
Annual Report 2024 - 2025



Contents

	Page
Corporate Information	01
Chairman's Review	02
Annual Report of the Board of Directors on the affairs of the Company	03 - 08
Profile of Directors	09 - 11
Statement on Corporate Governance	12 - 22
RISK Management	23
Directors' Responsibility for Financial Reporting	24
Audit Committee Report	25 - 27
Report of the Remuneration Committee	28 - 29
Related Party Transactions Review Committee	30 - 32
Nominations and Governance Committee Report	33 - 36
Independent Auditor's Report	37 - 40
Statement of Profit or Loss and other Comprehensive Income	41
Statements of Financial Position	42
Statement of Changes in Equity	43 - 44
Cash Flow Statement	45
Notes to the Financial Statements	46 - 91
Information to Shareholders and Investors	92
Twenty Largest Shareholders as at 31 March 2024	93
Performance Highlights	94
Financial Review of the Group	95
Consolidation Analysis	96 - 97
Statement of Value added	98
Joint Venture (JV) - Performance Highlights	99
Summarised Income Statement	100
Summarised Balance Sheet	101
Performance Highlights - JV	102
Notice of Meeting	103
Form of Proxy	

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 (resigned w.e.f. 15th July 2025)
D. S. Kamantha Amarasekera	-	Director (resigned w.e.f. 30th October 2024)
Ms. S. S. Jayatilaka	-	Director (resigned w.e.f. 30th October 2024 and reappointed w.e.f. 7th August 2025)
Eraj T. Fernando	-	Executive Director
R. P. Weerasooria	-	Director
B. C. Hiran Mendis	-	Director (appointed w.e.f. 30th October 2024 and resigned w.e.f. 26th May 2025)
Probodha Samarasekera	-	Director (appointed w.e.f. 30th October 2024)
Ms. R. M. R. D. Rajapaksa	-	Director (appointed w.e.f. 07th August 2025)
Mr. B. T. De S. Weerasooria	-	Alternate Director (appointed w.e.f. 1st July 2025) to Mr. R. P. Weerasooria

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road,
Colombo 08.
Tel: 011 464 0360/3

REGISTRARS

Central Depository Systems (Pvt) Ltd (CDS)
Ground Floor, M & M Center, 341/5, Kotte Road,
Rajagiriya.
Telephone # 011 235 6444

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
Union Bank of Colombo PLC

MANAGEMENT

Mr. N. P. Lenaduwa	-	General Manager
Mrs. P. P. K. P. Premawardana	-	General Manager / Finance - Seconded to the JV

REGISTERED OFFICE

P.O. Box 8, Nungamugoda, Kelaniya.

CORPORATE OFFICE

203, Union Place, Colombo 2.
Tel.: 243 4183/242 1418, Fax: 230 0877
E-mail-roti@sltnet.lk
Website: kelanityres.lk

Chairman's Review

On behalf of the Board of Directors of Kelani Tyres PLC it is my pleasure to welcome you to the Thirty First Annual General Meeting and to present the annual report and audited financial statement for the year ended 31st March 2025

In 2024, Sri Lanka's economy made a strong recovery, leading to the country's sovereign rating being lifted from default status. This positive environment, characterized by interest rates below 10%, average inflation of around 5%, and continuing political stability had been a foundation for business growth.

We believe it is now the time for our tyre manufacturing capabilities to be elevated to higher internationally desired production platforms, which would even enable our products to find export markets in Europe and USA. With this in view, the JV Board decided to invest Rs. 4.0 billion in necessary machinery and equipment. On completion of this investment, we will also have the potential of further increasing our local market share and profitability of the Joint Venture.

The CEAT Kelani Joint Venture increased its turnover to Rs.27.4 Bn in the year under review compared to the turnover of Rs. 24.9 Bn in previous year. The Profit after tax expenses recorded in the year under review is Rs. 1.527 Bn compared to the PAT of Rs. 1.742 Bn recorded last year. The decline in PAT was mainly on account of increase in differed tax expense.

Kelani Tyres PLC recorded a PAT of Rs. 538.6 MN in the year under review compared to Rs. 575.9 Mn PAT in the previous year. The 6% decline is mainly on account of the significant reduction in finance income due to drop-in interest rates on financial instruments.

As you are aware our Group (CEAT Kelani Group) continue to be the largest tyre manufacture and distributor of motor vehicle tyres in Sri Lanka.

Performance statistics of our CEAT Kelani Joint Venture and the Kelani Tyres Group are given below for your information.

CEAT Kelani Joint Venture Rs.000,

Period	Production MT	Gross. Sales	Cost of Sales	Profit From Operations	PAT	CAPEX
(20/21)	17,612	13,942,469	8,280,762	2,117,200	1,948,196	487,528
(21/22)	19,454	20,549,426	12,744,603	1,909,298	1,692,837	1,011,831
(22/23)	10,776	20,552,945	12,200,420	1,465,600	988,836	1,642,725
(23/24)	11,979	24,909,399	12,901,543	2,224,775	1,742,429	584,420
(24/25)	15,077	27,400,213	14,167,159	2,461,383	1,527,775	516,750

Kelani Tyres Group

	FY 2024		FY 2025	
	Joint Venture	Kelani Tyres Group	Joint Venture	Kelani Tyres Group
PAT (Rs. 000,)	1,742,429	946,918	1,527,775	702,416
Basic Earning per share(Rs.)	87.12	11.78	76.39	8.74
Net Dividend Payout (Rs. 000,)	1,000,000	402,000	1,200,000	482,400
Dividend per share (Rs.)	50/-	5/-	60/-	6/-
Dividend payout ratio	57%	42%	78%	68%

I thank my fellow Directors for all the advice, support and guidance extended at all times to steer the Joint Venture 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.

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

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.

Having completed a successful year, 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. 6/50 (net) per share amounting to Rs. 522.600 million for the year 2025/26, which is the highest dividend pay out to date.



Chanaka de Silva
20th August 2025
Colombo.

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

The Board of Directors of Kelani Tyres PLC has 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 2025 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 incorporated under the Companies Act, No. 17 of 1982 on 4th October 1990 as a limited liability company. It was listed on the Colombo Stock Exchange on 28th January 1994 and re-registered under the Companies Act No. 07 of 2007 on 3rd March 2008, with PQ123 as the new company registration number.

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 2025.

Results

The profit/(loss) for the year of the Company and the Group amounted to Rs.538.669 million and Rs. 702.416 million, respectively, as compared to last year's profit/(loss) of Rs.575.908 million and Rs. 946.918 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 41, 43 and 44.

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

Auditors' Report

The Report of the Independent Auditors on the Financial Statements of the Company and the Group is given on pages 37 to 40.

Accounting Policies

The accounting policies adopted in the preparation of the Financial Statements are set out on pages 46 to 64 of the Financial Statements. There were no significant changes to the accounting policies during the year under review compared to those applied 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

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

Notes to Financial Statements appearing on pages 41 to 91 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 24.

Information on the Directors of the Company and the Group as at 31st March 2025

Directors of the Company

The Board of Directors of the Company as at 31st March 2025 consisted of seven (7) Directors, with a broad range of skills, experience and attributes, as detailed in the brief profiles of the Directors on pages 9 to 11.

Names of the Directors who held office as at 31st March 2025 as required by section 168 (1) (h) of the Companies Act 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. R. P. Weerasooria
Mr. B. C. Hiran Mendis*
Mr. Probodha Samarasekera*

* Independent Directors as per the Listing Rules

Changes in the directorate during the year and up to the date of this Report

New Appointments

Mr. B. C. Hiran Mendis and Mr. Probodha Samarasekera were appointed as Independent Non-Executive Directors, effective 30th October 2024.

Mr. B. T. De Silva Weerasooria was appointed as the Alternate Director to Mr. R. P. Weerasooria, effective 1st July 2025.

Ms. S. S. Jayatilaka and Ms. R. M. R. D. Rajapaksa were appointed as Non-Independent Non-Executive Director and Independent Non-Executive Director, respectively, with effect from 7th August 2025.

Resignations

Mr. D. S. K. Amarasekera and Mrs. S. S. Jayatilaka, Independent Non-Executive Directors, resigned with effect from 30th October 2024.

Mr. B. C. Hiran Mendis, Independent Non-Executive Director, resigned with effect from 26th May 2025.

Mr. T. Bevan Perera, Executive Director, resigned with effect from 15th July 2025.

Directors of the subsidiary

Names of the Directors of the fully owned subsidiary, Executive Cars (Private) Limited as at 31st March 2025 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

Recommendation for re-election of Directors who retire by rotation

Mr. Eraj T. Fernando retires by rotation at the Annual General Meeting in accordance with Articles 84 and 85 of the Articles of Association and, being eligible, is recommended by the Directors for re-election.

Recommendation for re-election of Directors who were appointed since the last Annual General Meeting

Mr. Probodha Samarasekera, Ms. S. S. Jayatilaka, and Ms. R. M. R. D. Rajapaksa, who were appointed to the Board in terms of Article 91 of the Articles of Association of the Company since the last Annual General Meeting, are recommended by the Board for re-election by the shareholders.

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

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

Mr. R. C. D. De Silva who is Eighty Three (83) 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.

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 pages 9 to 11.

(iii) Review of Internal Controls

The Directors have, through the Audit Committee conducted a review of the internal controls covering financial, operational and compliance control and risk management and thereby obtained reasonable assurance of their effectiveness and successful adherence therewith.

(iv) Applicable Laws Rules and Regulations

The Directors have made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of the changes, particularly to Listing Rules and applicable capital market provisions.

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.

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 2025 as recorded in the Interest Register is given in this Report under Directors' Interest in Shares of the Company.

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 66.

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 2025.

Directors' Interest in Shares of the Company

The relevant interests of Directors in the shares of the Company as at 31st March 2025 and their corresponding holdings as at the end of the previous financial year are as follows: -

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

	As at 31.03.2025	As at 31.03.2024
Mr. Chanaka De Silva	2,000,000	2,000,000
Mr. Rohan T. Fernando	Nil	Nil
Mr. T. Bevan Perera (resigned w.e.f. 15th July 2025)	1,920	1,920
Mr. Eraj T. Fernando	24,553	24,553
Mr. R. P. Weerasooria	Nil	Nil
Mr. B. C. Hiran Mendis (appointed w.e.f. 30th October 2024 and resigned w.e.f. 26th May 2025)	Nil	Nil
Mr. Probodha Samarasekera (appointed w.e.f.30th October 2024)	Nil	Nil

Mr. Chanaka De Silva, Mr. Rohan T. Fernando and Mr Eraj T. Fernando are Directors of Silverstock Limited which company held 39.994Mn shares constituting 49.744% of the issued shares of the Company.

Auditors

The Financial Statements of the Company for the year ended 31st March 2025 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 Company'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.1,183,000/- and Rs.50,000/- as Audit Fees by the Company and its Subsidiary, respectively.

Details of such payments to audit firms in respect of audit fees are set out in Note 8 to the Financial Statements on page 66.

Based on the recommendations of the Audit Committee, a resolution to re-appoint the Auditors and to authorize

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 2025 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 9,455 registered shareholders as at 31st March 2025 (9,604 shareholders as at 31st March 2024).

Distribution Schedule of Shareholding

Information on the distribution of shareholding and the respective percentages and analysis of shareholders are given on page 92 under Information to shareholders and investors.

Earnings, Dividends, Net Assets and Market Value of Shares

Information relating to earnings, dividend, net assets and market value per share are given on pages 68 and 97.

Public Holdings

Information on public holding in terms of the Listing Rules is given on page 92 under Information to shareholders and investors.

Major Shareholders

Details of the 20 major shareholders of the Company as at 31st March 2025 are given on page 93.

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.

- This comprises land to the extent of 9.8 perches and a two-storied building with a floor area of 3,364 sq. ft.

The land and building situated at Nungamugoda, Kelaniya is classified under Investment Property in the Financial Statements.

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

- The property, known as Philmount Estate, includes income-generating land with an extent of 1 acre, 2 roods, and 19 perches (1A. 2R. 19P), together with four buildings comprising a factory and administrative offices with a total floor area of 33,186 sq. ft.
- A building with a floor area of 1,067 sq. ft., valued at Rs. 9.5 million, was included in the previous valuation. The valuer has determined that these areas are not in a usable condition. Hence this was corrected during the year.

An independent valuation was carried out by professional valuers to determine the fair value of the said property as at 31st March 2025. The valuation indicated an increase in fair value to Rs. 58.300 million, compared to the previous year's value of Rs. 50.788 million.

During the year under review the Company did not make investments (2024- Rs. 4.49Mnl) in property that generated rental income.

The Company did not incur any expenses on repairs and maintenance of property that generates rental income during the year under review (2024 - Rs. Nill).

Furthermore, the Company did not incur on repairs and maintenance for property that did not generate rental income during the year under review (2024 - Rs. Nill)..

Details of the Company's and the Group's Property, Plant and Equipment and Investment Property – including additions, disposals, and depreciation charges for the year – are disclosed in Notes 12 and 13 to the Financial Statements.

Material Foreseeable Risk Factors

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

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.

Dividend

An interim dividend of Rs.6/- per share was paid to the shareholders for the year under review.

The Directors have approved the payment of an interim dividend of Rs. 6/50 per share for the financial year 2025/26, subject to obtaining a Certificate of Solvency from the Auditors. As required under Section 56 of the Companies Act, No. 07 of 2007, the Directors have certified that they are satisfied the Company will, immediately after the proposed distribution, satisfy the solvency test in accordance with the provisions of the Act.

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.

Non-compliance with Board and Board Committee Compositions

Following the resignation of Mr. B.C. Hiran Mendis Independent Non-Executive Director w.e.f. 26th May 2025, the Company temporarily non-compliance with the minimum number of Independent Non-Executive Directors required under the Listing Rules of the Colombo Stock Exchange. This non-compliance also impacted the proper constitution of Board Sub-Committees such as the Audit Committee, Remuneration Committee, Nominations and Governance Committee and Related

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

Party Transactions Review Committee, all of which require a minimum level of independent representation.

This non-compliance was rectified with the appointment of Ms. R. M. R. D. Rajapaksa as an Independent Non-Executive Director, with effect from 7th August 2025. Following this appointment, the Company is in full compliance with the applicable requirements regarding Independent Directors on the Board and its Committees.

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 79.

Corporate Governance

The Board of Directors is responsible for the governance of the Company. The Board places significant emphasis on establishing rules, structures, and processes to ensure integrity and transparency in all Company dealings, and on adopting sound corporate governance practices in managing the Company's affairs.

In discharging these responsibilities, the Board has 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 Corporate Governance Rules contained in the Listing Rules of the Colombo Stock Exchange.

The Statement on Corporate Governance appears on page 12 to 22.

Annual General Meeting

The Annual General Meeting will be held on Friday, 26th September 2025 at 10.00 a.m. at the Ruby Room, Marino Beach Hotel Colombo, No. 590, Marine Drive, Colombo 3.

The Notice of the Annual General Meeting appears on page 103.

Acknowledgement

The Board of Directors have approved the Audited Financial Statements together with the Annual Report of the Board of Directors and the Reviews which form part of the Annual Report.

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 2025
Colombo.

Profile Of Directors

Mr. Chanaka De Silva

Chairman

Mr. Chanaka De Silva possess over 40 years 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).

He has been the former 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.

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

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 40 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 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. BevenPerera is a well known businessman and counts over 25 years experience in the field of tyres in Sri Lanka. He was the 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. Perera resigned as a Director of the Company w.e.f. 15th July 2025.

Mr. D.S.K. Amarasekera

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

Independent Non Executive 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, Finco Holding Ltd., Browns Investment PLC, Palm Garden Hotels PLC and Ceylon Hotel Holdings PLC.

Mr. Amarasekera resigned as a Director of the Company w.e.f. 30th October 2024.

Mrs. S.Saroja Jayatilaka

FCA, MBA

Non Executive 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.

Mrs. Jayatilaka resigned as a Director of the Company w.e.f. 30th October 2024, and was reappointed to the Board w.e.f. 7th August 2025 as a Non- Executive Director.

Profile Of Directors (Contd..)

Mr. Eraj T. Fernando

Director

Mr. Eraj T. Fernando has more than 25 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, Silverstock Holdings Group of Companies (the major shareholders of KelaniTyres PLC), Hangover Hotels (Pvt) Ltd and Revognah Leisure (Pvt) Ltd.

Mr. R.P. Weerasooria

BSC in Marketing (Bentley College - USA)

Non Executive Director

Rajinda Priyanjith Weerasooria serves as the Deputy Chairman of FINCO Holdings (Pvt) Ltd, wielding over three decades of extensive experience across diverse industries. In his influential role, he offers strategic guidance and exceptional leadership to the conglomerate's CEOs, overseeing operations across all sectors.

Priyanjith's visionary foresight and adaptability have been instrumental in steering FINCO Holdings toward sustained growth and success in rapidly changing market dynamics. His profound understanding of market intricacies and sharp decision-making skills have propelled the group to unprecedented heights of achievement.

A passionate advocate for hospitality and travel, Priyanjith has spearheaded FINCO's strategic foray into the leisure industry. Serving as the driving force behind the Uga brand of hotels, he has masterminded the development of iconic boutique properties such as Uga Ulagalla, Uga Jungle Beach, Uga Bay, Uga Chena Huts and Uga Riva. Under his astute leadership, Uga has emerged as a champion of hospitality that is authentically Sri Lankan, earning widespread acclaim as one of Sri Lanka's premier destinations for discerning travellers.

The group's origins trace back 60 years to the manufacturing sector, later diversifying into trading ventures spanning Sri Lanka and Bangladesh. These ventures specialize in physical security systems, turnkey fit-out solutions for commercial spaces, and high-end kitchen solutions. Priyanjith's early career in these sectors equipped him with invaluable insights, and he continues to oversee their regional expansion.

Priyanjith's influence extends to the consultancy sector through Resources Development Consultants (Pvt) Ltd (RDC), a trailblazing multi-disciplinary firm. Under his stewardship, RDC has delivered outstanding projects in infrastructure, energy, agriculture, and other key sectors, earning recognition from esteemed international lending organizations.

Additionally, Priyanjith has spearheaded strategic investments in technology hardware, platforms, software solutions, education, and financial services, further enhancing FINCO Holdings' diversified portfolio.

Priyanjith has instilled within FINCO Holdings a steadfast dedication to sustainability, a core belief ingrained in the company's ethos. This commitment is evident in the implementation of environmentally conscious operating procedures, and the embrace of renewable energy initiatives. Additionally, Priyanjith's influence extends to conservation projects spread across Sri Lanka, underscoring his genuine commitment to safeguarding the planet's natural resources.

Priyanjith champions women's empowerment by fostering an environment of equal opportunity employment across the companies under his purview. His efforts reflect a genuine commitment to creating a workplace culture that values and celebrates diversity in all its forms.

Committed to nurturing future leaders, Priyanjith actively participates in the Young Presidents' Organization (YPO), sharing his wealth of experience to inspire and empower emerging leaders.

Additionally, he serves as a valued member of the boards of CEAT Kelani Holdings and SLT Research University, contributing his expertise to drive strategic initiatives and uphold organisational excellence.

Priyanjith is a distinguished alumnus of Bentley College, USA, where he obtained a Bachelor of Science degree in Marketing. His unwavering dedication, visionary leadership, and steadfast commitment to excellence continue to shape the trajectory of FINCO Holdings and its affiliated companies, leaving an indelible mark on the industries he serves.

Mr. Prabodha Samarasekera

BS in MIS and MBA in

University of Southern California (USC)

Independent Non-Executive Director

Prabodha Samarasekera is a versatile leader with 25+ years of CEO experience across financial services including asset management, private equity and banking.

His track record includes leading a team as the CEO of NDB Wealth Management, to build Sri Lanka's most successful private-sector asset management firm, with assets under management of over USD 1 Billion.

A versatile individual with a multi-dimensional skill set encompasses strategy, innovation, digital, operations management, mergers & acquisitions and personnel development. A hands-on leader with a track record of successful P&L responsibility, execution and implementation, focused on driving transformation, team building and culture change.

Profile Of Directors (Contd.)

The preceding is complimented by his business valuation skills which can unleash value to clients requiring expertise in portfolio investments, private equity of mergers & acquisition transactions.

Has excellent experience in working with government institutions, private sector firms and regulators.

He holds a BS in Management Information systems and a MBA from the University of Southern California (USC), Los Angeles, USA. His 25+years of experience in financial services is complemented by his education and professional training in Sri Lanka, USA, Hong Kong and Singapore.

Rachini Rajapaksa

Independent Non-Executive Director

Ms. Rajapaksa, a Fellow Member of the Chartered Institute of Management Accountants, UK and a Chartered Financial Analyst of the CFA Institute, USA, counts over 30 years of experience in the fields of fund management and finance.

At present, Ms Rajapaksa serves as an Independent Non-Executive Director at Sri Lanka Accounting and Auditing Standards Monitoring Board, First Capital Holdings PLC, Asia Siyaka Commodities PLC and few unlisted entities.

Previously she has also served as a director at Nations Trust Bank PLC and CFA Society Sri Lanka.

Mr. Hiran Mendis

FCMA UK, MBA, MA (ECONOMICS)

UNIVERSITY OF COLOMBO

Independent Non-Executive Director

Hiran Mendis (HM) is a Capital Market and Financial Consultant with specialist experience in capital market development and regulation.

HM is presently engaged by ADB as National Green, Social and Sustainable (GSS) Finance Expert in Sri Lanka working on several GSS initiatives along with the International Expert. HM has been consulting for ADB since 2016 and associated with several projects dealing with capital market development.

HM has the distinction of heading two Stock Exchanges over a period of nearly nineteen years. He was the former Chief Executive Officer of the Botswana Stock Exchange (BSE) from July 2006 to December 2015 and previously was the Director General of Colombo Stock Exchange (CSE) from June 1997 to June 2006.

He was responsible for the design and implementation of several strategies to develop the BSE and CSE. These included legislative reforms, implementing depository and trading systems, regulatory reforms, implementing market and

product development strategies and corporate governance related initiatives. His contribution to the development of the CSE and the BSE helped these organizations to reach new heights of development.

HM counts over 40 years' experience working in financial services. His exposure includes working for companies specializing in hire purchase financing & leasing; produce broking & stockbroking; economic, financial & management consulting and (as stated) stock exchanges.

In addition to his professional experience, HM was a lecturer for under graduate and post graduate degree programs conducted by the University of Colombo and the University of Moratuwa in Sri Lanka in Accounting, Project Finance and Economics.

HM is a Chartered Global Management Accountant (CGMA), a Fellow of the Chartered Institute of Management Accountants UK (FCMA) and hold MBA and MA (Economics) degrees from the University of Colombo, Sri Lanka.

HM is a Past President of the Chartered Institute of Management Accountants (CIMA) Sri Lanka Division, and was a Member of Council of CIMA UK and, a Board Member of CIMA Southern African Region.

HM is a recipient of the Bronze Medal awarded by CIMA UK.

As of the Date of this annual Report he has been resigned w.e.f. 26th May 2025.

Mr. Tarusha Weerasooria

Alternate Director to Mr P. Weerasooria

Professional Background: Tarusha Weerasooria began his career at Sony in 2019, where he gained valuable industry experience. After a year, he returned to Sri Lanka and transitioned to roles at RDC and Alpha Industries. Tarusha played a crucial role in acquiring Widac, a 35-year-old interior fit-out company, and was instrumental in establishing Hacker operations in Dhaka, Bangladesh. His significant contributions led to his appointment to the board of Finco Holdings in late 2023.

Education:

- MSc in Financial Management, University of Warwick
- BSc in Management with Finance, University of Warwick

Affiliations: Tarusha has been a member of the Entrepreneurs' Organization since late 2023. This global non-profit, formerly known as the Young Entrepreneurs', connects like-minded business leaders around the world.

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 two (02) Executive Directors and five (05) Non-Executive Directors, two of whom are Independent Directors. Their names and profiles are provided on pages 9 to 11 of the Annual Report.

The Board of Directors of the Company satisfy Fit & Proper Assessment Criteria stipulated in Section 9.7 of the Listing Rules of the Colombo Stock Exchange.

Changes to the Board Composition

Mrs. S. S. Jayatilaka and Mr. D. S. K. Amarasekera, who served as Independent Non-Executive Directors, had been on the Board for a period exceeding nine years. In accordance with Section 9.8.3 (v) of the Listing Rules, their status as Independent Directors ceased, and they resigned from the Board with effect from 30th October 2024.

In line with Section 9.8.2 (a) of the Listing Rules of the Colombo Stock Exchange, and based on the recommendation of the Nomination and Governance Committee and the collective decision of the Board, two new Independent Non-Executive Directors Mr. B. C. H. Mendis and Mr. Probodha Samarasekera were appointed to the Board with effect from 30th October 2024.

Statement on Corporate Governance (Contd..)

Out of the two newly appointed Directors, Mr. B. C. H. Mendis resigned from the Board with effect from 26th May 2025.

Mr. T. Bevan Perera, Executive Director, also resigned from the Board with effect from 15th July 2025.

Subsequently, based on the recommendation of the Nomination and Governance Committee and the collective decision of the Board, Ms. S. S. Jayatilaka and Ms. R. M. R. D. Rajapaksa were appointed as Non-Independent Non-Executive Director and Independent Non-Executive Director, respectively, with effect from 7th August 2025.

Mr. Probodha Samarasekera and Ms. R. M. R. D. Rajapaksa, both serving as Independent Non-Executive Directors, declared their independence in accordance with Section 9.8.5 (a) and (b) of the Listing Rules. The Board of Directors has reviewed and confirmed their independent status.

Executive Cars (Pvt) Ltd, a fully owned subsidiary of the Company, has a Board comprising four Directors. Mr. R. T. Fernando serves as the Managing Director, Mr. T. B. Perera as an Executive Director, Ms. S.S. Jayathilaka as a Director and Mr. R. C. D. De Silva as the Chairman. Accordingly, three out of the four Directors of Executive Cars (Pvt) Ltd are also Directors of the parent Company, thereby representing common directorship between the two Boards.

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 set Company's strategic objectives and monitor performance against those set objectives, and also ensure compliance with statutory and regulatory obligations.

During the year under review, the Board met on three (03) occasions. Attendance at these meetings was as follows:

Name of Director

Executive Directors:

Mr. Rohan T. Fernando	3/3 occasions
Mr. T. Bevan Perera (resigned w.e.f. 15th July 2025)	1/3 occasions
Mr. Eraj T. Fernando	3/3 occasions

Non-Executive Directors:

Mr. Chanaka De Silva	3/3 occasions
Mr. R. Priyanjith Weerasooria	3/3 occasions

Independent Non-Executive Directors:

Mr. D. S. Kamantha Amarasekera (resigned w.e.f. 30th October 2024)	Nil occasions
Mr. B. C. H. Mendis (appointed w.e.f. 30th October 2024 and resigned w.e.f. 26th May 2025)	2/3 occasions
Ms. S. S. Jayatilaka (resigned w.e.f. 30th October 2024 and re-appointed w.e.f. 7th August 2025)	2/3 occasions
Mr. Probodha Samarasekera (appointed w.e.f. 30th October 2024)	2/3 occasions

The Directors receive a comprehensive package of relevant information on the Company and its joint venture investee companies prior to each meeting, enabling them to make well-informed decisions. The Board regularly monitors and oversees the business performance of the Company and its investments. Subject to formal and transparent procedures, approvals related to key appointments and capital expenditure are granted at Board meetings.

Written minutes are maintained for all Board meetings, recording key discussions and decisions. These minutes are available for inspection at any time, and all Directors have access to them through the Board Secretary.

Dedication of adequate time and effort

The Board dedicates sufficient time and effort to effectively discharge its duties. Adequate time is allocated at each meeting to ensure that responsibilities are fulfilled and that the Company's activities and affairs are appropriately governed and monitored, in the best interest of shareholders and other stakeholders.

Statement on Corporate Governance (Contd..)

Appointments to the Board

Appointments to the Board are made collectively by the Directors, following a transparent and formal process.

In accordance with the Articles of Association of the Company, one Director (excluding the exceptions noted below) retires by rotation at each Annual General Meeting (AGM) and offers himself for re-election. Directors holding the office of Executive Chairman, Managing Director, or Joint Managing Director are not subject to retirement by rotation while holding such positions. Any Director appointed during the year must seek re-election at the subsequent AGM.

Access to Management and Independent Advisors

Board members have full access to the Company's Management and receive all necessary support to perform their duties effectively. Both the Board and its Committees may seek independent professional advice – including legal, accounting, and other expert consultations – at the Company's expense, when deemed necessary. The services of the Company Secretaries are also available to assist the Board and its Committees.

Board Sub Committees

The Board has established four (04) Sub-Committees namely, the Audit Committee, the Remuneration Committee, the Related Party Transactions Review Committee, and the Nominations and Governance Committee to monitor, review, and enhance transparency and accountability across the Company's operations. These Sub-Committees play a vital role in promoting and upholding sound corporate governance practices within the Company and the Group.

Audit Committee

The Audit Committee comprises three Non-Executive Directors, two of whom are Independent Directors. The Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the financial reporting process. The Audit Committee meets as often as necessary and is required to meet at least once every quarter, prior to recommending the financial statements for release to the market. The Committee met 7 times during the year. The detailed Audit Committee Report appears on pages 25 to 27 of this report.

Remuneration Committee

The Remuneration Committee comprises four Non-Executive Directors, two of whom are Independent Directors. The Committee is responsible to the Board for determining the remuneration policy applicable to Executive Directors and Key Management Personnel. The detailed Remuneration Committee Report appears on pages 28 to 29 of this report.

Related Party Transactions Review Committee (RPTRC)

The Related Party Transactions Review Committee comprises four Non-Executive Directors, two of whom are Independent Directors. The Committee is expected to meet at least once every quarter. During the year under review, the Committee met four (04) times to discharge its responsibilities in reviewing related party transactions. The detailed RPTRC Report appears on pages 30 to 32 of this report.

Nominations and Governance Committee

The Nominations and Governance Committee comprises four Non-Executive Directors, two of whom are Independent Directors. The Committee is responsible for overseeing Board appointments, succession planning, and the implementation of sound corporate governance practices across the Company and the Group. The detailed report of the Committee appears on pages 33 to 36 of this report.

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.

Statement on Corporate Governance (Contd..)

Oversight on the Performance of Investee Companies

Since your Company serves primarily as a holding entity for the investment in the two Kelani production companies – which are responsible for all production and commercial operations relating to the manufacture of motor vehicle tyres, the oversight functions of the Audit and Remuneration Committees have been appropriately directed toward the activities of these operational entities. This oversight has been effectively carried out through the Business Review Committee, chaired by the Chairman of your Company, and the Audit Committee of the Joint Venture Company, chaired by one of the Independent Directors of your Company.

Furthermore, the functions of the Remuneration Committee for the two production companies are also performed by the Business Review Committee, ensuring alignment of governance and performance across the Group.

The Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The Board has ensured the accuracy, integrity, and reliability of financial statements and reports through the maintenance of an effective and robust 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 effort to ensure that the Company complies with all applicable laws, regulations, and governance requirements. It is the responsibility of the Board of Directors to adhere to both legal and ethical principles governing the management and control of the Company's affairs.

The Board ensures that, to the fullest extent possible, the financial statements of the Company are prepared in compliance with the Sri Lanka Accounting Standards and all relevant statutes. The Company maintains regular communication with shareholders, providing quarterly performance updates and ensuring full disclosure, subject only to the withholding of sensitive information that could adversely affect the Company's competitive position.

The Board is satisfied with the level of compliance achieved during the year and acknowledges that adherence to proper governance practices contributes to a strong corporate culture and reinforces shareholder confidence. The Board remains committed to maintaining high standards of governance, and to adopting timely and relevant updates in line with evolving regulatory requirements.

The Company has adopted a Code of Business Conduct and Ethics applicable to all Directors and members of Senior Management, reinforcing its commitment to integrity and ethical business conduct.

Furthermore, the Company has complied with the Listing Rules of the Colombo Stock Exchange, as well as 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 of compliance with all statutory obligations is provided in the Report of the Directors on page 8.

Statement on Corporate Governance (Contd..)

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)	20 Largest shareholders, float adjusted market capitalization, public holding (%) and number of public shareholders and the minimum public requirement	Compliant	Information to Shareholders and Investors on Page 92 and 93.
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 23, and Audit Committee Report on page 26.
7.6 (vii)	Details of material issues pertaining to employees and Industrial relations of the entity	Compliant	Report of the Board of Directors on Page 7.
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 70 and 71.
7.6 (ix)	No of shares representing the Entity's stated capital	Compliant	Note 22 of the Financial Statement on Page 81.
7.6 (x)	Distribution schedule of the shareholders and shareholding (%)	Compliant	Information to Shareholders and Investors on Page 92.
7.6(xi)	Ratios and market prices	Compliant	Refer pages 92 and 95 of the Annual Report
7.6 (xii)	Changes in Entity's and subsidiaries fixed assets and market value of land	Compliant	Report of the Board of Directors on Pages 6 and 7.
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 12 to 15.
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	N/A	

Statement on Corporate Governance (Contd..)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
9.1.3	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity	Compliant	Report of the Board of Directors on page 8.
9.2.1	<p>Listed Entities shall establish and maintain the following policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website;</p> <p>(a) Policy on the matters relating to the Board of Directors</p> <p>(b) Policy on Board Committees</p> <p>(c) Policy on Corporate Governance, Nominations and Re-election</p> <p>(d) Policy on Remuneration</p> <p>(e) Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities</p> <p>(f) Policy on Risk management and Internal controls</p> <p>(g) Policy on Relations with Shareholders and Investors</p> <p>(h) Policy on Environmental, Social and Governance Sustainability</p> <p>(i) Policy on Control and Management of Company Assets and Shareholder Investments</p> <p>(j) Policy on Corporate Disclosures</p> <p>(k) Policy on Whistleblowing</p> <p>(l) Policy on Anti-Bribery and Corruption</p>	Compliant	Published in the Company's Website kelanityres.lk
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	Compliant	None
9.3.1	<p>Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. The said Board committees at minimum shall include;</p> <p>(a) Audit Committee</p> <p>(b) Remuneration Committee</p> <p>(c) Related Party Transactions Review Committee</p> <p>(d) Nominations and Governance Committee</p>	Compliant	<p>Refer pages 25 to 27.</p> <p>Refer pages 28 to 29.</p> <p>Refer pages 30 to 32.</p> <p>Refer pages 33 to 36.</p>

Statement on Corporate Governance (Contd..)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
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	
9.4	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	Compliant	
9.4.1	Listed Entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the Entity. The Entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made; (b) The number of votes in favour of the resolution; (c) The number of votes against the resolution; and (d) The number of shares in respect of which the vote was directed to be abstained	Compliant	Maintained by the secretaries
9.4.2	Communication and Relations with shareholders and Investors (a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity. (b) Listed Entities shall disclose the contact person for such communication (c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity (d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Compliant	Investment Relation Officer assigned and name disclosed in the Website kelanityres.lk

Statement on Corporate Governance (Contd..)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
9.5	Policy on matters relating to the Board of Directors	Compliant	
9.6.1	The Chairperson of every Listed Entity shall be a Non-Executive Director and the position of the Chairperson and CEO shall not be held by the same individual, unless otherwise a SID is appointed by such Entity in terms of Rule 9.6.3 below.	Compliant	
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules. Such Market Announcement shall include the rationale for appointment of an Executive Director as Chairperson and/or combining the positions of the Chairperson and CEO of the Listed Entity.	N/A	
9.6.3 and 9.6.4	The Requirement for a SID	N/A	
9.7.4	Listed Entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them have continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation.	Compliant	Declarations obtained from the directors confirming that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the listing rules
9.7.5	Disclosures in the Annual Report Listed Entities shall include the following disclosures/reports in the Annual Report;		
	a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange.	Compliant	Report of the Board of Directors on Page 5.
	b) Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	N/A	

Statement on Corporate Governance (Contd..)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
9.8.1.	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors	Compliant	
9.8.2	Minimum number of Independent Directors		
	(a) The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	Compliant	During the year under review the no. of Independent Directors fell below required number. However the position was rectified subsequently. Refer page 7 on Report of the Directors.
	(b) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change	Compliant	
9.8.5(a)	Each Independent Director to submit a signed and dated declaration annually of his or her "independence" or "non-independence" against the criteria specified herein and in the format in Appendix 9A, containing at a minimum the content prescribed therein.	Compliant	
9.8.5(b)	Make an annual determination as to the "independence" or "non-independence" of each Independent Director based on the Directors' declaration and other information available to it and shall set out the names of Directors determined to be 'independent' in the Annual Report.	Compliant	Report of the Board of Directors on Page 4.
9.8.5(c)	If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	N/A	
9.10.1	Listed Entities shall disclose its policy on the maximum number of directorships its Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2 above	Compliant	

Statement on Corporate Governance (Contd..)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
9.10.2	<p>Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following;</p> <ul style="list-style-type: none"> i. a brief resume of such Director; ii. his/her capacity of directorship; and, iii. Statement by the Entity indicating whether such appointment has been reviewed by the Nominations and Governance Committee of the Entity. 	Compliant	
9.10.3	<p>Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the;</p> <ul style="list-style-type: none"> i. Board of Directors, and ii. Board Committees referred to in Rule 9.3 above. <p>The announcement shall, at a minimum, contain the details of changes including, appointments, resignations and the capacity of directorship with the effective date thereof.</p>	Compliant	
9.10.4	<p>Listed Entities shall also disclose the following in relation to the Directors in the Annual Report:</p> <ul style="list-style-type: none"> (a) name, qualifications and brief profile; (b) the nature of his/her expertise in relevant functional areas; (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; (d) whether Executive, Non-Executive and/or independent Director; (e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed Entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies; 	Compliant	<p>Profile of Directors pages 9 to 11.</p> <p>Profile of Directors pages 9 to 11.</p> <p>Report of the Board of Directors on Page 5.</p> <p>Report of the Board of Directors on Page 4.</p> <p>Profile of Directors pages 9 to 11.</p>

Statement on Corporate Governance (Contd..)

CSE Rule Reference	Corporate Governance Principle	Compliance Status	Details/Reference
	(f) number of Board meetings of the Listed Entity attended during the year;		Statement on Corporate Governance Report page 13.
	(g) names of Board Committees in which the Director serves as Chairperson or a member;		Refer Committee reports pages 25 to 36.
	(h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and,		Refer Committee reports pages 25 to 36.
	(i) The terms of reference and powers of the SID (where applicable).	N/A	
9.11	Nomination and Governance Committee	Compliant	
9.11.1	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11 of these Rules.	Compliant	Committee Report refer pages 33 to 36.
9.12	Remuneration Committee	Compliant	Committee Report refer pages 28 to 29.
9.12.2	Listed Entities shall have a Remuneration Committee that conforms to the requirements set out in Rule 9.12 of these Rules.	Compliant	
9.13	Audit Committee (AC)	Compliant	
9.13.1	Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules.	Compliant	Committee Report refer pages 25 to 27.
9.14.	Related Party Transactions Review Committee	Compliant	
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules	Compliant	Committee Report refer pages 30 to 32

By Order of the Board
KELANI TYRES PLC



P W Corporate Secretarial (Pvt) Ltd
Director/Secretaries

This 20th day of August 2025
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
Asset Risk Losses due to machinery and equipment breakdowns and damages due to fire or theft.	<ul style="list-style-type: none"> Insuring the plant and machinery adequately. Carry out diligently, preventive and autonomous maintenance.
Credit Risk Possible losses due to default by debtors of the group of companies.	<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.
Liquidity (Funding) Risk Inability to fund working capital and required capital expenditure.	<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.
Interest Rate Risk Possible negative impact on the profitability.	<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.
Exchange rate fluctuation affecting cost of inputs of production. Risk of raw material and other imported input cost increases.	<ul style="list-style-type: none"> Micro economic trends are monitored closely. Monitoring regularly foreign currency exposure in order to minimize exchange losses.
Competition Risk Loss of market share and competitiveness leading to loss of profitability.	<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.
Operational Risk Losses from human errors, inefficient processes, frauds and natural perils.	<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.
Employee Risk Risk of not being able to attract, motivate and retain skilled and experienced staff affecting competitiveness.	<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.
Employee Health and Safety Risk Risk of injuries due to accidents whilst at work, affecting especially production output.	<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.
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.	<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.

Directors' Responsibility for Financial Reporting

The following statement sets out responsibility of the Directors in relation to the Financial Statements of the Company and its subsidiaries prepared in accordance with the provisions of the Companies Act No. 07 of 2007. The responsibility of the Independent Auditor in relation to the Financial Statements is set out in the Report of the Auditors given on pages 37 to 40 of the Annual Report.

As per the provisions of sections 151, 153(1) and (2), 150(1) and 152(1) of the Companies Act No. 07 of 2007, the Directors are required to prepare Financial Statements for each financial year, which should give a true and fair view of the state of affairs of the Company and its subsidiaries as at the reporting date and its profit or loss for the financial year then ended, ensure that they are completed within six months or such extended period as may be determined by the Registrar General of Companies, certified by the person responsible for the preparation of the Financial Statements that it is in compliance with the said Companies Act and dated and signed on behalf of the Board by two Directors of the Company.

In terms of Section 166(1) read together with Sections 168(1)(b) and (c) and Section 167(1) of the Companies Act, the Directors shall cause a copy of the aforesaid Financial Statements together with the Annual Report of the Board of Directors of the Company prepared as per Section 166(1) of the Companies Act to be sent to every shareholder not less than fifteen working days before the date fixed for holding the Annual General Meeting. The above obligation is discharged by the Directors by making available the Annual Report on the Company's official website and the Colombo Stock Exchange website in terms of Rule 7.5(b) of the Listing Rules of the Colombo Stock Exchange. As per the said Rule printed copies of the Annual Report will be made available to the shareholders on request.

In preparing the Financial Statements, the Directors are responsible to ensure that appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgments and estimates have been made and all applicable accounting standards have been complied with.

The Directors are also required to ensure that the Company and its subsidiaries have adequate resources to continue in operation to justify applying the going concern basis in preparing these Financial Statements. Further, the Directors have a responsibility to ensure that the Companies within the Group maintain sufficient accounting records to disclose with reasonable accuracy,

the financial position of the Company and the subsidiaries. Financial Statements prepared and presented in this Report have been prepared based on Sri Lanka Accounting Standards (SLFRS/LKAS) and are consistent with the underlying books of account and are in conformity with the requirements of Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange.

The Directors have also implemented effective and comprehensive systems of internal control for identifying, recording, evaluating and managing the significant risks faced by the Company throughout the year, which is primarily handled through the Audit Committee. The Directors have taken appropriate steps to ensure that the Company and its subsidiaries maintain proper books of accounts and the financial reporting system is directly reviewed by the Directors at their regular meetings and also through the Board Audit Committee.

The Board of Directors also approves the Interim Financial Statements prior to their release following a review and recommendation by the Board Audit Committee. The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented in this Annual Report.

The Financial Statements of the Company and its subsidiaries have been certified by the Chief Financial Officer of the Company, the officer responsible for their preparation as required by the Section 152 (1) (b) and they have also been signed by two Directors of the Company as required by Section 152 (1) (c) of the Companies Act. The Directors to the best of their knowledge and belief, are satisfied and 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 of the view that they have discharged their responsibilities as set out in this statement.

By Order of the Board
Kelani Tyres PLC



P W Corporate Secretarial (Pvt) Ltd
Company Secretaries

20th August 2025

Audit Committee Report

The Audit Committee of the Company is constituted as a sub-committee of the Main Board, to which it is accountable, in accordance with Section 9 of the Listing Rules of the Colombo Stock Exchange. The Committee operates under a formal Charter that clearly outlines its terms of reference and governs its responsibilities and activities.

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 significant other operational activities.

Composition of the Committee

The Audit Committee comprises two Independent Non-Executive Directors (one of whom serves as Chairman) and one Non-Executive Director.

At the beginning of the financial year, Mr. D. S. K. Amarasekera served as the Chairman and Mrs. S. S. Jayatilaka served as a member of the Committee. Both Directors resigned with effect from 30th October 2024.

Following their resignation, the Committee was reconstituted on 30th October 2024.

The composition of the Committee as at 31st March 2025 was as follows:

Member	Date of appointment	Nature of Directorship
Mr. B. C. Hiran Mendis* (Chairman)	30th October 2024	Independent Non-Executive Director
Mr. Probodha Samarasekera	30th October 2024	Independent Non-Executive Director
Mr. R. P. Weerasooria	26th June 2024	Non-Executive Director

*Resigned w.e.f. 26th May 2025

The Committee was further reconstituted on 7th August 2025. The composition of the Committee as of the date of this report is as follows:

Member	Date of appointment	Nature of Directorship
Ms. R. M. R. D. Rajapaksa (Chairperson)	7th August 2025	Independent Non-Executive Director
Mr. Probodha Samarasekera	30th October 2024	Independent Non-Executive Director
Mrs. S. S. Jayatilaka	7th August 2025	Non-Executive Director

The Chairperson of the Committee, Ms. Rachini Rajapaksa, is a Fellow Member of the Chartered Institute of Management Accountants (UK).

Meetings

The Committee met seven (7) times during the year and reviewed and discussed with the Company's management team and the Independent Statutory Auditors the recurrent business transactions of the Company, as well as the interim financial statements and consolidated financial statements for the year ended 31st March 2025.

Audit Committee Report (Contd..)

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

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

Name of Director	Attendance
Mr. D.S. K. Amarasekera	3/7
Mrs. S. S. Jayatilaka	5/7
Mr. R. P. Weerasooria	2/7
Mr. B. C. H. Mendis	2/7
Mr. P. Samarasekera	2/7

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, SEC Act 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.

Financial Reporting

The Committee reviewed and discussed the un-audited Interim Financial Statements and the Financial Statements for the year with the management and the External Auditors ensuring that the Company's financial reporting gives a true and fair view in accordance with the Sri Lanka Accounting Standards, Companies Act No. 07 of 2007, SEC Act, CSE Listing Rules, and other applicable regulations.

Assurance from Management

The Committee obtained a confirmation from the Managing Director and the Finance Officer affirming that, to the best of their knowledge, the financial statements

and the operational performance of the Company are presented fairly, in all material respects.

Internal Controls and Risk Assessment

The Committee reviewed the internal control procedures of the Company and noted that no material risks had been reported. It also assessed the internal controls and risk management practices of the subsidiaries through their respective Committees. In addition, the Committee evaluated the Company's operational and financial risks, as well as its business continuity measures.

External Auditors

The Committee meets with the Independent Auditors at least once a year to review their findings, discuss any issues raised, and assess the effectiveness of the internal control systems in place.

Additionally, the Committee reviews the non-audit services provided by the Independent Auditors to ensure that such services do not compromise their independence.

Independence of Auditors

The Committee examined the written assurance provided by the external auditor, Messrs. KPMG, Chartered Accountants, and was satisfied with the auditor's independence throughout the conduct of the audit engagement. The audit engagement partner has been involved in auditing the Company since 2022, marking three consecutive years of service. The auditors have further confirmed that they have no relationship with, or interest in, the Company other than in the capacity of external auditor.

Assurance from Management

The Committee obtained a confirmation from the Managing Director and the Finance Officer affirming that, to the best of their knowledge, the financial statements and the operational performance of the Company are presented fairly, in all material respects.

Internal Audit Function

Kelani Tyres PLC is an investment holding company. Investment-related risks are reviewed and monitored by the senior management and the Board of Directors. The Committee is of the view that this structure is appropriate given the nature of the Company's operations.

Audit Committee Report (Contd..)

Discharge of Duties

During the year under review, the Audit Committee effectively discharged its responsibilities in accordance with its Charter and the Listing Rules of the Colombo Stock Exchange.

The key functions discharged by the Committee included:

- Review of Financial Reporting and disclosures.
- Assessment of Internal Controls and Risk Management.
- Engagement with External Auditors.
- Review of Non-Audit Services.
- Business Continuity and Operational Risk Oversight

Through these activities, the Audit Committee provided oversight, assurance, and guidance to the Board on matters relating to financial integrity, internal control, risk management, and compliance.

Conclusion

The Committee is of the view that adequate controls and procedures are in place to provide reasonable assurance that the assets of the Company and its subsidiaries are safeguarded, and that the financial position and results presented in the audited financial statements are free from any material misstatements.

The Committee remains committed to upholding high standards of corporate governance, accountability, and transparency in the best interests of shareholders and all stakeholders.



Prabodha Samarasekera -Member

Audit Committee

20th August 2025

Report of the Remuneration Committee

The Remuneration Committee is a sub-committee of the Main Board to which it is accountable.

Composition of the Committee

The Remuneration Committee comprises two Independent Non-Executive Director (one of whom is the Chairman) and two Non-Executive Director.

At the beginning of the financial year, Mr. D. S. K. Amarasekera served as the Chairman and Mrs. S. S. Jayatilaka served as a member of the Committee. Both Directors resigned with effect from 30th October 2024.

Following their resignation, the Committee was reconstituted on 30th October 2024.

The composition of the Committee as at 31st March 2025 was as follows:

Member	Date of appointment	Nature of Directorship
Mr. Probodha Samarasekera (Chairman)	30th October 2024	Independent Non-Executive Director
Mr. B. C. Hiran Mendis*	30th October 2024	Independent Non-Executive Director
Mr. R. P. Weerasooria	26th June 2024	Non-Executive Director

*Resigned w.e.f. 26th May 2025

The Committee was further reconstituted on 7th August 2025. The composition of the Committee as of the date of this report is as follows:

Member	Date of appointment	Nature of Directorship
Mr. Probodha Samarasekera (Chairman)	30th October 2024	Independent Non-Executive Director
Ms. R. M. R. D. Rajapaksa	7th August 2025	Independent Non-Executive Director
Mr. R. P. Weerasooria	26th June 2024	Non-Executive Director
Mrs. S. S. Jayatilaka*	7th August 2025	Non-Executive Director

Terms of Reference

The Remuneration Committee operates under a well-defined Terms of Reference, which outlines its scope, authority, duties, and quorum requirements for meetings.

Meetings

The Committee met once during the year, in September 2024, to review the remuneration of Directors. The attendance at the meeting is provided below.

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

Report of the Remuneration Committee (Contd..)

Role of the Remuneration Committee

The Remuneration Committee is responsible for advising and assisting the Board in establishing a formal and transparent procedure for developing the policy on Executive Directors' remuneration, as well as for determining the remuneration of Non-Executive Directors.

Its key functions include:

- Developing and reviewing the remuneration policy.
- Establishing a formal and transparent policy for the remuneration of Executive Directors and Key Management Personnel (KMP).
- Ensuring alignment of the remuneration policy with the company's strategy, long-term goals, and shareholder value.
- Recommend the remuneration of Executive Directors, Non-Executive Directors, and Senior Management.
- Ensuring compliance with obligations under Section 216 of the Companies Act No. 7 of 2007, read together with the Articles of Association.

Remuneration Policy

The objective of the Company's Remuneration Policy is to attract and retain highly qualified and experienced staff. Accordingly, remuneration packages are aligned with market rates, taking into consideration the cost of replacing qualified and experienced personnel.

The Committee further reports that the Company has adopted a "Policy on Remuneration" in compliance with Rule 9.2.1 of the Listing Rules. Additionally, it has adhered to the provisions of the Companies Act and the Articles of Association regarding Directors' remuneration.

Disclosure on Directors' Remuneration

The aggregate remuneration paid to Executive and Non-Executive Directors is given on page 84 of Note 27.3 of the Annual Report.



**Prabodha Samarasekera- Chairman
Remuneration Committee**

20th August 2025

Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) was established by the Board of Directors of Kelani Tyres PLC (KTPLC) in January 2016, as a sub-committee of the Main Board, in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange. The Committee is tasked with conducting independent review, approval, and oversight of all Related Party Transactions (RPTs) of the Company.

Composition of the Committee

The Related Party Transactions Review Committee of the Company comprises two Independent Non-Executive Directors and two Non-Executive Directors.

At the beginning of the financial year, Mr. D. S. K. Amarasekera served as the Chairman and Mrs. S. S. Jayatilaka served as a member of the Committee. Both Directors resigned with effect from 30th October 2024.

Following their resignation, the Committee was reconstituted on 30th October 2024.

The composition of the Committee as at 31st March 2025 was as follows:

Member	Date of appointment	Nature of Directorship
Mr. B. C. Hiran Mendis* (Chairman)	30th October 2024	Independent Non-Executive Director
Mr. Probodha Samarasekera	30th October 2024	Independent Non-Executive Director
Mr. R. P. Weerasooria	26th June 2024	Non-Executive Director

*Resigned w.e.f. 26th May 2025

The Committee was further reconstituted on 7th August 2025. The composition of the Committee as of the date of this report is as follows:

Member	Date of appointment	Nature of Directorship
Ms. R. M. R. D. Rajapaksa (Chairperson)	7th August 2025	Independent Non-Executive Director
Mr. Probodha Samarasekera	30th October 2024	Independent Non-Executive Director
Mr. R. P. Weerasooria	26th June 2024	Non-Executive Director
Mrs. S. S. Jayatilaka*	7th August 2025	Non-Executive Director

Terms of Reference (TOR)

The TOR of the Related Party Transactions Review Committee clearly define the purpose, authority, and the duties and responsibilities of the Committee. To ensure the effective and efficient discharge of these responsibilities, the TOR incorporates the requirements specified under the Listing Rules of the Colombo Stock Exchange, and includes the following:

- Receive regular reports from Management pertaining to related party transactions in advance, in order to review information falling within the scope of the Committee's 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 advisability of proposed related party transactions.

Related Party Transactions Review Committee (Contd..)

- Determine the fairness and transparency of related party transactions, ensuring that such transactions are in the best interests of the Company and its shareholders.
 - Examine related party transactions and recommend to the Board whether they conform to the Committee's approved policies and procedures. The Committee shall also ensure that no Director participates in any discussion or decision related to a proposed related party transaction unless specifically invited to do so by the Committee.
 - Seek advice and assistance from legal, financial, technical, or other external or internal advisors as deemed necessary to effectively discharge the Committee's duties.
- approval for material changes to any previously approved transaction.
 - Hold quarterly meetings and report the Committee's activities to the Board of Directors.
 - Consider all relevant facts and representations provided by Senior Management regarding each related party transaction, including evaluating the independence of the Directors involved.
 - Assess whether immediate market disclosure is required under Section 9.14.7 of the CSE Rules, and ensure timely and appropriate disclosure when applicable.
 - Review related policies and guidelines annually and recommend amendments to the Board when deemed necessary.

Meetings

The Committee held four (04) meetings during the period under review. The attendance of the Directors at these meetings is presented below.

Name of Director	Attendance
Mr. D.S. K. Amarasekera	2/4
Mrs. S. S. Jayatilaka	3/4
Mr. R. P. Weerasooria	2/4
Mr. B. C. H. Mendis	1/4
Mr. P. Samarasekera	1/4

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

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

Responsibilities of the Related Party Transactions Review Committee

In addition to the above, the TOR assigns the following specific responsibilities to the Committee:

- Ensure compliance with the related party transaction requirements as stipulated under the Listing Rules of the Colombo Stock Exchange.
- Review all proposed related party transactions in advance, subject to exemptions provided under Section 9.14.10 of the CSE Rules. This includes evaluating whether Management has provided all necessary information, particularly when seeking

Policies and Procedure

The Company adheres to the definition of Related Party Transactions as set out in the Sri Lanka Accounting Standards and complies with the requirements of Section 9.14 of the Colombo Stock Exchange (CSE) Listing Rules.

In accordance with these rules, the Board of Directors is responsible for identifying parties involved in related party transactions and ensures that an annual declaration of such transactions is duly disclosed.

Related Party Transactions during the year

The Committee has reviewed all related party transactions undertaken by the Company during the financial year 2024/25 and communicated its comments and observations to the Board. It was observed that all transactions were of a recurrent nature and were necessary for the day-to-day operations of the Company.

The Committee determined that these transactions were conducted on an arm's length basis and were not more favorable to any related party than those generally available to the public under similar circumstances.

The Company did not engage in any non-recurrent related party transactions during the year, as defined under Section 9.14.8 of the CSE Listing Rules. Furthermore, there were no acquisitions or disposals of assets involving related parties, in accordance with Section 9.14.9 of the Listing Rules.

Related Party Transactions Review Committee (Contd..)

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 is as follows:

*Related Party	Relationship	Transaction Type	Terms	Debt period	Value of transaction (Excl. taxes) F/Y 2024-2025 (Rs.in millions)	Outstanding as at 31-3-2025 (Rs.in millions)
WPL	Common Directors	Stores Rent & Vehicle Hiring	At market rate	Monthly	9.00 (1.393% of **total income)	Nil
CKH	Joint Venture (JV)	Dividend	As per JV agreement	Annually	600.0 (92.879% of total income)	Nil

** Total income appears on Page 65 of the Annual report under other operating income Note 6.
Dividend income, Stores rent and vehicle hiring income (under other income) appear on Page 65 of the Annual Report under Note 6.

WPL - Wheels (Pvt) Ltd

CKH - CEAT Kelani Holdings (Pvt) Ltd

The Company has made relevant disclosures on related party transactions in accordance with LKAS 24. Details of the related party transactions entered into during the year are given in Note 19 and 27 to the Financial Statements on pages 79 and 84 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, affirming compliance with the Listing Rules pertaining to Related Party Transactions, is provided on page 5 of the Annual Report.



Prabodha Samarasekera - Member
Related Party Transactions Review Committee
20th August 2025

Nominations and Governance Committee Report

The Nomination and Governance Committee (NGC) of Kelani Tyres PLC was established on 20th September 2024, in accordance with best practices on corporate governance. The Committee supports the Board by overseeing Board appointments, succession planning, and the implementation of sound governance policies. It ensures the Company maintains high standards of accountability and transparency. The Committee complies with the requirements stipulated in Section 9.11 of the Listing Rules of the Colombo Stock Exchange.

Committee Composition

The Committee comprises two Independent Non-Executive Directors (one of whom is the Chairman) and two Non-Executive Directors, in conformity with Rule 9.11.4 of the Listing Rules.

At the time of its formation, the NGC comprised the following members:

Member	Date of appointment	Nature of Directorship
Mrs. S. S. Jayatilaka (Chairperson)	20th September 2024	Independent Non-Executive Director
Mr. D. S. K. Amarasekera	20th September 2024	Independent Non-Executive Director
Mr. R. C. D. De Silva	20th September 2024	Non-Executive Director

The Committee was reconstituted with effect from 30th October 2024 in compliance with the Corporate Governance Rules of the Colombo Stock Exchange.

As of 31st March 2025, the composition of the Committee was as follows:

Member	Date of appointment	Nature of Directorship
Mr. Prabodha Samarasekera (Chairman)	30th October 2024	Independent Non-Executive Director
Mr. B. C. H. Mendis*	30th October 2024	Independent Non-Executive Director
Mr. R. P. Weerasooria	30th October 2024	Non-Executive Director

* Resigned w.e.f. 26th May 2025

The Committee was further reconstituted on 7th August 2025. The composition of the Committee as of the date of this report is as follows:

Member	Date of appointment	Nature of Directorship
Mr. Prabodha Samarasekera (chairman)	30th October 2024	Independent Non-Executive Director
Ms. R. M. R. D. Rajapaksa	7th August 2025	Independent Non-Executive Director
Mrs. S. S. Jayatilaka*	7th August 2025	Non-Executive Director
Mr. R. P. Weerasooria	26th June 2024	Non-Executive Director

Nominations and Governance Committee Report (Contd.)

The Scope and the Object of the Committee

- To establish policies for the nomination, appointment, election, and/or re-election of Directors to the Board and members to Board Committees.
- To develop and maintain a policy and manual to uphold good corporate governance practices within the Company.
- To evaluate the fitness and propriety of individuals for appointment, election, and/or re-election as Directors and recommend suitable candidates to the Board.
- To oversee and evaluate the Company's corporate governance practices.

Meetings and Attendance

During the year under review, the Committee met three (3) times. The attendance of the members at these meetings was as follows:

Name of Director	Total Meetings attended
Mrs. S. S. Jayatilaka	-
Mr. D.S. K. Amarasekera	-
Mr. R. C. D. De Silva	-
Mr. B. C. H. Mendis	3/3
Mr. P. Samarasekera	3/3
Ms. R.M.R.D. Rajapaksa	-
Mr. R. P. Weerasooria	3/3

Disclosures in the Annual Report

The following disclosures are made by the Nomination and Governance Committee in compliance with Listing Rule 9.11.6 of the Colombo Stock Exchange:

- The nomination of Directors was carried out in conformity with the documented policy.
- Directors are subject to retirement by rotation at each Annual General Meeting, in accordance with the Articles of Association of the Company.
- The Committee is of the view that the Board of Directors comprises appropriate expertise across varied business fields, bringing many years of diverse experience, skills, age, and gender balance to ensure effective Board performance.

- The Committee has reviewed nominated Directors for appointment to the Board and its Sub-Committees. Re-appointment of Directors is subject to the Articles of Association of the Company. The Committee is guided by established policies and procedures for the nomination, appointment, election, and/or re-election of Directors and appointment of members to Board Committees.
- The Committee evaluates information of Directors who are being re-elected or proposed for re-election before making recommendations to the Board.
- A suitable process is in place for the periodic evaluation of the Board and the Managing Director to ensure their performance and responsibilities are satisfactorily discharged.
- The Company facilitates quarterly and scheduled Board meetings, keeping Independent Directors informed of major issues affecting the entity.
- Processes are in place to provide newly appointed Directors with information on Corporate Governance Rules and other applicable regulations relevant to the Company's operations.
- The Board meets with existing Directors as needed to communicate updates on Corporate Governance, Listing Rules and other relevant regulations.
- The Committee confirms that the criteria for independence have been met by the Independent Directors.
- The Company adheres to best practices on Corporate Governance as stipulated under the Listing Rules.

Information on Directors' Re-election / Re-appointment

As required by the Listing Rules, the table below sets out the details of the Directors who were re-elected / re-appointed at the 30th Annual General Meeting held on 26th September 2024, and the details of those Directors who are recommended for re-election / re-appointment at the forthcoming Annual General Meeting, in accordance with the provisions of the Articles of Association of the Company and the Companies Act No. 7 of 2007:

Nominations and Governance Committee Report (Contd..)

30th Annual General Meeting held on 26th September 2024

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
------------------	----------------------------	---	---	--	---

Re-election in terms of Articles 84 and 85 of the Articles of Association of the Company

Ms. SS Jayathilaka	AC RC RPTRC NGC	05.04.2013	28.08.2019	Resigned on 30.10.2024	None
--------------------	--------------------------	------------	------------	------------------------	------

Re-appointment in terms of Section 210 of the Companies act No. 07 of 2007

Mr R C D De Silva	None	04.10.1990	27.09.2023	Refer profile on page 9.	Director of Silverstock Limited, which holds 49.7% of the shares in the Company.
Mr T B Perera	None	04.10.1990	27.09.2023	Resigned on 15.07.2025	None

31st Annual General Meeting to be held on 26th September 2025

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
------------------	----------------------------	---	---	--	---

Recommended for re-election in terms of Articles 84 and 85 of the Articles of Association of the Company

Mr. E. T. Fernando	None	23.11.2016	28.09.2021	Refer profile on page 10.	Director of Silverstock Limited, which holds 49.7% of the shares in the Company.
--------------------	------	------------	------------	---------------------------	--

Re-appointment in terms of Section 210 of the Companies act No. 07 of 2007

Mr. R. C. D. De Silva	None	04.10.1990	26.09.2024	Refer profile on page 9.	Director of Silverstock Limited, which holds 49.7% of the shares in the Company.
-----------------------	------	------------	------------	--------------------------	--

Nominations and Governance Committee Report (Contd..)

Name of Director	Board Committees served on	Date of First appointment as a Director	Date of last re-election / re-appointment as a Director	Directorships or Chairpersonship and other principal commitments both present and those held over the preceding three years in other Listed entities	Any relationship including close family relationships between the candidate and the Directors, the Listed Entity or its shareholders holding more than 10% of the shares of the Listed Entity
------------------	----------------------------	---	---	--	---

Re-election of Directors appointed since last Annual General Meeting in terms of Article 91 of the Articles of Association of the Company

Mr. Prabodha Samarasekera	AC RC RPTRC NGC	30.10.2024	N/A	Refer profile on pages 10 and 11.	None
Ms. SS Jayathilaka	AC RC RPTRC NGC	07.08.2025	N/A	Refer profile on page 9.	None
Ms. R. M. R. D. Rajapaksa	AC RC RPTRC NGC	07.08.2025	N/A	Refer profile on page 11.	None

- AC Audit Committee
 RPTRC Related party Transactions Review Committee
 RC Remuneration Committee
 NGC Nominations and Governance Committee

Conclusion

The Committee is satisfied that the Company has maintained a robust governance framework and an appropriately skilled and independent Board. It will continue to monitor emerging best practices, regulatory developments, and global trends to ensure ongoing enhancement of governance standards.



Prabodha Samarasekera
Chairman – Nominations and Governance Committee
 Kelani Tyres PLC
 20th August 2025

Independent Auditor's Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel +94 - 11 542 6426
Fax +94 - 11 244 5872
+94 - 11 244 6058
Internet www.kpmg.com/lk

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 2025, 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.

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 2025, 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 financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements 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.

KPMG, a Sri Lankan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

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. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
R. G. H. Raddella ACA,

W.W.J.C. Perera FCA
G.A.U. Karunaratne FCA
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. Somasundaram ACMA (UK), Ms. D Corea Dharmaratne

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 Group's/Company's investment properties are stated at their fair value in the amount of Rs. 755.8 million as at 31 March 2025 with the gain on fair value change for the year ended recorded in the statement of profit or loss amounting to Rs. 58.3 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.

When 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.

Independent Auditor's Report (Contd..)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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.

Independent Auditor's Report (Contd..)

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.

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

11 August 2025

Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 March	Note	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Revenue	5	-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	-	-	-
Other operating income	6	46,378	74,323	646,378	574,323
Gain from fair value adjustment on investment property	13	58,300	50,788	58,300	50,788
Administrative expenses		(201,244)	(168,381)	(201,105)	(168,177)
Depreciation and amortisation		(1,140)	(1,114)	(1,140)	(1,114)
(Loss)/profit from operations		(97,706)	(44,384)	502,433	455,820
Finance income	7.1	84,077	162,928	84,077	162,928
Finance costs	7.2	(1,423)	(3,248)	(1,423)	(3,248)
Net finance income		82,654	159,680	82,654	159,680
Share of net profit of equity accounted investee, net of tax	16	763,888	871,215	-	-
Profit before taxation	8	748,836	986,510	585,087	615,500
Income tax expense	9	(46,418)	(39,592)	(46,418)	(39,592)
Profit for the year		702,416	946,918	538,669	575,908
Other comprehensive income/(expenses)					
Items that will not be reclassified to profit or loss					
Loss on defined benefit obligation	25	(1,283)	(1,462)	(1,283)	(1,462)
Related tax on defined benefit obligation	15	385	438	385	438
Share of OCI of equity accounted investee					
Gain/(loss) on defined benefit obligation	16.2	19	(73,382)	-	-
Related tax on defined benefit obligation	16.2	(6)	22,015	-	-
Gain on revaluation of land	16.2	519,525	-	-	-
Related tax on revaluation of property, plant and equipment	16.2	(155,858)	-	-	-
Total other comprehensive (expense)/income for the year		362,782	(52,391)	(898)	(1,024)
Total comprehensive income for the year		1,065,198	894,527	537,771	574,884
Profit attributable to:					
Owners of the Company		702,416	946,918	538,669	575,908
Non-controlling interest		-	-	-	-
		702,416	946,918	538,669	575,908
Total comprehensive income attributable to:					
Owners of the Company		1,065,198	894,527	537,771	574,884
Non-controlling interest		-	-	-	-
		1,065,198	894,527	537,771	574,884
Basic earnings per share (Rs.)	10	8.74	11.78	6.70	7.16
Dividend per share (Rs.)	11	6.00	5.00	6.00	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

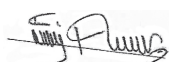
As at 31 March	Note	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
ASSETS					
Non-current assets					
Property, plant and equipment	12	32,060	32,986	32,060	32,986
Investment property	13	755,800	697,500	755,800	697,500
Investment in equity accounted investee	16	5,757,018	5,229,450	139,607	139,607
Investment in subsidiaries	17	-	-	10	10
Total non-current assets		6,544,878	5,959,936	927,477	870,103
Current assets					
Trade and other receivables	18	3,384	4,413	3,384	4,413
Amounts due from related parties	19	34,200	39,600	34,200	39,600
Income tax receivable		11,259	4,315	10,656	3,712
Other investments	20	910,576	874,952	910,576	874,952
Cash and cash equivalents	21	292,536	279,152	288,765	275,240
Total current assets		1,251,955	1,202,432	1,247,581	1,197,917
Total assets		7,796,833	7,162,368	2,175,058	2,068,020
EQUITY AND LIABILITIES					
Equity					
Stated capital	22	402,000	402,000	402,000	402,000
Revaluation reserve	23	1,116,957	753,290	22,049	22,049
Retained earnings		6,052,866	5,833,735	1,526,049	1,470,678
Total equity attributable to owners of the Company		7,571,823	6,989,025	1,950,098	1,894,727
Non-controlling interest		-	-	-	-
Total equity		7,571,823	6,989,025	1,950,098	1,894,727
Non-current liabilities					
Loans and borrowings	24	-	-	-	-
Retirement benefit obligation	25	14,751	11,156	14,751	11,156
Deferred tax liability	15	112,289	79,634	112,289	79,634
Total non-current liabilities		127,040	90,790	127,040	90,790
Current liabilities					
Trade and other payables	26	86,349	73,097	86,299	73,047
Loans and borrowings	24	-	-	-	-
Bank overdrafts	21	11,621	9,456	11,621	9,456
Total current liabilities		97,970	82,553	97,920	82,503
Total liabilities		225,010	173,343	224,960	173,293
Total equity and liabilities		7,796,833	7,162,368	2,175,058	2,068,020

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



Director

11 August 2025
Colombo

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

Statement of Changes in Equity

Group		Stated capital	Revaluation reserves	Retained earnings	Total
As at,	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
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		-	-	946,918	946,918
Other comprehensive income/(expense) for the year, net of tax		-	-	(52,391)	(52,391)
Total comprehensive income/(expense) for the year		-	-	894,527	894,527
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
Balance as at 1 April 2024		402,000	753,290	5,833,735	6,989,025
Comprehensive income for the year					
Profit for the year		-	-	702,416	702,416
Other comprehensive expense for the year, net of tax		-	363,667	(885)	362,782
Total comprehensive income for the year		-	363,667	701,531	1,065,198
Transactions with owners of the Company					
Dividend paid during the year	11	-	-	(482,400)	(482,400)
Balance as at 31 March 2025		402,000	1,116,957	6,052,866	7,571,823

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		Stated capital	Revaluation reserves	Retained earnings	Total
As at,	Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
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 income 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
Balance as at 1 April 2024		402,000	22,049	1,470,678	1,894,727
Comprehensive income for the year					
Profit for the year		-	-	538,669	538,669
Other comprehensive expense for the year, net of tax		-	-	(898)	(898)
Total comprehensive income for the year		-	-	537,771	537,771
Transactions with owners of the Company					
Dividend paid during the year	11	-	-	(482,400)	(482,400)
Balance as at 31 March 2025		402,000	22,049	1,526,049	1,950,098

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

Figures in brackets indicate deductions.

Statement of Cash Flows

For the year ended 31 March	Note	Group		Company	
		2025 Rs. '000	2024 Rs. '000	2025 Rs. '000	2024 Rs. '000
Cash flows from operating activities					
Profit before taxation		748,836	986,510	585,087	615,500
Adjustments for:					
Depreciation on property, plant and equipment	12	1,140	1,114	1,140	1,114
Change in fair value of investment property	13	(58,300)	(50,788)	(58,300)	(50,788)
Fair value gain from unit trust investment	6	(35,222)	(61,642)	(35,222)	(61,642)
Realised gain from unit trust investment	6	(1,691)	(6,508)	(1,691)	(6,508)
Share of profit from equity accounted investee	16	(763,888)	(871,215)	-	-
Dividend income	6	-	-	(600,000)	(500,000)
Provision for defined benefit obligation	25	2,312	1,774	2,312	1,774
Finance income	7.1	(84,077)	(162,928)	(84,077)	(162,928)
Finance costs	7.2	1,423	3,248	1,423	3,248
Operating loss before working capital changes		(189,467)	(160,434)	(189,328)	(160,230)
Changes in:					
(Decrease) in trade and other receivables and tax receivables		1,029	(520)	1,029	(520)
(Increase) in amounts due from RPT		5,400	(3,188)	5,400	(3,188)
Increase / (decrease) in trade and other payables		13,252	8,040	13,252	8,090
Cash used in operating activities		(169,786)	(156,102)	(169,647)	(155,848)
Income tax paid		(20,323)	-	(20,323)	-
Interest paid	7.2	(1,423)	(3,248)	(1,423)	(3,248)
Net cash flow used in operating activities		(191,532)	(159,350)	(191,393)	(159,096)
Cash flows from investing activities					
Acquisition of property, plant and equipment	12	(214)	(2,284)	(214)	(2,284)
Acquisition of investment property	13.1	-	(4,491)	-	(4,491)
Dividend received from joint venture	16.2 / 6	600,000	500,000	600,000	500,000
Investment in government securities and related institutions		(35,829)	95,829	(35,829)	95,829
Purchase of units	20.3	-	(124,923)	-	(124,923)
Proceeds from sale of units		37,963	65,338	37,964	65,338
Interest income from other investments		83,231	168,577	83,231	168,577
Net cash generated from investing activities		685,151	698,046	685,153	698,046
Cash flows from financing activities					
Repayment of borrowings	24	-	(833)	-	(833)
Dividends paid		(482,400)	(402,000)	(482,400)	(402,000)
Net cash flow used in financing activities		(482,400)	(402,833)	(482,400)	(402,833)
Net increase/(decrease) in cash and cash equivalents during the year					
		11,219	135,863	11,360	136,117
Cash and cash equivalents at the beginning of the year	21	269,696	133,833	265,784	129,667
Cash and cash equivalents at the end of the year	21	280,915	269,696	277,144	265,784

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

Notes to the Financial Statements

1. REPORTING ENTITY

1.1 Domicile and legal form

Kelani Tyres 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 2025 comprise of the financial information of the Company, its subsidiary, Executive Cars (Private) Limited, and joint venture, CEAT Kelani 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
CEAT Kelani 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 49.74%. Silverstock Limited is domiciled in Sri Lanka.

1.4 Subsidiary

In 2006, the vehicle hire business of the Kelani Tyres 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 CEAT Kelani 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 Kelani Tyres PLC [KTPLC]. CEAT Kelani International Tyres (Private) Limited (CKITL) was incorporated to carry on the tyre manufacturing operations and the assets and facilities of Kelani Tyres 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

Notes to the Financial Statements (Contd..)

1. REPORTING ENTITY (Contd..)

1.5 Joint venture (Contd..)

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) 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 2025 is 10 (2024 - 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 2025 were authorised for issue by the Directors on 11 August 2025.

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.

Notes to the Financial Statements (Contd..)

2. BASIS OF PREPARATION (Contd..)

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.

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 3.4.5.1 - Impairment of financial assets
- Note 3.4.5.2 - Impairment of non-financial assets
- Note 3.6 - Property, plant and equipment and useful life
- Note 3.7 - Intangible asset and amortisation
- Note 3.8 - Investment property
- Note 3.10 - Provisions and contingencies
- Note 3.11 - Employee benefits
- Note 3.20 (a) - Current taxation
- Note 3.20 (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 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 2025. 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:

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.1 Basis of consolidation (Contd..)

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.

3.1.1 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.

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.

3.1.2 Subsidiaries

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

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

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.1.2 Subsidiaries (Contd..)

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.

3.1.3 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.

3.1.4 Transactions eliminated on consolidation

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

3.1.5 Financial year end

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

3.2 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.

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.

3.3 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.

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.3 Investment in jointly controlled entities (Contd..)

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	
	2025	2024
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%

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

3.3.1. 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 Company and its 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 3.4.5.

3.3.2. 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.

Notes to the Financial Statements (Contd.)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.3.2. Impairment testing of investments in jointly controlled entities (Contd..)

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.

3.4 Financial instruments

3.4.1 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.

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.4.1 Non-derivative financial assets (Contd..)

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:

- 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

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.4.1 Non-derivative financial assets (Contd..)

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.

3.4.2 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.

3.4.3 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

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.4.3 De-recognition (Contd..)

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.

3.4.4 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.

3.4.5 Impairment

3.4.5.1 Impairment of Financial 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.

3.4.5.2 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.

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.4.5.2 Impairment of Non-financial assets (Contd..)

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.

3.5 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.

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)

3.6 Property, plant and equipment

3.6.1 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.

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.6.2 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.

3.6.3 Depreciation

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. 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.

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.

3.6.4 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.

3.6.5 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-recongnition 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 and 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.

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.7 Intangible assets

3.7.1 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 asset are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

3.7.2 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.

3.7.3 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

3.7.4 De-recognition

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

3.8 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.

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.8 Investment property (Contd..)

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.

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 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.

3.9 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.

3.10 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.

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.

3.11 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

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.11 Employee Benefits (Contd..)

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, as recommended by the Sri Lanka Accounting Standard - LKAS 19 on "Employee Benefits". 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.

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.

3.12 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.

Notes to the Financial Statements (Contd.)

3. MATERIAL ACCOUNTING POLICIES (Contd.)

3.13 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.

3.14 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.

3.15 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

3.16 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.

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.16 Revenue recognition (Contd..)

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.

Hire income

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

3.17 **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.

3.18 **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.

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.18 Expenditure (Contd..)

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

3.19 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.

3.20 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.

3.21 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.

Notes to the Financial Statements (Contd..)

3. MATERIAL ACCOUNTING POLICIES (Contd..)

3.21 Earnings per share (Contd..)

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

3.22 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 at bank, deposits held with banks where original maturities of at three months or less and bank overdrafts. Bank overdrafts are shown within 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.

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 April 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 2025 that are not expected to have a material impact on the Group's Financial Statements.

a. SLFRS S1 - Sustainability Disclosure Standard

SLFRS S1 General requirements for disclosure of sustainability related Financial Information is to require an entity to disclose information about its sustainability related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

b. SLFRS S2 - Climate - Related Disclosures

SLFRS S2 Climate related disclosures is to require an entity to disclose information about its climate related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

Notes to the Financial Statements (Contd..)

For the year ended 31 March,	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
5. Revenue from contracts with customers				
Sale of goods	-	-	-	-
Hiring income	-	-	-	-
Total revenue	-	-	-	-
Taxes				
- Value Added Tax	-	-	-	-
Net revenue	-	-	-	-

Revenue 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	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
6. Other operating income				
Rent income	8,550	5,257	8,550	5,257
Administration income	460	461	460	461
Other income	455	455	455	455
Dividend income	-	-	600,000	500,000
Realised gain from unit trust investment	1,691	6,508	1,691	6,508
Fair value gain from unit trust investment	35,222	61,642	35,222	61,642
	46,378	74,323	646,378	574,323

For the year ended 31 March,	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
7. Net finance income				
7.1 Finance income				
Interest income from fixed deposits	24,014	3,081	24,014	3,081
Interest income from treasury bills	57,534	156,089	57,534	156,089
Interest income from savings accounts	2,529	3,758	2,529	3,758
	84,077	162,928	84,077	162,928
7.2 Finance costs				
Interest cost on bank overdraft	1,423	3,244	1,423	3,244
Interest cost on loans and borrowings	-	4	-	4
	1,423	3,248	1,423	3,248
Net finance income	82,654	159,680	82,654	159,680

Notes to the Financial Statements (Contd..)

8. Profit before tax

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

For the year ended 31 March,	Note	Group		Company	
		2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Directors' emoluments and staff costs	8.1	163,123	137,024	163,123	137,024
Auditors' remuneration - Audit		1,233	1,125	1,183	1,075
Depreciation on property, plant and equipment	8.2	1,140	1,114	1,140	1,114
8.1 Directors' emoluments and staff costs					
Wages and salaries		159,011	133,901	159,011	133,901
Defined benefit obligations	25	2,312	1,774	2,312	1,774
Defined contribution plans		1,800	1,349	1,800	1,349
		163,123	137,024	163,123	137,024
Classified as:					
Directors' emoluments (fee and bonus)		82,440	81,077	82,440	81,077
Other benefits to Directors		54,064	25,593	54,064	25,593
Staff costs		26,619	30,354	26,619	30,354
Total		163,123	137,024	163,123	137,024
8.2 Depreciation on property, plant and equipment					
Charged to administrative expenses		1,140	1,114	1,140	1,114
		1,140	1,114	1,140	1,114
9. Income tax expense					
Current tax expense	9.1	13,379	-	13,379	-
Deferred tax expense	9.5	33,040	39,592	33,040	39,592
		46,418	39,592	46,418	39,592
9.1 Current tax expense					
Current Tax Expense on Ordinary Activities for the year	9.1.1	10,942	-	10,942	-
Under / (Over) Provision during previous years		2,437	-	2,437	-
		13,379	-	13,379	-

Notes to the Financial Statements (Contd..)

9. Income tax expense (Contd..)

For the year ended 31 March,	Note	Group		Company	
		2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
9.1.1 Reconciliation of the accounting profit and the income tax expense					
Accounting profit before taxation		748,836	986,510	585,087	615,500
Aggregated expenses disallowed for tax		111,477	121,498	111,477	121,294
Aggregated expenses allowed for tax		(1,792)	(2,322)	(1,792)	(2,322)
Aggregated income from other sources		(152,618)	(287,123)	(752,618)	(787,123)
Share of profit of equity accounted investee		(763,888)	(871,215)	-	-
Assessable income/(loss) - Business		(57,985)	(52,651)	(57,846)	(52,651)
Assessable income/(loss) - Investment		94,318	174,693	94,318	174,693
Tax losses utilised during the year		(57,846)	(174,693)	(57,846)	(174,693)
Total taxable income		36,472	-	36,472	-
Income tax at the rate of 30%		10,942	-	10,942	-
Total current tax expense		10,942	-	10,942	-
9.2 Tax loss movement					
Brought forward tax losses		57,628	279,603	53,516	274,509
Tax losses incurred during the year		57,985	52,651	57,846	52,651
Tax losses utilised during the year		(57,846)	(174,693)	(57,846)	(174,693)
Tax losses expired during the year		(3,627)	-	-	-
Over provision for tax losses in prior year		(53,312)	(99,933)	(53,516)	(98,951)
Tax losses carried forward		828	57,628	-	53,516

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% (2024: 30%). On Dividend income, Company is liable at the rate of 15% (2024: 15%), 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% (2024 - 30%).

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 2025 (2024 - 30%).

Notes to the Financial Statements (Contd..)

9. Income tax expense (Contd..)

For the year ended 31 March,	Note	Group		Company	
		2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
9.5 Deferred tax expense					
Deferred tax assets reversal during the year		15,363	23,008	15,362	23,008
Deferred tax liabilities originated during the year		17,677	16,584	17,677	16,584
Charged to profit or loss	15	33,040	39,592	33,040	39,592
Deferred tax assets originated during the year		(385)	(438)	(385)	(438)
Deferred tax liabilities originated during the year		-	-	-	-
Charged to OCI	15	(385)	(438)	(385)	(438)

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	
		2025	2024	2025	2024
Profit attributable to ordinary shareholders (Rs. '000)		702,416	946,918	538,669	575,908
Weighted Average Number of Ordinary Shares (thousands)	22	80,400	80,400	80,400	80,400
Basic earnings per share (Rs.)		8.74	11.78	6.70	7.16

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	
		2025	2024	2025	2024
11. Dividend per share					
Dividend declared to shareholders (Rs. '000)		482,400	402,000	482,400	402,000
Number of shares in issue (thousands)	22	80,400	80,400	80,400	80,400
Dividends per share (Rs.)		6.00	5.00	6.00	5.00

Notes to the 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 2025 Rs. '000	Total 2024 Rs. '000
Cost/revalued amount						
Balance as at 1 April 2024	23,085	4,089	8,920	30,655	66,749	64,465
Additions	-	-	214	-	214	2,284
Balance as at 31 March 2025	23,085	4,089	9,134	30,655	66,963	66,749
Accumulated depreciation						
Balance as at 1 April 2024	-	188	2,920	30,655	33,763	32,649
Charge for the Year	-	90	1,050	-	1,140	1,114
Balance as at 31 March 2025	-	278	3,970	30,655	34,903	33,763
Carrying value						
As at 31 March 2025	23,085	3,811	5,163	-	32,060	-
As at 31 March 2024	23,085	3,901	6,000	-	-	32,986

Property, plant and equipment - Company

Cost/revalued amount						
Balance as at 1 April 2024	23,085	4,089	8,920	30,655	66,749	64,465
Additions	-	-	214	-	214	2,284
Balance as at 31 March 2025	23,085	4,089	9,134	30,655	66,963	66,749
Accumulated depreciation						
Balance as at 1 April 2024	-	188	2,920	30,655	33,763	32,649
Charge for the Year	-	90	1,050	-	1,140	1,114
Balance as at 31 March 2025	-	278	3,970	30,655	34,903	33,763
Carrying value						
As at 31 March 2025	23,085	3,811	5,163	-	32,060	-
As at 31 March 2024	23,085	3,901	6,000	-	-	32,986

12.1 Property, plant and equipment includes fully depreciated assets still in use, the cost of which amounted to Rs. 31,574,261 (2024 - Rs. 30,806,837) as at the date of statement of financial position.

12.2 The Group reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting date.

12.3 The Board of Directors has assessed the potential impairment loss on property, plant and equipment as at 31st March 2025. Based on the assessment, no impairment provision is required to be made in the financial statements as at reporting date.

Notes to the Financial Statements (Contd..)

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

12.4 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. The Group's policy is to revalue these assets in every three to five years.

12.5 Details of land and buildings owned by the Company are as follows:

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

		Last revaluation date	Extent
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.

12.6 Revaluation of motor vehicle

In March 2021, a revaluation was done by valuers (De Silva Motor Engineers (Pvt) Ltd and CAREDRIVE 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.

12.7 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 Financial Statements (Contd..)

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

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

	Cost		Revalued amount		Carrying amount at cost	
	2025	2024	2025	2024	2025	2024
	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	967	1,088
Motor vehicles	33,441	33,441	30,655	30,655	-	-
	52,917	52,917	56,156	56,156	15,243	15,364

12.9 There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2025 (2024 - Nil).

12.10 There were no items of Property, Plant and Equipment pledged as security as at 31 March 2025 (2024 - Nil).

12.11 There were no temporary idle items of Property, Plant and Equipment as at 31 March 2025 (2024 - Nil).

As at 31 March,	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
13. Investment property				
13.1 Reconciliation of carrying amount				
Balance as at 1 April	697,500	642,221	697,500	642,221
Additions during the year	-	4,491	-	4,491
Change in fair value	58,300	50,788	58,300	50,788
Balance as at 31 March	755,800	697,500	755,800	697,500

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	33,186 sq.ft.

Previous valuations had included some building area with a sum of extent of 1,067 sq.ft. with a value of Rs. 9.5 Mn. However, current year the valuer has determined that these areas are not in a usable condition. Hence, 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	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Rental income (note 6)	8,550	5,257	8,550	5,257
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	58,300	50,788	58,300	50,788

Notes to the 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 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 - 40% 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. 6,000 and Rs. 14,750</p>	<p>The estimated fair value would increase/(decrease) if:</p> <p>* the depreciation rate were lower/(higher)</p> <p>* the per sq. ft. rate were higher/(lower)</p>
<p>Land - Market approach 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. 2 Mn 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>	<p>* the per perch rate were higher/(lower)</p>

13.5 Leasing arrangements

The investment properties are rented out to Wheels (Private) Limited which is a related company 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 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 Rs. '000	Company Rs. '000
Increase price of average square feet and price per land perch by 1%	5,189	5,189
Decrease price of average square feet and price per land perch by 1%	(5,189)	(5,189)
Increase in depreciation rate of buildings by 1%	3,900	3,900
Decrease in depreciation rate of buildings by 1%	(3,900)	(3,900)

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 reviews the residual values, useful lives and methods of amortisation of intangible assets at each reporting date.

As at 31 March,	Note	Group		Company	
		2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Cost		201	201	134	134
Accumulated amortisation		(201)	(201)	(134)	(134)
Net book value		-	-	-	-

15. Deferred tax

As at 31 March,

		2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Balance as at 1 April		79,634	40,480	79,634	40,480
Amounts originated to Profit or loss	9.5	33,040	39,592	33,040	39,592
Amounts originated to OCI	9.5	(385)	(438)	(385)	(438)
Balance as at 31 March		112,289	79,634	112,289	79,634

15.1 Reconciliation of net deferred tax liabilities

		2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Deferred tax assets	15.2	4,425	19,459	4,425	19,459
Deferred tax liabilities	15.3	(116,714)	(99,093)	(116,714)	(99,093)
Net deferred tax liability		(112,289)	(79,634)	(112,289)	(79,634)

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	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Tax loss	828	4,112	-	-
Unrecognised deferred tax asset	248	1,234	-	-

The tax losses of the Group as at the reporting date was Rs. 0.8 Mn (Company: Nil) resulting in a deferred tax asset of Rs. 0.2 Mn (Company: Nil) 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. 0.2 Mn (Company: Nil).

The tax losses of the group have been arisen from the YA 2021, 2022, 2024 and 2025 which will be expired in 6 years from the year of assesment.

Notes to the Financial Statements (Contd..)

15. Deferred tax (Contd..)

As at 31 March	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
15.2 Deferred tax assets				
Tax losses	-	16,056	-	16,056
Defined benefit obligation	4,425	3,347	4,425	3,347
Property, plant and equipment	-	56	-	56
Total deferred tax assets	4,425	19,459	4,425	19,459
15.3 Deferred tax liabilities				
Property, plant and equipment	131	-	131	-
Fair value gain on investment property revaluation	113,940	96,450	113,940	96,450
Revaluation gain on land and building	2,643	2,643	2,643	2,643
Total deferred tax liabilities	116,714	99,093	116,714	99,093

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	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
As at 1 April	5,229,450	4,909,603	139,607	139,607
Share of profit net of tax	763,888	871,215	-	-
Share of other comprehensive income				
- Actuarial gain on retirement benefit obligation	19	(73,382)	-	-
- Tax on actuarial gain on retirement benefit obligation	(6)	22,015	-	-
- Gain on revaluation of land	519,525			
- Tax on revaluation gain	(155,858)	-	-	-
Dividends received from				
CEAT Kelani Holding (Private) Limited	(600,000)	(500,000)	-	-
At 31 March	5,757,018	5,229,450	139,607	139,607

Notes to the Financial Statements (Contd..)

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

16.3 Summarised financial information

	Joint venture	
	2025 Rs. '000	2024 Rs. '000
Summarised statement of financial position		
Current		
Cash and cash equivalents	624,594	864,165
Other current assets (excluding cash)	8,721,507	7,965,327
Total current assets	9,346,101	8,829,492
Financial liabilities	(3,735,054)	(4,097,860)
Other current liabilities	(929,185)	(1,059,686)
Total current liabilities	(4,664,239)	(5,157,546)
Non-current assets	8,478,782	7,626,440
Non-current liabilities	(1,646,609)	(839,486)
Net assets	11,514,035	10,458,900

	Joint venture	
	2025 Rs. '000	2024 Rs. '000
Summarised statement of comprehensive income		
Domestic revenue	17,775,171	16,116,938
Export revenue	1,261,121	1,283,860
Total revenue	19,036,292	17,400,798
Cost of sales	(14,167,159)	(12,901,543)
Other operating income	128,926	154,372
Distribution / administrative cost	(2,536,676)	(2,428,852)
Finance income	206,090	380,694
Finance cost	(164,453)	(385,056)
Pre-tax profit from continuing operations	2,503,020	2,220,413
Income tax expense	(975,245)	(477,984)
Post-tax profit from continuing operations	1,527,775	1,742,429
Other comprehensive income		
Remeasurement of defined benefit obligations	37	(146,764)
Tax on remeasurement of defined benefit obligation	(11)	44,029
Gain on revaluation of land	1,039,050	-
Tax on revaluation gain/(loss)	(311,715)	-
Other comprehensive loss for the year - net of tax	727,361	(102,735)
Total comprehensive income	2,255,136	1,639,694

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 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	
	2025 Rs. '000	2024 Rs. '000
Opening net assets as at 1 April	10,458,899	9,819,205
Profit for the year	1,527,775	1,742,429
Other comprehensive (loss) / income, net of tax	727,361	(102,735)
Dividend distributed for the year	(1,200,000)	(1,000,000)
Closing net assets	11,514,035	10,458,899
Interest in joint venture @ 50%	5,757,018	5,229,450
Carrying value	5,757,018	5,229,450

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)

Income tax assessments

The Inland Revenue Department (IRD) has issued a tax assessment to CEAT Kelani Radials (Private) Limited (subsequently merged with CEAT Kelani International Tyres (Private) Limited) for the year of assessments 2018/2019 by re-estimating the business profits declared by the Company to pay an additional income tax liability of Rs. 118,713,674/- including the interest and penalty. The appeal is currently at the determination stage of the Inland Revenue Department.

The Inland Revenue Department (IRD) has issued a tax assessment to Asian Tyres (Private) Limited (subsequently merged with CEAT Kelani Radials (Private) Limited) for the year of assessments 2019/2020 by disallowing the tax exemptions declared by the Company to pay an additional income tax liabilities of Rs. 244,265,804/- including interest and penalty. The company has commenced the appeal process. Currently, this appeal is being heard by the Court of Appeal.

The Inland Revenue Department (IRD) has raised assessments on CEAT Kelani Radials (Private) Limited (subsequently merged with CEAT Kelani International Tyres (Private) Limited) for the year of assessments 2018/2019 assessing the Company to pay additional VAT liabilities of Rs. 208,234,752/- including penalty. The company has commenced the appeal process. Currently, this is being heard by the Tax Appeals Commission.

Associated CEAT (Private) Limited (ACPL)

Income tax assessments

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 to pay an additional income tax liability of Rs. 146,795,279 including the interest and penalty. The company has commenced the appeal process. Currently, this appeal is being heard by the Court of Appeal.

Notes to the Financial Statements (Contd..)

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

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

The Inland Revenue Department (IRD) has issued a tax assessment for the year of assessment 2019/2020 by re-estimating the business profits declared by the Company to pay an additional income tax liabilities of Rs. 162,694,307 including the interest and penalty. The company has commenced the appeal process. Currently, this appeal is being heard by the Tax Appeals Commission.

VAT assessments

The Inland Revenue Department (IRD) has raised assessments on the Company for the year of assessment 2018/2019, assessing the Company to pay additional VAT liabilities of Rs. 175,993,617 including penalty. The company has commenced the appeal process. Currently, this appeal is being heard by the Tax Appeals Commission.

CEAT Kelani Holdings (Private) Limited (CKH)

The Company has given Corporate Guarantee on behalf of Associated CEAT (Private) Limited on the bank facilities obtained from Union Bank for Rs. 300Mn as at 31st March 2025.

The Company has given Corporate Guarantee on behalf of CEAT Kelani International Tyres (Private) Limited on the bank facilities obtained from Indian Overseas Bank for Rs. 306.7 Mn, Nations Trust Bank for Rs. 575 Mn as at 31 March 2025.

The management is of the opinion that the above mentioned assessments will not have an unfavorable impact to the company.

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 2025 amounts to Rs. 227,161,629/- (2024 - Rs. 171,930,366/-) as follows,

	2025	2024
	Rs. '000	Rs. '000
Associated CEAT (Private) Limited	58,264	42,952
CEAT Kelani International Tyres (Private) Limited	168,897	128,978
	227,161	171,930

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.

Notes to the Financial Statements (Contd..)

16. Investment in equity accounted investee (Contd.)

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

* **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)	Primary Concurrent mortgage Over stock in trade. Primary mortgage for USD 1.5Mn on land, Building & Fixed Machinery at Kaluthara.
Commercial Bank	OD Facility	General Terms & Conditions relating to OD/STL
Union Bank	Fund based working capital (cash credit/ Import loan/ bill purchase) & non fund based sub limit (LC/BG)	Corporate Guarantee from CKH for Rs. 300Mn.

CEAT Kelani International Tyres (Private) Limited (CKITL)

Lender	Facility	Nature of Security
India Overseas Bank	Fund based working capital	“CKH corporate guarantee Rs. 306.7 Mn Primary Mortgage on stocks & receivables on Pari-passu basis. 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. Secondary Concurrent mortgage bond for Rs. 265Mn executed in favor of Sampath Bank for Rs. 60Mn.
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 Plant & Machinery purchased from the facility.
State Bank of India	Fund based working capital (cash credit/ import loan/bill purchase) and non-fund based sub-limit (LC/BG)	Primary mortgage over stock in trade & receivable Rs. 150Mn Additional mortgage over movable P&M for Rs. 150Mn”
Nations Trust Bank	Fund based working capital	Corporate Guarantee bond from CKH for Rs. 575Mn./OD Agreement Rs. 300Mn
Indian Overseas Bank	Long Term Loan Facility	Primary Mortgage Bond on Solar Panel, Inverter and other assets created out of the Bank Finance value at Rs. 376Mn
Hatton National Bank	OD Facility	OD Agreement

Notes to the Financial Statements (Contd..)

16. Investment in equity accounted investee (Contd.)

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	
2025	2024
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.

The Board of Directors has assessed the potential impairment loss on investments in subsidiaries as at 31st March 2025. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date.

As at 31 March,	Note	Group		Company	
		2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
18. Trade and other receivables					
Prepayments		914	1,394	914	1,394
VAT receivable		897	820	897	820
Withholding tax receivable		-	1,040	-	1,040
Other receivables		1,573	1,159	1,573	1,159
		3,384	4,413	3,384	4,413
19. Amounts due from related parties					
Receivable from key management personnel	27.4	34,200	39,600	34,200	39,600
		34,200	39,600	34,200	39,600
20. Other investments					
Government securities and related institutions - at amortised cost	20.1	541,485	504,810	541,485	504,810
Unit trust investments - at FVTPL	20.2	369,091	370,142	369,091	370,142
		910,576	874,952	910,576	874,952
20.1 Government securities and related institutions					
Treasury bills		-	504,171	-	504,171
Reverse repurchase agreements		540,000	-	540,000	-
Annualised investment return		1,485	639	1,485	639
		541,485	504,810	541,485	504,810

The above reverse repurchase agreements have a yield rate of 7.9% and matures on 28 April 2025.

Notes to the Financial Statements (Contd..)

20. Other investments (Contd.)

20.2 Unit trust investments

	Group / Company			
	2025		2024	
Investment in unit trust	No. of units	Fair value	No. of units	Fair value
NDB Wealth Money Fund	5,528,982	198,170	6,068,074	198,691
CAL Fixed Income Opportunities Fund	4,473,234	170,921	5,018,283	171,451
Total	10,002,216	369,091	11,086,357	370,142

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.

	Note	Group		Company	
		2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
20.3 Movement in investment in unit trusts					
As at 1 April		370,142	242,407	370,142	242,407
Investments during the year		-	124,923	-	124,923
Redemptions during the year		(36,274)	(58,830)	(36,274)	(58,830)
Fair value adjustment	6	35,222	61,642	35,222	61,642
As at 31 March		369,090	370,142	369,090	370,142
21. Cash and cash equivalents					
Cash at bank		35,292	21,702	31,521	17,790
Fixed deposits maturing within 3 months		257,244	257,450	257,244	257,450
		292,536	279,152	288,765	275,240

The above fixed deposits have interest rates between 7.25% and 8% (2024: 10.25 and 10.50%) and matures in three months.

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

Cash and bank balances	292,536	279,152	288,765	275,240
Bank overdrafts	(11,621)	(9,456)	(11,621)	(9,456)
	280,915	269,696	277,144	265,784

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

Notes to the Financial Statements (Contd..)

As at 31 March,	Company	
	2025 Rs'000	2024 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,	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
23. Revaluation reserves				
Revaluation reserves of the Company	22,049	22,049	22,049	22,049
Revaluation reserves of the Joint venture	1,094,908	731,241	-	-
At end of year	1,116,957	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.

Note	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
23.1 Revaluation reserve				
Gross Revaluation surplus	1,380,287	860,762	24,691	24,691
Deferred tax on revaluation gain	(263,330)	(107,472)	(2,642)	(2,642)
Balance as at 31 March	1,116,957	753,290	22,049	22,049
23.1.1 Movement of Revaluation Surplus				
Balance as at 1 April	860,762	860,762	24,691	24,691
Revaluation gain during the year	519,525	-	-	-
Balance as at 31 March	1,380,287	860,762	24,691	24,691
23.1.2 Movement of deferred tax				
Balance as at 1 April	107,472	107,472	2,642	2,642
Deferred tax on revaluation gain during the year	155,858	-	-	-
Balance as at 31 March	263,330	107,472	2,642	2,642

Notes to the Financial Statements (Contd..)

As at 31 March,	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
24. Borrowings				
24.1 Movement				
As at 1 April	-	833	-	833
Repayments during the year	-	(833)	-	(833)
As at 31 March	-	-	-	-
Current	-	-	-	-
Non-current	-	-	-	-
	-	-	-	-
25. Defined benefit obligations				
25.1 Movement in the defined benefit obligation				
As at 1 April	11,156	7,920	11,156	7,920
Current service costs	1,029	823	1,029	823
Interest costs	1,283	951	1,283	951
Actuarial loss recognised in OCI	1,283	1,462	1,283	1,462
As at 31 March	14,751	11,156	14,751	11,156
25.2 Amounts recognised in the statement of profit or loss and other comprehensive income				
Current service cost	1,029	823	1,029	823
Interest cost	1,283	951	1,283	951
Cost included in staff costs 8.1	2,312	1,774	2,312	1,774
Actuarial loss recognised in OCI	1,283	1,462	1,283	1,462
	1,283	1,462	1,283	1,462
Total cost	3,595	3,236	3,595	3,236
25.3 The principal actuarial assumptions used				
Discount rate	11.50%	12.00%	11.50%	12.00%
Salary increment rate	10.00%	10.00%	10.00%	10.00%
Staff turnover rate	3.00%	3.00%	3.00	3.00%
Retiring age	75 years	74 years	75 years	74 years
Weighted average duration of the defined benefit obligation	13 years	10 years	13 years	10 years

A long-term Treasury Bond rate of 11.5 % p.a. (2024 - 12% 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.

Notes to the Financial Statements (Contd..)

25. Defined benefit obligations (Contd.)

25.3 The principal actuarial assumptions used (Contd.)

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.

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 assumption	Impact from a change in the assumption			
		Increase in assumption		Decrease in assumption	
		Group Rs'000	Company Rs'000	Group Rs'000	Company Rs'000
Discount rate	1%	(1,207)	(1,207)	1,353	1,353
Salary increment rate	1%	1,359	1,359	(1,233)	(1,233)
Staff turnover rate	1%	119	119	(130)	(130)
Retiring age	1%	(141)	(141)	143	143

	Group		Company	
	2025	2024	2025	2024
	Rs'000	Rs'000	Rs'000	Rs'000
26. Trade and other payables				
Trade payables	-	-	-	-
Accrued expenses	2,295	1,486	2,245	1,436
Other payables	2,915	254	2,915	254
Unclaimed dividends	81,139	71,357	81,139	71,357
	86,349	73,097	86,299	73,047

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 %	
		2025	2024
Silverstock Limited	Immediate parent	49.74%	47.86%
Ceat Kelani Holdings (Private) Limited	Joint venture	50.00%	50.00%
Executive Cars (Private) Limited	Fully owned subsidiary	100.00%	100.00%
Wheels (Private) Limited	Affiliate company	N/A	N/A

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 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 Rs. '000	Silverstock Limited Rs. '000	CEAT Kelani International Tyres (Private) Limited Rs. '000	CEAT Kelani Holdings (Private) Limited Rs. '000
Opening balance as at 1 April 2024	-	-	-	-
Income from investment property and vehicle hiring	10,626	-	-	-
Dividend income receivable	-	-	-	600,000
Expense borne on their behalf	7,466	325	27,869	-
Receipts during the year	(18,092)	(325)	(27,869)	(600,000)
Closing balance as at 31 March 2025	-	-	-	-

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	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Fees and short term employee benefits	82,440	81,077	82,440	81,077
Other benefits to Directors	54,064	25,593	54,064	25,593
	136,504	106,670	136,504	106,670

27.4 Advances given to Directors

Repayable vehicle advances	34,200	39,600	34,200	39,600
----------------------------	--------	--------	--------	--------

All advances given to Directors are interest free and are repayable to the Company.

Notes to the 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 value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
31 March 2025						
Financial assets						
Amounts due from						
related parties	19	-	-	34,200	34,200	34,200
Other investments	20	369,091	-	541,485	910,576	910,576
Cash and cash equivalents	21	-	-	292,536	292,536	292,536
		369,091	-	868,221	1,237,312	1,237,312

	Note	Financial liabilities measured at			Total carrying value	Total fair value
		FVTPL	Amortised cost			
		Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Financial liabilities						
Trade and other payables	26	-	81,139	81,139	81,139	81,139
Bank overdraft	21	-	11,621	11,621	11,621	11,621
		-	92,760	92,760	92,760	92,760

Group

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

Notes to the 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 2025						
Financial assets						
Amounts due from						
related parties	19	-	-	34,200	34,200	34,200
Other investments	20	369,091	-	541,485	910,576	910,576
Cash and cash equivalents	21	-	-	288,765	288,765	288,765
		369,091	-	864,450	1,233,541	1,233,541

		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	-	81,139	81,139	81,139
Bank overdraft	21	-	11,621	11,621	11,621
		-	92,760	92,760	92,760

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

		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

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 Financial Statements (Contd..)

28. Financial assets and liabilities (Contd..)

Group / Company

31 March 2025	Level 1	Level 2	Level 3	Total
Unit trust investments	-	369,091	-	369,091
31 March 2024	Level 1	Level 2	Level 3	Total
Unit trust investments	-	370,142	-	370,142

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 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 investments in the financial assets. The fluctuation in the Average Weighted Deposit Rate (AWDR) results in the effective interest rate of the 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	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Variable rate instruments				
Financial assets - Cash at bank	35,292	21,702	31,521	17,790
	35,292	21,702	31,521	17,790
Fixed rate instruments				
Financial assets - Government securities	541,485	504,810	541,485	504,810
Financial assets - Fixed deposits	257,244	257,450	257,244	257,450
	798,729	762,260	798,729	762,260

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%	353	315
Decrease interest rate by 1%	(353)	(315)
Increase interest rate by 1%	7,987	7,987
Decrease interest rate by 1%	(7,987)	(7,987)

Notes to the 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 unit trust investments are traded for capital gain and classified in the financial position as fair value through profit or loss (FVTPL). Please refer note 3.4.5.1 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%	3,691	3,691
Decrease price of an unit trust by 1%	(3,691)	(3,691)

(c) Credit risks

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions and investments in treasury bills. 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.

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

The Group has neither recognised an impairment loss nor an allowance for impairment of its trade and other receivables during the financial year (2024: 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	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Upto 6 months	-	-	-	-
More than 6 months	-	-	-	-
	-	-	-	-

Notes to the Financial Statements (Contd..)

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

29.2 Market risk (Contd..)

	Rating	Group		Company	
		2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Cash at bank, net of OD					
Commercial Bank of Ceylon PLC	A	(6,676)	(3,875)	(10,447)	(7,787)
Sampath Bank PLC	A	29,638	15,609	29,638	15,609
Seylan Bank PLC	A-	45	46	45	46
DFCC Bank PLC	A-	374	366	374	366
Union Bank PLC	BBB-	291	100	291	100
		23,672	12,246	19,901	8,334
Fixed deposits					
Sampath Bank PLC	A	5,491	5,077	5,491	5,077
Union Bank PLC	BBB-	251,753	252,373	251,753	252,373
		257,244	257,450	257,244	257,450
Treasury bills					
Sri Lanka Government	C	541,485	504,810	541,485	504,810

(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 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	
As at 31 March 2025					
Bank overdrafts	11,621	-	-	-	11,621
Trade and other payables	86,349	-	-	-	86,349
	97,970	-	-	-	97,970
As at 31 March 2024					
Bank overdrafts	9,456	-	-	-	9,456
Trade and other payables	73,097	-	-	-	73,097
	82,553	-	-	-	82,553

Notes to the 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 2025					
Bank overdrafts	11,621	-	-	-	11,621
Trade and other payables	86,299	-	-	-	86,299
	97,920	-	-	-	97,920
As at 31 March 2024					
Bank overdrafts	9,456	-	-	-	9,456
Trade and other payables	73,047	-	-	-	73,047
	82,503	-	-	-	82,503

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 2025 and 31 March 2024 were as follows:

	Group		Company	
	2025 Rs'000	2024 Rs'000	2025 Rs'000	2024 Rs'000
Total borrowings	-	-	-	-
Less: Cash and cash equivalents, net of bank overdraft	(280,915)	(269,696)	(277,144)	(265,784)
Net (cash)/debt	(280,915)	(269,696)	(277,144)	(265,784)
Total equity	7,571,823	6,989,025	1,950,098	1,894,727
Total capital	7,290,908	6,719,329	1,672,954	1,628,943
Gearing ratio	0.00	0.00	0.00	0.00

The Group and the Company are significantly equity funded as at 31 March 2025 and as at 31 March 2024.

Notes to the Financial Statements (Contd..)

31. Commitments and contingencies

There were no any commitments and contingent liabilities relating to the Company as at 31 March 2025. The commitments and contingent liabilities in relation to the Group's interest in the equity accounted investee is disclosed in Note 16.4.

32. Litigation and claims

There were no litigation relating to the Company and the Group as at 31 March 2025.

33. 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.

34. 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 2025

			2024/2025			2023/2024		
			No. of Holders	No. of Shares	%	No. of Holders	No. of Shares	%
FROM	1	1,000	7,504	2,012,132	2.50	7,575	2,077,366	2.58
	1,001	10,000	1,722	4,819,700	5.99	1,786	5,037,496	6.27
	10,001	100,000	179	5,134,189	6.39	190	5,296,124	6.59
	100,001	1,000,000	43	9,456,349	11.76	46	10,936,960	13.60
	1,000,001	& Over	7	58,977,630	73.36	7	57,052,054	70.96
			9,455	80,400,000	100.00	9,604	80,400,000	100.00

3. CATEGORIES OF SHAREHOLDERS AS AT 31ST MARCH 2024

		2024/2025			2023/2024		
		No of Holders	No. of Shares	%	No of Holders	No. of Shares	%
Local Individuals		9,157	22,007,724	27.37	9,302	23,226,446	28.89
Local Institutions		230	57,422,433	71.42	233	56,211,117	69.91
Foreign Individuals		65	861,490	1.07	66	849,084	1.06
Foreign Institutions		3	108,353	0.13	3	113,353	0.14
		9,455	80,400,000	100	9,604	80,400,000	100

4. PUBLIC SHARE HOLDING AS AT 31ST MARCH 2025 - 46.958% comprising of 9,448 shareholders(as at 31.03.2024 - 49.618% - 9,596 shareholders)

5. FLOAT ADJUSTED MARKET CAPITALIZATION AS AT 31ST MARCH 2025 -Rs. 3,054,351,104.10

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

	2024/2025	(Rs.)	2023/2024	(Rs.)
Market value of Ordinary Shares	31st Mar 2025	80.90	31st Mar 2024	70.00
Highest value recorded	03rd Jan 2025	94.00	21st Aug 2023	76.40
Lowest value recorded	01st Apr. 2024	69.00	29th May. 2023	53.60

Twenty Largest Shareholders as at 31 March 2025

	2024/2025		2023/2024	
	No of Shares	% Holding	No of Shares	% Holding
Silverstock Limited	39,994,246	49.744	38,477,144	47.857
Bank of Ceylon A/C Ceybank Unit Trust	6,123,886	7.617	6,123,886	7.617
Mr. H M Udeshi	5,458,474	6.789	5,050,000	6.281
Employees Trust Fund Board	2,835,639	3.527	2,835,639	3.527
Mr. R. C. D. DE Silva	2,000,000	2.488	2,000,000	2.488
Employee Provident Fund	1,553,800	1.933	1,553,800	1.933
Bank of Ceylon A/C Ceybank Century Growth Fund	1,011,585	1.258	1,011,585	1.258
Mrs T. T. A. De Silva Weerasooria	622,612	0.774	622,612	0.774
Mouldex (Pvt) Ltd	600,000	0.746	600,000	0.746
Mr. A. M. Weerasinghe	520,000	0.647	400,000	0.498
Mrs. K. Pusparaja	441,672	0.549	42,417	0.053
Sampath Bank PLC / Aruna Enterprises (Pvt) Ltd	437,600	0.544	437,600	0.544
Sanasa Life Insurance Company PLC	399,966	0.497	424,966	0.529
Mr. B Pobran	350,240	0.436	350,240	0.436
Ransiri Enterprises Private Limited	310,000	0.386	310,000	0.386
Commercial Bank of Ceylon PLC A/C No. 03	305,500	0.380	134,284	0.167
Mrs. N. Mulji	290,694	0.362	290,694	0.362
Mona Exports (Pvt) Limited	261,396	0.325	-	-
Mr. T. T. T. Al-Nakib (Deceased)	250,000	0.311	250,000	0.311
Mr. Z G Carimjee	234,533	0.292	234,533	0.292

Performance Highlights

	GROUP (Investment in JV Accounted for on Equity Method)					COMPANY				
	2024/25	2023/24	2022/23	2021/22	2020/21	2024/25	2023/24	2022/23	2021/22	2020/21
(amounts in Sri Lanka Rupees thousands)										
Gross Sales (after discounts)										
Local	-	-	839	339,187	65,160	-	-	-	338,318	64,193
Trading Profitability										
Net Sales	-	-	839	314,062	60,333	-	-	-	313,257	59,438
Cost of Sales	-	-	(292)	(292,480)	(54,423)	-	-	-	(291,605)	(53,548)
Gross Profit	-	-	547	21,582	5,910	-	-	-	21,652	5,890
Other Operating Income										
Rent Income 8,550	5,257	6,170	6,108	6,046	-	8,550	5,257	6,170	6,108	6,046
Hire Income	-	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-	-	-
Dividend Income	-	-	-	-	-	600,000	500,000	860,000	580,500	150,500
Others	37,828	69,066	56,037	1,431	2,826	37,828	69,066	55,804	1,430	2,826
Net gain from fair value adjustment on Investment Property	58,300	50,788	82,721	71,400	48,276	58,300	50,788	82,721	71,400	48,276
Expenditure										
Distribution cost	-	-	-	-	-	-	-	-	-	-
Administrative Expenditure	(202,384)	(169,495)	(160,441)	(134,341)	(100,367)	(202,245)	(169,291)	(162,642)	(133,956)	(99,957)
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-
Finance (Cost)/Income	82,654	159,680	66,328	17,545	26,588	82,654	159,680	66,328	17,545	26,588
Minority Interest	-	-	-	-	-	-	-	-	-	-
Share of results of joint venture	763,888	871,215	494,418	846,419	974,098	-	-	-	-	-
Income tax	(46,418)	(39,592)	(37,990)	-	1,348	(46,418)	(39,592)	(37,990)	-	1,348
Net Profit (after tax)	702,416	946,918	507,790	830,141	964,724	538,669	575,908	870,391	564,676	141,517
Financial Position (Rs.'000)										
Market value per share as at 31 March Rs.	80.90	70.00	59.40	57.90	78.00	80.90	70.00	59.40	57.90	78.00

Financial Review of the Group

For the year ended 31st March	2024/2025	2023/2024	2022/2023	2021/2022	2020/2021
	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Sales	-	-	839	314,062	60,333
Gross Profit	-	-	547	21,582	5,910
Operating Profit Before Tax & interest (with share of results of joint venture)	666,181	826,831	479,452	812,596	936,788
Profit After Taxation & Minority interest	702,416	946,918	507,790	830,141	964,724
Share Capital & Reserves					
Stated Capital	402,000	402,000	402,000	402,000	402,000
Revaluation & other reserve	1,116,957	753,290	753,290	825,819	825,819
Accumulated Profit/ (losses)	6,052,866	5,833,735	5,341,208	5,181,907	4,762,085
Shareholders' Funds	7,571,823	6,989,025	6,496,498	6,409,726	5,989,904
Minority Interest					
Assets & (Liabilities)					
Current Assets	1,251,955	1,202,432	1,126,720	779,217	543,523
Current Liabilities	(97,970)	(82,553)	(165,462)	(250,214)	(114,280)
Net Current Assets	1,153,985	1,119,879	961,258	529,003	429,243
Non Current Assets	6,544,878	5,959,936	5,583,640	5,888,822	5,578,702
Non Current Liabilities	(127,040)	(90,790)	(48,400)	(8,098)	(18,041)
	7,571,823	6,989,025	6,496,498	6,409,726	5,989,904
Ratio Analysis					
Gross Profit Margine	0%	0%	0%	7%	10%
Earnings per Share(Rs)	8.74	11.78	6.32	10.33	12.00
Dividend per share	6.00	5.00	5.00	5.00	5.00
Dividend payout ratio	68.68%	42.45%	79.17%	48.43%	41.67%
Net Assets per Share(Rs)	94.18	86.93	80.80	79.72	74.50
Assets Utilization -(Times)	-	-	-	0.05	0.01
Current Ratio (Times)	12.78	14.57	6.81	3.11	4.76
Bank Borrowings(excl. OD) as a % of Total Assets	0.00%	0.00%	0.00%	0.16%	0.34%
Gearing Ratio	-	-	-	-	-

Consolidation Analysis

Statement of Comprehensive Income

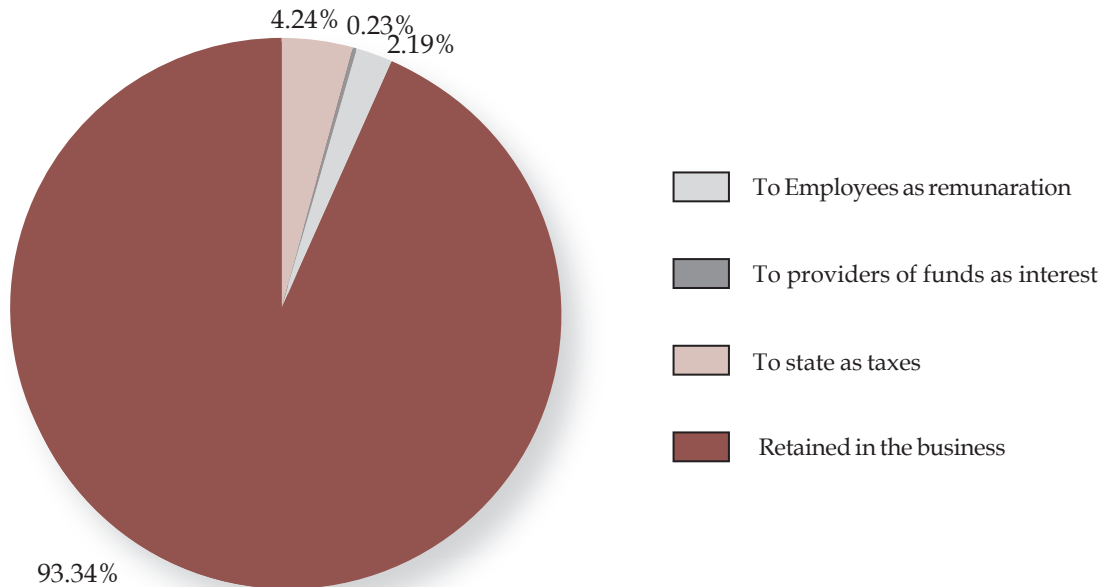
	Company Twelve Months ended 31st Mar. 2025	EC Twelve Months ended 31st Mar. 2025	Group Twelve Months ended 31st Mar. 2025
Sales	-	-	-
Cost of Sales	-	-	-
Gross Profit	-	-	-
Other Operating Income/(expense)	646,378,124	-	46,378,004
Net gain from fair value adjustment on Investment Property	58,300,000	-	58,300,000
Administrative Expenses	(201,103,820)	(140,805)	(201,244,625)
Depreciation	(1,140,050)	-	(1,140,050)
(Loss)/ profit from Operations	502,434,254	(140,805)	(97,706,671)
Finance Income/(Costs)	82,654,232	-	82,654,232
Share of results of joint venture net of tax	Nil	Nil	763,887,938
Profit before tax	585,088,486	(140,805)	748,835,499
Income Tax	(46,418,409)	-	(46,418,409)
Profit for the year	538,670,077	(140,805)	702,417,090
Other Comprehensive Income			
Share of other comprehensive income from Company	(898,022)	-	(898,022)
Share of other comprehensive income from joint venture	-	-	363,680,292
Total Comprehensive Income for the year	537,772,055	(140,805)	1,065,199,360
Basic earnings per share - Rs.	6.70	(140.81)	8.74

Consolidation Analysis

Statement of financial position

	Company Twelve Months ended 31st Mar. 2025	EC Twelve Months ended 31st Mar. 2025	Group Twelve Months ended 31st Mar. 2025
ASSETS			
Non - Current Assets			
Property, Plant & Equipment	32,060,335	-	32,060,335
Investment Property	755,800,000	-	755,800,000
Intangible Asset	-	-	-
Deferred income tax assets	-	-	-
Investment in Joint Venture	139,606,988	-	5,757,018,750
Investment in Subsidiary	10,000	-	Nil
	927,477,323	-	6,544,879,085
Current Assets			
Trade and Other Receivables	3,384,599	-	3,384,599
Amounts due from related parties	34,200,000	-	34,200,000
Income Tax Receivables	10,655,675	602,990	11,258,665
Other Investments	910,575,968	-	910,575,968
Cash and Cash Equivalents	288,764,619	3,771,020	292,535,639
	1,247,580,861	4,374,010	1,251,954,871
Total Assets	2,175,058,184	4,374,010	7,796,833,956
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	402,000,000	10,000	402,000,000
Revaluation and Other Reserves	22,049,078	-	1,116,957,093
Retained Earnings/(Accumulated Losses)	1,526,049,954	4,314,010	6,052,867,711
	1,950,099,032	4,324,010	7,571,824,804
Non - Current Liabilities			
Deffered Tax Liability	112,288,785	Nil	112,288,785
Defined Benefit Obligations	14,750,675	Nil	14,750,675
	127,039,460	-	127,039,460
Current Liabilities			
Trade and Other Payables	86,298,745	50,000	86,348,745
Provision for Taxation	- Nil	-	-
Borrowings	- Nil	-	-
Bank Overdraft	11,620,947	Nil	11,620,947
	97,919,692	50,000	97,969,692
Total Liabilities	224,959,152	50,000	225,009,152
Total Equity and Liabilities	2,175,058,184	4,374,010	7,796,833,956
Net Asset value per Share -Rs.	24.25	4,324.01	94.18

Statement of Value Added



	2024/2025	%	2023/2024	%
Other Income	788,755	125.59%	788,039	121.20%
Cost of Material & Services Purchased	(160,722)	-25.59%	(137,823)	-21.20%
	628,033	100%	650,216	100%
To Employess as remuneration	26,619	4.24%	30,354	4.67%
To providers of funds as interest	1,423	0.23%	3,248	0.50%
To State as taxes	13,763	2.19%	-	0.00%
To Transactions with Owners of the Group	482,400	76.81%	402,000	61.83%
Retained in the business				
Depriiation	1,140	0.18%	1,114	0.17%
Reserves	585,088	93.16%	615,500	94.66%
Dividend paid (out of dividends received)	(482,400)	-76.81%	(402,000)	-61.83%
	628,033	100%	650,216	100%

JOINT VENTURE

PERFORMANCE HIGHLIGHTS

Summarised Income Statement

Ceat Kelani Associated Holdings (Pvt) Ltd - Consolidated

(amounts in Sri Lanka Rupees thousands)

	2024/25	2023/24	2022/23	2021/22	2020/21
Production (MT)	15,077	11,979	10,776	19,454	17,612
Total Sales (MT)	15,158	12,865	10,294	19,414	17,339
Domestic Sales	17,775,172	16,116,938	14,082,217	15,938,632	10,819,128
Export Sales	1,261,121	1,283,860	1,349,823	747,685	996,144
Total Sales	19,036,292	17,400,798	15,432,039	16,686,317	11,815,272
Cost of Sales	(14,167,159)	(12,901,543)	(12,200,420)	(12,744,603)	(8,280,762)
Contribution	4,869,133	4,499,255	3,231,619	3,941,714	3,534,510
Distribution/ Administrative Cost	(2,536,676)	(2,428,852)	(1,829,241)	(2,070,002)	(1,444,010)
Finance Income / Cost (net)	41,637	(4,362)	54,798	116,995	93,766
Other Operating Income	128,926	154,372	63,223	42,708	26,700
PBT	2,503,020	2,220,413	1,520,398	2,031,416	2,210,966
Taxation	(975,245)	(477,984)	(531,562)	(338,578)	(262,770)
PAT	1,527,775	1,742,429	988,836	1,692,837	1,948,196
PBDT	3,188,538	2,859,027	2,096,874	2,520,997	2,686,777

Summarised Balance Sheet

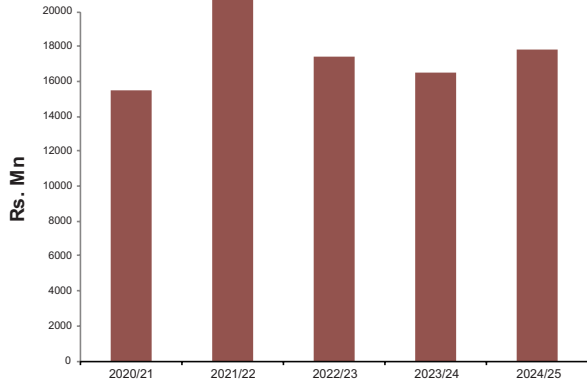
Ceat Kelani Associated Holdings (Pvt) Ltd - Consolidated

(amounts in Sri Lanka Rupees thousands)

	31-03-2025	31-03-2024	31-03-2023	31-03-2022	31-03-2021
Non-Current Assets	8,478,782	7,626,440	7,665,471	7,286,938	6,991,985
Current Assets	9,346,101	8,829,492	9,795,281	14,248,837	8,459,404
Total Assets	17,824,883	16,455,932	17,460,752	21,535,776	15,451,389
Capital and Reserves	11,514,035	10,458,899	9,819,206	10,582,410	10,069,230
Non-Current Liabilities	1,646,609	839,487	729,100	1,011,001	1,162,559
Current Liabilities	4,664,239	5,157,546	6,912,446	9,942,365	4,219,600
Total Assets Equity & Liabilities	17,824,883	16,455,932	17,460,752	21,535,776	15,451,389

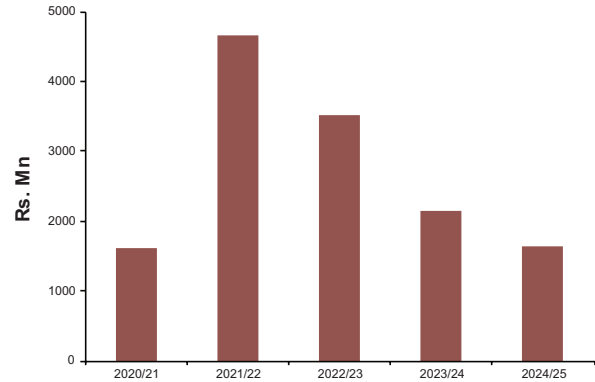
Performance Highlights - Joint Venture

Total Assets Employed



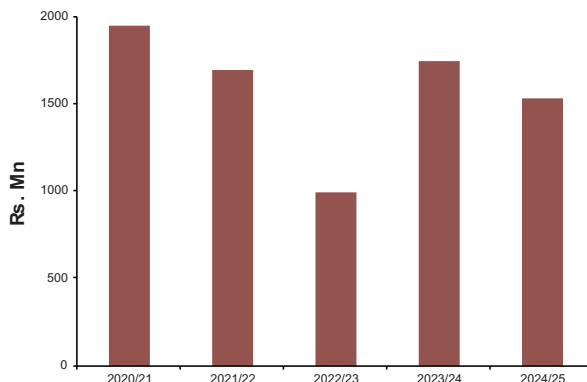
Last Five Years

Total Borrowings



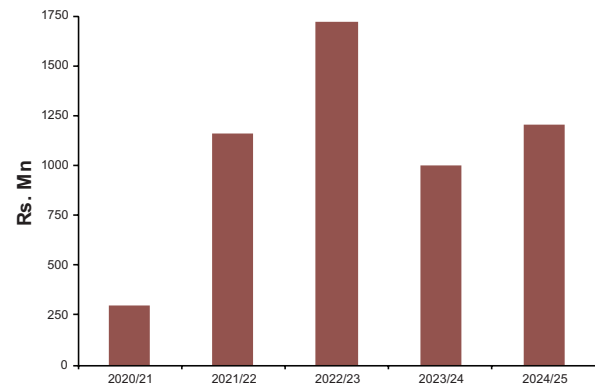
Last Five Years

Profit After Tax



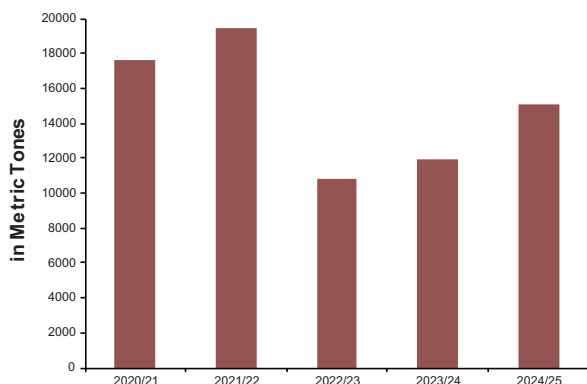
Last Five Years

Ordinary Dividends



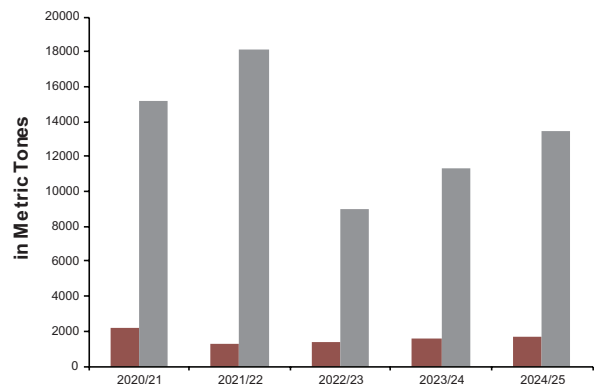
Last Five Years

Production



Last Five Years

Exports/Local



Last Five Years

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Thirty First (31st) Annual General Meeting of KelaniTyres PLC will be held at the Ruby Room, Marino Beach Hotel Colombo, No. 590, Marine Drive, Colombo 3 on Friday, 26th September 2025 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 2025 with the Report of the Auditors thereon.
2. To re-elect Mr. E. T. Fernando, who retires by rotation in terms of Articles 84 and 85 of the Articles of Association of the Company, as a Director.
3. To pass the Ordinary Resolution set out below to re-appoint Mr. R. C. D. De Silva who is 83 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 83 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 re-elect Mr. Prabodha Samarasekera who was appointed in terms of Article 91 of the Articles of Association of the Company, as a Director.
5. To re-elect Ms. S. S. Jayatilaka who was appointed in terms of Article 91 of the Articles of Association of the Company, as a Director.
6. To re-elect Ms. R. M. R. D. Rajapaksa who was appointed in terms of Article 91 of the Articles of Association of the Company, as a Director.
7. To re-appoint Messrs. KPMG, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration.
8. To authorize the Directors to determine donations for the year ending 31st March 2026 and up to 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 2025
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/Passport/Company Reg. No.....)
of..... being a shareholder/s* of KELANI TYRES PLC hereby
appoint.....(holder of NIC/Passport
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 Eraj Triantha Fernando	of Colombo or failing him*
Mr Rajinda Priyanjit Weerasooriya	of Colombo or failing him*
Mr Prabodha Samarasekera	of Colombo or failing him*
Ms Rajapaksa Mudiyansele Rachini Dhanika Rajapaksa	of Colombo or failing her*
Ms Samalee Saroja Jayatilaka	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 Thirty First (31st) Annual General Meeting of the Company to be held on 26th September 2025 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 Mr. E. T. Fernando, 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 83 years of age, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
(3) To re-elect Mr. Prabodha Samarasekera, who was appointed in terms of Article 91 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
(4) To re-elect Ms. S. S. Jayatilaka who was appointed in terms of Article 91 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
(5) To re-elect Ms. R. M. R. D. Rajapaksa who was appointed in terms of Article 91 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
(6) 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"/>
(7) To authorize the Directors to determine donations for the year ending 31st March 2026 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 Five.

.....
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, P.O. Box 08, Nungamugoda, Kelaniya by 10.00 a.m. on 24th September 2025.



