financial Statements (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.1 Changes in material accounting policies (Contd.)

The amendments require the disclosure 'material' rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in certain instances inline with the amendments.

Other than the above, there have been no changes to the Group's material accounting policies during the financial year under review.

3.2 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Group and its subsidiary as at and for the year ended 31 March 2024. The Group controls an investee when it is exposed to, 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. Thus, the Group controls an investee if and only if the investor has all of the following:

Power over 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 the amount of the investor's returns.

Generally, there is a presumption that a majority of voting rights result 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:

- Contractual arrangement with the other vote holders of the investee;
- Rights arising from other contracts and 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.

3.2.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.2.1 Business combinations (Contd..)

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3.2.2 Non-controlling interests (“NCI”)

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at the acquisition date.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Transactions that result in changes in ownership interests while retaining control are accounted for as transactions with owners in their capacity as owners. Any gain or loss on such changes is recognised in equity.

Investment in the Company’s separate financial statements are carried at cost.

3.2.4 Loss of control

When the Group loses control over a subsidiary, it de-recognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.2.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

3.2.6 Financial year end

All companies in the Group have a common financial year which ends on 31 March.

3.3 Foreign currency transactions

Transactions in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Sri Lankan Rupees at the foreign exchange rate as at the reporting date.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.3 Foreign currency transactions (Contd..)

Foreign exchange differences arising on the settlement or reporting of the Group's profit or loss and other monetary items at rates different from those which were initially recorded are dealt with in the Statement of Profit or Loss and Other Comprehensive Income.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost at the reporting date are translated to Sri Lankan Rupees at the foreign exchange rate existed at the date of initial transaction.

Non-monetary assets & liabilities that are stated at fair value, denominated in foreign currencies are translated to Sri Lanka Rupees at the exchange rate ruling at the dates that profit or loss and other value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

3.4 Investment in jointly controlled entities

The Company jointly controls CEAT Kelani Holdings (Private) Limited with Associated CEAT Holding Company (Private) Limited.

Investments in equity accounted investees are accounted using the equity method. The cost of investment is the cost of acquisition inclusive of brokerage and costs of transaction.

Dividends from jointly controlled entities are recognised in profit or loss when the right to receive the dividend is established.

The Company has the following investments as of the reporting date.

Name of Company	Holding Interest	
	2024	2023
CEAT Kelani Holdings (Private) Limited (Joint Venture)	50.00%	50.00%
Subsidiaries of CEAT Kelani Holdings (Private) Limited		
Associated CEAT (Private) Limited	99.99%	99.99%
CEAT Kelani International Tyres (Private) Limited	99.99%	99.99%
Subsidiary of CEAT Kelani International Tyres (Private) Limited		
CEAT Kelani Radials (Private) Limited	-	100%

The principal activities of the companies are as follows,

Name of the Company	Principal activities
CEAT Kelani Holdings (Private) Limited	Investment holding
CEAT Kelani International Tyres (Private) Limited	Manufacturing of pneumatic tyres & flaps, buying and selling of tyres, tubes and flaps
Associated CEAT (Private) Limited	Manufacturing of pneumatic tyres

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.4 Investment in jointly controlled entities (Contd..)

3.4.1. Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity- accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity- accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in 3.4.2.

3.4.2. Impairment testing of investments in jointly controlled entities

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All other individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash generating units carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in- use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment loss is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.5 Financial instruments

3.5.1 Non-derivative financial assets

Recognition and initial measurement

The Group initially recognises receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost comprise of trade and other receivables, amount due from related parties, investments in fixed deposits and cash and cash equivalents.

On initial recognition of a debt or equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment by investment basis. The Group does not have financial assets measured at FVOCI as at the reporting date.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

Notes to the Consolidated Financial Statements (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.5.1 Non-derivative financial assets (Contd.)

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realising cash flows through the sale of the assets.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed

Assessment whether contractual cash flows is solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable-rate features.
- prepayment and extension feature; and
- term that limits the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.5.2 Non-derivative financial liabilities

Recognition and initial measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading at the initial recognition. Financial liabilities at FVTPL are measured at fair value and any resulting gains or losses, including any interest expense are recognised in profit or loss.

The Group classifies financial liabilities at initial recognition as other financial liabilities. At the end of the reporting period all classifications are re-evaluated to the extent that such classification is permitted and required.

All the financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Other financial liabilities mainly consist of trade and other payables, loans and borrowings and bank overdrafts.

Subsequent measurement

Other financial liabilities are subsequently measured at amortised cost. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method minus any reduction for impairment.

3.5.3 De-recognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also de-recognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

3.5.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.5.5 Impairment

3.5.5.1 Impairment of Financial Assets

Financial instruments and contract assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

3.5.5.2 Impairment of Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement.

When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the Group establishes fair value using a valuation technique. To make disclosures required by Sri Lanka Accounting Standards, the Group should classify fair value measurements using a fair value hierarchy which is categorized into following levels.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.6 Fair Value Measurement (Contd..)

- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within Level 01 that are observable for the assets or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

3.7 Property, plant and equipment

3.7.1 Recognition and measurement

All items of property, plant and equipment are initially recorded at cost. Land, building and motor vehicles are measured using revaluation model. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed asset includes the cost of materials and direct labor, the initial estimate, when relevant of the cost of the dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of overheads. The cost of acquisition includes purchase cost together with any incidental expenses incurred in bringing the assets to its working condition for the intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted as separate items of property, plant and equipment.

Expenditure on repairs or maintenance of property, plant and equipment made to restore or maintain future economic benefits expected from the assets has been recognised as an expense when incurred.

3.7.2 Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised.

The cost of replacing part of an item of property, plant & equipment is recognised in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in Statement of Profit or Loss and Other Comprehensive Income as incurred.

3.7.3 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. Leased assets are depreciated over the shorter of the lease terms and other useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease period.

	Estimated useful lives
Freehold building and installation	50
Plant, machinery and equipment	8
Motor vehicles	4

No depreciation is charged for Freehold land as it deemed to have indefinite life.

Notes to the Consolidated Financial Statements (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.7.3 Depreciation (Contd.)

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is de-recognised.

3.7.4 Revaluation

The Group applies revaluation model for Land, buildings, and motor vehicles. The Group's policy is to value these assets in every three to five years. As a result of revaluation if the carrying amount is increased, the increased amount is credited to equity under the heading of Revaluation Reserve. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised as an expense unless it reverses a previous increment relating to that asset, in which case it is charged against any related revaluation surplus in respect of that same asset. Any balance remaining in the revaluation surplus in respect of an asset, is transferred directly to accumulated profits on retirement or disposal of the asset.

3.7.5 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time the assets are substantially ready for their intended use. Borrowing cost includes foreign exchange differences to the extent that such differences are regarded as in adjustment to interest cost as permitted by the accounting standards.

3.7.6 De-recognition

An item of property, plant and equipment is de-recognised upon disposal and when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit or Loss and Other Comprehensive Income in the year the asset is de-recognised.

When replacement costs are recognised in the carrying amount of an item of property, plant and equipment, the remaining carrying amount of the replaced part is de-recognised. The major inspection costs are capitalised. At each such capitalisation the remaining carrying amount of the previous cost of inspections is de-recognised.

3.8 Intangible assets

3.8.1 Recognition and Measurement

An intangible asset is recognised if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably in accordance with the Sri Lanka Accounting Standard 38 - "Intangible Assets". Accordingly, these assets are stated in the statement of financial position at cost.

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are recognised at their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

3.8.2 Subsequent expenditure

Expenditure incurred on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.8.3 Amortisation

Intangible assets are amortised on a straight-line basis over estimated useful economic life from the date when the asset is available for use. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end.

	Years
Computer software	4

3.8.4 Impairment

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible assets with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

3.8.5 De-recognition

An intangible asset is de-recognised on disposal or when no future economic benefits are expected from its use and subsequent disposal.

3.9 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the consolidated financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in the statement of comprehensive income. Investment properties are derecognised when they have been disposed. Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the statement of comprehensive within net gain from fair value adjustment on investment property.

Notes to the Consolidated Financial Statements (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.9 Investment property (Contd.)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under LKAS 16. Any resulting increase in the carrying amount of the property is recognised in statement of comprehensive income to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to statement of comprehensive income.

Rental income from investment property is recognised as other operating income.

3.10 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SLFRS 16.

This policy is applied to contracts entered into, on or after 1 April 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The Group applies the cost model for the subsequent measurement of the ROU asset and accordingly, the right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Depreciation expenses, if any, has been charged to the statement of comprehensive income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Notes to the Consolidated Financial Statements (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.10 Leases (Contd.)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As per the management's impact assessment of SLFRS 16, the Group does not have any material leasing arrangements which require the recognition of a right of use asset and a lease liability.

Presentation of ROU asset and lease liabilities

The Group presents right-of-use assets that do not meet the definition of investment property in separate line as 'Right-of-use assets' and lease liabilities in 'Lease liability' in the statement of financial position.

Short term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.11 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.12 Liabilities and Provisions

a) Liabilities

Liabilities classified as current liabilities on the statement of financial position are those, which fall due for payment on demand or within one year from the reporting date. Non-current liabilities are those balances that fall due for payment after one year from the reporting date.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.12 Liabilities and Provisions (Contd..)

b) Provisions

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability.

3.13 Employee Benefits

a) Defined Contribution Plans

A defined contribution plan is a post-employment plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligation for contributions to defined contribution plans are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the period during which related services are rendered by employees.

i) Employees Provident Fund

The Group and Employees contribute 12% and 10% respectively to Employees Provident Fund which is managed by Central Bank of Sri Lanka on the salary of each employee.

ii) Employees Trust Fund

The Group contributes 3% of the salary of each employees to the Employees Trust Fund.

Contributions to defined contribution plans are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income as incurred.

b) Defined benefit plans – Retirement gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss. The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.13 Employee Benefits (Contd..)

However, according to the Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continuous service. The liability is not externally funded.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

3.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.16 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.17 Related party transactions

Disclosure has been made in respect of the transactions with in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the Group, irrespective of whether a price is being charged or not.

3.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. The Group has one reportable segment which is the Company.

Notes to the Consolidated Financial Statements (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.19 Capital commitments & contingencies

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefits is not probable or cannot be reliably measured.

Capital commitment and contingent liabilities of the Group are disclosed in the respective notes to the consolidated financial statements.

3.20 Events occurring after the reporting date

The materiality of the events occurring after the reporting date has been considered and appropriate adjustments and disclosure have been made in the consolidated financial statements wherever necessary.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

3.21 Revenue recognition

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. Determining the timing of the transfer of control at a point in time or over time require judgment taking into consideration the nature of goods or services that Group offers.

Some contracts include multiple deliverables. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under SLFRS 15
Sale of goods	Customers obtain control of goods when the goods are delivered and have been accepted by customers at their premises.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.

The Group imports and sells a range of tyres, alloy wheels and batteries to its related companies. Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, usually on delivery of the goods.

Sales are measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales taxes) and variable consideration (e.g. discounts, incentives, returns and refunds). The Group estimate an amount of variable consideration by using the expected value method which is the sum of probability weighted amounts in a range of possible considerations amounts.

The Company has the obligation to accept returns and refunds.

Notes to the Consolidated Financial Statements (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd.)

3.21 Revenue recognition (Contd.)

Hire income

Hire income is recognised as it accrues, unless collectability is in doubt.

3.22 Income other than Revenue

Other income is recognised on an accrual basis. Gain of a revenue nature on the disposal of property, plant and equipment, sundry income and other non-current assets have been accounted for in the assets.

a) Interest income

Interest income is recognised using the effective interest method.

b) Rent income

Rent income is recognised as it accrues, unless collectability is in doubt.

c) Dividend income

Dividends are recognised at the time the right to receive the payment is established.

3.23 Expenditure

All expenditure incurred in running of the business and in maintaining the property, plant & equipment in a state of efficiency have been charged to revenue in arriving at the profit for the year. For the purpose of presentation of Statement of Profit or Loss and Other Comprehensive Income, the Directors are of the opinion that function of expense method present fairly the elements of the enterprise's performance, hence such presentation method is adopted. Expenditure incurred for the purpose of acquiring, expanding or improving assets of a permanent nature by means of which to carry on the business or for the purpose of increasing the earning capacity of the business has been treated as capital expenditure.

Repairs and renewals are charged to Statement of Profit or Loss and Other Comprehensive Income in the year in which the expenditure is incurred.

The profit incurred by the Group before taxation as shown in the Statement of Profit or Loss and Other Comprehensive Income is after making provision for all known liabilities and for the depreciation of property, plant & equipment.

Expenditure for warranties are recognised and charged against the associated provision when the related revenue is recognised.

3.24 Finance Income and Finance Cost

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial asset or liabilities (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liabilities. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Notes to the Consolidated Financial Statements (Contd..)

3. SIGNIFICANT ACCOUNTING POLICIES (Contd..)

3.25 Income tax expenses

An income tax expense comprises current and deferred tax. An income tax expense is recognised directly in Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

a) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment made to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

b) Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of assets and liabilities, which is the amount attributed to those assets and liabilities for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or subsequently enacted at the reporting date. Deferred tax assets including those related to temporary tax effects of income tax losses and credits available to be carried forward, are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.26 Earnings per share

The consolidated financial statements present basic earnings per share (EPS) data for its ordinary shareholders.

The basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

The diluted EPS adjusts the figures used in the determination of basic EPS per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

CASH FLOW STATEMENT

3.27 Cash Flow Statement

The Statement of Cash Flows has been prepared by using the “Indirect Method” of preparing of cash flow statement in accordance with LKAS 7- Cash Flow Statement.

Cash and cash equivalents includes cash in hand, deposits held with banks where original maturities of at three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

For the purposes of the statement of cash flow, net cash and cash equivalents comprise cash and cash equivalents net of bank overdrafts.

Notes to the Consolidated Financial Statements (Contd..)

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT EFFECTIVE AS AT REPORTING DATE

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4.1 Standards issued but not yet effective

There are a number of new accounting standards or amendments which are issued but not yet effective as at 31 March 2024 that are not expected to have a material impact on the Group's Financial Statements.

- Classification of Liabilities as Current and Non-Current - Amendments to LKAS 1
- Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7
- Lease Liability in Sale and Leaseback - Amendments to SLFRS 16
- Lack of exchangeability - Amendments to LKAS 21
- General Requirements for Disclosure of Sustainability related Financial Information (SLFRS S1)
- Climate-related Disclosures (SLFRS S2)

For the year ended 31 March,	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
5. Revenue from contracts with customers				
Sale of goods	-	-	-	-
Hiring income	-	839	-	-
Total revenue	-	839	-	-
Taxes				
- Value Added Tax	-	-	-	-
Net revenue	-	839	-	-

Revenue from these sales is recognised based on the price specified in the invoice, net of the estimated volume discounts. The revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No significant element of financing is deemed present as the sales are made with a credit term of 365 days.

Revenue is not reflected in financial statements because the Company did not engage in trading activities due to tight margins, the need to allocate considerable amount of resources to distribute/market and the current economic climate. Further, the fully owned subsidiary Executive Cars (Pvt) Ltd was engaged in hiring motor vehicles. At present the Company does not own any vehicles and as such the Company is dormant. Due to this there is no hiring income reflected in the Group.

For the year ended 31 March,	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
6. Other operating income				
Rent income	5,257	6,170	5,257	6,170
Profit/(loss) on disposal of property, plant and equipment	-	208	-	(25)
Administration income	461	278	461	278
Other income	455	458	455	458
Dividend income	-	-	500,000	860,000
Realised gain from unit trust investment	6,508	12,338	6,508	12,338
Fair value gain from unit trust investment	61,642	42,755	61,642	42,755
	74,323	62,207	574,323	921,974

Notes to the Consolidated Financial Statements (Contd..)

For the year ended 31 March,

	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
7. Net finance income				
7.1 Finance income				
Interest income from fixed deposits	3,081	149	3,081	149
Interest income from treasury bills	156,089	77,670	156,089	77,670
Interest income from savings accounts	3,758	8,103	3,758	8,103
	162,928	85,922	162,928	85,922
7.2 Finance costs				
Interest cost on bank overdraft	3,244	18,313	3,244	18,313
Interest cost on loans and borrowings	4	1,281	4	1,281
	3,248	19,594	3,248	19,594
Net finance income	159,680	66,328	159,680	66,328

8. Profit before tax

Profit from operations is stated after charging all the expenses including the following:

	Note	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
For the year ended 31 March,					
Directors' emoluments and staff costs	8.1	137,024	116,494	137,024	116,494
Auditors' remuneration - Audit		1,125	1,084	1,075	950
Depreciation on property, plant and equipment	8.2	1,114	14,666	1,114	14,374
8.1 Directors' emoluments and staff costs					
Wages and salaries		133,901	113,353	133,901	113,353
Defined benefit obligations	25	1,774	1,737	1,774	1,737
Defined contribution plans		1,349	1,404	1,349	1,404
		137,024	116,494	137,024	116,494
Classified as:					
Directors' emoluments (fee and bonus)		81,077	72,082	81,077	72,082
Other benefits to Directors		25,593	13,811	25,593	13,811
Staff costs		30,354	30,601	30,354	30,601
Total		137,024	116,494	137,024	116,494
8.2 Depreciation on property, plant and equipment					
Charged to cost of sales		-	292	-	-
Charged to administrative expenses		1,114	14,374	1,114	14,374
		1,114	14,666	1,114	14,374
9. Income tax expense					
Current tax expense	9.1	-	-	-	-
Deferred tax expense	9.5	39,592	37,990	39,592	37,990
		39,592	37,990	39,592	37,990

Notes to the Consolidated Financial Statements (Contd..)

9. Income tax expense (Contd..)

For the year ended 31 March,	Note	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
9.1 Reconciliation of the accounting profit and the income tax expense					
Accounting profit before taxation		986,511	545,780	615,500	908,381
Aggregated expenses disallowed for tax		121,498	17,543	121,294	17,251
Aggregated expenses allowed for tax		(2,322)	(3,581)	(2,322)	(3,581)
Aggregated income from other sources		(287,123)	(91,508)	(787,123)	(942,721)
Share of profit of equity accounted investee		(871,215)	(494,418)	-	-
Assessable income/(loss) - Business		(52,651)	-	(52,651)	-
Assessable income/(loss) - Investment		174,693	(26,184)	174,693	(20,670)
Tax losses utilised during the year		(174,693)	-	(174,693)	-
Total taxable income		-	-	-	-
Income tax at the rate of 30% - 2024		-	-	-	-
Income tax at the rate of 24% - first 6 months		-	-	-	-
Income tax at the rate of 30% - balance 6 months		-	-	-	-
Total income tax expense		-	-	-	-
9.2 Tax loss movement					
Brought forward tax losses		279,603	257,921	274,509	258,341
Tax losses incurred during the year		52,651	26,184	52,651	20,670
Tax losses utilised during the year		(174,693)	-	(174,693)	-
Over provision for tax losses in prior year		(99,933)	(4,502)	(98,951)	(4,502)
Tax losses carried forward		57,628	279,603	53,516	274,509

9.3 Income tax rate

Company

In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendment thereto, the taxable profit from the business and investment income of the Company are liable to income tax at the rate of 30% (2023: 24% for the first six months and 30% for the second six months). On Dividend income, Company is liable at the rate of 15% (2023: 14% until 31 December 2023 and 15% w.e.f. 1 January 2024), if the dividend has been declared out of profits.

Group

In terms of the provisions of the Inland Revenue Act, No. 24 of 2017 and amendment thereto, the taxable profit from the business and investment income of the Subsidiary are liable to income tax at the rate of 30% (2023: 14% for the first six months and 30% for the second six months).

9.4 Deferred tax rate

The tax rate of 30% has been used in calculating the Group's deferred tax liability for the year ended 31 March 2024 (2023 - 30%).

Notes to the Consolidated Financial Statements (Contd..)

9. Income tax expense (Contd..)

For the year ended 31 March,	Note	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
9.5 Deferred tax expense					
Deferred tax assets originated during the year	15	23,008	(21,923)	23,008	(21,923)
Deferred tax liabilities originated during the year	15	16,584	59,913	16,584	59,913
Charged to profit or loss		39,592	37,990	39,592	37,990
Deferred tax assets originated during the year	15	(438)	(152)	(438)	(152)
Deferred tax liabilities originated during the year	15	-	2,642	-	2,642
Charged to OCI		(438)	2,490	(438)	2,490

10. Basic earnings per share

Earnings per share has been calculated by dividing the net profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year, as required by LKAS 33 - "Earnings Per Share".

For the year ended 31 March,	Note	Group		Company	
		2024	2023	2024	2023
Profit attributable to ordinary shareholders (Rs. '000)		946,919	507,790	575,908	870,391
Weighted Average Number of Ordinary Shares (thousands)	22	80,400	80,400	80,400	80,400
Basic earnings per share (Rs.)		11.78	6.32	7.16	10.83

The diluted earnings per share is not differ from basic earnings per share during the financial year.

For the year ended 31 March,	Note	Group		Company	
		2024	2023	2024	2023
11. Dividend per share					
Dividend declared to shareholders (Rs. '000)		402,000	402,000	402,000	402,000
Number of shares in issue (thousands)	22	80,400	80,400	80,400	80,400
Dividends per share (Rs.)		5.00	5.00	5.00	5.00

Notes to the Consolidated Financial Statements (Contd..)

As at 31 March,

12. Property, plant and equipment

Property, plant and equipment - Group

	Freehold land Rs. '000	Freehold building and installation Rs. '000	Plant/ machinery and equipment Rs. '000	Motor vehicles Rs. '000	Total 2024 Rs. '000	Total 2023 Rs. '000
Cost/revalued amount						
Balance as at 1 April 2023	23,085	2,416	8,309	30,655	64,465	58,658
Additions	-	1,673	611	-	2,284	5,823
Disposals/write-off during the year	-	-	-	-	-	(4,915)
Other adjustments	-	-	-	-	-	4,899
Impact from revaluation	-	-	-	-	-	-
Written off during the year	-	-	-	-	-	-
Balance as at 31 March 2024	23,085	4,089	8,920	30,655	66,749	64,465
Accumulated depreciation						
Balance as at 1 April 2023	-	112	1,882	30,655	32,649	20,540
Charge for the Year	-	76	1,038	-	1,114	14,666
Other adjustments	-	-	-	-	-	2,333
Disposals/write-off during the year	-	-	-	-	-	(4,890)
Impact from revaluation	-	-	-	-	-	-
Balance as at 31 March 2024	-	188	2,920	30,655	33,763	32,649
Carrying value						
As at 31 March 2024	23,085	3,901	6,000	-	32,986	-
As at 31 March 2023	23,085	2,304	6,427	-	-	31,816
Property, plant and equipment - Company						
Cost/revalued amount						
Balance as at 1 April 2023	23,085	2,416	8,309	30,655	64,465	60,057
Additions	-	1,673	611	-	2,284	5,823
Disposals/write-off during the year	-	-	-	-	-	(1,415)
Impact from revaluation	-	-	-	-	-	-
Written off during the year	-	-	-	-	-	-
Balance as at 31 March 2024	23,085	4,089	8,920	30,655	66,749	64,465
Accumulated depreciation						
Balance as at 1 April 2023	-	112	1,882	30,655	32,649	19,665
Charge for the Year	-	76	1,038	-	1,114	14,374
Disposals/write-off during the year	-	-	-	-	-	(1,390)
Impact from revaluation	-	-	-	-	-	-
Balance as at 31 March 2024	-	188	2,920	30,655	33,763	32,649
Carrying value						
As at 31 March 2024	23,085	3,901	6,000	-	32,986	-
As at 31 March 2023	23,085	2,304	6,427	-	-	31,816

Notes to the Consolidated Financial Statements (Contd..)

12. Property, plant and equipment (Contd..)

12.1 Property, plant and equipment includes fully depreciated assets still in use, the cost of which amounted to Rs. 30,806,837 (2023 - Rs. 30,717,000) as at the date of statement of financial position.

12.2 Revaluation of land and building

A revaluation was done by the valuer (Arthur Perera & Company), a qualified independent valuer on 31 March 2021 to reflect the market value of land and building. The valuation method adopted was the Market Comparable Method. The resultant surplus of Rs. 8,809,125 has been credited to the revaluation reserve and a deficit of Rs. 2,097,844 has been debited to the revaluation reserve respectively.

12.3 Details of land and buildings owned by the company are as follows:

The extent of free hold land and freehold building is as follows.

		<u>Last revaluation date</u>	<u>Extent</u>
Land and two storey building situated in No. 203/209 Union Place Colombo 2.	Land	31 March 2021	9.8 perches
	Building	31 March 2021	3,364 sq.ft.

12.4 Revaluation of motor vehicle

In March 2021, a revaluation was done by valuers (De Silva Motor Engineers (Pvt) Ltd and CAREDRIIVE Motor Engineers (Pvt) Ltd), qualified independent valuers to reflect the market value of the motor vehicle. The resultant surplus of Rs. 17,008,908, has been credited to the revaluation reserve.

12.5 Valuation methods

Description of the valuation technique used together with a narrative description on sensitivity of the fair value measurement to changes in significant unobservable inputs are as follows:

The fair value measurement for all properties and motor vehicles have been categorised as level 3 fair value based on the input to the valuation technique used.

Valuation technique

Land	Market comparable approach method
Buildings	Market comparable approach method
Motor vehicles	Market comparable approach method

Valuation technique	Significant unobservable inputs	Sensitivity of fair value measurement to input
<p><i>Market comparable approach method</i></p> <p>This method considers the selling price of a similar property/motor vehicle within a reasonably recent period of time in determining the fair value of the property/motor vehicle being revalued. This involves evaluation of recent active market prices of similar assets, making appropriate adjustments for any differences in the nature, size, location or condition of the specific asset.</p>	<ul style="list-style-type: none"> * Market value of land - Price per perch - Rs. 13,500,000 * Market value of building - Price per sq. ft. - Rs. 4,928 * Market value of motor vehicles - Rs. 265,000 to 22,500,000 	<p>Estimated open market price per perch</p> <p>Estimated fair value would increase/(decrease) if the price per perch would increase/(decrease)</p> <p>Estimated fair value would increase/(decrease) if the price per sq. ft. would increase/(decrease)</p> <p>Estimated fair value would increase/(decrease) if the market value of motor vehicle would increase/(decrease)</p>

Notes to the Consolidated Financial Statements (Contd.)

12. Property, plant and equipment (Contd.)

12.6 Details of revalued Land, building and installation and motor vehicles

	Cost		Revalued amount		Carrying amount at cost	
	2024	2023	2024	2023	2024	2023
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Land	14,276	14,276	23,085	23,085	14,276	14,276
Building	5,200	5,200	2,416	2,416	1,088	1,209
Motor vehicles	33,441	33,441	30,655	30,655	-	-
	52,917	52,917	56,156	56,156	15,364	15,485

12.7 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2024 (2023 - Nil).

12.8 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2024 (2023 - Nil).

12.9 There were no temporary idle items of Property, Plant and Equipment as at 31 March 2024 (2023 - Nil).

As at 31 March,

	Group		Company	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
13. Investment property				
13.1 Reconciliation of carrying amount				
Balance as at 1 April	642,221	559,500	642,221	559,500
Additions during the year	4,491	-	4,491	-
Change in fair value	50,788	82,721	50,788	82,721
Balance as at 31 March	697,500	642,221	697,500	642,221

13.2 Extent and details of investment property

Investment property consists of Land, together with factory and administrative buildings, situated at No. 08, Nungamugoda, Kelaniya.

	Extent
Land called "Philmount Estate"	259 perches
Factory and administrative buildings	34,253 sq.ft.

Previous valuations did not include a building with an extent of 3,920 sq.ft. with a value of Rs. 16 Mn. This was corrected during the year. As the amounts involved are not material, the comparative balances have not been restated.

13.3 Amounts recognised in profit or loss

	Group		Company	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Rental income (note 6)	5,257	6,170	5,257	6,170
Direct operating expenses from property that generated rental income	-	-	-	-
Direct operating expenses from property that did not generate rental income	-	-	-	-
Gain from fair value adjustment on investment property	50,788	82,721	50,788	82,721

Notes to the Consolidated Financial Statements (Contd..)

13. Investment property (Contd..)

13.4 Measurement of fair values

(a) Fair value hierarchy

The fair value of investment property was determined by the external, independent property valuer (Arthur Perera & Company), having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's investment property portfolio annually.

The fair value measurement of all of the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

(a) Valuation techniques and other observable inputs

Fair value of land was derived using the market approach and the fair value of the building was derived using the cost approach, as per SLFRS 13.

Land value was derived using the fair market values of comparable lands in close proximity and is adjusted for differences in key attributes such as size, location and amenities available.

The building value was derived using the market data available for construction costs of a similar building and adjusted for depreciation.

The significant unobservable inputs used in the fair valuation of investment property are the value per perch/sq.ft and the depreciation rates.

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
<p>Building - Cost approach</p> <p>Considers the current replacement cost of the building by using the current construction costs (building materials) available in the market. Depreciation is provided as an adjustment to the above computation.</p>	<p>* Depreciation rate - 35% and 45% Assumed based on the commercial substance of the buildings, age, and its useful life</p> <p>* Per sq.ft. rate - current replacement cost between Rs. 5,500 and Rs. 13,750</p>	<p>The estimated fair value would increase/(decrease) if:</p> <p>* the depreciation rate were higher/(lower)</p> <p>* the per sq. ft. rate were higher/(lower)</p> <p>* the per perch rate were higher/(lower)</p>
<p>Land - Market approach</p> <p>Considers the prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.</p>	<p>Per perch rate - Rs. 1.85 Mn</p> <p>Rate was arrived at based on the current use, locality, and extent of the land. The value was calculated by considering the prices of the lands available at close proximity and discounted for the extent of the land.</p>	

13.5 Leasing arrangements

The investment properties are rented out to CEAT Kelani International Tyres (Private) Limited and Wheels (Private) Limited both of which are related companies under operating leases as per SLFRS 16 with rentals payable monthly. There are no variable lease payments that depend on an index or rate.

Notes to the Consolidated Financial Statements (Contd..)

13. Investment property (Contd..)

13.6 Sensitivity analysis

The sensitivity of the fair value of investment properties to changes in the assumptions used are as follows:

	Impact to value of the investment properties	
	Group	Company
	Rs. '000	Rs. '000
Increase price of average square feet and price per land perch by 1%	7,003	7,003
Decrease price of average square feet and price per land perch by 1%	(7,003)	(7,003)
Increase in depreciation rate of buildings by 1%	3,591	3,591
Decrease in depreciation rate of buildings by 1%	(3,591)	(3,591)

14. Intangible assets

Intangible assets represent the amounts paid for acquisition of new accounting software. Estimated useful lives of the intangible assets is 4 years.

The Group's and Company's intangible assets consists of the PeachTree accounting software

As at 31 March,	Note	Group		Company	
		2024	2023	2024	2023
		Rs'000	Rs'000	Rs'000	Rs'000
Cost		201	201	134	134
Accumulated amortisation		(201)	(201)	(134)	(134)
Net book value		-	-	-	-
15. Deferred tax					
Balance as at 1 April		40,480	-	40,480	-
Amounts originated to Profit or loss	9.5	39,592	37,990	39,592	37,990
Amounts originated to OCI	9.5	(438)	2,490	(438)	2,490
Balance as at 31 March		79,634	40,480	79,634	40,480
15.1 Reconciliation of net deferred tax liabilities					
Deferred tax assets	15.2	19,459	42,957	19,459	42,957
Deferred tax liabilities	15.3	(99,093)	(83,437)	(99,093)	(83,437)
Net deferred tax liability		(79,634)	(40,480)	(79,634)	(40,480)

Deferred tax asset has not been recognised in respect of the following tax losses, because it is not probable that future taxable profit will be available against which the Group/Company can use the benefits therefrom.

	Group		Company	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
Tax loss	4,112	144,330	-	139,240
Unrecognised deferred tax asset	1,234	43,299	-	41,772

The tax losses of the Group as at the reporting date was Rs. 58 Mn (Company: Rs. 54 Mn) resulting in a deferred tax asset of Rs. 17 Mn (Company: Rs. 16 Mn) as at the reporting date. However, deferred tax asset has not been recognised on tax losses due to uncertainty regarding availability of future taxable profits against which the deferred tax asset would be utilized. Accordingly, the unrecognised deferred tax asset at reporting date was Rs. 1 Mn (Company: Nil).

Notes to the Consolidated Financial Statements (Contd..)

15. Deferred tax (Contd..)

As at 31 March	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
15.2 Deferred tax assets				
Tax losses	16,056	40,581	16,056	40,581
Defined benefit obligation	3,347	2,376	3,347	2,376
Property, plant and equipment	56	-	56	-
Total deferred tax assets	19,459	42,957	19,459	42,957
15.3 Deferred tax liabilities				
Property, plant and equipment	-	928	-	928
Fair value gain on investment property revaluation	96,450	79,866	96,450	79,866
Revaluation gain on land and building	2,643	2,643	2,643	2,643
Total deferred tax liabilities	99,093	83,437	99,093	83,437

16. Investment in equity accounted investee

16.1 The investment in equity accounted investee is the joint venture listed below, having share capital consisting solely of ordinary shares, which is held directly by the Company.

Name of entity	Place of business/country of incorporation	% of ownership interest	Measurement method	No. of shares
CEAT Kelani Holding (Private) Limited	Sri Lanka	50	Equity method	10,000,000

Investment in joint venture represents the 50% holding in CEAT Kelani Holdings (Private) Limited, a company incorporated in Sri Lanka to acquire shares of Associated CEAT (Private) Limited and CEAT Kelani International Tyres (Private) Limited. These subsidiaries are fully owned by CEAT Kelani Holdings (Private) Limited.

CEAT Kelani Holding (Private) Limited is a private company and there is no quoted market price available for its shares.

The consolidated financial statements of CEAT Kelani Holding (Private) Limited have been used to calculate the carrying value of the joint venture as presented in the notes below.

16.2 Carrying value of joint venture	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
As at 1 April	4,909,603	5,291,205	139,607	139,607
Share of profit net of tax	871,215	494,418	-	-
Share of other comprehensive income				
- Actuarial gain on retirement benefit obligation	(73,382)	76,953	-	-
- Tax on actuarial gain on retirement benefit obligation	22,015	(23,086)	-	-
- Tax on revaluation gain	-	(69,887)	-	-
Dividends received from CEAT Kelani Holding (Private) Limited	(500,000)	(860,000)	-	-
At 31 March	5,229,450	4,909,603	139,607	139,607

Notes to the Consolidated Financial Statements (Contd..)

16. Investment in equity accounted investee (Contd..)

16.3 Summarised financial information

	Joint venture	
	2024	2023
	Rs. '000	Rs. '000
Summarised statement of financial position		
Current		
Cash and cash equivalents	864,165	818,952
Other current assets (excluding cash)	7,965,327	8,976,329
Total current assets	8,829,492	9,795,281
Financial liabilities (excluding trade payables)	(4,097,860)	(5,456,835)
Other current liabilities (including trade payables)	(1,059,686)	(1,455,611)
Total current liabilities	(5,157,546)	(6,912,446)
Non-current assets	7,626,440	7,665,470
Non-current liabilities	(839,486)	(729,100)
Net assets	10,458,900	9,819,205

	Joint venture	
	2024	2023
	Rs. '000	Rs. '000
Summarised statement of comprehensive income		
Domestic revenue	16,116,938	14,082,216
Export revenue	1,283,860	1,349,823
Total revenue	17,400,798	15,432,039
Cost of sales	(12,901,543)	(12,200,420)
Other operating income	154,372	63,223
Distribution / administrative cost	(2,428,852)	(1,829,242)
Finance income	380,694	876,907
Finance cost	(385,056)	(822,110)
Pre-tax profit from continuing operations	2,220,413	1,520,397
Income tax expense	(477,984)	(531,562)
Post-tax profit from continuing operations	1,742,429	988,835
Other comprehensive income		
Remeasurement of defined benefit obligations	(146,764)	153,906
Tax on remeasurement of defined benefit obligation	44,029	(46,172)
Tax on revaluation loss	-	(139,774)
Other comprehensive loss for the year - net of tax	(102,735)	(32,040)
Total comprehensive income	1,639,694	956,795

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the joint venture.

Notes to the Consolidated Financial Statements (Contd.)

16. Investment in equity accounted investee (Contd.)

16.3 Summarised financial information (Contd.)

As at 31 March, Summarised financial information	Joint venture	
	2024 Rs. '000	2023 Rs. '000
Opening net assets as at 1 April	9,819,205	10,582,410
Profit for the year	1,742,429	988,835
Other comprehensive (loss) / income, net of tax	(102,735)	(32,040)
Dividend distributed for the year	(1,000,000)	(1,720,000)
Closing net assets	10,458,899	9,819,205
Interest in joint venture @ 50%	5,229,450	4,909,603
Carrying value	5,229,450	4,909,603

16.4 Commitment and contingent liabilities in respect of joint venture

There are no commitment and contingent liabilities relating to the Group's interest in the joint venture.

Ceat Kelani Holding (Private) Limited has following commitments and contingent liabilities.

* Contingent liabilities

CEAT Kelani International Tyres (Private) Limited (CKITL)

- The Inland Revenue Department (IRD) has issued a tax assessment for the year of assessment 2019/2020 disallowing certain expenses incurred by CKITL alleging that these expenses should be allocated among other related companies. Value of total tax resulting to this assessment amounted to Rs. 16,289,069/-. CKITL has commenced the appeal process. Currently, this appeal is being heard under the Tax Appeal Commission. However, this is still pending as of the reporting date, and CKITL does not anticipate any liability related to the same.
- The Inland Revenue Department (IRD) has issued a tax assessment for the year of assessment 2016/2017 disallowing a Withholding Tax credit of Rs. 4,369,639/-. CKITL has commenced the appeal process and original Withholding Tax Certificates have been provided to the IRD. However, this clearance is still pending as of the reporting date, and CKITL does not anticipate any liability related to the same.
- A Corporate Income Tax assessment has been issued to Asian Tyres (Private) Limited (subsequently merged with CEAT Kelani Radials (Private) Limited) for the year of assessment 2018/2019, amounting to Rs. 91,026,991/-, disallowing the tax exemption entitled under Section 17(A) of the Inland Revenue Act. The Company has filed a tax appeal, this is being heard under Tax Appeal Commission.

Associated CEAT (Private) Limited (ACPL)

The Inland Revenue Department (IRD) has issued a tax assessment for the year of assessment 2018/2019 by re-estimating the business profits declared by the Company. Value of total tax resulting to this assessment amounted to Rs. 146,795,279/- including the interest and penalty. ACPL has commenced the appeal process. currently, this appeal is being heard under the Tax Appeal Commission. However, this is still pending as of the reporting date, and the company does not anticipate any liability related to the same.

CEAT Kelani Holdings (Private) Limited (CKH)

- CKH has given Corporate Guarantee on behalf of Associated CEAT (Private) Limited on the bank facilities obtained from Union Bank for Rs. 300 Mn as at 31st March 2024.
- CKH has given Corporate Guarantee on behalf of CEAT Kelani International Tyres (Private) Limited on the bank facilities obtained from Indian Overseas Bank for Rs. 278 Mn, Nations Trust Bank for Rs. 540 Mn as at 31 March 2024.

Notes to the Consolidated Financial Statements (Contd..)

16. Investment in equity accounted investee (Contd.)

16.4 Commitment and contingent liabilities in respect of joint venture (Contd.)

There was no ongoing or pending material litigation involving the Group, and no provision for such cases has been made in these financial statements.

* Commitments

Capital commitments

The approximate capital expenditure contracted by CKH Group for which no provisions have been made in the Financial Statements as at 31 March 2024 amounts to Rs. 171,930,366/- (2023 - Rs. 343,685,352/-) as follows,

	2024	2023
	Rs. '000	Rs. '000
Associated CEAT (Private) Limited	42,952	83,519
CEAT Kelani International Tyres (Private) Limited	128,978	100,227
CEAT Kelani Radials (Private) Limited	-	159,939
	171,930	343,685

Financial commitments

Associated CEAT (Private) Limited and CEAT Kelani International Tyres (Private) Limited, subsidiary companies of CEAT Kelani Holdings (Private) Limited, have an annual commitment to pay royalty at 1% on sales, net of taxes, discounts, and incentives to CEAT Limited, India. Further, CEAT Kelani International Tyres (Private) Limited has an annual commitment to pay royalty at 1% on two wheel tyres and 2% on radial tyres, on sales, net of taxes, discounts and commissions to CEAT Limited, India.

* Securities given for banking facilities

Associated CEAT (Private) Limited (ACPL)

Lender	Facility	Nature of Security
State Bank of India	Fund based working capital (cash credit/Import loan/bill purchase) & non fund based sub limit (LC/BG). Working Capital Loan	Primary concurrent mortgage for USD 0.5 Mn on stocks and trade & other receivables. Secondary mortgage for USD 1.5 Mn on Land, Building & Fixed Machinery at Kalutara. Primary mortgage for USD 1 Mn on Land, Building & Fixed Machinery at Kalutara.
People's Bank	Fund based working capital (cash credit/Import loan/bill purchase) & non fund based sub limit (LC/BG)	Documents of title to goods shipped Indemnity of the Borrowers Assignment over fixed deposit of Rs. 125 Mn Letter of set off.

Notes to the Consolidated Financial Statements (Contd..)

16. Investment in equity accounted investee (Contd.)

16.4 Commitment and contingent liabilities in respect of joint venture (Contd.)

CEAT Kelani International Tyres (Private) Limited (CKITL)

Lender	Facility	Nature of Security
India Overseas Bank	Fund based working capital	Pari-passu charge on stock and book debt up to 120 days. Documents to title to goods for DP bills/ accepted bills of exchange for DA bills.
Sampath Bank	Fund based working capital	Primary concurrent Mortgage Bond Rs. 302.13 Mn over Land and Building and Plant & Machinery of CKITL.
Commercial Bank	Fund based working capital	Mortgage over immovable assets and land value up to Rs. 172.5 Mn.
State Bank of India	Long term loan facility	Primary Mortgage over assets created out of the Bank Finance
India Overseas Bank	Long term loan facility	Primary Mortgage Bond on Solar Panel, Inverter and other assets created out of the Bank Finance
State Bank of India	Fund based working capital (cash credit/ Import loan/ bill purchase) & non fund based sub limit (LC/BG)	Mortgage over stocks in trade & receivable for Rs. 150 Mn
State Bank of India	Term Loan	Primary mortgage over Plant & Machinery purchased from the facility.

16.5 Subsequent event disclosures

No events have occurred since the reporting date which would require adjustments to, or disclosure in the financial statements.

17. Investment in subsidiary

Investment in Executive Cars (Private) Limited
(1000 ordinary shares)

Company	
2024	2023
Rs'000	Rs'000
10	10

The Company invested in ordinary shares of Executive Cars (Private) Limited (formerly known as KTL Executive Hire (Private) Limited) on 1 January 2006. Executive Cars (Private) Limited is considered as a wholly owned subsidiary of the Company.

As at 31 March,	Note	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
18. Trade and other receivables					
Prepayments		1,394	1,724	1,394	1,724
VAT receivable		820	140	820	140
Withholding tax receivable		1,040	158	1,040	158
Other receivables		1,159	1,871	1,159	1,871
		4,413	3,893	4,413	3,893

Notes to the Consolidated Financial Statements (Contd..)

As at 31 March,	Note	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
19. Amounts due from related parties					
Wheels (Private) Limited	27.1	-	6,412	-	6,412
Silverstock Limited		-	-	-	-
Receivable from key management personnel	27.4	39,600	30,000	39,600	30,000
		39,600	36,412	39,600	36,412
20. Other investments					
Government securities - at amortised cost	20.1	504,810	606,288	504,810	606,288
Unit trust investments - at FVTPL	20.2	370,142	242,407	370,142	242,407
		874,952	848,695	874,952	848,695
20.1 Government securities - at amortised cost					
Treasury bills		504,171	600,000	504,171	600,000
Annualised investment return		639	6,288	639	6,288
		504,810	606,288	504,810	606,288

The above treasury bills have a yield rate of 9.25% (2023: 27.25%) and matures on 1 April 2024 (2023: 1 September 2023).

20.2 Unit trust investments

Investment in unit trust	Group / Company			
	2024		2023	
	No. of units	Fair value	No. of units	Fair value
NDB Wealth Money Fund	6,068,074	198,691	5,029,909	136,896
CAL Fixed Income Opportunities Fund	5,018,283	171,451	3,761,691	105,511
Total	11,086,356	370,142	8,791,600	242,407

Valuation of unit trusts are based on the unit prices published by the unit trust managers, NDB Wealth Management and Capital Alliance Investments Limited as at 31 March. These investments are categorised as level 2 in the fair value hierarchy.

As at 31 March	Note	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
20.3 Movement in investment in unit trusts					
As at 1 April		242,407	242,875	242,407	242,875
Investments during the year		124,923	383,667	124,923	383,667
Redemptions during the year		(58,830)	(426,890)	(58,830)	(426,890)
Fair value adjustment	6	61,642	42,755	61,642	42,755
As at 31 March		370,142	242,407	370,142	242,407

Notes to the Consolidated Financial Statements (Contd..)

Note	Group		Company	
	2024	2023	2024	2023
	Rs'000	Rs'000	Rs'000	Rs'000
21. Cash and cash equivalents				
Cash at bank	21,702	229,001	17,790	224,835
Fixed deposits maturing within 3 months	257,450	4,404	257,450	4,404
	279,152	233,405	275,240	229,239

The above fixed deposits have interest rates between 10.25% and 10.50% (2023: 16%) and matures in two months.

Cash and cash equivalents include the following for the purposes of the statement of cash flows.

Cash and bank balances	279,152	233,405	275,240	229,239
Bank overdrafts	(9,456)	(99,572)	(9,456)	(99,572)
	269,696	133,833	265,784	129,667

The bank overdrafts of the Company are secured by investment properties situated at Nungamugoda, Kelaniya.

As at 31 March,	Company	
	2024	2023
	Rs'000	Rs'000
22. Stated capital		
Number of shares (thousands)	80,400	80,400
Stated capital (Rs. '000)	402,000	402,000

The Company has only one class of ordinary shares and carry equal voting rights. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All issued shares are fully paid.

As at 31 March,	Note	Group		Company	
		2024	2023	2024	2023
		Rs'000	Rs'000	Rs'000	Rs'000
23. Revaluation reserves					
Revaluation reserves of the Company		22,049	22,049	22,049	22,049
Revaluation reserves of the Joint venture		731,241	731,241	-	-
At end of year		753,290	753,290	22,049	22,049

Group

Revaluation increments are recognised in other comprehensive income and accumulated as a separate component of equity in respect of property, plant and equipment.

Notes to the Consolidated Financial Statements (Contd..)

23. Revaluation reserves (Contd.)

	Note	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
23.1 Movement of revaluation reserve					
Balance as at 1 April		860,762	860,762	24,691	24,691
Deferred tax on revaluation gain	23.2	(107,472)	(107,472)	(2,642)	(2,642)
Balance as at 31 March		753,290	753,290	22,049	22,049
23.2 Movement of deferred tax					
Balance as at 1 April		107,472	34,943	2,642	-
Deferred tax on revaluation gain - due to tax rate change		-	72,529	-	2,642
Balance as at 31 March		107,472	107,472	2,642	2,642

	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
24. Borrowings				
24.1 Movement				
As at 1 April	833	10,833	833	10,833
Repayments during the year	(833)	(10,000)	(833)	(10,000)
As at 31 March	-	833	-	833
Current	-	833	-	833
Non-current	-	-	-	-
	-	833	-	833

Lender	Rate of interest	Balance as at 31 March 2024 Rs. '000	Terms of repayment per month Rs. '000	Security
Commercial Bank of Ceylon PLC	AWPLR + 1.25%	-	69	Mortgage has executed over the investment properties situated at Nungamugoda, Kelaniya.

* AWPLR - Average Weighted Prime Lending Rate

The term loan of the Company are secured by investment properties and bear interest at AWPLR+1.25%. The loan was fully settled during the year,

Notes to the Consolidated Financial Statements (Contd..)

As at 31 March,	Note	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
25. Defined benefit obligations					
25.1 Movement in the defined benefit obligation					
As at 1 April		7,920	7,265	7,920	7,265
Current service costs		823	634	823	634
Interest costs		951	1,103	951	1,103
Actuarial loss recognised in OCI		1,462	507	1,462	507
Benefits paid during the year		-	(1,589)	-	(1,589)
As at 31 March		11,156	7,920	11,156	7,920
25.2 Amounts recognised in the statement of profit or loss and other comprehensive income					
Current service cost		823	634	823	634
Interest cost		951	1,103	951	1,103
Cost included in staff costs	8.1	1,774	1,737	1,774	1,737
Actuarial loss recognised in OCI		1,462	507	1,462	507
Total cost		3,236	2,244	3,236	2,244
25.3 The principal actuarial assumptions used					
Discount rate		12.00%	18.50%	12.00%	18.50%
Salary increment rate		10.00%	15.00%	10.00%	15.00%
Staff turnover rate		3.00%	6.00%	3.00%	6.00%
Retiring age		74 years	74 years	74 years	74 years
Weighted average duration of the defined benefit obligation		10 years	8 years	10 years	8 years

A long-term Treasury Bond rate of 12 % p.a. (2023 – 18.5% p.a.) has been used to discount future liabilities taking into consideration remaining working life of eligible employees. Further, the salary increment rate of 10% is considered appropriate to be in line with the Group's targeted future salary increments when taking into account the current market conditions and inflation rate. The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from the services and retirement on medical grounds.

Due to the discount rate and salary increment rate assumptions used, nature of non-financial assumptions and experience of the assumptions of the Company, there is no significant impact to employment benefit liability as a result of prevailing macro-economic conditions.

25.4 Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Statement of Profit or Loss and Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the Income Statement and employment benefit obligation for the year.

Notes to the Consolidated Financial Statements (Contd..)

25. Defined benefit obligations (Contd.)

25.4 Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions (Contd.)

The sensitivity analysis may not be a representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Change in	Impact from a change in the assumption				
	Increase in assumption (Rs.)		Decrease in assumption (Rs.)		
	Group Rs'000	Company Rs'000	Group Rs'000	Company Rs'000	
Discount rate	1%	(895)	(895)	1,001	1,001
Salary increment rate	1%	1,010	1,010	(918)	(918)
Staff turnover rate	1%	116	116	(126)	(126)
Retiring age	1	(143)	(143)	1,576	1,576

	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
26. Trade and other payables				
Trade payables	-	-	-	-
Accrued expenses	1,486	1,749	1,436	1,649
Other payables	254	1,559	254	1,559
Unclaimed dividends	71,357	61,749	71,357	61,749
	73,097	65,057	73,047	64,957

27. Related party transactions

The Company carries out transactions in the ordinary course of its business with parties who are defined as related parties in LKAS 24 - Related Party Disclosures. Details of significant related party disclosures are as follows:

Name of the company	Relationship type	Holding %	
		2024	2023
Silverstock Limited	Immediate parent	47.86%	47.39%
Ceat Kelani Holdings (Private) Limited	Joint venture	50.00%	50.00%
Executive Cars (Private) Limited	Fully owned subsidiary	100.00%	100.00%

The directors of the Company are directors of following companies with which the Company had transactions in the ordinary course of business during the year.

Notes to the Consolidated Financial Statements (Contd..)

27. Related party transactions (Contd.)

27.1 Transaction and balances with related party entities

The following transactions were carried out with the related companies during the year:

	Wheels (Private) Limited	Wheels (Private) Limited - Trade Debtors	Power Silverstock Wheels (Private) Limited	Silverstock Limited	CKITL	CKH
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Opening balance as at 1 April 2023	6,412	-	-	-	-	-
Income from investment property and vehicle hiring	6,082	-	-	-	525	-
Dividend income receivable	-	-	-	-	-	500,000
Unrecoverable expenses written off	-	-	-	-	(3,735)	-
Expense incurred on our behalf	-	-	-	(5,000)	22,242	-
Expense borne on their behalf	7,163	-	-	122	-	-
Fund transfers (advance given)	-	-	-	-	-	-
Exchange loss	-	-	-	-	-	-
Receipts during the year	(19,657)	-	-	(122)	(19,032)	(500,000)
Payments during the year	-	-	-	5,000	-	-
Closing balance as at 31 March 2024	-	-	-	-	-	-
Closing balance as at 31 March 2023	6,412	-	-	-	-	-

27.2 Terms and conditions

There were no trading transactions during the current financial year.

27.3 Key management compensation

According to LKAS 24 - "Related Party Disclosures," Key Management Personnel are those having authority and responsibility for planning, directing, and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) and their immediate family members have been classified as KMP of the Company. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Fees and short term employee benefits	81,077	72,082	81,077	72,082
Other benefits to Directors	25,593	13,811	25,593	13,811
	106,670	85,893	106,670	85,893

27.4 Advances given to Directors

Repayable vehicle advances	39,600	30,000	39,600	30,000
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All advances given to Directors are interest free and are repayable to the Company.

Notes to the Consolidated Financial Statements (Contd..)

28. Financial assets and liabilities

The carrying amounts and fair values of Financial Assets and Financial Liabilities in each category are as follows.

Group

	Note	Financial assets measured at			Total carrying	Total fair
		FVTPL	FVTOCI	Amortised cost	value	value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
31 March 2024						
Financial assets						
Amounts due from related parties	19	-	-	39,600	39,600	39,600
Other investments	20	370,142	-	504,810	874,952	875,009
Cash and cash equivalents	21	-	-	279,152	279,152	279,152
		370,142	-	823,562	1,193,704	1,193,761

	Note	Financial liabilities measured at		Total carrying	Total fair
		FVTPL	Amortised cost	value	value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities					
Trade and other payables	26	-	71,357	71,357	71,357
Bank overdraft	21	-	9,456	9,456	9,456
		-	80,813	80,813	80,813

Group

	Note	Financial assets measured at			Total carrying	Total fair
		FVTPL	FVTOCI	Amortised cost	value	value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
31 March 2023						
Financial assets						
Amounts due from related parties	19	-	-	36,412	36,412	36,412
Other investments	20	242,407	-	606,288	848,695	848,342
Cash and cash equivalents	21	-	-	233,405	233,405	233,405
		242,407	-	876,105	1,118,512	1,118,159

	Note	Financial assets measured at		Total carrying	Total fair
		FVTPL	Amortised cost	value	value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities					
Trade and other payables	26	-	61,749	61,749	61,749
Borrowings	24	-	833	833	833
Bank overdraft	21	-	99,572	99,572	99,572
		-	162,154	162,154	162,154

Notes to the Consolidated Financial Statements (Contd..)

28. Financial assets and liabilities (Contd..)

The carrying amounts and fair values of Financial Assets and Financial Liabilities in each category are as follows.

Company

	Note	Financial assets measured at			Total carrying	Total fair
		FVTPL	FVTOCI	Amortised cost	value	value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
31 March 2024						
Financial assets						
Amounts due from related parties	19	-	-	39,600	39,600	39,600
Other investments	20	370,142	-	504,810	874,952	875,009
Cash and cash equivalents	21	-	-	275,240	275,240	275,240
		370,142	-	819,650	1,189,792	1,189,849

	Note	Financial liabilities measured at		Total carrying	Total fair
		FVTPL	Amortised cost	value	value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities					
Trade and other payables	26	-	71,357	71,357	71,357
Bank overdraft	21	-	9,456	9,456	9,456
		-	80,813	80,813	80,813

Company

	Note	Financial assets measured at			Total carrying	Total fair
		FVTPL	FVTOCI	Amortised cost	value	value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
31 March 2023						
Financial assets						
Amounts due from related parties	19	-	-	36,412	36,412	36,412
Other investments	20	242,407	-	606,288	848,695	851,418
Cash and cash equivalents	21	-	-	229,239	229,239	229,239
		242,407	-	871,939	1,114,346	1,117,069

	Note	Financial liabilities measured at		Total carrying	Total fair
		FVTPL	Amortised cost	value	value
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities					
Trade and other payables	26	-	61,749	61,749	61,749
Borrowings	24	-	833	833	833
Bank overdraft	21	-	99,572	99,572	99,572
		-	162,154	162,154	162,154

28.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows.

Level 1: Availability of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Use of inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Use of inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements (Contd..)

28. Financial assets and liabilities (Contd..)

Group / Company

	Level 1	Level 2	Level 3	Total
31 March 2024				
Other investments	-	370,142	-	370,142
31 March 2023				
Other investments	-	242,407	-	242,407

29. Financial instruments - Fair values and risk management

29.1 Financial risks factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

29.2 Market risk

(a) Interest rate risk

The Group's interest rate risk arises from the bank borrowings and investments of the Company, subsidiary and the joint venture. The fluctuation in the Average Weighted Prime Lending Rate (AWPLR) and Average Weighted Deposit Rate (AWDR) results in the effective interest rate of the borrowings and investments usually without a corresponding change in the fair value. The Group analyses the interest rate exposure on a dynamic basis monitoring AWPLR/AWDR.

Exposure and management of interest rate risk

At the end of the reporting period, the interest rate profile of the Group's interest-bearing financial instruments are as follows.

	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Variable rate instruments				
Financial assets - Cash at bank	21,702	229,001	17,790	224,835
Financial liabilities - Loans and borrowings	-	833	-	833
	21,702	229,834	17,790	225,668
Fixed rate instruments				
Financial assets - Government securities	504,810	606,288	504,810	606,288
Financial assets - Fixed deposits	257,450	4,404	257,450	4,404
	762,260	610,692	762,260	610,692

Sensitivity analysis

Impact from variable rate instruments

Increase interest rate by 1%
Decrease interest rate by 1%

Impact from fixed rate instruments

Increase interest rate by 1%
Decrease interest rate by 1%

Profit impact from change in assumption (Rs.)

	Group Rs. '000	Company Rs. '000
Increase interest rate by 1%	217	178
Decrease interest rate by 1%	(217)	(178)
Increase interest rate by 1%	7,623	7,623
Decrease interest rate by 1%	(7,623)	(7,623)

Notes to the Consolidated Financial Statements (Contd..)

29. Financial instruments - Fair values and risk management (Contd..)

29.2 Market risk (Contd..)

(b) Price risks

The Group is exposed to price risk arising from investments held by the Group as the Group's debt investments are traded for capital gain and classified in the financial position as fair value through profit or loss (FVTPL). Please refer note 3.5.5.1 for the impairment.

The sensitivity of the investment in unit trust to changes in the price of an unit trust as follows:

	Impact to value of the investment unit trust in assumption (Rs)	
	Group Rs. '000	Company Rs. '000
Increase price of an unit trust by 1%	3,701	3,701
Decrease price of an unit trust by 1%	(3,701)	(3,701)

(c) Credit risks

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, investments in treasury bills and outstanding balances from customers. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' and 'B' are accepted. No independent risk ratings are available for customers. Credit control assess the credit quality of the customs taking into account its financial position, past performance and other factors.

The Group applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 March 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group has neither recognised an impairment loss nor an allowance for impairment of its trade and other receivables during the financial year (2023: Nil).

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables

Counter parties without external credit rating.

	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Upto 6 months	-	-	-	-
More than 6 months	-	-	-	-
	-	-	-	-

Notes to the Consolidated Financial Statements (Contd..)

29. Financial instruments - Fair values and risk management (Contd..)

29.2 Market risk (Contd..)

	Rating	Group		Company	
		2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Cash at bank, net of OD					
Commercial Bank of Ceylon PLC	A	(3,875)	(94,929)	(7,787)	(99,095)
Sampath Bank PLC	A	15,609	221,893	15,609	221,893
Seylan Bank PLC	A-	46	50	46	50
DFCC Bank PLC	A-	366	2,415	366	2,415
Union Bank PLC	BBB-	100	-	100	-
		12,246	129,429	8,334	125,263
Fixed deposits					
Sampath Bank PLC	A	5,077	4,404	5,077	4,404
Union Bank PLC	BBB-	252,373	-	252,373	-
		257,450	4,404	257,450	4,404
Treasury bills					
Sri Lanka Government	C	504,810	606,288	504,810	606,288

(d) Liquidity risks

Cash flow forecasting is performed by the Group which monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs at all times. Such forecasting takes into consideration the Group's debt financing plans.

The table below analyses the Group's / Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group	Less than 3	Between 3	Between 1	Between 2	Total
	months	months	Year and 2	and 5 Years	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 March 2024					
Loans and borrowings	-	-	-	-	-
Bank overdrafts	9,456	-	-	-	9,456
Trade and other payables	73,097	-	-	-	73,097
	82,553	-	-	-	82,553
As at 31 March 2023					
Loans and borrowings	833	-	-	-	833
Bank overdrafts	99,572	-	-	-	99,572
Trade and other payables	65,057	-	-	-	65,057
	165,462	-	-	-	165,462

Notes to the Consolidated Financial Statements (Contd..)

29. Financial instruments - Fair values and risk management (Contd..)

29.2 Market risk (Contd..)

Company	Less than 3 months	Between 3 months and 1 year	Between 1 Year and 2 year	Between 2 and 5 Years	Total
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
As at 31 March 2024					
Loans and borrowings	-	-	-	-	-
Bank overdrafts	9,456	-	-	-	9,456
Trade and other payables	73,047	-	-	-	73,047
	82,503	-	-	-	82,503
As at 31 March 2023					
Loans and borrowings	833	-	-	-	833
Bank overdrafts	99,572	-	-	-	99,572
Trade and other payables	64,957	-	-	-	64,957
	165,362	-	-	-	165,362

30. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at 31 March 2024 and 31 March 2023 were as follows:

	Group		Company	
	2024 Rs'000	2023 Rs'000	2024 Rs'000	2023 Rs'000
Total borrowings	-	833	-	833
Less: Cash and cash equivalents, net of bank overdraft	(269,696)	(133,833)	(265,784)	(129,667)
Net cash/(debt)	269,696	133,000	265,784	128,834
Total equity	6,989,025	6,496,498	1,894,727	1,721,843
Total capital	7,258,721	6,629,498	2,160,511	1,850,677
Gearing ratio	0.00	0.00	0.00	0.00

The Group and the Company are significantly equity funded as at 31 March 2024 and as at 31 March 2023.

Commitments and contingencies

There were no any commitments and contingent liabilities relating to the Company as at 31 March 2024. The commitments and contingent liabilities in relation to the Group's interest in the equity accounted investee is disclosed in Note 16.4.

Notes to the Consolidated Financial Statements (Contd..)

31. Litigation and claims

There were no litigation relating to the Company and the Group as at 31 March 2024.

32. Events occurred after the reporting date

No events have occurred since the reporting date which would require adjustments to, or disclosure in the financial statements. The subsequent events disclosed by the Group's interest in the equity accounted investee is disclosed in Note 16.5.

33. Responsibility for financial statements

The Board of Directors is responsible for the preparation and presentation of the financial statements. This is more fully described under the relevant clause in the Directors' report.

Information to Shareholders and Investors

1. STOCK EXCHANGE LISTING

The issued Ordinary shares of Kelani Tyres PLC are listed with Colombo Stock Exchange.

2. SHAREHOLDING AS AT 31ST MARCH 2024

			2023/2024			2022/2023		
			No. of Holders	No. of Shares	%	No. of Holders	No. of Shares	%
FROM	1	1,000	7,575	2,077,366	2.58	7,487	2,097,806	2.61
	1,001	10,000	1,786	5,037,496	6.27	1,886	5,284,248	6.57
	10,001	100,000	190	5,296,124	6.59	197	5,423,547	6.75
	100,001	1,000,000	46	10,936,960	13.60	44	10,969,311	13.64
OVER	1,000,001		7	57,052,054	70.96	7	56,625,088	70.43
			9,604	80,400,000	100.00	9,621	80,400,000	100.00

3. CATEGORIES OF SHAREHOLDERS AS AT 31ST MARCH 2024

	2023/2024			2022/2023		
	No of Holders	No. of Shares	%	No of Holders	No. of Shares	%
Local Individuals	9,302	23,226,446	28.89	9,296	23,423,840	29.13
Local Institutions	233	56,211,117	69.91	254	55,837,335	69.45
Foreign Individuals	66	849,084	1.06	67	849,578	1.06
Foreign Institutions	3	113,353	0.14	4	289,247	0.36
	9,604	80,400,000	100	9,621	80,400,000	100

4. PUBLIC SHARE HOLDING AS AT 31ST MARCH 2024 - 49.618% comprising of 9,596 shareholders(as at 31.03.2023 - 50.086% - 9,613 shareholders)

5. FLOAT ADJUSTED MARKET CAPITALIZATION AS AT 31ST MARCH 2024 -Rs. 2,792,476,610.00

The Float adjusted market capitalization of the Company falls Under Option 4 of Rule 7.13.1. I (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum Public Holding requirement applicable under the said Option.

6. SHARE VALUATION

	2023/2024	(Rs.)	2022/2023	(Rs.)
Market value of Ordinary Shares	31st Mar 2024	70.00	31st Mar 2023	59.40
Highest value recorded	21st Aug 2023	76.40	2nd Sep 2022	77.00
Lowest value recorded	29th May. 2023	53.60	27th Apr. 2022	36.00

Thirty Largest Shareholders as at 31 March 2024

	2023/2024		2022/2023	
	No of Shares	% Holding	No of Shares	% Holding
Silverstock Limited	38,477,144	47.86	38,100,178	47.39
Bank of Ceylon A/C Ceybank Unit Trust	6,123,886	7.62	6,123,886	7.62
Mr. H M Udeshi	5,050,000	6.28	5,000,000	6.22
Employees Trust Fund Board	2,835,639	3.53	2,835,639	3.53
Mr. R. C. D. DE Silva	2,000,000	2.49	2,000,000	2.49
Employee Provident Fund	1,553,800	1.93	1,553,800	1.93
Bank of Ceylon A/C Ceybank Century Growth Fund	1,011,585	1.26	1,011,585	1.26
Mrs T. T. A. De Silva Weerasooria	622,612	0.77	622,612	0.77
Mouldex (Pvt) Ltd	600,000	0.75	600,000	0.75
Mr. D. K. A. K. Weerathunga (Deceased)	579,050	0.72	579,050	0.72
Mr. N Pusparaj and Mrs. K. Pusparaj	550,000	0.68	550,000	0.68
Acuity Partners (Pvt) Limited / Mr. Subramaniam Vasudevan	483,392	0.60	483,392	0.60
J. B. Cocoshell (Pvt) Ltd	472,482	0.589	435,888	0.54
Sampath Bank PLC / Aruna Enterprises Pvt Ltd	437,600	0.54	437,600	0.54
Sanasa Life Insurance Company PLC	424,966	0.53	378,543	0.47
Mr. A. M. Weerasinghe	400,000	0.50	250,000	0.31
Dr. T. Senthilvel	379,212	0.47	379,212	0.47
Mr. B Pobran	350,240	0.44	350,240	0.44
Ransri Enterprises Private Limited	310,000	0.39	310,000	0.39
Mrs. N. Muljie	290,694	0.36	290,694	0.36
Mr. T. T. T. Al-Nakib (Deceased)	250,000	0.31	250,000	0.31
Mr. Z G Carimjee	234,533	0.29	234,533	0.29
Mr. J. M. S. Brito & Mrs. B. S. Brito	224,890	0.28	224,890	0.28
Mr. R. A. Dadlani	206,773	0.26	241,496	0.30
Mrs. A. R. N. Perera	200,800	0.25	200,800	0.25
People's Leasing & Finance PLC / Mr. M. Z. M. Wafik	195,245	0.24	215,954	0.27
Mr. S. Senthilnathan	180,400	0.22	200,000	0.25
Mr. A. Tirathdas & Miss P. P. S. A. Perera	175,000	0.22	Nil	Nil
Alpex Marine (Pvt) Ltd	172,299	0.21	172,299	0.21
Sithlanka (Private) Limited	172,000	0.21	172,000	0.21

Performance Highlights

	GROUP (Investment in JV Accounted for on Equity Method)					COMPANY				
	2023/24	2022/23	2021/22	2020/21	2019/20	2023/24	2022/23	2021/22	2020/21	2019/20
(amounts in Sri Lanka Rupees thousands)										
Gross Sales (after discounts)										
Local	-	839	339,187	65,160	320,214	-	-	338,318	64,193	317,490
Trading Profitability										
Net Sales	-	839	314,062	60,333	280,778	-	-	313,257	59,438	278,413
Cost of Sales	-	(292)	(292,480)	(54,423)	(253,761)	-	-	(291,605)	(53,548)	(252,698)
Gross Profit	-	547	21,582	5,910	27,017	-	-	21,652	5,890	25,715
Other Operating Income										
Rent Income	5,257	6,170	6,108	6,046	6,046	5,257	6,170	6,108	6,046	6,046
Hire Income										
Interest Income										
Dividend Income	-	-	-	-	-	500,000	860,000	580,500	150,500	573,800
Others	69,066	56,037	1,431	2,826	2,505	69,066	55,804	1,430	2,826	1,390
Net gain from fair value adjustment on Investment Property	50,788	82,721	71,400	48,276	39,824	50,788	82,721	71,400	48,276	39,824
Expenditure										
Distribution cost	-	-	-	-	-	-	-	-	-	-
Administrative Expenditure	(169,495)	(160,441)	(134,341)	(100,367)	(97,333)	(169,291)	(162,642)	(133,956)	(99,957)	(96,677)
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Finance (Cost)/Income	159,680	66,328	17,545	26,588	(2,171)	159,680	66,328	17,545	26,588	(2,134)
Minority Interest										
Share of results of joint venture	871,215	494,418	846,419	974,098	466,900	-	-	-	-	-
Income tax	(39,592)	(37,990)	-	1,348		(39,592)	(37,990)	-	1,348	-
Net Profit (after tax)	946,919	507,790	830,141	964,724	442,788	575,908	870,391	564,676	141,517	547,964
Financial Position (Rs.'000)										
Market value per share as at 31 March Rs.	70.00	59.40	57.90	78.00	33.10	70.00	59.40	57.90	78.00	33.10

Financial Review of the Group

For the year ended 31st March	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sales	-	839	314,062	60,333	280,778
Gross Profit	-	547	21,582	5,910	27,017
Operating Profit Before Tax & interest (with share of results of joint venture)	826,831	479,452	812,596	936,788	444,959
Profit After Taxation & Minority interest	946,919	507,790	830,141	964,724	442,788
Share Capital & Reserves					
Stated Capital	402,000	402,000	402,000	402,000	402,000
Revaluation & other reserve	753,290	753,290	825,819	825,819	487,607
Accumulated Profit/ (losses)	5,833,735	5,341,208	5,181,907	4,762,085	4,200,675
Shareholders' Funds	6,989,025	6,496,498	6,409,726	5,989,904	5,090,282
Assets & (Liabilities)					
Current Assets	1,202,432	1,126,720	779,217	543,523	862,688
Current Liabilities	(82,553)	(165,462)	(250,214)	(114,280)	(124,415)
Net Current Assets	1,119,879	961,258	529,003	429,243	738,273
Non Current Assets	5,959,936	5,583,640	5,888,822	5,578,702	4,379,572
Non Current Liabilities	(90,790)	(48,400)	(8,098)	(18,041)	(27,563)
	6,989,025	6,496,498	6,409,726	5,989,904	5,090,282
Ratio Analysis					
Gross Profit Margine	0%	0%	7%	10%	10%
Earnings per Share(Rs)	11.78	6.32	10.33	12.00	5.51
Dividend per share	5.00	5.00	5.00	5.00	2.50
Dividend payout ratio	42.45%	79.17%	48.43%	41.67%	45.39%
Net Assets per Share(Rs)	86.93	80.80	79.72	74.50	63.31
Assets Utilization -(Times)	-	0.00	0.05	0.01	0.06
Current Ratio (Times)	14.57	6.81	3.11	4.76	6.93
Bank Borrowings(excl. OD) as a % of Total Assets	0.00%	0.00%	0.16%	0.34%	0.59%
Gearing Ratio	-	-	-	-	-

Consolidation Analysis

Statement of Comprehensive Income

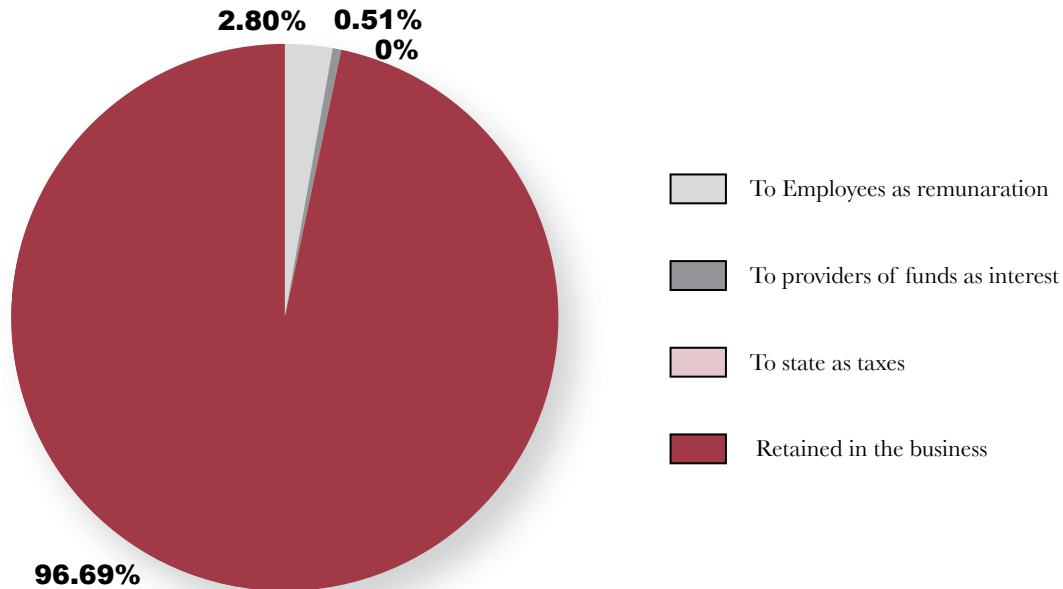
	Company Twelve Months ended 31st Mar. 2024	EC Twelve Months ended 31st Mar. 2024	Group Twelve Months ended 31st Mar. 2024
Sales	-	-	-
Cost of Sales	-	-	-
Gross Profit	-	-	-
Other Operating Income/(expense)	574,323,416	-	74,323,316
Net gain from fair value adjustment on Investment Property	50,788,270	-	50,788,270
Administrative Expenses	(168,177,495)	(204,316)	(168,381,810)
Depreciation	(1,113,689)	-	(1,113,689)
Operating Profit	455,820,503	(204,316)	(44,383,913)
Finance Income/(Costs)	159,680,008	53	159,680,061
Share of results of joint venture	Nil	Nil	871,214,290
Profit before tax	615,500,511	(204,262)	986,510,438
Income Tax	(39,592,313)	-	(39,592,313)
Profit from Ordinary activities	575,908,198	(204,262)	946,918,125
Other Comprehensive Income			
Share of other comprehensive income from Company	(1,023,881)	-	(1,023,881)
Share of other comprehensive income from joint venture	-	-	(51,367,370)
Total Comprehensive Income for the year	574,884,317	(204,262)	894,526,874
Basic earnings per share - Rs.	7.16	(204.26)	11.78

Consolidation Analysis

Statement of financial position

	Company Twelve Months ended 31st Mar. 2024	EC Twelve Months ended 31st Mar. 2024	Group Twelve Months ended 31st Mar. 2024
ASSETS			
Non - Current Assets			
Property, Plant & Equipment	32,986,485	-	32,986,485
Investment Property	697,500,000	-	697,500,000
Intangible Asset	-	-	-
Deferred income tax assets	-	-	-
Investment in Joint Venture	139,606,988	-	5,229,449,660
Investment in Subsidiary	10,000	-	Nil
	870,103,473	-	5,959,936,146
Current Assets			
Trade and Other Receivables	4,413,701	-	4,413,701
Amounts due from related parties	39,600,000	-	39,600,000
Income Tax Receivables	3,711,953	602,989	4,314,942
Other Investments	874,951,590	-	874,951,590
Cash and Cash Equivalents	275,239,561	3,911,807	279,151,367
	1,197,916,805	4,514,796	1,202,431,601
Total Assets	2,068,020,278	4,514,796	7,162,367,747
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	402,000,000	10,000	402,000,000
Revaluation and Other Reserves	22,048,278	-	753,288,593
Retained Earnings/(Accumulated Losses)	1,470,679,199	4,454,796	5,833,736,353
	1,894,727,477	4,464,796	6,989,024,945
Non - Current Liabilities			
Deffered Tax Liability	79,633,854	Nil	79,633,854
Defined Benefit Obligations	11,156,156	Nil	11,156,156
	90,790,010	-	90,790,010
Current Liabilities			
Trade and Other Payables	73,046,661	50,000	73,096,661
Provision for Taxation	-	Nil	-
Borrowings	-	Nil	-
Bank Overdraft	9,456,130	Nil	9,456,130
	82,502,791	50,000	82,552,791
Total Liabilities	173,292,801	50,000	173,342,801
Total Equity and Liabilities	2,068,020,278	4,514,796	7,162,367,747
Net Asset value per Share -Rs.	23.57	4,464.80	86.93

Statement of Value Added



	2023/2024	%	2022/2023	%
Turnover	-	0.00%	-	0.00%
Other Income	788,039	123.57%	1,090,617	113.48%
Cost of Material & Services Purchased	(150,291)	-23.57%	(129,536)	-13.48%
	637,748	100%	961,081	100%
Distributed as follows				
To Employess as remuneration	17,886	2.80%	18,732	1.95%
To providers of funds as interest	3,248	0.51%	19,594	2.04%
To State as taxes	-	0.00%	-	0.00%
To Transactions with Owners of the Group	402,000	63.03%	402,000	41.83%
Retained in the business				
Depriciation	1,114	0.17%	14,374	1.50%
Reserves	615,500	96.51%	908,381	94.52%
Dividend paid (out of dividends received)	(402,000)	-63.03%	(402,000)	-41.83%
	637,748	100%	961,081	100%

JOINT VENTURE

PERFORMANCE HIGHLIGHTS



CEAT Kelani wins double honours at National Business Excellence Awards 2024

C EAT Kelani Holdings won prestigious double honours at the National Business Excellence Awards 2024 presented by the National Chamber of Commerce of Sri Lanka (NCCSL), reaffirming the company's status as one of the country's foremost manufacturing success stories.

The manufacturer of half of Sri Lanka's pneumatic tyre requirements, CEAT Kelani won the National Business Excellence Award (NBEA) in the "Manufacturing – Other" category and was the winner of the Criteria Award for Excellence in Local Market Reach, in recognition of the company's success in responding to the challenging conditions that prevailed in the period assessed for these awards.

Notably, this was the fifth occasion that CEAT Kelani Holdings was recognized by the NCCSL for Business Excellence.

The latest awards recognize how, in a period of significant challenge for industry and business, where most companies focused on cutting costs and retaining market shares, CEAT Kelani Holdings took a remarkably different approach – one of increasing capacity, improving product quality and introducing new products, while investing in sustainability initiatives.

Commenting, on this approach, CEAT Kelani Managing Director Mr. Ravi Dadlani elaborated that this was dictated by two factors, the opportunities created by the restrictions in the import of certain categories and sizes of tyres as part of the government's efforts to conserve foreign exchange, and the

company's belief that it was its duty to step up and cater to the needs of the market, ensuring that economic activity and public transport were not affected by a shortage of tyres.

"As a result of this approach, CEAT Kelani used a period in which the size of the market shrank due to the economic downturn, to raise the bar on multiple fronts, to deliver better products and improve processes and to gear itself for the economic recovery that would follow," he said.

Among the highlights of the period assessed for the National Business Excellence Awards for CEAT was a series of investments to rapidly expand production of passenger car radials (PCRs) that saw CEAT Kelani increase production by 172,000 radial tyres, introduce new technological advancements that significantly improved product quality, and launch the first locally-manufactured 17-inch tyres for SUVs.

Additionally, CEAT became the only locally-manufactured tyre brand in Sri Lanka to receive IATF 16949:2016 certification from the International Automotive Task Force (IATF) for compliance with the International Standard for Automotive Quality Management Systems.

CEAT also broke new ground by entering into Original Equipment Manufacturer (OEM) agreements with Mahindra, Lanka Ashok Leyland, DIMO and United Motors to supply tyres for locally-assembled vehicles, once again supporting the national effort to conserve foreign exchange. With these investments,

the company also embarked on a brand premiumization initiative that resulted in new retail concepts being rolled out across its dealer network.

Another notable aspect of CEAT Kelani's operations during this period was an investment of Rs 476 million in a High Tension (HT) metering roof-top photovoltaic panel solar power plant as part of the company's efforts to reduce the carbon footprint of its manufacturing operations at its Kelaniya complex. The 2.4 MW solar power plant installed on the factory roof now offsets about 21 per cent of its consumption of electricity from the national grid and contributes to an omission of 42,326 Tons of CO₂ emissions.

The CEAT brand originated in Italy and is backed by extensive research and testing facilities in India and Germany. The largest domestic manufacturer of cross-ply and radial tyres in Sri Lanka, CEAT's manufacturing operations encompass pneumatic tyres in the radial (passenger cars, vans and SUVs), commercial (Bias-ply and radial), motorcycle, three-wheeler and agricultural vehicle segments.

Besides manufacturing half of Sri Lanka's pneumatic tyre requirements, CEAT Kelani exports about 20 per cent of its production to 16 countries and plays a significant role in helping the national economy conserve foreign exchange by reducing dependence on imported tyres.

The joint venture's cumulative investment in Sri Lanka over the past decade alone exceeds Rs 8.5 billion.



Summarised Income Statement

Ceat Kelani Associated Holdings (Pvt) Ltd - Consolidated

(amounts in Sri Lanka Rupees thousands)

	2023/24	2022/23	2021/22	2020/21	2019/20
Production (MT)	11,979	10,776	19,454	17,612	14,680
Total Sales (MT)	12,865	10,294	19,414	17,339	14,443
Domestic Sales	16,116,938	14,082,217	15,938,632	10,819,128	8,132,525
Export Sales	1,283,860	1,349,823	747,685	996,144	1,324,057
Total Sales	17,400,798	15,432,039	16,686,317	11,815,272	9,456,582
Cost of Sales	(12,901,543)	(12,200,420)	(12,744,603)	(8,280,762)	(7,078,022)
Contribution	4,499,255	3,231,619	3,941,714	3,534,510	2,378,560
Distribution/Administrative Cost	(2,428,852)	(1,829,241)	(2,070,002)	(1,444,010)	(1,315,926)
Finance Income / Cost (net)	(4,362)	54,798	116,995	93,766	109,482
Other Operating Income	154,372	63,223	42,708	26,700	40,962
PBT	2,220,413	1,520,398	2,031,416	2,210,966	1,213,078
Taxation	(477,984)	(531,562)	(338,578)	(262,770)	(279,279)
PAT	1,742,429	988,836	1,692,837	1,948,196	933,799
PBDT	2,859,027	2,096,874	2,520,997	2,686,777	1,642,781

Summarised Balance Sheet

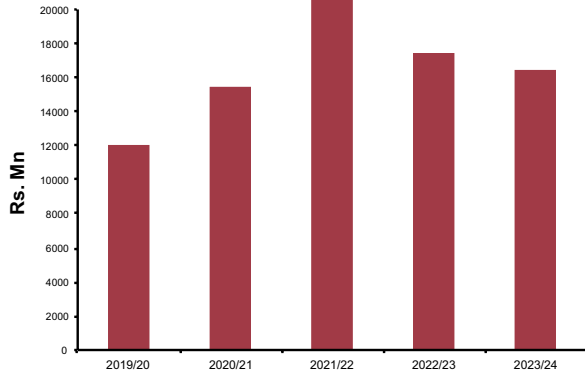
Ceat Kelani Associated Holdings (Pvt) Ltd - Consolidated

(amounts in Sri Lanka Rupees thousands)

	31-03-2024	31-03-2023	31-03-2022	31-03-2021	31-03-2020
Non-Current Assets	7,626,440	7,665,471	7,286,938	6,991,985	5,697,671
Current Assets	8,829,492	9,795,281	14,248,837	8,459,404	6,374,498
Total Assets	16,455,932	17,460,752	21,535,776	15,451,389	12,072,169
Capital and Reserves	10,458,899	9,819,206	10,582,410	10,069,230	7,797,075
Non-Current Liabilities	839,487	729,100	1,011,001	1,162,559	1,117,212
Current Liabilities	5,157,546	6,912,446	9,942,365	4,219,600	3,157,881
Total Assets Equity & Liabilities	16,455,932	17,460,752	21,535,776	15,451,389	12,072,169

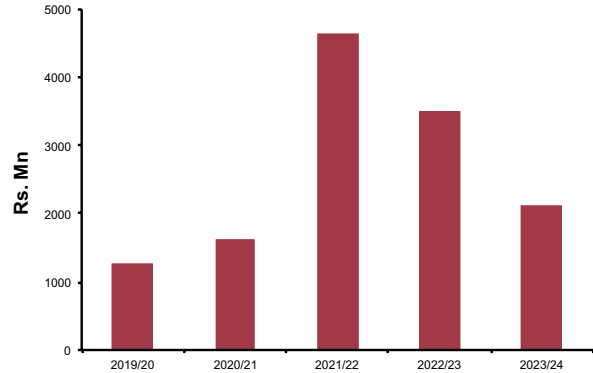
Performance Highlights - Joint Venture

Total Assets Employed



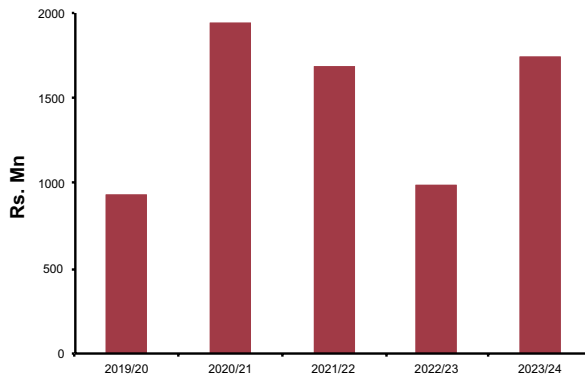
Last Five Years

Total Borrowings



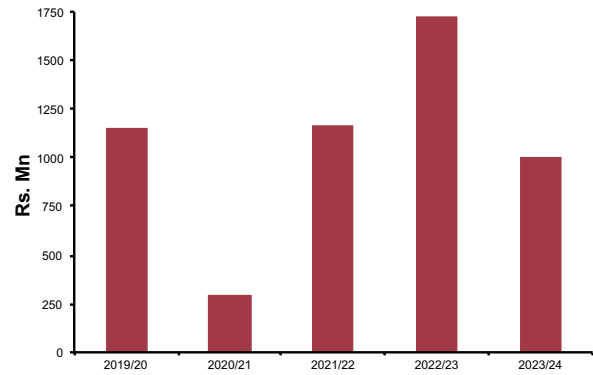
Last Five Years

Profit After Tax



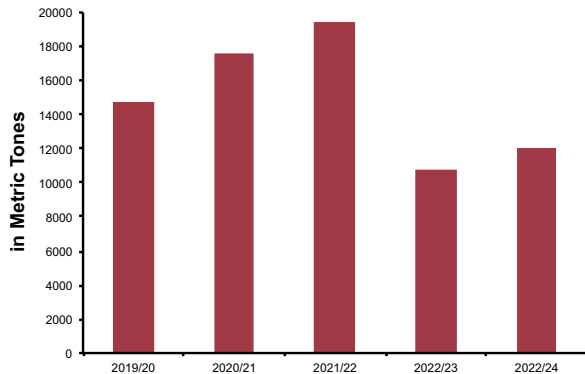
Last Five Years

Ordinary Dividends



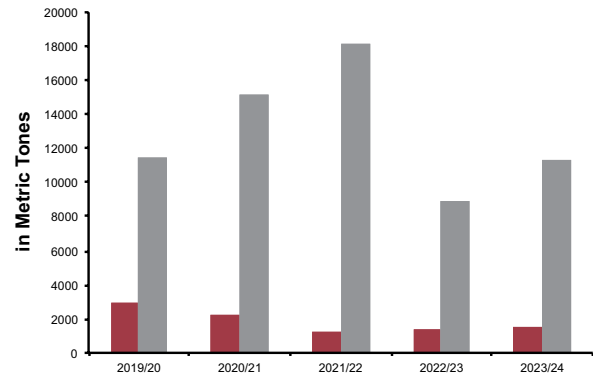
Last Five Years

Production



Last Five Years

Exports/Local



Last Five Years

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth (30th) Annual General Meeting of KelaniTyres PLC will be held at the Marino Beach Hotel Colombo, Sapphira Ballroom, No. 590, Marine Drive, Colombo 3 on Thursday, 26th September 2024 at 10.00 a.m. for the following purposes;

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2024 and the Report of the Auditors thereon.
2. To re-elect Ms. S. S. Jayatilaka who retires by rotation in terms of Articles 84 and 85 of the Articles of Association, as a Director of the Company.
3. To pass the Ordinary Resolution set out below to re-appoint Mr. R. C. D. De Silva who is 82 years of age, in pursuance of the provisions of the Companies Act, No.7 of 2007, as a Director of the Company:

“IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.7 of 2007 shall not apply to Mr. R. C. D. De Silva who is 82 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act, No.7 of 2007.”

4. To pass the Ordinary Resolution set out below to re-appoint Mr. T. Bevan Perera who is 71 years of age, in pursuance of the provisions of the Companies Act, No.7 of 2007, as a Director of the Company:

“IT IS HEREBY RESOLVED THAT the age limit stipulated in Section 210 of the Companies Act, No.7 of 2007 shall not apply to Mr. T. Bevan Perera who is 71 years of age and that he be and is hereby re-appointed a Director of the Company in terms of Section 211 of the Companies Act, No.7 of 2007.”

5. To re-appoint Messrs. KPMG, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration.
6. To authorize the Directors to determine donations for the year ending 31st March 2025 and upto the date of the next Annual General Meeting.

By Order of the Board
KELANI TYRES PLC



P W CORPORATE SECRETARIAL (PVT) LTD
Directors / Secretaries

This 20th day of August 2024
Colombo

- Notes:
1. A shareholder entitled to attend and vote at the above Meeting is entitled to appoint a Proxy to attend, speak and vote on behalf of him/her.
 2. A Proxy need not be a shareholder of the Company.
 3. A Form of Proxy is enclosed for this purpose.

Form of Proxy

I/We*.....(holder of NIC No.....) of.....
.....
being a shareholder/s* of KELANI TYRES PLC hereby appoint.....(holder of
NIC No.....) of.....or failing
him/her*;

Mr. Ruwanpura Chanaka Dharmajith De Silva	of Colombo or failing him*
Mr. Rohan Thilak Fernando	of Colombo or failing him*
Mr. Tuduwage Bevan Perera	of Colombo or failing him*
Mr. Don Soshan Kamantha Amarasekera	of Colombo or failing him*
Ms. Samalee Saroja Jayatilaka	of Colombo or failing her*
Mr. Eraj Triantha Fernando	of Colombo or failing him*
Mr. Rajinda Priyanjit Weerasooriya	of Colombo*

as my/our *proxy to represent me/us* to speak on my /our behalf and to vote as indicated hereunder for me/us* on my/our* behalf at the Thirtieth (30th) Annual General Meeting of the Company to be held on 26th September 2024 at 10.00 a.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect Ms. S. S. Jayatilaka, who retires by rotation in terms of Articles 84 and 85 of the Articles of Association, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
2. To pass the Ordinary Resolution set out under item 3 of the Notice of Meeting to re-appoint Mr. R. C. D. De Silva who is 82 years of age, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To pass the Ordinary Resolution set out under item 4 of the Notice of Meeting to re-appoint Mr. T. Bevan Perera who is 71 years of age, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-appoint Messrs. KPMG, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
5. To authorize the Directors to determine donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hand this day of..... Two Thousand and Twenty Four.

.....
Signature of Shareholder/s

* Please delete what is inapplicable.

Note: Instructions as to completion appear on the reverse hereof.

Instructions as to Completion

1. Kindly perfect the Form of Proxy by filling in legibly your Full Name, Address and the National Identity Card Number and by signing in the space provided and filing in the date of signature.
2. The Proxy shall –
 - (a) In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.
 - (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the Company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute. (as applicable)
3. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.
4. Please indicate with an 'X' in the space provided how your Proxy is to vote on the resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.
5. The completed Form of Proxy should be deposited at the Registered Office of the Company at P.O. Box 8, Nungamugoda Kelaniya by 10.00 a.m. on 24th September 2024.



