# Annual Report 2025 - 2026

KELANI

TYRES

# *Contents*

# *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) |
| Mrs S. S. Jayatilaka | - | Non Executive Director |
| Eraj T. Fernando | - | Executive Director |
| R. P. Weerasooria | - | Non Executive Director |
| Probodha Samarasekera | - | Independent Non Executive Director |
| Ms R. M. R. D. Rajapaksa | - | Independent Non Executive Director |

**SECRETARIES**

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

**REGISTRARS**

Central Depository Systems (Pvt) Ltd (CDS)
Ground Floor, M & M Center, 341/5, Kotte Road,
Rajagiriya.
Telephone # 011 2356444

**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. Kamalika Jayasekera | - | General Manager / Finance -Seconded to the JV |

**REGISTERED OFFICE**

P.O. Box 8, Nungamugoda, Kelaniya.

**CORPORATE OFFICE**

203, Union Place, Colombo 2.
Tel.: 2434183/2421418, Fax: 2300877
E-mail-roti@sltnet.lk
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 Second Annual General Meeting and to present the Annual Report and Audited Financial Statement for the year ended 31st March 2026.

In the year under review, Kelani Tyres PLC recorded a PAT of Rs 663.4 million compared to Rs 538.6 million PAT in the previous year.

The CEAT Kelani Joint Venture recorded a gross turnover of Rs 25.9 Bn in the year under review compared to Rs 27.4 Bn in the previous year. Profit after tax recorded by the JV in the year ending 31st March 2026 is Rs 1.088 Bn compared to the PAT of Rs 1.527 Bn recorded last year.

The investment of Rs 4.0 Bn mentioned in last year's report to elevate our tyre manufacturing capabilities to higher internationally desired production platforms is progressing satisfactorily. The project is expected to be completed in the second half of 2027.

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 | Prodcution MT | Gross. Sales | Cost of Sales | Profit From Operations | PAT | CAPEX |
|---|---|---|---|---|---|---|
| (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 |
| **(25/26)** | **14,914** | **25,889,438** | **13,746,063** | **1,769,593** | **1,088,563** | **502,503** |

***KTL Group***

| Description | FY 2026 | | FY 2025 | |
|---|---|---|---|---|
| | Joint Venture | KelaniTyres Group | Joint Venture | KelaniTyres Group |
| PAT (Rs.000,) | 1,088,563 | 457,017 | 1,527,775 | 702,418 |
| Basic Earnings per Share(Rs.) | 54.43 | 5.68 | 76.39 | 8.74 |
| Net Dividend payout (Rs.000,) | 1,500,000 | 522,600 | 1,200,000 | 482,400 |
| Dividend per Share (Rs.) | 75/- | 6/50 | 60/- | 6/- |
| Dividend payout ratio | 138% | 114% | 78% | 68% |

I thank my fellow Directors for all the advice, support and guidance extended at all times to steer the Joint Venture and the Company 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 2026/27.

**Chanaka de Silva**
21 August 2026
Colombo.

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

The Board of Directors of Kelani Tyres PLC is pleased to present its 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 2026, prepared in accordance with all applicable statutory and regulatory 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 in Sri Lanka on 4th October 1990 under the Companies Act, No. 17 of 1982. The Company was listed on the Colombo Stock Exchange on 28th January 1994 and was subsequently re-registered under the Companies Act, No. 07 of 2007 on 3rd March 2008, bearing Company Registration No. PQ123.

The registered office of the Company is located at Nungamugoda, Kelaniya.

## Principal Activities

The principal activities of the Company comprise the importation and sale of tyres, holding investment in its subsidiary and joint venture, and earning rental income from its investment property.

The principal activities of the subsidiary and joint venture are as follows:

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

There were no significant changes in the nature of the principal activities of the Company, its subsidiary and joint venture during the financial year under review.

## Review of Performance

The Chairman's review, which forms an integral part of this Annual Report, provides a comprehensive overview of the operations and performance of the Company and the Group during the year ended 31st March 2026.

## Results

The Company recorded a profit for the year of Rs. 663.487 million while the Group reported a profit of Rs. 457.017 million for the financial year ended 31st March 2026, compared to profit of Rs. 538.669 million and Rs. 702.416 million, respectively in the previous financial year. The financial results for the year and the movements in equity are set out in the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Changes in Equity on pages 50, 52 and 53 of this Annual Report.

## 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) issued by the Institute of Chartered Accountants of Sri Lanka and comply with the requirements of the Companies Act, No. 07 of 2007and the Listing Rules of the Colombo Stock Exchange.

The Financial Statements, duly signed by the Chief Financial Officer, two Directors on behalf of the Board, and the Independent 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 appears on pages 46 to 49.

## Accounting Policies

The significant accounting policies adopted in the preparation of the Financial Statements are set out on pages 55 to 74 of this Annual Report. 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, which are required to present a true and fair view of the state of affairs of the Company and the Group.

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 the Notes to the Financial Statements appearing on pages 50 to 102 have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act, No. 07 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the amendments thereto, as well as the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility for Financial Reporting is set out on page 33 of this Annual Report.

## Information on the Directors of the Company and the Group as at 31st March 2026

### Directors of the Company

The Board of Directors of the Company as at 31st March 2026 comprised seven (7) Directors, with a broad range of skills, experience and attributes, as detailed in the brief profiles of the Directors set out on pages 11 to 13 of this Annual Report.

Names of the Directors who held office as at 31st March 2026 and as required by Section 168 (1) (h) of the Companies Act are given below:

### Executive Directors

| | | |
|---|---|---|
| Mr. Rohan T. Fernando | - | Managing Director |
| Mr. Eraj T. Fernando | | |

### Non-Executive Directors

| | | |
|---|---|---|
| Mr. R. C. D. De Silva | - | Chairman |
| Mr. R. P.Weerasooria | | |
| Mr. Probodha Samarasekera* | | |
| Mrs. S. S. Jayatilaka | | |
| Ms..R. M. R. D. Rajapaksa* | | |
| Mr. B. T. De S. Weerasooria | | |
| (Alternate Director to Mr. R. P. Weerasooria) | | |

* 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. T. De Silva Weerasooria was appointed as the Alternate Director to Mr. R. P. Weerasooria with effect from 1st July 2025.

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

### Resignations and Cessation of Appointment

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

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

Mr. B. T. De Silva Weerasooria ceased to hold office as Alternate Director to Mr. R. P. Weerasooria with effect from 30th June 2026, upon completion of the one-year period for which his appointment was made.

### Directors of the subsidiary

Names of the Directors of the fully owned subsidiary, Executive Cars (Private) Limited as at 31st March 2026 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. R. P. Weerasooria retires by rotation at the Annual General Meeting in accordance with Articles 84 and 85 of the Articles of Association and, being eligible, consequent to review by the Nominations and Governance Committee, is recommended by the Directors for re-election.

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

Mr. R. C. D. De Silva who is Eighty Four (84) 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, consequent to review by the Nominations and Governance Committee, 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 confirming 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. These declarations were placed before the Nominations and Governance Committee, and upon review by the Nominations and Governance Committee, where no member participated in decisions relating to his/her continuation, were then presented to the Board. The Board determined that all Directors satisfy the fit and proper assessment criteria stipulated in the Listing Rules and qualify to continue as Directors in their respective capacities, subject to those who retire by rotation, appointed since the last Annual General Meeting and over 70 years of age, being re-elected/re-appointed by the shareholders at the forthcoming Annual General Meeting.

## Independence of Directors

The Board, having considered the declarations submitted by the Independent Directors confirming their independence in accordance with the criteria specified in the Listing Rules, together with such other information available to the Board that could reasonably be considered to have a bearing on their independence, determined that the two (2) Independent Directors, namely Mr. Probodha Samarasekera and Ms. R. M. R. D. Rajapaksa, are independent in terms of the Listing Rules.

## Additional disclosures pertaining to Directors

**(i) Material Interests in Contracts involving the Company**

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.

**(ii) Material Business relationships**

None of the Directors or close family members have any material business relationships with other Directors of the Company.

**(iii) Other directorships held by the Directors**

Other directorships held by Directors are disclosed on pages 11 to 13.

**(iv) 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.

**(v) 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 encompass 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 provisions of the Companies Act.

The relevant Interest of Directors in the shares of the Company as at 31st March 2026 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 76.

## 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 2026.

## Directors' Interest in Shares of the Company

The relevant interests of Directors in the shares of the Company as at 31st March 2026 and their corresponding holdings as at the end of the previous financial year are as follows: -

| | As at 31.03.2026 | As at 31.03.2025 |
|---|---|---|
| Mr. Chanaka De Silva | 2,000,000 | 2,000,000 |
| Mr. Rohan T. Fernando | Nil | Nil |
| Mr. Eraj T. Fernando | 84,553 | 24,553 |
| Mr. R. P. Weerasooria | Nil | Nil |
| Mr. Probodha Samarasekera | Nil | Nil |
| Ms R. M. R. D. Rajapaksa | Nil | Nil |
| Mrs S. S Jayatilaka | 240 | 240 |
| Mr. B. T. De S. Weerasooria (Alternate Director to Mr. R. P. Weerasooria) | 60,000 | - |

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 2026 were audited by KPMG, Chartered Accountants.

The Financial Statements of the subsidiary, Executive Cars (Private) Limited, were audited by Dinitway Partners, Chartered Accountants, while the Financial Statements of the joint venture, CEAT Kelani Holdings (Private) Limited, 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.1,300,000/- 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 76 of this Annual Report.

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 2026 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 10,282 registered shareholders as at 31st March 2026 (9,455 shareholders as at 31st March 2025).

## Distribution Schedule of Shareholding

Information on the distribution of shareholding and the respective percentages and analysis of shareholders are given on page 103 under Shareholder Information.

## 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 103 and 106 of this Annual Report.

## Public Holding

Information on public holding in terms of the Listing Rules is given on page 103 under Information to shareholders and investors.

## Major Shareholders

Details of the 30 major shareholders of the Company as at 31st March 2026 are given on page 104 of this Annual Report.

## 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 9.5 perches and a two-storied building with a floor area of 4,928 sq. ft.

An independent valuation was carried out by professional valuers to determine the fair value of the said property as at 31st March 2026. The valuation indicated an increase in fair value to Rs. 10.354 million, compared to the previous year's (i.e. FY 2021) value of Rs. 23.720 million.

The fully depreciated motor vehicles have not been revalued as at 31st March 2026.

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

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 five buildings comprising a factory and administrative offices with a total floor area of 52,541 sq. ft.

An independent valuation was carried out by professional valuers to determine the fair value of the said property as at 31st March 2026. The valuation indicated an increase in fair value to Rs. 5.467 million, compared to the previous year's value of Rs. 58.3 million.

During the year under review the Company had made investment of Rs. 38.732 million (2025- Rs. Nil) in property that generated rental income.

The Company had incurred Rs. 1.363 million (2025 – Rs. Nill) as repairs and maintenance in property that generated rental income during the year under review.

The Company had incurred Rs. 0.872 million (2025 – Rs. Nill) as repairs and maintenance in property that did not generate rental income during the year under review.

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 Board recognizes that the Company and the Group is exposed to a range of material foreseeable risks arising from its principal activities, including holding investments in financial instruments, investment in the joint venture, and earning rental income from its Investment Property. Key risks include foreign exchange fluctuations, supply chain disruptions, changes in market demand and regulatory requirements, credit and liquidity risks, and economic conditions affecting the Company's investments, rental income and manufacturing/distribution operations of the Joint Venture. These risks are managed through the Company's risk management framework and internal control systems, and are reviewed by the Audit Committees of the Company and the Joint Venture. The Directors oversee the Group's internal control system and associated business risks through the Business Review Committee and the Audit Committees of the Company and Joint Venture and are satisfied that appropriate processes are in place to identify, assess and manage material foreseeable risks on an ongoing basis.

## 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.

## Material Issues pertaining to employees and Industrial Relations pertaining to the Company

During the year under review, the Company continued to maintain excellent industrial relations.

The Company fostered a positive and collaborative work environment by maintaining an open-door policy, thereby promoting employee engagement, communication and overall staff satisfaction.

## 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.6/50 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 2026/27, 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 that the Company will, immediately after the proposed distribution is made, 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.

## Events occurring after the Reporting Date

No events have occurred since the reporting date that require adjustment to, or disclosure in, the Financial Statements, other than the subsequent event relating to the Group's interest in its equity-accounted investee, which is disclosed in Note 16.5 to the Financial Statements on page 90 of this Annual Report.

## 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 14 to 25 of this Annual Report.

## Policies in terms of Rule 9.2 of the Listing Rules

In terms of Rule 9.2.1 of the Listing Rules, the Company established, adopted and published on the Company website (kelanityres.lk) the following policies, ensuring adherence to best practices in corporate governance, ethical conduct, and regulatory compliance:

a) Policy on the matters relating to the Board of Directors

b) Policy on Board Committees

c) Policy on Corporate Governance, Nominations and Re-election

d) Policy on Remuneration

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

f) Policy on Risk Management and Internal Controls

g) Policy on Relations with Shareholders and Investors

h) Policy on Environmental, Social and Governance Sustainability

i) Policy on Control and Management of Company Assets and Shareholder Investments

j) Policy on Corporate Disclosures

k) Policy on Whistleblowing

l) Policy on Anti-Bribery and Corruption

## Shareholder and Investor Relations

The Company is committed to maintaining effective, transparent and timely communication with its shareholders and the investment community. Information is communicated through the Annual Report, Interim Financial Statements, announcements made to the Colombo Stock Exchange, press releases where appropriate, the Company's website and the Annual General Meeting, thereby ensuring that shareholders have equal and timely access to material information.

Shareholders and investors may direct their inquiries to the Investor Relations Officer, who serves as the designated contact person for shareholder and investor communications.

The Board recognizes the importance of shareholder engagement and has established processes to ensure that significant matters and concerns raised by shareholders and investors are communicated to the Board through the Company Secretary and Management. Material issues and feedback received are reported to the Board on a timely basis to enable the Directors to consider shareholder perspectives in their deliberations and decision-makig.

## Policy on Matters Relating to the Board of Directors

The Board confirms that the Company has complied with the requirements of its Policy on Matters Relating to the Board of Directors throughout the financial year under review.

The Board is satisfied that the policy has been effectively implemented and that appropriate procedures and practices are in place to ensure compliance with applicable legal and regulatory requirements and principles of good corporate governance.

During the year under review, no instances of material non-compliance with the Policy on Matters Relating to the Board of Directors were identified.

## Annual General Meeting

The Annual General Meeting will be held on xxx, xxth September 2026 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 114.

## 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 21 day of August 2026
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 30 years.

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

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

## 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 (Bently 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, Kelani Tyres, 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.

## 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.

## Mr. Prabodha Samarasekera

*BS in MIS and MBA in*

*University of Southern California (USC)*

***Independent Non-Executive Director***

Probodha Samarasekea 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 1Billion.

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.

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 Auding Standards Monitoring Board, Hatton National Bank PLC, First Capital Holdings PLC, Asia Siyaka Commodities PLC and some unlisted entities.

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

## Mr. Tarusha Weerasooria

***Alternate Director to Mr P. Weerasooria***
***Ceased to be an Alternate Director w.e.f. 30th June 2026***

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, principles, and processes by which companies are directed, managed, and controlled. It establishes the framework for the relationship among the Board of Directors, Management, shareholders, and other stakeholders, ensuring accountability, transparency, and responsible decision-making.

The Company is committed to maintaining high standards of corporate governance and continuously strengthening its governance framework in line with applicable laws, regulations, and best practices. Sound corporate governance facilitates effective management and oversight of the Company's operations while upholding the highest standards of integrity and ethical conduct.

It also seeks to balance the interests of the Company's diverse stakeholders and provides the framework for achieving the Company's strategic objectives in a sustainable manner. Effective corporate governance enhances operational efficiency, supports long-term growth, strengthens investor confidence, and contributes to the creation of sustainable value for all stakeholders

## The Board of Directors

The Board of Directors is responsible for providing strategic direction to the Company by establishing its vision, strategic objectives, and policies, while providing leadership for their effective implementation. The Board oversees the management of the Company's affairs, exercises effective stewardship, and remains accountable to shareholders for the long-term success and sustainable growth of the Company.

The Board is committed to creating and enhancing long-term value for shareholders and other stakeholders through responsible decision-making, compliance with applicable laws and regulations, and the promotion of a corporate culture founded on integrity, transparency, fairness, ethical conduct, and accountability.

In discharging its responsibilities, the Board places significant emphasis on adherence to the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, the Listing Rules of the Colombo Stock Exchange, the requirements of the Securities and Exchange Commission of Sri Lanka, and the provisions of the Companies Act, No. 7 of 2007, together with other applicable regulatory requirements.

The Board comprises Directors with extensive experience and expertise across a broad range of industries and professional disciplines. Collectively, they provide independent judgment, strategic insight, and effective oversight, while actively contributing to the formulation of the Company's strategic direction, business objectives, and key policies for the benefit of the Company and its stakeholders.

The Board has collective responsibility for providing effective leadership and direction to the Company and for promoting its long-term success in the best interests of the Company and its shareholders. In discharging its responsibilities, the Board ensures that appropriate governance structures, policies, and controls are in place to support the achievement of the Company's strategic objectives.

The Non-Executive Directors, in particular, contribute to the effectiveness of the Board by

- Bringing independent judgment to bear on matters of strategy, performance, resources, key appointments, and standards of conduct, drawing on their diverse skills, experience, and expertise.
- Constructively challenging and contributing to the development of the Company's strategic objectives and business plans.
- Monitoring Management's performance in achieving agreed objectives and overseeing the effective management of the Company's operations.
- Satisfying themselves as to the integrity of the Company's financial statements and ensuring that appropriate systems of internal control, risk management, and compliance are in place and operating effectively.
- Reviewing and determining appropriate remuneration policies for Executive Directors and Senior Management, and overseeing matters relating to appointments, succession planning, and, where necessary, the removal of Directors and key executives.

Directors are required to keep the Board informed of any changes that may affect their independence and to ensure that any external appointments or commitments do not give rise to conflicts of interest or impair their ability to discharge their duties and responsibilities as Directors 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 11 to 13 of the Annual Report.

The Board of Directors has satisfied itself that all Directors have continuously met the Fit and Proper Assessment Criteria prescribed under Section 9.7 of the Listing Rules of the Colombo Stock Exchange throughout the financial year under review and as at the date of this Report.

Mr. Probodha Samarasekera and Ms. R. M. R. D. Rajapaksa, who serve as Independent Non-Executive Directors, have submitted declarations confirming their independence in accordance with Section 9.8.5(a) and (b) of the Listing Rules of the Colombo Stock Exchange. Based on these declarations and such other information available to the Board that could reasonably be considered relevant to the assessment of their independence, the Board has determined that both Directors are independent in terms of the Listing Rules.

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 clearly separated, with distinct responsibilities assigned to each position. This division of responsibilities ensures an appropriate balance of authority and accountability, facilitates effective decision-making, and strengthens the Company's corporate governance framework.

## Board Meetings

The Board meets regularly to determine the Company's strategic direction, review and monitor performance against approved objectives, and ensure compliance with applicable statutory, regulatory, and governance requirements.

During the financial year under review, the Board met on five (05) occasions. The attendance of Directors at these meetings is set out below.

| Name of Director | Attendance |
|---|---|
| **Executive Directors:** | |
| Mr. Rohan T. Fernandor | 5/5 occasions |
| Mr. Eraj T. Fernando | 5/5 occasions |
| Mr. T. B. Perera | 2/5 occasions |
| *(resigned w.e.f. 15th July 2025)* | |
| **Non-Executive Directors:** | |
| Mr. Chanaka De Silva | 5/5 occasions |
| Mr. R. PriyanjithWeerasooria | 0/5 occasions |
| Mr. B. T. De Silva Weerasooria | 3/5 occasions |
| *(Alternate Director to Mr. R. P. Weerasooria* | |
| Mrs. S. S. Jayatilaka | 2/5 occasions |
| **Independent Non-Executive Directors:** | |
| Mr. Probodha Samarasekera | 5/5 occasions |
| Ms R. M. R. D. Rajapaksa | 3/5 occasions |
| Mr. B. C. Hiran Mendis | 1/5 occassion |
| *(resigned w.e.f. 27th May 2025)* | |

Directors receive a comprehensive set of Board papers and other relevant information relating to the Company, its subsidiary, and its joint venture investee company sufficiently in advance of each Board meeting to enable them to make informed decisions and effectively discharge their responsibilities.

The Board regularly reviews the operational and financial performance of the Company and its investments, monitors progress against strategic objectives, and considers matters requiring its approval, including significant capital expenditure, key appointments, and other matters reserved for the Board, in accordance with established governance procedures.

Comprehensive minutes are maintained for all Board meetings, recording the proceedings, deliberations, and decisions of the Board. The minutes are circulated to the Directors for review and approval and are retained as a permanent record. All Directors have unrestricted access to the minutes and other Board records through the Board Secretary.

## Dedication of adequate time and effort

The Board devotes sufficient time and attention to the discharge of its duties and responsibilities. Adequate time is allocated at each Board meeting to enable comprehensive consideration of matters placed before the Board, facilitating informed decision-making and effective oversight of the Company's affairs. This enables the Board to provide strategic direction, monitor performance, and ensure that the Company is managed in the best interests of its shareholders and other stakeholders.

## Board Induction and Training

The Company recognizes the importance of ensuring that Directors possess a sound understanding of the Company's business, industry, governance framework, and regulatory obligations to enable them to discharge their duties effectively. Newly appointed Directors receive an induction program designed to familiarize them with the Company's operations, strategic objectives, organizational structure, key policies, and governance practices, together with their statutory and fiduciary responsibilities as Directors.

The Board is committed to the continuous professional development of its members. Directors are kept informed of changes in applicable laws, regulations, accounting standards, and corporate governance requirements through updates provided by the Company Secretaries and Management. Where appropriate, Directors are encouraged to participate in external training programs, seminars, and workshops conducted by recognized professional and regulatory bodies to enhance their knowledge and ensure that they remain abreast of emerging developments relevant to the Company's business and governance environment.

## Appointments to the Board

Appointments to the Board are made collectively by the Directors through a formal and transparent selection process.

In accordance with the Articles of Association of the Company, one Director (other than those exempted as noted below) retires by rotation at each Annual General Meeting (AGM) and is eligible for re-election. Directors holding the positions of Executive Chairman, Managing Director, or Joint Managing Director are not subject to retirement by rotation for as long as they continue to hold such offices.

Any Director appointed during the course of the year is required to retire and seek re-election at the immediately succeeding AGM.

## Directorships held by Directors

The directorship status of each Director, together with an analysis of the other directorships and key positions held by each Director, is presented below.

| Name of Director | Directorship Status in the Company | Number of Board Seats held in Other Listed Companies | | Number of Board Seats held in Unlisted Companies | |
|---|---|---|---|---|---|
| | | Listed Companies Executive | Listed Companies Non-Executive | Unlisted Companies Executive | Unlisted Companies Non-Executive |
| R. C. D. De Silva | Chairman | | | | 2 |
| R. T. Fernando | Managing Director | | | 2 | |
| E. T. Fernando | Executive Director | | | 4 | |
| R. P. Weerasooria | Non- Executive | | | 4 | |
| P. Samarasekera | Independent Non - Executive | | | 2 | |
| Ms. R. M. R. D. Rajapaksa | Independent Non - Executive | | 3 | | 1 |
| Ms. S. S. Jayatilaka | Non- Executive | | | | 2 |

## Access to Management and Independent Advisors

Board members have full and unrestricted access to the Company's Management and are provided with all necessary information and support to enable them to discharge their duties effectively.

Both the Board and its Committees are entitled to obtain independent professional advice, including legal, accounting, and other specialist services, at the Company's expense, where considered necessary for the proper discharge of their responsibilities.

The services of the Company Secretaries are also available to assist the Board and its Committees in the effective discharge of their duties and responsibilities.

## 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 assist the Board in discharging its responsibilities effectively by enhancing transparency, accountability, and oversight across the Company's operations.

These Sub-Committees play a key role in supporting the Board in the implementation and maintenance of sound corporate governance practices within the Company and its Group.

## Audit Committee

The Audit Committee comprises three (03) Non-Executive Directors, of whom two (02) are Independent Directors. The Committee is responsible for assisting the Board in discharging its oversight responsibilities in relation to the financial reporting process, internal controls, and audit functions.

The Audit Committee meets as frequently as required and is mandated to meet at least once every quarter, prior to recommending the financial statements for publication. During the year under review, the Committee met on four (04) occasions.

The detailed Report of the Audit Committee is set out on pages 34 to 36 of this Report.

## Remuneration Committee

The Remuneration Committee comprises four (04) Non-Executive Directors, of whom two (02) are Independent Directors. The Committee is responsible to the Board for developing and recommending the remuneration policy applicable to Executive Directors and Key Management Personnel.

The detailed Report of the Remuneration Committee is set out on pages 37 to 38 of this Report.

## Related Party Transactions Review Committee (RPTRC)

The Related Party Transactions Review Committee comprises four (04) Non-Executive Directors, of whom two (02) are Independent Directors. The Committee is required to meet at least once every quarter.

During the year under review, the Committee met on two (02) occasions to discharge its responsibilities in reviewing related party transactions. The detailed Report of the Related Party Transactions Review Committee is set out on pages 39 to 41 of this Report.

## Nominations and Governance Committee

The Nominations and Governance Committee comprises four (04) Non-Executive Directors, of whom two (02) are Independent Directors. The Committee is responsible for overseeing Board appointments, succession planning, and the promotion and implementation of sound corporate governance practices across the Company and its Group.

The detailed Report of the Nominations and Governance Committee is set out on pages 42 to 45 of this Report.

## Shareholder Interest/Relations

The Board has consistently prioritized the establishment of policies aimed at protecting and promoting shareholders' rights, ensuring that all shareholders are treated fairly and equitably, and recognizing the importance of equitable treatment.

The Board is accountable for its activities and for delivering sustainable value through the sound governance of the business. It ensures that information relating to the Company's strategy, performance, and financial position is made available to shareholders at the Annual General Meeting each year.

The Board also encourages maximum participation of shareholders at General Meetings and provides opportunities for them to raise questions and engage with the Board. The Directors are available to respond appropriately and maintain an open and transparent dialogue with shareholders, while continuing to ensure fair treatment of all shareholders.

## Oversight on the Performance of Investee Companies

As the Company functions primarily as a holding entity for its investment in the two Kelani production companies, which are responsible for all manufacturing and commercial operations relating to motor vehicle tyres, the oversight functions of the Audit and Remuneration Committees are appropriately focused on the activities of these operating subsidiaries.

Such oversight is effectively exercised through the Business Review Committee, chaired by the Chairman of the Company, and the Audit Committee of the joint venture company, which is chaired by one of the Independent Directors of the Company.

In addition, the functions of the Remuneration Committee in respect of the two production companies are also discharged through the Business Review Committee, thereby ensuring alignment of governance, performance oversight, and strategic direction across the Group.

The Directors are satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The Board further confirms that the accuracy, integrity, and reliability of the financial statements and reports are supported by the maintenance of an effective and robust internal control system.

## Company Secretaries/Legal Officers

P W Corporate Secretarial (Pvt) Ltd., the Secretaries to the Company, are qualified to act as Company Secretaries in accordance with 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's legal advisors and tax consultants, as required in the discharge of their duties.

## Compliance with Legal Requirements

The Board, through the Company Secretaries and the Finance Division, takes all reasonable steps to ensure compliance with applicable laws, regulations, and governance requirements. The Board of Directors is responsible for ensuring that the Company's affairs are conducted in accordance with both legal and ethical standards.

The Board ensures that, to the fullest extent possible, the financial statements are prepared in compliance with Sri Lanka Accounting Standards and all relevant statutory requirements. The Company maintains regular communication with shareholders, including the provision of periodic performance updates, and ensures appropriate disclosure of information, subject to the need to protect commercially 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 recognizes that adherence to sound governance practices contributes to a strong corporate culture and enhances shareholder confidence. The Board remains committed to maintaining high standards of corporate governance and to incorporating timely updates in line with evolving regulatory and best practice requirements.

The Company has adopted a Code of Business Conduct and Ethics applicable to all Directors and members of Senior Management, thereby 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 jointly issued 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 10.

## 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 4 and 5. |
| 7.6 (iii), (iv) | 30 Largest shareholders, float adjusted market capitalization, public holding (%) and number of public shareholders and the minimum public requirement | Compliant | Share information on Pages 103 and 104. |
| 7.6 (v) | Directors shareholdings | Compliant | Report of the Board of Directors on Page 7. |
| 7.6 (vi) | Material foreseeable risk factors of the company | Compliant | Report of the Board of Directors on Page 8 and Risk Management and Sustaniability Report on pages 26 to 32. |
| 7.6 (vii) | Details of material issues pertaining to employees and Industrial relations of the entity | Complian | Report of the Board of Directors on Page 8. |
| 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 79 to 84. |
| 7.6 (ix) | No of shares representing the Entity's stated capital | Compliant | Note 22 of the Financial Statement on Page 92. |
| 7.6 (x) | Distribution schedule of the shareholders and shareholding (%) | Compliant | Information to Shareholders and Investors on Page 103. |
| 7.6(xi) | Ratios and market prices | Compliant | Refer pages 105 and 106 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 7 and 8. |
| 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 14 and 18. |
| 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 | |

| 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 10. |
| 9.2.1 | 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;<br><br>(a) Policy on the matters relating to the Board of Directors<br>(b) Policy on Board Committees<br>(c) Policy on Corporate Governance, Nominations and Re-election<br>(d) Policy on Remuneration<br>(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<br>(f) Policy on Risk management and Internal controls<br>(g) Policy on Relations with Shareholders and Investors<br>(h) Policy on Environmental, Social and Governance Sustainability<br>(i) Policy on Control and Management of Company Assets and Shareholder Investments<br>(j) Policy on Corporate Disclosures<br>(k) Policy on Whistleblowing<br>(l) Policy on Anti-Bribery and Corruption | Compliant | Published in the Company's Website kelanityres.lk |
| 9.2.2 | Any waivers from N/A 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 | N/A |
| 9.3.1 | 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;<br><br>(a) Audit Committee<br>(b) Remuneration Committee<br>(c) Related Party Transactions Review Committee<br>(d) Nominations and Governance Committee | Compliant | <br><br><br><br><br>Refer pages 34 to 36.<br>Refer pages 37 to 38.<br>Refer pages 39 to 41.<br>Refer pages 42 to 45. |

| 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.<br><br>(a) The number of shares in respect of which proxy appointments have been validly made;<br>(b) The number of votes in favour of the resolution;<br>(c) The number of votes against the resolution; and<br>(d) The number of shares in respect of which t he vote was directed to be abstained | Compliant | Maintained by the Company 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.<br>(b) Listed Entities shall disclose the contact person for such communication<br>(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<br>(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 | The Company has designated an Investor contact person for shareholder communications. The name and contact details of the designated officer are published on the Company's website, www.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 M arket 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.<br><br>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. | Complaint | 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<br>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. | Complaint | Report of the Board of Directors on Page 5 and 6. |
| | 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 | |

| 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<br>(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.<br>(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 Pages 5 and 6. |
| 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 | |
| 9.9 | Alternate Directors | Compliant | |
| 9.10.1 | Listed Entities shall disclose its policy on the maximum number of directorships it's 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 abov | Compliant | |

# *Statement on Corporate Governance (Contd..)*

| CSE Rule Reference | Corporate Governance Principle | Compliance Status | Details/Reference |
|---|---|---|---|
| 9.10.2 | Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement setting out the following;<br><br>i. a brief resume of such Director;<br>ii. his/her capacity of directorship; and,<br>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 | Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the;<br><br>i. Board of Directors, and<br>ii. Board Committees referred to in Rule 9.3 above.<br><br>The announcement shall, at a minimum, contain the details of changes including, appointments, resignations and the capacity of directorship with the effective date thereof. | Compliant | |
| 9.10.4 | Listed Entities shall also disclose the following in relation to the Directors in the Annual Report: | Compliant | |
| | (a) name, qualifications and brief profile; | | Profile of Directors pages 11 to 13. |
| | (b) the nature of his/her expertise in relevant functional areas; | | Profile of Directors pages 11 to 13. |
| | (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity; | | Report of the Board of Directors on Page 6. |
| | (d) whether Executive, Non-Executive and/or independent Director; | | Report of the Board of Directors on Page 5. |
| | (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; | | Profile of Directors pages 11 to 13 and Statement on Corporate Governance on Page 16. |

| 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 15. |
| | (g) names of Board Committees in which the Director serves as Chairperson or a member; | | Refer Committee reports pages 34 to 45. |
| | (h) Details of attendance of Committee Meetings of the Audit, Related PartyTransactions 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 34 to 45. |
| | (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 42 to 45. |
| 9.12 | Remuneration Committee | Compliant | Committee Report refer pages 37 to 38. |
| 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 34 to 36. |
| 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 39 to 41. |

**By Order of the Board**
**KELANI TYRES PLC**

**P W Corporate Secretarial (Pvt) Ltd**
**Director/Secretaries**

This 21 day of August 2026
Colombo

# *Risk Management and Sustainability Report*

The commercial and operational activities of Kelani Tyres PLC (KTL) are conducted principally through its 50% interest in CEAT Kelani Holdings (Pvt) Ltd (CKH), a joint venture equally shared with CEAT Limited of India. As a holding company, KTL's exposure to risk arises predominantly through this joint venture. KTL's Board nominees, comprising one half of the Board of each joint venture company, including the Chairman, ensure that risk management practices, governance standards, and sustainability commitments meet the Board's expectations at every level of the organisation.

A robust framework of internal controls, governance processes, and compliance systems is maintained to support the identification, assessment, monitoring, and management of risks. Adherence to applicable statutory and regulatory requirements remains a key component of this framework. All strategic investments, including capacity expansion, machinery upgrades, and operational restructuring, are thoroughly evaluated and approved by the Board of Directors of the company prior to commitment.

During the year under review, Fitch Ratings reaffirmed CEAT Kelani Holdings (Pvt) Ltd's National Long-Term Rating at AA+(lka) with a Stable Outlook, reflecting the joint venture's strong financial profile, robust liquidity position, operational resilience, and ability to maintain strong credit metrics under changing market conditions. For KTL shareholders, this independent rating provides assurance that the company's primary income-generating asset continues to demonstrate financial strength.

This disclosure also constitutes KTL's inaugural Sustainability Disclosure prepared in accordance with Sri Lanka Financial Reporting Standards SLFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and SLFRS S2 (Climate-related Disclosures), which are Sri Lanka's adoption of the ISSB's IFRS Sustainability Disclosure Standards. The reporting boundary covers CKH's 100% operations and KTL discloses its 50% equity share. Greenhouse gas data for FY2025-26 is self-reported and the GHG baseline year inventory for CKH was independently verified by Control Union (Lanka) (Pvt) Ltd per ISO 14064-3:2019.

**1. Governance**

KTL's governance framework for sustainability and climate risk is anchored in the Board of Directors, with designated oversight vested in the Nomination and Governance Committee (NGC). The NGC reviews sustainability strategy, ESG performance, and climate risk disclosures, ensuring that sustainability is embedded at the highest tier of corporate governance. The NGC assesses whether appropriate skills and competencies are in place to oversee strategies for managing climate-related risks and opportunities, and oversees the setting of sustainability-related targets.

Day-to-day management of sustainability matters is delegated to the ESG Council of CEAT Kelani Holdings, chaired by the General Manager, Quality and Business Management. The ESG Council identifies and assesses climate risks using the same likelihood-impact matrix applied to all enterprise risks, ensuring comparability and appropriate Board-level prioritisation. Sustainability-linked executive key performance indicators are under consideration for formalisation.

**2. Financial and Operational Risk Register**

The following table sets out the key financial and operational risks continuously monitored and managed by the Boards of the joint venture companies, together with corresponding mitigation measures. Each risk is assessed in terms of its likelihood of occurrence and potential impact on operations and financial performance.

| Description of Risk | Risk Mitigation |
|---|---|
| **Plant and Equipment Risk**<br>Potential losses arising from machinery breakdowns and damage caused by fire, theft, or other unforeseen events. | Adequate insurance coverage is maintained for plant, machinery, and other critical assets. Preventive and autonomous maintenance programmes are conducted on a regular basis. Asset condition and replacement requirements are continuously monitored. |
| **Credit Risk**<br>Risk of insufficient funds being available to meet working capital requirements and capital expenditure commitments. | Adequate cash reserves and liquid assets are maintained. Sufficient assets are available to provide collateral when required by financial institutions. Funding facilities are secured at competitive rates from reputable institutions. Cash flow forecasts and liquidity positions are monitored regularly. The strong market demand for CEAT-branded products enables effective management of dealer credit limits, with trade receivables maintained within approved credit parameters. |
| **Liquidity (Funding) Risk**<br>Inability to fund working capital and required capital expenditure. | Favourable borrowing terms are negotiated with financial institutions. Supplier credit facilities are utilised where appropriate. The debt portfolio and financing structure are reviewed regularly. This risk is assessed as Low: as at 31 March 2026, the joint venture held a cash balance of approximately LKR 3.0 billion, providing a robust liquidity buffer well in excess of near-term working capital requirements. |
| **Interest Rate Risk**<br>Potential adverse impact on profitability arising from fluctuations in market interest rates. | Favourable borrowing rates are negotiated with financial institutions. Supplier credit facilities are utilised where appropriate. The debt portfolio and financing structure are reviewed regularly. This assessment is supported by the joint venture's strong balance sheet and healthy cash flows, as evidenced by its National Long-Term Rating of AA+(lka) (Stable Outlook) affirmed by Fitch Ratings. |
| **Exchange Rate Risk**<br>Exposure to fluctuations in exchange rates affecting imported raw materials and production inputs. | Macroeconomic and foreign exchange market developments are closely monitored. Foreign currency exposure is reviewed regularly and appropriate risk management strategies are implemented. Import and export transactions are optimised to minimise exchange losses. The strong market positioning of CEAT-branded products affords pricing flexibility that partially offsets input cost pressures. |

# Risk Management and Sustainability Report *(Contd..)*

| Description of Risk | Risk Mitigation |
|---|---|
| **Competition Risk**<br>Risk of loss of market share, reduced competitiveness, and lower profitability due to increasing competition. | Product quality standards are maintained and continuously improved. Brand equity is strengthened through effective marketing and customer engagement. Product availability is ensured across all regions of Sri Lanka. Relevant technological advancements are adopted in a timely manner. During the year under review, it was found that direct competitors intensified their market activity by expanding their product range, improving manufacturing quality, and adopting an aggressive pricing strategy, a development that The Board monitors closely and has responded to through quality and brand development. |
| **Operational Risk**<br>Potential losses arising from human error, process failures, fraud, system breakdowns, or natural disasters. | Regular internal audits assess compliance and control effectiveness. Business continuity and disaster recovery plans are maintained and periodically tested. Internal controls and standard operating procedures are continuously strengthened. The risk is assessed as Low, supported by experienced management personnel and established systems and procedures across both manufacturing facilities. |
| **Employee Risk**<br>Risk of inability to attract, develop, motivate, and retain skilled employees required for business success. | Effective human resource policies are implemented and regularly reviewed. An open-door policy ensures that any employee may raise concerns directly with senior management. Competitive remuneration and career development programmes support talent retention. Employee turnover for FY2025-26 stood at 9.9%, favourably below the manufacturing sector average. |
| **Employee Health and Safety Risk**<br>Risk of workplace accidents, injuries, or occupational health issues affecting production output. | Safety procedures are established and monitored across all operational areas. Health and safety statistics are maintained and reviewed regularly. The risk is assessed as Low, underpinned by continuous monitoring and a structured Zero Harm programme that has reduced workplace incidents by 89% over the past decade, from 2,105 incidents in FY2016 to 108 in FY2026. Six lost-time injuries were recorded in FY2025-26; fatalities remain nil across all years. |

| Description of Risk | Risk Mitigation |
|---|---|
| **Environmental Issues Risk**<br>Risk of operational disruptions, regulatory action, or reputational damage arising from environmental impacts. | Compliance with environmental regulations and statutory requirements is ensured across all facilities. Active engagement is maintained with the Central Environmental Authority (CEA). All monitored environmental parameters remained within 65% of CEA permissible limits during the year; no environmental fines, penalties, or enforcement actions were received. The risk of flooding or river bank impact at the Kelaniya facility is assessed as minimal, given the facility's engineering controls and location characteristics. 11 active environmental permits are held covering air emissions, effluent, solid waste, chemical storage, and noise. |
| **Legal and Compliance Risk**<br>Risk of financial loss, penalties, litigation, or reputational damage arising from non-compliance with applicable laws, regulations, and contractual obligations. | The Audit Committee reviews compliance on a quarterly basis. Compliance with all applicable legal and regulatory requirements is monitored on an ongoing basis. Professional legal and regulatory advice is obtained when necessary. |
| **Corporate Governance Risk**<br>Risk arising from inadequate governance practices or failure to adhere to corporate governance requirements. | Effective Board and Committee oversight is maintained. A strong governance framework aligned with best practices and regulatory requirements is upheld. KTL's Board nominees at the joint venture companies ensure that KTL shareholder interests are represented in all material governance decisions. |

### 3. Climate-Related Risks and Opportunities

In accordance with SLFRS S2, KTL discloses information about climate-related risks and opportunities that could reasonably be expected to affect the Group's cash flows, access to finance, and cost of capital over the short, medium, and long term. Climate risks are integrated into the same Enterprise Risk Management framework applied to the financial and operational risks described above. The ESG Council identifies and prioritises climate risks using the same likelihood-impact matrix applied to all enterprise risks, with findings escalated to the NGC.

KTL's climate exposure is principally concentrated at the Kelaniya manufacturing facility (flagship plant) and the Kalutara facility, both operated by CKH.

| Risk | Type | Net Risk | Implications for KTL | Key Controls |
|---|---|---|---|---|
| Flooding / Extreme Weather | Physical — Acute | Low | Business disruption at Kelaniya could delay production, reduce JV revenues, and lower dividends to KTL. | Kelaniya sits in a low flood-risk zone. A business continuity plan is in place and a buffer stock of critical inventory is held. |
| Chronic Heat / Climate Shifts | Physical — Chronic | Low | Higher cooling loads may increase energy costs at both factories, compressing JV margins. | Rooftop solar reduces how much grid electricity we buy, and energy-efficient machinery is included in the capital spending pipeline. |
| Natural Rubber Supply Disruption | Physical — Chronic | Low–Medium | Climate impacts on rubber estates may affect input availability or cost, raising JV raw material costs. | We source 100% of our natural rubber in Sri Lanka from a wide network of smallholders, and manage those supplier relationships proactively. |
| Carbon Pricing / Regulation | Transition | Low–Medium | Future carbon levies on emissions could raise JV operating costs; CBAM exposure on exports to regulated markets. | Our 2.42 MW solar array cuts grid emissions, we have started formal greenhouse gas reporting, and scenario analysis is underway. |
| EV Market Transition | Transition | Medium | Accelerated EV adoption could shift demand toward low-rolling-resistance tyres; product mix risk if JV is slow to adapt. | A low-rolling-resistance compound has been developed for EV drivetrains, and a review of the whole product portfolio is in progress. |
| ESG Customer / Export Expectations | Transition | Medium | Export customers increasingly require verified ESG credentials; failure to meet these could affect access to active export markets. | This first SLFRS S1/S2 disclosure, an independently verified greenhouse gas baseline, an established ESG Council, and continued IATF 16949:2018 certification. |

- Climate-Related Opportunities: The principal climate-related opportunities available to the Group are: (i) Expanding rooftop solar. The 2.42 MW array at Kelaniya is already running, and a 1 MW installation at Kalutara is planned for 2026/27. Both cut electricity costs and avoid emissions. (ii) Winning and keeping export customers. Strong, verifiable ESG credentials are becoming a condition of doing business in export markets — and increasingly a competitive advantage and (iii) Serving the EV tyre market. Our new product positioning targets a segment that is growing in Sri Lanka and across the region.

Climate Scenario Analysis: As permitted under the first-year transitional relief in SLFRS S1, scenario analysis has been conducted on a qualitative basis, informed by IPCC AR6 scenarios (SSP1-2.6 low-emissions pathway and SSP3-7.0 high-emissions pathway) and the IEA World Energy Outlook 2024. Under the low-emissions pathway, we would expect carbon pricing to arrive and the national grid to get cleaner. Our solar investment and our greenhouse gas reporting leave the joint venture well placed for that world. Under the high-emissions scenario (SSP3-7.0), greater physical risk to factory operations and natural rubber supply chains is anticipated, offset partially by the Kelaniya facility's engineering controls and low flood-risk classification. The Board's conclusion is that the current investment direction — solar, EV-ready tyres and greater transparency on emissions — leaves the business resilient under either scenario.

**4. Metrics and Targets**

The following quantitative metrics have been disclosed for the financial year ended 31 March 2026. GHG data represents KTL's 50% equity share of CKH's total emissions. The GHG baseline year inventory was independently verified by Control Union (Lanka) (Pvt) Ltd per ISO 14064-3:2019; FY2025-26 data is self-reported.

| Metric | Value | Unit | Notes |
|---|---|---|---|
| Scope 1 — Direct Emissions | 104.8 | $tCO_2e$ | KTL 50% equity share. Diesel: 67.3 $tCO_2e$ (EF 2.68 $kgCO_2e/L$; 50,201 L); Refrigerant R-22: 35.9 $tCO_2e$ (GWP 1,960, IPCC AR6; 36.6 kg top-up); LPG: 1.6 $tCO_2e$ (EF 2.99 $kgCO_2e/kg$, IPCC 2006 GL; 1,088 kg) |
| Scope 2 — Location-based | 3,250.5 | $tCO_2e$ | AEF: 0.4062 $kgCO_2e/kWh$ (Sri Lanka Energy Balance 2022, SLSEA). Net of 2,203,651 kWh solar export to CEB grid (CKH 100%). KCL 50% equity share. |
| Scope 2 — Market-based | 3,250.5 | $tCO_2e$ | Equal to location-based — no Renewable Energy Certificates held. |
| Total GHG (Scope 1 + 2) | 3,355.3 | $tCO_2e$ | KTL 50% equity share (100% CKH basis: 6,710.6 $tCO_2e$). |
| GHG Intensity | 0.0041 | $tCO_2e/pair$ | Per pair of tyres produced. |
| Scope 3 | Not reported | — | First-year transitional relief under SLFRS S1. Scope 3 Category 1 data collection to commence in FY2026-27. |
| Grid Electricity Consumed | 9,105 | MWh | CEB supply. KTL 50% equity share. |
| Solar Electricity Generated | ~2,400 | MWh | 2.42 MW rooftop PV at Kelaniya; 2,203,651 kWh exported to grid, balance self-consumed. ~21% of factory electricity. |
| Cumulative GHG Avoided (Solar) | 42,000+ | $tCO_2e$ | Since commissioning December 2023. Capital investment: LKR 522 million. |
| Water Consumed | 43,214 | $m^3$ | Municipal supply; cooling purposes only. Industrial wastewater discharge: NIL. Water intensity: 0.014 $m^3/pair$. |
| Lost-Time Injuries | 6 | — | No fatalities in any year. Total workplace incidents: 108, down from 2,105 in 2015/16. |
| Capital Deployed — Climate | LKR 522M | — | Rooftop solar at Kelaniya, now fully operational. Capital expenditure has been approved for machinery and capacity, including provision for 1 MW of solar at Kalutara. |

Targets:

| Area | Target / Commitment |
|---|---|
| Climate | Commission 1 MW rooftop solar at Kalutara by FY2027. Commence Scope 3 Category 1 data collection in FY2026-27. Evaluate a formal net-zero target. Assess feasibility of I-REC procurement to achieve market-based Scope 2 reductions. |
| Safety | Lost-time injuries at 6 or fewer in FY2026-27. ISO 45001 re-certification with zero major non-conformances. Deploy digital near-miss reporting system factory-wide. |
| Environment | Naphtha consumption at or below 60 MT in FY2026-27 and 50 MT by FY2030 (from 65 MT in FY2026; down 35% since FY2020). Maintain zero environmental penalties. Install smart water meters at Kelaniya by Q3 FY2026-27. |
| Governance | Formalise sustainability-linked executive KPIs for FY2026-27. Publish second SLFRS S1/S2 disclosure with prior-year comparatives. Conduct physical climate risk engineering assessment at Kalutara site. |

# Statement of the Directors' Responsibility

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

The Board of Directors is responsible for preparing and presenting the Financial Statements, which are set out on pages 46 to 102.

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

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

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

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

The Company's financial statements have been audited by KPMG Chartered Accountants and independent auditors approved by the shareholders. The auditors are satisfied that the Management had made available all financial information and data as well as relevant board minutes of the Directors' meetings.

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

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

By Order of the Board
**Kelani Tyres PLC**

**P W Corporate Secretarial (Pvt) Ltd**
**Company Secretaries**
This 21 day of August 2026

# Audit Committee Report

The Audit Committee of the Company is constituted as a sub-committee of the Board of Directors, 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, approved by the Board, which clearly sets out its composition, authority, terms of reference, roles, responsibilities, and procedures for the effective discharge of its functions.

## Purpose

The Audit Committee assists the Board of Directors in fulfilling its oversight responsibilities to shareholders and other stakeholders in relation to the integrity of the Company's financial statements and the financial reporting process. The Committee seeks to ensure that the Company's financial reporting is prepared in compliance with the Sri Lanka Accounting Standards and all applicable statutory and regulatory requirements.

The Committee also oversees the effectiveness of the Company's system of internal controls, risk management framework, internal and external audit functions, and compliance processes. In addition, it reviews significant business risks and other material operational matters to support the Board in maintaining a sound governance framework and safeguarding the interests of the Company and its stakeholders.

## Composition

The Audit Committee comprises two Independent Non-Executive Directors, one of whom serves as the Chairperson of the Committee, and one Non-Executive Director.

As at 31st March 2026 and the date of this Report, the composition of the Committee was 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) and possesses the relevant financial expertise required to effectively discharge the responsibilities of the Committee.

## Meetings

The Audit Committee met Four (04) times during the financial year. At these meetings, the Committee reviewed and discussed with Management and the Independent External Auditors the Company's significant business transactions, the quarterly interim financial statements, and the audited financial statements for the year ended 31st March 2026. The Committee also considered significant accounting matters, key audit findings, and the adequacy of the Company's financial reporting processes.

The Managing Director, Mr. Rohan Fernando, attends meetings of the Audit Committee by invitation, as and when required. The attendance of the Committee members at the meetings held during the financial year is set out below.

The attendance of the Directors at the said meetings is set out below.

| Name of Director | Attendance |
|---|---|
| Ms. R. M. R. D. Rajapaksa (Chairperson) | 4/4 |
| Mr. P. Samarasekera | 4/4 |
| Mrs. S. S. Jayatilaka | 4/4 |

## Main role and responsibilities of the Audit Committee

- Reviewing the annual and interim financial statements prior to their approval by the Board to ensure compliance with the Sri Lanka Accounting Standards, the Companies Act, No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange, and other applicable statutory and regulatory requirements.

- Monitoring the integrity of the Company's financial reporting process and considering significant accounting policies, estimates, and judgements adopted in the preparation of the financial statements.

- Reviewing the adequacy and effectiveness of the Company's internal control systems, risk management framework, and compliance processes, including the procedures established to identify, assess, and mitigate key business risks.

- Assessing the independence, objectivity, effectiveness, and performance of the External Auditors.

- Recommending to the Board the appointment, re-appointment, or removal of the External Auditors and reviewing and recommending their remuneration and terms of engagement.

- Reviewing the scope and findings of the external audit and monitoring Management's responses to significant audit observations and recommendations.

- Overseeing the Company's compliance with applicable legal, regulatory, and corporate governance requirements relevant to financial reporting and internal control.

## 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 that, to the best of their knowledge and belief, the financial statements and the operational performance of the Company have been presented fairly, in all material respects, and in accordance with the applicable accounting standards and regulatory requirements.

## Internal Controls and Risk Assessment

The Committee reviewed the internal control procedures of the Company and noted that no material weaknesses or significant risks had been identified. The Committee also assessed the internal control systems and risk management practices of the Joint Venture through the Joint Venture Audit Committee. In addition, the Committee evaluated the Company's operational and financial risks, together with the adequacy of its business continuity plans and measures implemented to mitigate such risks.

## External Auditors

The Committee meets with the Independent External Auditors at least once a year, without the presence of Management, to review their audit findings, discuss any matters arising, and assess the effectiveness of the internal control systems in place.

Additionally, the Committee reviews the nature and scope of non-audit services provided by the Independent External Auditors to ensure that such services do not impair their independence or objectivity.

## Re-Appointment Of Auditors

Having evaluated the performance and independence of the Independent Auditors, the Audit Committee recommended to the Board the re-appointment of Messrs. KPMG, Chartered Accountants, as the Independent Auditors of the Company for the financial year ending 31st March 2027, up to the conclusion of the next Annual General Meeting, subject to the approval of the shareholders at the forthcoming Annual General Meeting.

## 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 four 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.

## Internal Audit Function

Kelani Tyres PLC is an investment holding company, and investment-related risks are reviewed and monitored by the Senior Management and the Board of Directors. The Committee is satisfied that the existing risk oversight framework is appropriate and adequate, considering the nature and scope of the Company's operations.

## Discharge of Duties

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

The key functions performed by the Committee during the year included:

- Review of financial reporting and related disclosures.
- Assessment of the adequacy and effectiveness of internal controls and risk management processes.
- Engagement with the External Auditors on audit planning, findings, and related matters.
- Review of non-audit services provided by the External Auditors to ensure the maintenance of their independence and objectivity.
- Oversight of business continuity planning and operational risk management.

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

## Conclusion

The Committee is of the view that adequate internal 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 material misstatements.

The Committee remains committed to upholding high standards of corporate governance, accountability, and transparency, while ensuring that the interests of shareholders and other stakeholders are protected.

**Ms. R. M. R. D. Rajapaksa -Chairperson**
Audit Committee
21 August 2026

# Report of the Remuneration Committee

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

## Composition of the Committee

The Remuneration Committee comprises two Independent Non-Executive Directors, one of whom serves as the Chairperson of the Committee, and two Non-Executive Directors.

As at 31st March 2026 and the date of this Report, the composition of the Committee was as follows:

| Member | Date of appointment | Nature of Directorship |
|---|---|---|
| Mr. Probodha Samarasekera (Chairperson) | 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 |

## Meetings

The Committee met Three [3] times during the year under review. The attendance of the Committee members at the meetings is set out below.

| Name of Director | Attendance |
|---|---|
| Mr. Probodha Samarasekera | 3/3 |
| Ms. R. M. R. D. Rajapaksa | 3/3 |
| Mr. R. P. Weerasooria | 1/3 |
| Mrs. S. S. Jayatilaka | 3/3 |

## Terms of Reference

The Remuneration Committee operates under a formally approved Terms of Reference, which clearly defines its scope, authority, responsibilities, and quorum requirements for meetings.

## Role of the Remuneration Committee

The Remuneration Committee is responsible for advising and assisting the Board in establishing a formal and transparent framework for developing and implementing the Company's remuneration policy for Executive Directors and Key Management Personnel (KMP), as well as determining the remuneration of Non-Executive Directors.

Its key functions include:

- Developing, reviewing, and recommending the remuneration policy of the Company.
- Establishing a formal and transparent framework for determining the remuneration of Executive Directors and Key Management Personnel.
- Ensuring that the remuneration policy is aligned with the Company's strategic objectives, long-term goals, and the creation of sustainable shareholder value.
- Recommending the remuneration packages of Executive Directors, Non-Executive Directors, and Senior Management to the Board.
- Ensuring compliance with the requirements of Section 216 of the Companies Act, No. 7 of 2007, read together with the Company's Articles of Association and other applicable regulatory requirements.

# Report of the Remuneration Committee *(Contd..)*

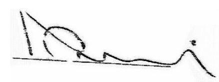
## Remuneration Policy

The objective of the Company's Remuneration Policy is to attract, motivate, and retain suitably qualified and experienced personnel by providing remuneration packages that are competitive and aligned with prevailing market rates, while taking into consideration the cost and challenges associated with attracting and retaining such personnel.

The Committee further confirms that the Company has adopted a formal "Policy on Remuneration" in compliance with Rule 9.2.1 of the Listing Rules of the Colombo Stock Exchange. The Company has also complied with the provisions of the Companies Act, No. 7 of 2007, and the Articles of Association relating to Directors' remuneration.

## Disclosure on Directors' Remuneration

The aggregate remuneration paid to the Executive and Non-Executive Directors is disclosed in Note 8.1 to the Financial Statements on page 76 of this Annual Report.



**Prabodha Samarasekera - Chairperson**
**Remuneration Committee**
21 August 2026

# 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 Board, in compliance with Section 9 of the Listing Rules of the Colombo Stock Exchange. The Committee is responsible for the independent review, approval, and oversight of Related Party Transactions (RPTs) of the Company to ensure that such transactions are conducted in accordance with applicable regulatory requirements and in the best interests of the Company and its shareholders.

## Composition of the Committee

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

As at 31st March 2026 and the date of this Report, the composition of the Committee was 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 |

## Meetings

The Committee held two (02) meetings during the period under review. The attendance of the Directors at these meetings is presented below.

| Name of Director | Attendance |
|---|---|
| Ms R. M. R. D. Rajapaksa | 2/2 |
| Mr. P. Samarasekera | 2/2 |
| Mrs. S. S. Jayatilaka | 2/2 |
| Mr. B. T. De Silva Weerasooria<br>*(Alternate Director to Mr. R. P. Weerasooria)* | 1/2 |

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

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

## Policies and Procedure

The Committee operates within the Terms of Reference (TOR) approved by the Board. The TOR clearly sets out the purpose, authority, duties, and responsibilities of the Related Party Transactions Review Committee and incorporates the requirements prescribed under the Listing Rules of the Colombo Stock Exchange. The key functions of the Committee include, inter alia, the following:

- Receiving regular reports from Management on Related Party Transactions in advance, enabling the Committee to review and assess information falling within the scope of its responsibilities.

- Establishing policies and procedures to provide general pre-approvals for identified classes or categories of Related Party Transactions, where appropriate.

- Reviewing and evaluating the terms, conditions, commercial rationale, authenticity, and advisability of proposed Related Party Transactions.

- Determining the fairness, transparency, and commercial rationale of Related Party Transactions to ensure that such transactions are conducted in the best interests of the Company and its shareholders.

- Reviewing Related Party Transactions and recommending to the Board whether such transactions are in accordance with the policies and procedures approved by the Committee. The Committee shall also ensure that no Director participates in discussions or decisions relating to a proposed Related Party Transaction, unless specifically invited by the Committee to provide relevant information or clarification.

- Seeking advice and assistance from legal, financial, technical, or other professional advisors, whether internal or external, as deemed necessary to effectively discharge the duties and responsibilities of the 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 approval for material changes to any previously approved transaction.

- Holding quarterly meetings and reporting the activities, deliberations, and recommendations of the Committee to the Board of Directors.

- Considering all relevant facts, circumstances, and representations provided by Senior Management in relation to each Related Party Transaction, including assessing the independence of Directors involved in such transactions.

- Determining whether immediate market disclosure is required in accordance with Section 9.14.7 of the Listing Rules of the Colombo Stock Exchange and ensuring that appropriate disclosures are made in a timely manner, where applicable.

- Reviewing the Committee's policies, procedures, and guidelines on an annual basis and recommending amendments to the Board, where considered necessary.

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

## Related Party Transactions during the year

The Committee reviewed all Related Party Transactions undertaken by the Company during the financial year 2025/26 and communicated its comments and observations to the Board of Directors. The Committee noted that all such transactions were of a recurrent nature and were necessary for the day-to-day operations of the Company.

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

The Company did not enter into any non-recurrent Related Party Transactions during the year, as defined under Section 9.14.8 of the Listing Rules of the Colombo Stock Exchange. Further, there were no acquisitions or disposals of assets involving related parties during the year in terms of Section 9.14.9 of the Listing Rules.

During the year under review, the Company entered into Related Party Transactions relating to the rental of premises, the rental of a vehicle and a dividend income from related companies. All such transactions were of a recurrent nature and were carried out in compliance with the policies and procedures established by the Related Party Transactions Review Committee.

A summary of the Related Party Transactions entered into during the year is set out below:

| *Related Party | Relationship | Transaction Type | Terms | Debt period | Value of transaction (Excl. taxes) F/Y 2025-2026 ( Rs.in millions) | Outstanding as at 31-3-2026 ( Rs.in millions) |
|---|---|---|---|---|---|---|
| WPL | Common Directors | Stores Rent & Vehicle Hiring | At market rate | Monthly | 20.70 (2.581% of **total income) | Nil |
| CKH | Joint Venture (JV) | Dividend | As per JV agreement | Annually | 750.00 (93.535% of total income) | Nil |

** *Total income appears on Page 75 of the Annual report under other operating income Note 6.*

WPL – Wheels (Pvt) Ltd
CKH – CEAT Kelani Holdings (Pvt) Ltd

The Company has made the relevant disclosures on Related Party Transactions in accordance with LKAS 24 – Related Party Disclosures. Details of the Related Party Transactions entered into during the year are set out in Notes 19 and 27 to the Financial Statements on pages 90 and 94 respectively 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 confirming compliance with the applicable Listing Rules relating to Related Party Transactions is provided on page 6 of the Annual Report.

**Ms. R. M. R. D. Rajapaksa – Chairperson**
**Related Party Transactions Review Committee**
21 August 2026

# Nominations and Governance Committee Report

The Nomination and Governance Committee ("NGC") of Kelani Tyres PLC was established on 20th September 2024, in line with best practices in corporate governance. The Committee assists the Board in fulfilling its responsibilities relating to Board appointments, succession planning, and the establishment and maintenance of sound governance practices. It plays a key role in ensuring that the Company continues to uphold high standards of accountability, transparency, and effective governance. The Committee operates in compliance with the requirements stipulated under 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 serves as the Chairperson, and two Non-Executive Directors, in compliance with Rule 9.11.4 of the Listing Rules.

The composition of the Committee is as follows:

| Member | Date of appointment | Nature of Directorship |
|---|---|---|
| Mr. Probodha Samarasekera (Chairperson) | 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 |

## The Scope and the Object of the Committee

- Establishing policies relating to the nomination, appointment, election, and/or re-election of Directors to the Board and members to Board Committees.
- Developing and maintaining policies and manuals to promote and uphold sound corporate governance practices within the Company.
- Evaluating the fitness and propriety of individuals proposed for appointment, election, and/or re-election as Directors and recommending suitable candidate to the Board.
- Overseeing and evaluating the Company's corporate governance practices.

## Meetings and Attendance

During the year under review, the Committee convened one (1) meeting. The attendance of members at this meeting was as follows:

| Name of Director | Total Meetings attended |
|---|---|
| Mr. P. Samarasekera | 1/1 |
| Ms. R.M.R.D. Rajapaksa | - |
| Mrs. S. S. Jayatilaka | - |
| Mr. R. P. Weerasooria | 1/1 |

## 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 is carried out in accordance with the Company's 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 the appropriate expertise and experience across diverse business fields, with a suitable mix of skills, knowledge, age, and gender balance to facilitate effective Board performance.
- The Committee reviews candidates nominated for appointment to the Board and its Sub-Committees and is guided by established policies and procedures relating to the nomination, appointment, election, and/or re-election of Directors and the appointment of members to Board Committees.
- The Committee evaluates the information relating to Directors who are proposed for re-election before making recommendations to the Board.
- A structured process is in place for the periodic evaluation of the Board and the Managing Director to ensure that their performance and responsibilities are effectively discharged.
- The Company facilitates quarterly and scheduled Board meetings, ensuring that Independent Directors are kept informed of significant matters affecting the Company.
- Processes are in place to provide newly appointed Directors with adequate information on Corporate Governance requirements, Listing Rules, and other applicable regulations relevant to the Company's operations.
- The Board engages with existing Directors, as required, to communicate updates relating to Corporate Governance requirements, Listing Rules, and other relevant regulations.

## 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 / reappointed at the 31st Annual General Meeting held on 26th September 2025, 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:

## 31st Annual General Meeting 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 |
|---|---|---|---|---|---|
| **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 11. | 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 11. | Director of Silverstock Limited, which holds 49.7% of the shares in the Company. |

| 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 the last Annual General Meeting in terms of Article 91 of the Articles of Association of the Company**

| | | | | | |
|---|---|---|---|---|---|
| Mr. Prabodha Samarasekera | AC<br>RC<br>RPTRC<br>NGC | 30.10.2024 | N/A | Refer profile on page 12. | None |
| Ms. S S Jayathilaka | AC<br>RC<br>RPTRC<br>NGC | 07.08.2025 | N/A | Refer profile on page 12. | None |
| Ms. R. M. R. D. Rajapaksa | AC<br>RC<br>RPTRC<br>NGC | 07.08.2025 | N/A | Refer profile on page 13. | None |

## 32nd Annual General Meeting to be held on 22nd September 2026

| 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. R. P. Weerasooria | RPTRC<br>RC<br>NGC | 23.11.2016 | 28.09.2021 | Refer profile on pages 11 and 12. | Son-in-law of Mr. R. C. D. De Silva, Chairman of the Board. |

**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 | 26.09.2025 | Refer profile on page 11. | Director of Silverstock Limited, which holds 49.7% of the shares in the Company. |

# *Nominations and Governance Committee Report (Contd..)*

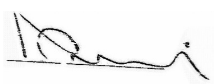
| | |
|---|---|
| AC | Audit Committee |
| RPTRC | Related party Transactions Review Committee |
| RC | Remuneration Committee |
| NGC | Nominations and Governance Committee |

## Determination of Independence of Independent Directors

The NGC confirms that the Independent Directors meet the criteria for independence as stipulated in Rule 9.8.3 of the Listing Rules.

## Compliance with the Corporate Governance Requirements stipulated under the Listing Rules

The NGC confirms that the Company has fully complied with the Corporate Governance Requirements outlined in the Listing Rules.



**Prabodha Samarasekera- Chairperson**
**Nominations and Governance Committee**
21 August 2026

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. 0. Box 186,
Colombo 00300, Sri Lanka.

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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 2026, 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 2026, 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.

| Risk description | Our response |
|---|---|
| **Valuation of Land and Buildings under Property, Plant and Equipment and Investment Property**<br><br>Refer to notes 12 and 13 in the Financial Statements.<br><br>The Group's/Company's Land and Buildings under property, plant and equipment are stated at their fair value amounting to Rs. 37 million as at 31 March 2026 with the gain or loss on fair value change for the year recorded in the statement of other comprehensive income amounting to Rs. 10.3 million.<br><br>The Group's/Company's Land and Buildings under investment property are stated at their fair value amounting to Rs. 800 million as at 31 March 2026 with the gain or loss on fair value change for the year recorded in the statement of profit or loss amounting to Rs. 5.4 million.<br><br>Management's assessment of the fair value are based on the valuations performed by an independent qualified property valuer in accordance with recognized industry standards.<br><br>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 properties.<br><br>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 properties to the Financial Statements. | Our audit procedures included;<br><br>• 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.<br><br>• Assessing the reasonability of the method, assumptions, data used in the valuation with the assistance of KPMG valuation Specialist.<br><br>• Assessing the objectivity, independence, competence and professional qualifications of the external valuer.<br><br>• 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.

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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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
17 August 2026

# *Statement of Profit or Loss and other Comprehensive Income*

| | | Group | | Company | |
|---|---|---|---|---|---|
| **For the year ended 31 March** | | **2026** | **2025** | **2026** | **2025** |
| | **Note** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** |
| Revenue | 5 | - | - | - | - |
| Cost of sales | | - | - | - | - |
| **Gross profit** | | **-** | **-** | **-** | **-** |
| Other operating income | 6 | 51,834 | 46,378 | 801,834 | 646,378 |
| Gain from fair value adjustment on investment property | 13 | 5,468 | 58,300 | 5,468 | 58,300 |
| Administrative expenses | | (195,102) | (201,244) | (194,351) | (201,105) |
| Depreciation and amortisation | | (1,182) | (1,140) | (1,182) | (1,140) |
| **(Loss)/profit from operations** | | **(138,982)** | **(97,706)** | **611,769** | **502,433** |
| Finance income | 7.1 | 83,828 | 84,077 | 83,828 | 84,077 |
| Finance costs | 7.2 | (3,820) | (1,423) | (3,820) | (1,423) |
| **Net finance income** | | **80,008** | **82,654** | **80,008** | **82,654** |
| Share of net profit of equity accounted investee, net of tax | 16 | 544,281 | 763,888 | - | - |
| **Profit before taxation** | **8** | **485,307** | **748,836** | **691,777** | **585,087** |
| Income tax expense | 9 | (28,290) | (46,418) | (28,290) | (46,418) |
| **Profit for the year** | | **457,017** | **702,418** | **663,487** | **538,669** |
| **Other comprehensive income/(expenses)** | | | | | |
| **Items that will not be reclassified to profit or loss** | | | | | |
| Loss on defined benefit obligation | 25 | (1,498) | (1,283) | (1,498) | (1,283) |
| Related tax on defined benefit obligation | 15 | 449 | 385 | 449 | 385 |
| Gain on revaluation of property, plant and equipment | | 10,354 | - | 10,354 | - |
| Related tax on gain on revaluation of property, plant and equipment | 15 | (3,106) | - | (3,106) | - |
| **Share of OCI of equity accounted investee** | | | | | |
| Gain/(loss) on defined benefit obligation | 16.2 | (8,984) | 19 | - | - |
| Related tax on defined benefit obligation | 16.2 | 2,695 | (6) | - | - |
| 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** | | **(90)** | **362,782** | **6,199** | **(898)** |
| **Total comprehensive income for the year** | | **456,927** | **1,065,198** | **669,686** | **537,771** |
| **Profit attributable to:** | | | | | |
| Owners of the Company | | 457,017 | 702,418 | 663,487 | 538,669 |
| Non-controlling interest | | - | - | - | - |
| | | **457,017** | **702,418** | **663,487** | **538,669** |
| **Total comprehensive income attributable to:** | | | | | |
| Owners of the Company | | 456,927 | 1,065,198 | 669,686 | 537,771 |
| Non-controlling interest | | - | - | - | - |
| | | **456,927** | **1,065,198** | **669,686** | **537,771** |
| **Basic earnings per share (Rs.)** | **10** | **5.68** | **8.74** | **8.25** | **6.70** |
| **Dividend per share (Rs.)** | **11** | **6.50** | **6.00** | **6.50** | **6.00** |

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 | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| | | Rs. '000 | Rs. '000 | Rs. '000 | Rs. '000 |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 12 | 42,715 | 32,060 | 42,715 | 32,060 |
| Investment property | 13 | 800,000 | 755,800 | 800,000 | 755,800 |
| Investment in equity accounted investee | 16 | 5,545,010 | 5,757,018 | 139,607 | 139,607 |
| Investment in subsidiaries | 17 | - | - | 10 | 10 |
| **Total non-current assets** | | **6,387,725** | **6,544,878** | **982,332** | **927,477** |
| **Current assets** | | | | | |
| Trade and other receivables | 18 | 12,607 | 3,384 | 12,607 | 3,384 |
| Amounts due from related parties | 19 | 28,800 | 34,200 | 28,800 | 34,200 |
| Income tax receivable | | 11,857 | 11,259 | 11,857 | 10,656 |
| Other investments | 20 | 1,010,516 | 910,576 | 1,010,516 | 910,576 |
| Cash and cash equivalents | 21 | 316,588 | 292,536 | 312,965 | 288,765 |
| **Total current assets** | | **1,380,368** | **1,251,955** | **1,376,745** | **1,247,581** |
| **Total assets** | | **7,768,093** | **7,796,833** | **2,359,077** | **2,175,058** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Stated capital | 22 | 402,000 | 402,000 | 402,000 | 402,000 |
| Revaluation reserve | 23 | 1,124,205 | 1,116,957 | 29,297 | 22,049 |
| Retained earnings | | 5,979,945 | 6,052,866 | 1,665,887 | 1,526,049 |
| **Total equity attributable to owners of the Company** | | **7,506,150** | **7,571,823** | **2,097,184** | **1,950,098** |
| Non-controlling interest | | - | - | - | - |
| **Total equity** | | **7,506,150** | **7,571,823** | **2,097,184** | **1,950,098** |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 24 | - | - | - | - |
| Retirement benefit obligation | 25 | 16,450 | 14,751 | 16,450 | 14,751 |
| Deferred tax liability | 15 | 128,378 | 112,289 | 128,378 | 112,289 |
| **Total non-current liabilities** | | **144,828** | **127,040** | **144,828** | **127,040** |
| **Current liabilities** | | | | | |
| Trade and other payables | 26 | 113,040 | 86,349 | 112,990 | 86,299 |
| Loans and borrowings | 24 | - | - | - | - |
| Bank overdrafts | 21 | 4,075 | 11,621 | 4,075 | 11,621 |
| **Total current liabilities** | | **117,115** | **97,970** | **117,065** | **97,920** |
| **Total liabilities** | | **261,943** | **225,010** | **261,893** | **224,960** |
| **Total equity and liabilities** | | **7,768,093** | **7,796,833** | **2,359,077** | **2,175,058** |

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**

17 August 2026
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<br>As at, | Note | Stated capital Rs. '000 | Revaluation reserves Rs. '000 | Retained earnings Rs. '000 | Total Rs. '000 |
|---|---|---|---|---|---|
| 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 income/(expense) for the year, net of tax | | - | 363,667 | (885) | 362,782 |
| **Total comprehensive income/(expense) 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** |
| Balance as at 1 April 2025 | | 402,000 | 1,116,957 | 6,052,866 | 7,571,823 |
| **Comprehensive income for the year** | | | | | |
| Profit for the year | | - | - | 457,017 | 457,017 |
| Other comprehensive expense for the year, net of tax | | - | 7,248 | (7,338) | (90) |
| **Total comprehensive income for the year** | | **-** | **7,248** | **449,679** | **456,927** |
| **Transactions with owners of the Company** | | | | | |
| Dividend paid during the year | 11 | - | - | (522,600) | (522,600) |
| **Balance as at 31 March 2026** | | **402,000** | **1,124,205** | **5,979,945** | **7,506,150** |

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<br>As at, | Note | Stated capital Rs. '000 | Revaluation reserves Rs. '000 | Retained earnings Rs. '000 | Total Rs. '000 |
|---|---|---|---|---|---|
| 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 income/(expense) for the year, net of tax | | - | - | (898) | (898) |
| **Total comprehensive income/(expense) 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** |
| Balance as at 1 April 2025 | | 402,000 | 22,049 | 1,526,049 | 1,950,098 |
| **Comprehensive income for the year** | | | | | |
| Profit for the year | | - | - | 663,487 | 663,487 |
| Other comprehensive income/(expense) for the year, net of tax | | - | 7,248 | (1,049) | 6,199 |
| **Total comprehensive income/(expense) for the year** | | **-** | **7,248** | **662,438** | **669,686** |
| **Transactions with owners of the Company** | | | | | |
| Dividend paid during the year | 11 | - | - | (522,600) | (522,600) |
| **Balance as at 31 March 2026** | | **402,000** | **29,297** | **1,665,887** | **2,097,184** |

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 2026 Rs. '000 | Group 2025 Rs. '000 | Company 2026 Rs. '000 | Company 2025 Rs. '000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Profit before taxation | | 485,307 | 748,836 | 691,777 | 585,087 |
| **Adjustments for:** | | | | | |
| Depreciation on property, plant and equipment | 12 | 1,182 | 1,140 | 1,182 | 1,140 |
| Profit on disposal of property, plant and equipment | 6 | 87 | - | 87 | - |
| Change in fair value of investment property | 13 | (5,468) | (58,300) | (5,468) | (58,300) |
| Fair value gain from unit trust investment | 6 | (28,984) | (35,222) | (28,984) | (35,222) |
| Realised gain from unit trust investment | 6 | (1,325) | (1,691) | (1,325) | (1,691) |
| Share of profit from equity accounted investee | 16 | (544,281) | (763,888) | - | - |
| Dividend income | 6 | - | - | (750,000) | (600,000) |
| Provision for defined benefit obligation | 25 | 2,698 | 2,312 | 2,698 | 2,312 |
| Reversal of provision on WHT recoverable | | (1,241) | - | (1,241) | - |
| Finance income | 7.1 | (83,828) | (84,077) | (83,828) | (84,077) |
| Finance costs | 7.2 | 3,820 | 1,423 | 3,820 | 1,423 |
| **Operating loss before working capital changes** | | **(172,033)** | **(189,467)** | **(171,282)** | **(189,327)** |
| **Changes in:** | | | | | |
| (Decrease) / increase in trade and other receivables and tax receivables | | (7,388) | 1,029 | (7,991) | 1,029 |
| Decrease in amounts due from RPT | | 5,400 | 5,400 | 5,400 | 5,400 |
| Increase in trade and other payables | | 26,691 | 13,252 | 26,691 | 13,252 |
| **Cash used in operating activities** | | **(147,330)** | **(169,786)** | **(147,182)** | **(169,646)** |
| Gratuity paid | 25 | (2,496) | - | (2,496) | - |
| Income tax paid | | (16,050) | (20,323) | (16,050) | (20,323) |
| Interest paid | 7.2 | (3,820) | (1,423) | (3,820) | (1,423) |
| **Net cash flow used in operating activities** | | **(169,696)** | **(191,532)** | **(169,548)** | **(191,393)** |
| **Cash flows from investing activities** | | | | | |
| Acquisition of property, plant and equipment | 12 | (1,580) | (214) | (1,580) | (214) |
| Acquisition of investment property | 13.1 | (38,732) | - | (38,732) | - |
| Cash proceeds from disposal of PPE | | 10 | - | 10 | - |
| Dividend received from joint venture | 16.2 / 6 | 750,000 | 600,000 | 750,000 | 600,000 |
| Investment in government securities and related institutions | | (101,242) | (35,829) | (101,242) | (35,829) |
| Proceeds from sale of units | | 31,610 | 37,963 | 31,610 | 37,964 |
| Interest income from other investments | | 83,828 | 83,231 | 83,828 | 83,231 |
| **Net cash generated from investing activities** | | **723,894** | **685,151** | **723,894** | **685,153** |
| **Cash flows from financing activities** | | | | | |
| Repayment of borrowings | 24 | - | - | - | - |
| Dividends paid | | (522,600) | (482,400) | (522,600) | (482,400) |
| **Net cash flow used in financing activities** | | **(522,600)** | **(482,400)** | **(522,600)** | **(482,400)** |
| **Net increase/(decrease) in cash and cash equivalents during the year** | | **31,598** | **11,219** | **31,746** | **11,360** |
| Cash and cash equivalents at the beginning of the year | 21 | 280,915 | 269,696 | 277,144 | 265,784 |
| **Cash and cash equivalents at the end of the year** | **21** | **312,513** | **280,915** | **308,890** | **277,144** |

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 2026 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 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 2026 is 11 (2025 – 10).

## 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 2026 were authorised for issue by the Directors on 17 August 2026.

### 2.2 Basis of measurement

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

### 2.3 Comparative information

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

### 2.4 Going concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements of the Group continue to be prepared on a going concern basis. The Company has a strong asset base which includes sustainable investments that yield significant income and the asset base of the Company has grown during the year. Furthermore, the Company maintains a healthy liquidity position and has ready access to funding if required.

2. 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 ACOUNTNG 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 2026. 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:

*3. MATERIAL ACOUNTNG 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.

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.

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** | |
|---|---|---|
| | **2026** | **2025** |
| 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.

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.

3. MATERIAL ACOUNTNG 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 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 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.

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.

### 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.

### 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.

*3. MATERIAL ACOUNTNG 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 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 Providend 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.

**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. |

*3. MATERIAL ACOUNTNG 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.

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

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 if 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.

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 2025. 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 2026 that are not expected to have a material impact on the Group’s Financial Statements.

**SLFRS 18: Presentation and Disclosure in Financial Statements**

SLFRS 18 replaces LKAS 1 and introduces new requirements for the presentation and disclosure of financial information, including defined categories of income and expenses in the Income Statement, new subtotals such as operating profit, and enhanced disclosures of management-defined performance measures.

The standard is effective for annual reporting periods beginning on or after 1 January 2027.

The Company is in the process of assessing the potential impact of this standard. Based on the assessment performed to date, the adoption of this standard is expected to result in changes to the presentation and disclosure of financial statements. However, it is not expected to have a material impact on the recognition and measurement of amounts reported in the Financial Statements.

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

4.1 Standards issued but not yet effective

**Amendments to SLFRS 09 and SLFRS 07: Classification and Measurement of Financial Instruments**

In May 2024, the International Accounting Standards Board (IASB) issued Amendments to the classification and Measurement of Financial Instruments which amended SLFRS 9 and SLFRS 7. The requirements will be effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted, and are related to settling financial liabilities using electronic payments system, and assessing contractual Cash Flow characteristics of financial assets, including those with sustainability-linked features.

The Company is in the process of assessing the potential impact of these amendments, including the review of financial instruments for any impact on classification, measurement and disclosure requirements. Based on the assessment performed to date, these amendments are not expected to have a material impact on the Financial Statements, and any impact is expected to be limited to additional disclosures.

**SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures**

SLFRS S1 General requirements for disclosure of sustainability related financial information and SLFRS S2 Climate-related disclosures SLFRS S1 General Requirements for Disclosure of Sustainability related Financial Information requires 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. SLFRS S2 Climate-related Disclosures is to requires 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. These standards will become effective for the Company from 1 April 2027. No financial impact is expected on the Company except for additional disclosures.

| For the year ended 31 March, | Group 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 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 beacause 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 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 Rs'000 |
|---|---|---|---|---|
| **6. Other operating income** | | | | |
| Rent income | 20,700 | 8,550 | 20,700 | 8,550 |
| Profit/(loss) on disposal of property, plant and equipment | (87) | - | (87) | - |
| Administration income | 457 | 460 | 457 | 460 |
| Other income | 455 | 455 | 455 | 455 |
| Dividend income | - | - | 750,000 | 600,000 |
| Realised gain from unit trust investment | 1,326 | 1,691 | 1,326 | 1,691 |
| Fair value gain from unit trust investment | 28,983 | 35,222 | 28,983 | 35,222 |
| | **51,834** | **46,378** | **801,834** | **646,378** |

| | Group 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 Rs'000 |
|---|---|---|---|---|
| **7. Net finance income** | | | | |
| **7.1 Finance income** | | | | |
| Interest income from fixed deposits | 20,994 | 24,014 | 20,994 | 24,014 |
| Interest income from treasury bills | 60,837 | 57,534 | 60,837 | 57,534 |
| Interest income from savings accounts | 1,997 | 2,529 | 1,997 | 2,529 |
| | **83,828** | **84,077** | **83,828** | **84,077** |
| **7.2 Finance costs** | | | | |
| Interest cost on bank overdraft | 3,820 | 1,423 | 3,820 | 1,423 |
| Interest cost on loans and borrowings | - | - | - | - |
| | **3,820** | **1,423** | **3,820** | **1,423** |
| **Net finance income** | **80,008** | **82,654** | **80,008** | **82,654** |

## 8. Profit before tax

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

| | Note | Group 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 Rs'000 |
|---|---|---|---|---|---|
| Directors' emoluments and staff costs | **8.1** | 166,851 | 163,123 | 166,851 | 163,123 |
| Auditors' remuneration - Audit | | 1,350 | 1,233 | 1,300 | 1,183 |
| Depreciation on property, plant and equipment | **8.2** | 1,182 | 1,140 | 1,182 | 1,140 |
| **8.1 Directors' emoluments and staff costs** | | | | | |
| Wages and salaries | | 161,813 | 159,011 | 161,813 | 159,011 |
| Defined benefit obligations | 25.2 | 2,698 | 2,312 | 2,698 | 2,312 |
| Defined contribution plans | | 2,340 | 1,800 | 2,340 | 1,800 |
| | | **166,851** | **163,123** | **166,851** | **163,123** |
| Classified as: | | | | | |
| Directors' emoluments (fee and bonus) | | 103,361 | 82,440 | 103,361 | 82,440 |
| Other benefits to Directors | | 30,709 | 54,064 | 30,709 | 54,064 |
| Staff costs | | 32,781 | 26,619 | 32,781 | 26,619 |
| **Total** | | **166,851** | **163,123** | **166,851** | **163,123** |
| **8.2 Depreciation on property, plant and equipment** | | | | | |
| Charged to administrative expenses | | 1,182 | 1,140 | 1,182 | 1,140 |
| | | **1,182** | **1,140** | **1,182** | **1,140** |
| **9. Income tax expense** | | | | | |
| Current tax expense | 9.1 | 14,858 | 13,379 | 14,858 | 13,379 |
| Deferred tax expense | 9.5 | 13,432 | 33,040 | 13,432 | 33,040 |
| | | **28,290** | **46,418** | **28,290** | **46,418** |
| **9.1 Current tax expense** | | | | | |
| Current Tax Expense on Ordinary Activities for the year | 9.1.1 | 13,042 | 10,942 | 13,042 | 10,942 |
| Under / (Over) Provision during previous years | | 1,816 | 2,437 | 1,816 | 2,437 |
| | | **14,858** | **13,379** | **14,858** | **13,379** |

*9. Income tax expense (Contd..)*

| | | Group | | Company | |
|---|---|---|---|---|---|
| **For the year ended 31 March,** | | **2026** | **2025** | **2026** | **2025** |
| | **Note** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **9.1.1 Reconciliation of the accounting profit and the income tax expense** | | | | | |
| Accounting profit before taxation | | 485,307 | 748,836 | 691,777 | 585,087 |
| Aggregated expenses disallowed for tax | | 112,303 | 111,477 | 111,701 | 111,477 |
| Aggregated expenses allowed for tax | | (4,537) | (1,792) | (4,537) | (1,792) |
| Aggregated income from other sources | | (119,605) | (152,618) | (869,605) | (752,618) |
| Share of profit of equity accounted investee | | (544,281) | (763,888) | - | - |
| **Assessable income/(loss) - Business** | | **(70,813)** | **(57,985)** | **(70,664)** | **(57,846)** |
| **Assessable income/(loss) - Investment** | | **114,137** | **94,318** | **114,137** | **94,318** |
| Tax losses utilised during the year | | (70,664) | (57,846) | (70,664) | (57,846) |
| **Total taxable income** | | **43,473** | **36,472** | **43,473** | **36,472** |
| Income tax at the rate of 30% | | 13,042 | 10,942 | 13,042 | 10,942 |
| **Total current tax expense** | | **13,042** | **10,942** | **13,042** | **10,942** |
| **9.2 Tax loss movement** | | | | | |
| Brought forward tax losses | | 828 | 57,628 | - | 53,516 |
| Tax losses incurred during the year | | 70,813 | 57,985 | 70,664 | 57,846 |
| Tax losses utilised during the year | | (70,664) | (57,846) | (70,664) | (57,846) |
| Tax losses expired during the year | | - | (3,627) | - | - |
| Over provision for tax losses in prior year | | - | (53,312) | - | (53,516) |
| **Tax losses carried forward** | | **977** | **828** | **-** | **-** |

**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% (2025: 30%). On Dividend income, Company is liable at the rate of 15% (2025: 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% (2025 - 30%).

**9.4 Deferred tax rate**

The tax rate of 30% has been used in calculating the Group's deferred tax liablity for the year ended 31 March 2026 (2025 - 30%).

*9. Income tax expense (Contd..)*

| For the year ended 31 March, | Note | Group 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 Rs'000 |
|---|---|---|---|---|---|
| **9.5 Deferred tax expense** | | | | | |
| Deferred tax assets reversal during the year | | (60) | 15,363 | (60) | 15,363 |
| Deferred tax liabilities originated during the year | | 13,492 | 17,677 | 13,492 | 17,677 |
| **Charged to profit or loss** | 15 | **13,432** | **33,040** | **13,432** | **33,040** |
| Deferred tax assets originated during the year | | (449) | (385) | (449) | (385) |
| Deferred tax liabilities originated during the year | | 3,106 | - | 3,106 | - |
| **Charged to OCI** | 15 | **2,657** | **(385)** | **2,657** | **(385)** |
| **Originated to Profit or loss - Deferred tax assets** | | | | | |
| Tax losses | | - | 16,056 | - | 16,056 |
| Defined benefit obligation | | (60) | (693) | (60) | (693) |
| | | (60) | 15,363 | (60) | 15,363 |
| **Originated to Profit or loss - Deferred tax liabilities** | | | | | |
| Property, plant and equipment | | 232 | 187 | 232 | 187 |
| Fair value gain on investment property revaluation | | 13,260 | 17,490 | 13,260 | 17,490 |
| | | 13,492 | 17,677 | 13,492 | 17,677 |
| | | **13,432** | **33,040** | **13,432** | **33,040** |
| **Originated to OCI - Deferred tax assets** | | | | | |
| Defined benefit obligation - Actuarial gain/loss | | (449) | (385) | (449) | (385) |
| **Originated to OCI - Deferred tax liabilities** | | | | | |
| Revaluation gain on land and building | | 3,106 | - | 3,106 | - |
| | | **2,657** | **(385)** | **2,657** | **(385)** |

## 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 2026 | Group 2025 | Company 2026 | Company 2025 |
|---|---|---|---|---|---|
| Profit attributable to ordinary shareholders (Rs. '000) | | 457,017 | 702,416 | 663,487 | 538,669 |
| Weighted Average Number of Ordinary Shares (thousands) | 22 | 80,400 | 80,400 | 80,400 | 80,400 |
| **Basic earnings per share (Rs.)** | | **5.68** | **8.74** | **8.25** | **6.70** |

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

| | Note | Group 2026 | Group 2025 | Company 2026 | Company 2025 |
|---|---|---|---|---|---|
| **11. Dividend per share** | | | | | |
| Dividend declared to shareholders (Rs. '000) | | 522,600 | 482,400 | 522,600 | 482,400 |
| Number of shares in issue (thousands) | 22 | 80,400 | 80,400 | 80,400 | 80,400 |
| Dividends per share (Rs.) | | **6.50** | **6.00** | **6.50** | **6.00** |

**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 2026 Rs. '000 | Total 2025 Rs. '000 |
|---|---|---|---|---|---|---|
| **Cost/revalued amount** | | | | | | |
| Balance as at 1 April 2025 | 23,085 | 4,089 | 9,134 | 30,655 | 66,963 | 66,749 |
| Additions | - | - | 1,580 | - | 1,580 | 214 |
| Disposals/write-off during the year | - | - | (182) | - | (182) | - |
| Other adjustments | - | - | - | - | - | - |
| Impact from revaluation | 11,115 | (1,129) | - | - | 9,986 | - |
| Written off during the year | - | - | - | - | - | - |
| **Balance as at 31 March 2026** | **34,200** | **2,960** | **10,532** | **30,655** | **78,347** | **66,963** |
| **Accumulated depreciation** | | | | | | |
| Balance as at 1 April 2025 | - | 278 | 3,970 | 30,655 | 34,903 | 33,763 |
| Charge for the Year | - | 90 | 1,092 | - | 1,182 | 1,140 |
| Other adjustments | - | - | - | - | - | - |
| Disposals/write-off during the year | - | - | (85) | - | (85) | |
| Impact from revaluation | - | (368) | - | - | (368) | - |
| **Balance as at 31 March 2026** | **-** | **-** | **4,977** | **30,655** | **35,632** | **34,903** |
| **Carrying value** | | | | | | |
| **As at 31 March 2026** | **34,200** | **2,960** | **5,555** | **-** | **42,715** | **-** |
| **As at 31 March 2025** | **23,085** | **3,811** | **5,163** | **-** | **-** | **32,060** |

**As at 31 March,**

## 12. Property, plant and equipment

**Property, plant and equipment - Company**

| | Freehold land Rs. '000 | Freehold building and installation Rs. '000 | Plant/ machinery and equipment Rs. '000 | Motor vehicles Rs. '000 | Total 2026 Rs. '000 | Total 2025 Rs. '000 |
|---|---|---|---|---|---|---|
| **Cost/revalued amount** | | | | | | |
| Balance as at 1 April 2025 | 23,085 | 4,089 | 9,134 | 30,655 | 66,963 | 66,749 |
| Additions | - | - | 1,580 | - | 1,580 | 214 |
| Disposals/write-off during the year | - | - | (182) | - | (182) | - |
| Impact from revaluation | 11,115 | (1,129) | - | - | 9,986 | - |
| **Balance as at 31 March 2026** | **34,200** | **2,960** | **10,532** | **30,655** | **78,347** | **66,963** |
| **Accumulated depreciation** | | | | | | |
| Balance as at 1 April 2025 | - | 278 | 3,970 | 30,655 | 34,903 | 33,763 |
| Charge for the Year | - | 90 | 1,092 | - | 1,182 | 1,140 |
| Disposals/write-off during the year | - | - | (85) | - | (85) | - |
| Impact from revaluation | - | (368) | - | - | (368) | - |
| **Balance as at 31 March 2026** | **-** | **-** | **4,977** | **30,655** | **35,632** | **34,903** |
| **Carrying value** | | | | | | |
| **As at 31 March 2026** | **34,200** | **2,960** | **5,555** | **-** | **42,715** | **-** |
| **As at 31 March 2025** | **23,085** | **3,811** | **5,163** | **-** | **-** | **32,060** |

**12.1** Property, plant and equipment includes fully depreciated assets still in use, the cost of which amounted to Rs. 31,849,826 (2025 - Rs. 31,574,261) 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 2026. Based on the assessment, no impairment provision is required to be made in the financial statements as at reporting date.

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

**12.4 Revaluation of land and building**

A revaluation was done by the valuer (Wikifrank Chartered Valuers (Pvt) Ltd), a qualified independent valuer on 31 March 2026 to reflect the market value of land and building. The valuation method adopted was the Market Comparable Method. The resultant surplus of Rs. 11,115,000 has been credited to the revaluation reserve and a deficit of Rs. 760,830 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 | Land | 31-Mar-26 | 9.5 perches |
| Union Place Colombo 2. | Building | 31-Mar-26 | 4,928 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** |
|---|---|---|
| *Market comparable approach method*<br>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. | * Market value of land - Price per perch - Rs. 18,000,000<br>* Market value of building - Price per sq. ft. - Rs. 3,000<br>* Market value of motor vehicles - Rs. 265,000 to 22,500,000 | Estimated open market price per perch<br>Estimated fair value would increase/(decrease) if the price per perch would increase/(decrease)<br>Estimated fair value would increase/(decrease) if the price per sq. ft. would increase/(decrease)<br>Estimated fair value would increase/(decrease) if the market value of motor vehicle would increase/(decrease) |

*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 | |
|---|---|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** | **2026** | **2025** |
| | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** |
| Land | 14,276 | 14,276 | 34,200 | 23,085 | 14,276 | 14,276 |
| Building | 5,200 | 5,200 | 2,960 | 2,416 | 967 | 967 |
| Motor vehicles | 33,441 | 33,441 | 30,655 | 30,655 | - | - |
| | **52,917** | **52,917** | **67,815** | **56,156** | **15,243** | **15,243** |

**12.9** There were no restrictions on the title of the Property, Plant and Equipment as at 31 March 2026 (2025 - Nil).

**12.10** There were no items of Property, Plant and Equipment pledged as security as at 31 March 2026 (2025 - Nil).

**12.11** There were no temporary idle items of Property, Plant and Equipment as at 31 March 2026 (2025 - Nil).

| | Group | | Company | |
|---|---|---|---|---|
| **As at 31 March,** | **2026** | **2025** | **2026** | **2025** |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |

## 13. Investment property

**13.1 Reconciliation of carrying amount**

| | Group 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 Rs'000 |
|---|---|---|---|---|
| Balance as at 1 April | 755,800 | 697,500 | 755,800 | 697,500 |
| Additions during the year | 38,732 | - | 38,732 | - |
| Change in fair value | 5,468 | 58,300 | 5,468 | 58,300 |
| **Balance as at 31 March** | **800,000** | **755,800** | **800,000** | **755,800** |

**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 | 52,541 sq.ft. |

**13.3 Amounts recognised in profit or loss**

| | Group | | Company | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| Rental income (note 6) | 20,700 | 8,550 | 20,700 | 8,550 |
| 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 | 5,468 | 58,300 | 5,468 | 58,300 |

*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 (Wikifrank Chartered Valuers (Pvt) Ltd), having appropriate recognised professtional 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 |
|---|---|---|
| Building - Cost approach<br>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.<br><br>Land - Market approach<br>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. | * Depreciation rate - 40% Assumed based on the commercial substance of the buildings, age, and its useful life<br>* Per sq.ft. rate - current replacement cost between Rs. 1,500 and Rs. 5,000<br><br>Per perch rate - Rs. 2.4 Mn<br>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. | The estimated fair value would increase/(decrease) if:<br>* the depreciation rate were lower/(higher)<br><br>* the per sq. ft. rate were higher/(lower)<br><br>* the per perch rate were higher/(lower) |

**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.

*13. Investment property (Contd..)*

**13.6 Sensitivity analysis**

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

| | Impact to value of the investment properties | |
|---|---|---|
| | Group | Company |
| | Rs. '000 | Rs. '000 |
| Increase price of average square feet and price per land perch by 1% | 6,227 | 6,227 |
| Decrease price of average square feet and price per land perch by 1% | (6,227) | (6,227) |
| Increase in depreciation rate of buildings by 1% | 1,800 | 1,800 |
| Decrease in depreciation rate of buildings by 1% | (1,800) | (1,800) |

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

| | | Group | | Company | |
|---|---|---|---|---|---|
| **As at 31 March,** | **Note** | **2026** | **2025** | **2026** | **2025** |
| | | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| Cost | | 201 | 201 | 134 | 134 |
| Accumulated amortisation | | (201) | (201) | (134) | (134) |
| **Net book value** | | **-** | **-** | **-** | **-** |

## 15. Deferred tax

| | | Group | | Company | |
|---|---|---|---|---|---|
| **As at 31 March,** | | | | | |
| Balance as at 1 April | | 112,289 | 79,634 | 112,289 | 79,634 |
| Amounts originated to Profit or Loss | 9.5 | 13,432 | 33,040 | 13,432 | 33,040 |
| Amounts originated to OCI | 9.5 | 2,657 | (385) | 2,657 | (385) |
| **Balance as at 31 March** | | **128,378** | **112,289** | **128,378** | **112,289** |

**15.1 Reconciliation of net deferred tax liabilities**

| | Note | Group 2026 | Group 2025 | Company 2026 | Company 2025 |
|---|---|---|---|---|---|
| Deferred tax assets | 15.2 | 4,935 | 4,425 | 4,935 | 4,425 |
| Deferred tax liabilities | 15.3 | (133,312) | (116,714) | (133,312) | (116,714) |
| **Net deferred tax liability** | | **(128,377)** | **(112,289)** | **(128,377)** | **(112,289)** |

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 | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| Tax loss | 977 | 828 | - | - |
| Unrecognised deferred tax asset | 293 | 248 | - | - |

The tax losses of the Group as at the reporting date was Rs. 0.98 Mn (Company: Nil) resulting in a deferred tax asset of Rs. 0.29 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. 0.294 Mn (Company: Nil).

The tax losses of the group have been arised from the YA 2021, 2022, 2024,2025 and 2026 which will be expired in 6 years from the year of assesment.

*15. Deferred tax (Contd..)*

| As at 31 March | Group 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 Rs'000 |
|---|---|---|---|---|
| **15.2 Deferred tax assets** | | | | |
| Defined benefit obligation | 4,935 | 4,425 | 4,935 | 4,425 |
| **Total deferred tax assets** | **4,935** | **4,425** | **4,935** | **4,425** |
| | | | | |
| **15.3 Deferred tax liabilities** | | | | |
| Property, plant and equipment | 135 | 131 | 135 | 131 |
| Fair value gain on investment property revaluation | 127,200 | 113,940 | 127,200 | 113,940 |
| Revaluation gain on land and building | 5,977 | 2,643 | 5,977 | 2,643 |
| **Total deferred tax liabilities** | **133,312** | **116,714** | **133,312** | **116,714** |

## 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.

| | Group 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 Rs'000 |
|---|---|---|---|---|
| **16.2 Carrying value of joint venture** | | | | |
| As at 1 April | 5,757,018 | 5,229,450 | 139,607 | 139,607 |
| Share of profit net of tax | 544,281 | 763,888 | - | - |
| Share of other comprehensive income | | | | |
| - Actuarial gain on retirement benefit obligation | (8,984) | 19 | - | - |
| - Tax on actuarial gain on retirement benefit obligation | 2,695 | (6) | - | - |
| - Gain on revaluation of land | - | 519,525 | | |
| - Tax on revaluation gain | - | (155,858) | - | - |
| Dividends received from CEAT Kelani Holding (Private) Limited | (750,000) | (600,000) | - | - |
| **At 31 March** | **5,545,010** | **5,757,018** | **139,607** | **139,607** |

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

### 16.3 Summarised financial information

| | Joint venture | |
|---|---|---|
| | **2026** | **2025** |
| **Summarised statement of financial position** | **Rs. '000** | **Rs. '000** |
| **Current** | | |
| Cash and cash equivalents | 278,070 | 624,594 |
| Other current assets (excluding cash) | 8,193,177 | 8,721,507 |
| **Total current assets** | **8,471,247** | **9,346,101** |
| | | |
| Financial liabilities | (2,552,818) | (3,735,054) |
| Other current liabilities | (1,149,281) | (929,185) |
| **Total current liabilities** | **(3,702,099)** | **(4,664,239)** |
| | | |
| Non-current assets | 8,352,722 | 8,478,782 |
| Non-current liabilities | (2,031,847) | (1,646,609) |
| **Net assets** | **11,090,023** | **11,514,035** |

| | Joint venture | |
|---|---|---|
| | **2026** | **2025** |
| **Summarised statement of comprehensive income** | **Rs. '000** | **Rs. '000** |
| Domestic revenue | 16,930,693 | 17,775,171 |
| Export revenue | 1,158,057 | 1,261,121 |
| **Total revenue** | **18,088,750** | **19,036,292** |
| Cost of sales | (13,746,064) | (14,167,159) |
| Other operating income | 174,012 | 128,926 |
| Distribution / administrative cost | (2,747,105) | (2,536,676) |
| Finance income | 189,540 | 206,090 |
| Finance cost | (118,723) | (164,453) |
| **Pre-tax profit from continuing operations** | **1,840,410** | **2,503,020** |
| Income tax expense | (751,847) | (975,245) |
| **Post-tax profit from continuing operations** | **1,088,563** | **1,527,775** |
| Other comprehensive income | | |
| Remeasurement of defined benefit obligations | (17,969) | 37 |
| Tax on remeasurement of defined benefit obligation | 5,391 | (11) |
| Gain on revaluation of land | - | 1,039,050 |
| Tax on revaluation gain/(loss) | - | (311,715) |
| **Other comprehensive loss for the year - net of tax** | **(12,578)** | **727,361** |
| **Total comprehensive income** | **1,075,985** | **2,255,136** |

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

*16.3 Summarised financial information (Contd.)*

**Reconciliation of summarised financial information**

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

| | Joint venture | |
|---|---|---|
| **As at 31 March,** | **2026** | **2025** |
| **Summarised financial information** | **Rs. '000** | **Rs. '000** |
| Opening net assets as at 1 April | 11,514,035 | 10,458,899 |
| Profit for the year | 1,088,563 | 1,527,775 |
| Other comprehensive (loss) / income, net of tax | (12,578) | 727,361 |
| Dividend distributed for the year | (1,500,000) | (1,200,000) |
| **Closing net assets** | **11,090,020** | **11,514,035** |
| | | |
| Interest in joint venture @ 50% | 5,545,010 | 5,757,018 |
| **Carrying value** | **5,545,010** | **5,757,018** |

**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**

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.

*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 2026.

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 2026.

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 the Group for which no provisions have been made in the Financial Statements as at 31 March 2026 amounts to Rs. 1,847,481,221/- (2025 - Rs. 227,161,629/-) as follows,

| | 2026<br>Rs. '000 | 2025<br>Rs. '000 |
|---|---|---|
| Associated CEAT (Private) Limited | 40,129 | 58,264 |
| CEAT Kelani International Tyres (Private) Limited | 1,807,352 | 168,897 |
| | **1,847,481** | **227,162** |

**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.

*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.<br>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<br>Primary Mortgage on stocks & receivables on Pari-passu basis. Documents to title to goods for DP bills/accepted bills of exchange for DA bills." |
| 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 mortage 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<br>Additional mortgage over movable P&M for Rs. 150Mn" |
| Bank of Ceylon | OD Facility | Corporate Guarantee of CKH |
| 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 |

*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.

| | Company | |
|---|---|---|
| | 2026 | 2025 |
| **17. Investment in subsidiary** | Rs'000 | Rs'000 |
| Investment in Executive Cars (Private) Limited (1000 ordinary shares) | 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 2026. Based on the assessment, no impairment provision is required to be made in the financial statements as at the reporting date.

| | | Group | | Company | |
|---|---|---|---|---|---|
| **As at 31 March,** | | 2026 | 2025 | 2026 | 2025 |
| | Note | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| **18. Trade and other receivables** | | | | | |
| Prepayments | | 329 | 914 | 329 | 914 |
| VAT receivable | | 6,795 | 897 | 6,795 | 897 |
| Withholding tax receivable | | 25 | - | 25 | - |
| Other receivables | | 5,458 | 1,573 | 5,458 | 1,573 |
| | | **12,607** | **3,384** | **12,607** | **3,384** |
| **19. Amounts due from related parties** | | | | | |
| Receivable from key management personnel | 27.4 | 28,800 | 34,200 | 28,800 | 34,200 |
| | | **28,800** | **34,200** | **28,800** | **34,200** |
| **20. Other investments** | | | | | |
| Government securities and related institutions - at amortised cost | 20.1 | 642,727 | 541,485 | 642,727 | 541,485 |
| Unit trust investments - at FVTPL | 20.2 | 367,789 | 369,091 | 367,789 | 369,091 |
| | | **1,010,516** | **910,576** | **1,010,516** | **910,576** |
| **20.1 Government securities and related institutions** | | | | | |
| Treasury bills | | - | - | - | - |
| Reverse repurchase agreements | | 640,000 | 540,000 | 640,000 | 540,000 |
| Annualised investment return | | 2,727 | 1,485 | 2,727 | 1,485 |
| | | 642,727 | 541,485 | 642,727 | 541,485 |

The above reverse repurchase agreements have a yield rate of 8% and matures on 30 April 2026.

*20. Other investments (Contd.)*

**20.2 Unit trust investments**

| | Group / Company | | | |
|---|---|---|---|---|
| | 2026 | | 2025 | |
| **Investment in unit trust** | **No. of units** | **Fair value** | **No. of units** | **Fair value** |
| NDB Wealth Money Fund | 5,102,223 | 196,843 | 5,528,982 | 198,170 |
| CAL Fixed Income Opportunities Fund | 4,043,927 | 170,946 | 4,473,234 | 170,921 |
| **Total** | **9,146,150** | **367,789** | **10,002,216** | **369,091** |

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.

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | **2026** | **2025** | **2026** | **2025** |
| | **Note** | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| **20.3 Movement in investment in unit trusts** | | | | | |
| As at 1 April | | 369,090 | 370,142 | 369,090 | 370,142 |
| Investments during the year | | - | - | - | - |
| Redemptions during the year | | (30,285) | (36,274) | (30,285) | (36,274) |
| Fair value adjustment | 6 | 28,984 | 35,222 | 28,984 | 35,222 |
| **As at 31 March** | | **367,789** | **369,090** | **367,789** | **369,090** |

## 21. Cash and cash equivalents

| | Group 2026 | Group 2025 | Company 2026 | Company 2025 |
|---|---|---|---|---|
| Cash at bank | 56,689 | 35,292 | 53,066 | 31,521 |
| Fixed deposits maturing within 3 months | 259,899 | 257,244 | 259,899 | 257,244 |
| | **316,588** | **292,536** | **312,965** | **288,765** |

The above fixed deposits have interest rates between 8% and 9.25% (2025: 7.25% and 8%) and matures in three months.

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

| | Group 2026 | Group 2025 | Company 2026 | Company 2025 |
|---|---|---|---|---|
| Cash and bank balances | 316,588 | 292,536 | 312,965 | 288,765 |
| Bank overdrafts | (4,075) | (11,621) | (4,075) | (11,621) |
| | **312,513** | **280,915** | **308,890** | **277,144** |

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

| As at 31 March, | Company 2026 Rs'000 | Company 2025 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 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 Rs'000 |
|---|---|---|---|---|
| **23. Revaluation reserves** | | | | |
| Revaluation reserves of the Company | 29,297 | 22,049 | 29,297 | 22,049 |
| Revaluation reserves of the Joint venture | 1,094,908 | 1,094,908 | - | - |
| **At end of year** | **1,124,205** | **1,116,957** | **29,297** | **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 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 Rs'000 |
|---|---|---|---|---|---|
| **23.1 Revaluation reserve** | | | | | |
| Gross Revaluation surplus | 23.1.1 | 1,390,641 | 1,380,287 | 35,045 | 24,691 |
| Deferred tax on revaluation gain | 23.1.2 | (266,436) | (263,330) | (5,748) | (2,642) |
| **Balance as at 31 March** | | **1,124,205** | **1,116,957** | **29,297** | **22,049** |
| **23.1.1 Movement of Revaluation Surplus** | | | | | |
| Balance as at 1 April | | 1,380,287 | 860,762 | 24,691 | 24,691 |
| Revaluation gain during the year | | 10,354 | 519,525 | 10,354 | - |
| **Balance as at 31 March** | | **1,390,641** | **1,380,287** | **35,045** | **24,691** |
| **23.1.2 Movement of deferred tax** | | | | | |
| Balance as at 1 April | | 263,330 | 107,472 | 2,642 | 2,642 |
| Deferred tax on revaluation gain during the year | | 3,106 | 155,858 | 3,106 | - |
| **Balance as at 31 March** | | **266,436** | **263,330** | **5,748** | **2,642** |

| As at 31 March, | | Group 2026 Rs'000 | Group 2025 Rs'000 | Company 2026 Rs'000 | Company 2025 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 | | 14,751 | 11,156 | 14,751 | 11,156 |
| Current service costs | | 1,341 | 1,029 | 1,341 | 1,029 |
| Interest costs | | 1,356 | 1,283 | 1,356 | 1,283 |
| Actuarial loss recognised in OCI | | 1,498 | 1,283 | 1,498 | 1,283 |
| Benefits paid during the year | | (2,496) | - | (2,496) | - |
| **As at 31 March** | | **16,450** | **14,751** | **16,450** | **14,751** |
| **25.2 Amounts recognised in the statement of profit or loss and other comprehensive income** | | | | | |
| Current service cost | | 1,341 | 1,029 | 1,341 | 1,029 |
| Interest cost | | 1,356 | 1,283 | 1,356 | 1,283 |
| **Cost included in staff costs** | 8.1 | **2,697** | **2,312** | **2,697** | **2,312** |
| Actuarial loss recognised in OCI | | 1,498 | 1,283 | 1,498 | 1,283 |
| | | **1,498** | **1,283** | **1,498** | **1,283** |
| **Total cost** | | **4,195** | **3,595** | **4,195** | **3,595** |
| **25.3 The principal actuarial assumptions used** | | | | | |
| Discount rate | | 10.80% | 11.50% | 10.80% | 11.50% |
| Salary increment rate | | 10.00% | 10.00% | 10.00% | 10.00% |
| Staff turnover rate | | 3.00% | 3.00% | 3.00% | 3.00% |
| Retiring age | | 76 years | 75 years | 76 years | 75 years |
| Weighted average duration of the defined benefit obligation | | 16 years | 13 years | 16 years | 13 years |

A long-term Treasury Bond rate of 10.8 % p.a. (2025– 11.5% p.a.) has been used to discount future liabilities taking into consideration remaining working life of eligible employees. Further, the salary increment rate of 10% is considered appropriate to be in line with the Group's targeted future salary increments when taking into account the current market conditions and inflation rate. The demographic assumptions underlying the valuation with respect to retirement age, early withdrawals from the services and retirement on medical grounds.

*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.

| | | Impact from a change in the assumption | | | |
|---|---|---|---|---|---|
| | Change in assumption | Increase in assumption | | Decrease in assumption | |
| | | Group Rs'000 | Company Rs'000 | Group Rs'000 | Company Rs'000 |
| Discount rate | 1% | (1,391) | (1,391) | 1,574 | 1,574 |
| Salary increment rate | 1% | 1,571 | 1,571 | (1,413) | (1,413) |
| Staff turnover rate | 1% | 81 | 81 | (91) | (91) |
| Retiring age | 1% | (83) | (83) | 143 | 143 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2026 Rs'000 | 2025 Rs'000 | 2026 Rs'000 | 2025 Rs'000 |
| **26. Trade and other payables** | | | | |
| Trade payables | - | - | - | - |
| Accrued expenses | 2,451 | 2,295 | 2,401 | 2,245 |
| Other payables | 3,889 | 2,915 | 3,889 | 2,915 |
| Unclaimed dividends | 106,700 | 81,139 | 106,700 | 81,139 |
| | **113,040** | **86,349** | **112,990** | **86,299** |

## 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 % | |
|---|---|---|---|
| | | 2026 | 2025 |
| Silverstock Limited | Immediate parent | 49.74% | 49.74% |
| 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.

*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 2025 | - | - | - | - |
| Income from investment property and vehicle hiring | 24,963 | - | - | - |
| Dividend income receivable | - | - | - | 750,000 |
| Expense borne on their behalf | 8,019 | 287 | 31,373 | - |
| Receipts during the year | (32,982) | (287) | (31,373) | (750,000) |
| **Closing balance as at 31 March 2026** | **-** | **-** | **-** | **-** |

**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 | |
|---|---|---|---|---|
| | **2026 Rs'000** | **2025 Rs'000** | **2026 Rs'000** | **2025 Rs'000** |
| Fees and short term employee benefits | 103,361 | 82,440 | 103,361 | 82,440 |
| Other benefits to Directors | 30,709 | 54,064 | 30,709 | 54,064 |
| | 134,070 | 136,504 | 134,070 | 136,504 |
| **27.4 Advances given to Directors** | | | | |
| Repayable vehicle advances | 28,800 | 34,200 | 28,800 | 34,200 |

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

## 28. Financial assets and liabilities

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

**Group**

| 31 March 2026 | Note | Financial assets measured at FVTPL Rs. '000 | FVTOCI Rs. '000 | Amortised cost Rs. '000 | Total carrying value Rs. '000 | Total fair value Rs. '000 |
|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | |
| Amounts due from related parties | 19 | - | - | 28,800 | 28,800 | 28,800 |
| Other investments | 20 | 367,789 | - | 642,727 | 1,010,516 | 1,010,516 |
| Cash and cash equivalents | 21 | - | - | 316,588 | 316,588 | 316,588 |
| | | **367,789** | **-** | **988,115** | **1,355,904** | **1,355,904** |

| | Note | Financial liabilities measured at FVTPL Rs. '000 | Amortised cost Rs. '000 | Total carrying value Rs. '000 | Total fair value Rs. '000 |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Trade and other payables | 26 | - | 106,700 | 106,700 | 106,700 |
| Bank overdraft | 21 | - | 4,075 | 4,075 | 4,075 |
| | | **-** | **110,775** | **110,775** | **110,775** |

**Group**

| | Note | Financial assets measured at FVTPL Rs. '000 | FVTOCI Rs. '000 | Amortised cost Rs. '000 | Total carrying value Rs. '000 | Total fair value 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 assets measured at FVTPL Rs. '000 | Amortised cost Rs. '000 | Total carrying value Rs. '000 | Total fair value 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** |

*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**

| | | Financial assets measured at | | | Total carrying | Total fair |
|---|---|---|---|---|---|---|
| | | FVTPL | FVTOCI | Amortised cost | value | value |
| **31 March 2026** | **Note** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** |
| **Financial assets** | | | | | | |
| Amounts due from related parties | 19 | - | - | 28,800 | 28,800 | 28,800 |
| Other investments | 20 | 367,789 | - | 642,727 | 1,010,516 | 1,010,516 |
| Cash and cash equivalents | 21 | - | - | 312,965 | 312,965 | 312,965 |
| | | **367,789** | **-** | **984,492** | **1,352,281** | **1,352,281** |

| | | 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 | - | 106,700 | 106,700 | 106,700 |
| Bank overdraft | 21 | - | 4,075 | 4,075 | 4,075 |
| | | **-** | **110,775** | **110,775** | **110,775** |

**Company**

| | | Financial assets measured at | | | Total carrying | Total fair |
|---|---|---|---|---|---|---|
| | | FVTPL | FVTOCI | Amortised cost | value | value |
| **31 March 2025** | | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** |
| **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** |

### 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).

*28. Financial assets and liabilities (Contd..)*

| **Group / Company** | | | | |
|---|---|---|---|---|
| **31 March 2026** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Unit trust investments | - | 367,789 | - | 367,789 |
| | | | | |
| 31 March 2025 | | | | |
| Unit trust investments | - | 369,091 | - | 369,091 |

## 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** | |
|---|---|---|---|---|
| | **2026 Rs'000** | **2025 Rs'000** | **2026 Rs'000** | **2025 Rs'000** |
| **Variable rate instruments** | | | | |
| Financial assets - Cash at bank | 56,689 | 35,292 | 53,066 | 31,521 |
| | **56,689** | **35,292** | **53,066** | **31,521** |
| **Fixed rate instruments** | | | | |
| Financial assets - Government securities | 642,727 | 541,485 | 642,727 | 541,485 |
| Financial assets - Fixed deposits | 259,899 | 257,244 | 259,899 | 257,244 |
| | 902,626 | 798,729 | 902,626 | 798,729 |

| **Sensitivity analysis** | **Profit impact from change in assumption (Rs.)** | |
|---|---|---|
| | **Group** | **Company** |
| ***Impact from variable rate instruments*** | **Rs. '000** | **Rs. '000** |
| Increase interest rate by 1% | 567 | 531 |
| Decrease interest rate by 1% | (567) | (531) |
| | | |
| ***Impact from fixed rate instruments*** | | |
| Increase interest rate by 1% | 9,026 | 9,026 |
| Decrease interest rate by 1% | (9,026) | (9,026) |

*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** | **Company** |
| | **Rs. '000** | **Rs. '000** |
| Increase price of an unit trust by 1% | 3,678 | 3,678 |
| Decrease price of an unit trust by 1% | (3,678) | (3,678) |

**(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 (2025: 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 | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| | **Rs'000** | **Rs'000** | **Rs'000** | **Rs'000** |
| Upto 6 months | - | - | - | - |
| More than 6 months | - | - | - | - |
| | **-** | **-** | **-** | **-** |

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

*29.2 Market risk (Contd..)*

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2026 | 2025 | 2026 | 2025 |
| | Rating | Rs'000 | Rs'000 | Rs'000 | Rs'000 |
| ***Cash at bank, net of OD*** | | | | | |
| Commercial Bank of Ceylon PLC | A | 4,650 | (6,676) | 1,027 | (10,447) |
| Sampath Bank PLC | A | 47,203 | 29,638 | 47,203 | 29,638 |
| Seylan Bank PLC | A- | 41 | 45 | 41 | 45 |
| DFCC Bank PLC | A- | 379 | 374 | 379 | 374 |
| Union Bank PLC | BBB- | 341 | 291 | 341 | 291 |
| | | **52,614** | **23,672** | **48,991** | **19,901** |
| ***Fixed deposits*** | | | | | |
| Sampath Bank PLC | A | 5,844 | 5,491 | 5,844 | 5,491 |
| Union Bank PLC | BBB- | 254,055 | 251,753 | 254,055 | 251,753 |
| | | **259,899** | **257,244** | **259,899** | **257,244** |
| ***Treasury bills*** | | | | | |
| Sri Lanka Government | C | 642,727 | 541,485 | 642,727 | 541,485 |

**(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** |
|---|---|---|---|---|---|
| **As at 31 March 2026** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** |
| Bank overdrafts | 4,075 | - | - | - | 4,075 |
| Trade and other payables | 113,040 | - | - | - | 113,040 |
| | **117,115** | **-** | **-** | **-** | **117,115** |
| | | | | | |
| **As at 31 March 2025** | | | | | |
| Bank overdrafts | 11,621 | - | - | - | 11,621 |
| Trade and other payables | 86,349 | - | - | - | 86,349 |
| | **97,970** | **-** | **-** | **-** | **97,970** |

*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 |
|---|---|---|---|---|---|
| **As at 31 March 2026** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** | **Rs. '000** |
| Bank overdrafts | 4,075 | - | - | - | 4,075 |
| Trade and other payables | 112,990 | - | - | - | 112,990 |
| | **117,065** | **-** | **-** | **-** | **117,065** |
| **As at 31 March 2025** | | | | | |
| Bank overdrafts | 11,621 | - | - | - | 11,621 |
| Trade and other payables | 86,299 | - | - | - | 86,299 |
| | **97,920** | **-** | **-** | **-** | **97,920** |

## 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 2026 and 31 March 2025 were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2026 Rs'000** | **2025 Rs'000** | **2026 Rs'000** | **2025 Rs'000** |
| Total borrowings | - | - | - | - |
| Less: Cash and cash equivalents, net of bank overdraft | (312,513) | (280,915) | (308,890) | (277,144) |
| **Net (cash)/debt** | **(312,513)** | **(280,915)** | **(308,890)** | **(277,144)** |
| Total equity | 7,506,150 | 7,571,823 | 2,097,184 | 1,950,098 |
| **Total capital** | **7,193,637** | **7,290,908** | **1,788,294** | **1,672,954** |
| **Gearing ratio** | **0.00** | **0.00** | **0.00** | **0.00** |

The Group and the Company are significantly equity funded as at 31 March 2026 and as at 31 March 2025.

**31. Commitments and contingencies**

There were no any commitments and contingent liabilities relating to the Company as at 31 March 2026. 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 2026.

**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 Ordinery shares of Kelani Tyres PLC are listed with Colombo Stock Exchange.

## 2. SHAREHOLDING AS AT 31ST MARCH 2026

| | | | 2025/2026 | | | 2024/2025 | | |
|---|---|---|---|---|---|---|---|---|
| | | | No. of Holders | No. of Shares | % | No. of Holders | No. of Shares | % |
| FROM | 1 | 1,000 | 8,208 | 2,138,696 | 2.66 | 7,504 | 2,012,132 | 2.50 |
| | 1,001 | 10,000 | 1,825 | 5,160,552 | 6.42 | 1,722 | 4,819,700 | 5.99 |
| | 10,001 | 100,000 | 204 | 5,860,482 | 7.29 | 179 | 5,134,189 | 6.39 |
| | 100,001 | 1,000,000 | 38 | 9,584,640 | 11.92 | 43 | 9,456,349 | 11.76 |
| | 1,000,001 | & Over | 7 | 57,655,630 | 71.71 | 7 | 58,977,630 | 73.36 |
| | | | **10,282** | **80,400,000** | **100.00** | **9,455** | **80,400,000** | **100.00** |

## 3. CATEGORIES OF SHAREHOLDERS AS AT 31ST MARCH 2026

| | 2025/2026 | | | 2024/2025 | | |
|---|---|---|---|---|---|---|
| | No of Holders | No. of Shares | % | No of Holders | No. of Shares | % |
| Local Individuals | 10,007 | 23,566,388 | 29.31 | 9,157 | 22,007,724 | 27.37 |
| Local Institutions | 207 | 55,811,932 | 69.42 | 230 | 57,422,433 | 71.42 |
| Foreign Individuals | 64 | 870,377 | 1.08 | 65 | 861,490 | 1.07 |
| Foreign Institutions | 4 | 151,303 | 0.19 | 3 | 108,353 | 0.13 |
| | **10,282** | **80,400,000** | **100** | **9,455** | **80,400,000** | **100** |

## 4 PUBLIC SHARE HOLDING AS AT 31ST MARCH 2026 - 46.812% comprising of 10,274 shareholders(as at 31.03.2025 - 46.958% - 9,448 shareholders )

## 5 FLOAT ADJUSTED MARKET CAPITALIZATION AS AT 31ST MARCH 2026 -Rs. 3,033,513,909.40

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

| | 2025/2026 | (Rs.) | 2024/2025 | (Rs.) |
|---|---|---|---|---|
| Market value of Ordinery Shares | 31st Mar 2026 | 80.60 | 31st Mar 2025 | 80.90 |
| Highest value recorded | 13th Aug 2025 | 110.50 | 03rd Jan 2025 | 94.00 |
| Lowest value recorded | 08th Apr. 2025 | 76.70 | 01st Apr. 2024 | 69.00 |

# *Twenty Largest Shareholders as at 31 March 2026*

| | 2025/2026 | | 2024/2025 | |
|---|---|---|---|---|
| | No of Shares | % Holding | No of Shares | % Holding |
| Silverstock Limited | 39,994,246 | 49.744 | 39,994,246 | 49.744 |
| Mr. H M Udeshi | 5,518,474 | 6.864 | 5,458,474 | 6.789 |
| Bank of Ceylon A/C Ceybank Unit Trust | 5,123,886 | 6.373 | 6,123,886 | 7.617 |
| Employees Trust Fund Board | 2,453,639 | 3.052 | 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 |
| J. B. Cocoshell (Pvt) Ltd | 664,067 | 0.826 | 164,067 | 0.204 |
| 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 |
| Mona Exports (Pvt) Limited | 597,228 | 0.743 | 261,396 | 0.325 |
| Mr. A. M. Weerasinghe | 520,000 | 0.647 | 520,000 | 0.647 |
| Sampath Bank PLC / Aruna Enterprises (Pvt) Ltd | 437,600 | 0.544 | 437,600 | 0.544 |
| Mrs. K. Pusparaja | 426,172 | 0.530 | 441,672 | 0.549 |
| Mr. B Pobran | 350,240 | 0.436 | 350,240 | 0.436 |
| Mr. S. M. Sangani | 334,044 | 0.415 | - | - |
| 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 | 305,500 | 0.380 |
| Mrs. N. Mulji | 290,694 | 0.362 | 290,694 | 0.362 |
| Mr. T. T. T. Al-Nakib (Deceased) | 250,000 | 0.311 | 250,000 | 0.311 |
| MR. J.D. Bandarnayake & Miss. N.Bandaranayake, Dr. (Mrs.) V.Bandaranayake | 248,774 | 0.309 | 183,774 | 0.229 |
| MR. J.D. Bandarnayake & Dr. (Mrs) V.Bandaranayake, Miss I.Bandaranayake | 237,642 | 0.296 | 172,642 | 0.215 |
| Mr. Z G Carimjee | 234,533 | 0.292 | 234,533 | 0.292 |
| Mr. S. Sivajeevan | 225,000 | 0.280 | 200,000 | 0.249 |
| Mr. R. Gautam | 174,099 | 0.217 | 155,700 | 0.194 |
| Sithlanka (Private) Limited | 172,000 | 0.214 | 172,000 | 0.214 |
| Miss. S. Durga | 167,400 | 0.208 | 167,400 | 0.208 |
| People's Leasing & Finance PLC / Mr. M. Z. M. Wafik | 165,900 | 0.206 | 193,545 | 0.241 |
| Mr. J. M. S. Brito & Mrs. B. S. Brito | 165,000 | 0.205 | 165,000 | 0.205 |
| Mrs. A. R. N. Perera | 163,800 | 0.204 | 200,800 | 0.250 |

# Performance Highlights

| | GROUP (Investment in JV Accounted for on Equity Method) | | | | | COMPANY | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 |
| **(amounts in Sri Lanka Rupees thousands)** | | | | | | | | | | |
| **Gross Sales (after discounts)** | | | | | | | | | | |
| Local | - | - | - | 839 | 339,187 | - | - | - | - | 338,318 |
| **Trading Profitability** | | | | | | | | | | |
| Net Sales | - | - | - | 839 | 314,062 | - | - | - | - | 313,257 |
| Cost of Sales | - | - | - | (292) | (292,480) | - | - | - | - | (291,605) |
| Gross Profit | - | - | - | 547 | 21,582 | - | - | - | - | 21,652 |
| **Other Operating Income** | | | | | | | | | | |
| Rent Income | 20,700 | 8,550 | 5,257 | 6,170 | 6,108 | 20,700 | 8,550 | 5,257 | 6,170 | 6,108 |
| Hire Income | | | | | | | | | | |
| Interest Income | | | | | | | | | | |
| Dividend Income | - | - | - | - | - | 750,000 | 600,000 | 500,000 | 860,000 | 580,500 |
| Others | 31,134 | 37,828 | 69,066 | 56,037 | 1,431 | 31,134 | 37,828 | 69,066 | 55,804 | 1,430 |
| Net gain from fair value adjustment on Investment Property | 5,468 | 58,300 | 50,788 | 82,721 | 71,400 | 5,468 | 58,300 | 50,788 | 82,721 | 71,400 |
| **Expenditure** | | | | | | | | | | |
| Distribution cost | - | - | - | - | - | - | - | - | - | - |
| Administrative Expenditure | (196,284) | (202,384) | (169,495) | (160,441) | (134,341) | (195,533) | (202,245) | (169,291) | (162,642) | (133,956) |
| Other Operating Expenses | - | - | - | - | - | - | - | - | - | - |
| Finance (Cost)/Income | 80,008 | 82,654 | 159,680 | 66,328 | 17,545 | 80,008 | 82,654 | 159,680 | 66,328 | 17,545 |
| Minority Interest | - | - | - | - | - | | | | | |
| Share of results of joint venture | 544,281 | 763,888 | 871,215 | 1,053,395 | 846,419 | - | - | - | - | - |
| Income tax | (28,290) | (46,418) | (39,592) | (37,990) | - | (28,290) | (46,418) | (39,592) | (37,990) | - |
| **Net Profit (after tax)** | **457,017** | **702,418** | **946,918** | **507,790** | **830,141** | **663,487** | **538,669** | **575,908** | **870,391** | **564,676** |
| **Financial Position (Rs.'000)** | | | | | | | | | | |
| Market value per share as at 31 March Rs. | 80.60 | 80.90 | 70.00 | 59.40 | 57.90 | 80.60 | 80.90 | 70.00 | 59.40 | 57.90 |

# Financial Review of the Group

| For the year ended 31st March | 2025/2026<br>Rs. '000 | 2024/2025<br>Rs. '000 | 2023/2024<br>Rs. '000 | 2022/2023<br>Rs. '000 | 2021/2022<br>Rs. '000 |
|---|---|---|---|---|---|
| **Sales** | - | - | - | 839 | 314,062 |
| **Gross Profit** | - | - | - | 547 | 21,582 |
| **Operating Profit Before Tax & interest** (with share of results of joint venture) | 405,299 | 666,181 | 826,831 | 479,452 | 812,596 |
| **Profit After Taxation & Minority interest** | 457,017 | 702,418 | 946,918 | 507,790 | 830,141 |
| **Share Capital & Reserves** | | | | | |
| Stated Capital | 402,000 | 402,000 | 402,000 | 402,000 | 402,000 |
| Revaluation & other reserve | 1,124,205 | 1,116,957 | 753,290 | 753,290 | 825,819 |
| Accumulated Profit/ (losses) | 5,979,945 | 6,052,866 | 5,833,735 | 5,341,208 | 5,181,907 |
| Shareholders' Funds | 7,506,150 | 7,571,823 | 6,989,025 | 6,496,498 | 6,409,726 |
| Minority Interest | | | | | |
| **Assets & (Liabilities)** | | | | | |
| Current Assets | 1,380,368 | 1,251,955 | 1,202,432 | 1,126,720 | 779,217 |
| Current Liabilities | (117,115) | (97,970) | (82,553) | (165,462) | (250,214) |
| **Net Current Assets** | **1,263,253** | **1,153,985** | **1,119,879** | **961,258** | **529,003** |
| Non Current Assets | 6,387,725 | 6,544,878 | 5,959,936 | 5,583,640 | 5,888,822 |
| Non Current Liabilities | (144,828) | (127,040) | (90,790) | (48,400) | (8,098) |
| | **7,506,150** | **7,571,823** | **6,989,025** | **6,496,498** | **6,409,726** |
| **Ratio Analysis** | | | | | |
| Gross Profit Margine | 0% | 0% | 0% | 0% | 7% |
| Earnings per Share(Rs) | 5.68 | 8.74 | 11.78 | 6.32 | 10.33 |
| Dividend per share | 6.50 | 6.00 | 5.00 | 5.00 | 5.00 |
| Dividend payout ratio | 114.35% | 68.68% | 42.45% | 79.17% | 48.43% |
| Net Assets per Share(Rs) | 93.36 | 94.18 | 86.93 | 80.80 | 79.72 |
| Assets Uitilization -(Times) | - | - | - | 0.00 | 0.05 |
| Current Ratio (Times) | 11.79 | 12.78 | 14.57 | 6.81 | 3.11 |
| Bank Borrowings(excl. OD) as a % of Total Assets | 0.00% | 0.00% | 0.00% | 0.00% | 0.16% |
| Gearing Ratio | - | - | - | - | - |

# Consolidation Analysis

**Statement of Comprehensive Income**

| | Company Twelve Months ended 31st Mar. 2026 Rs.'000 | EC Twelve Months ended 31st Mar. 2026 Rs.'000 | Group Twelve Months ended 31st Mar. 2026 Rs.'000 |
|---|---|---|---|
| Sales | - | - | - |
| Cost of Sales | - | - | - |
| Gross Profit | - | - | - |
| Other Operating Income/(expense) | 801,834 | - | 51,834 |
| Net gain from fair value adjustment on Investment Property | 5,468 | - | 5,468 |
| Administrative Expenses | (194,351) | (751) | (195,102) |
| Depreciation | (1,182) | - | (1,182) |
| **(Loss)/ profit from Operations** | 611,769 | (751) | (138,982) |
| Finance Income/(Costs) | 80,008 | - | 80,008 |
| Share of results of joint venture net of tax | Nill | Nill | 544,281 |
| **Profit before tax** | 691,777 | (751) | 485,307 |
| Income Tax | (28,290) | - | (28,290) |
| **Profit for the year** | 663,487 | (751) | 457,017 |
| **Other Comprehensive Income** | | | |
| Share of other comprehensive income from Company | 6,199 | - | 6,199 |
| Share of other comprehensive income from joint venture | - | - | (6,289) |
| **Total Comprehensive Income for the year** | **669,686** | **(751)** | **456,927** |
| Basic earnings per share - Rs. | 8.25 | (751.40) | 5.68 |

*EC- Executive Cars (Pvt) Ltd

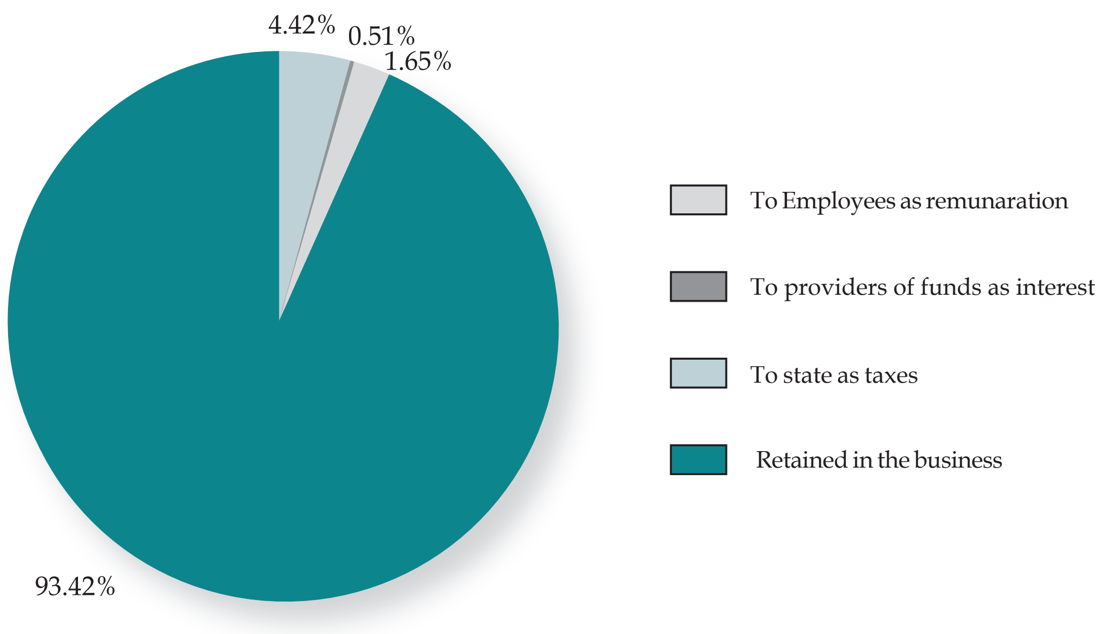
# Consolidation Analysis

**Statement of financial position**

| | Company Twelve Months ended 31st Mar. 2026 | EC Twelve Months ended 31st Mar. 2026 | Group Twelve Months ended 31st Mar. 2026 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non - Current Assets** | | | |
| Property, Plant & Equipment | 42,715 | - | 42,715 |
| Investment Property | 800,000 | - | 800,000 |
| Intangible Asset | - | - | - |
| Deferred income tax assets | - | - | - |
| Investment in Joint Venture | 139,607 | - | 5,545,010 |
| Investment in Subsidiary | 10 | - | Nil |
| | **982,332** | **-** | **6,387,725** |
| **Current Assets** | | | |
| Trade and Other Receivables | 12,607 | - | 12,607 |
| Amounts due from related parties | 28,800 | | 28,800 |
| Income Tax Receivables | 11,857 | - | 11,857 |
| OtherInvestments | 1,010,516 | | 1,010,516 |
| Cash and Cash Equivalents | 312,965 | 3,623 | 316,588 |
| | 1,376,745 | 3,623 | 1,380,368 |
| **Total Assets** | **2,359,077** | **3,623** | **7,768,093** |
| **EQUITY AND LIABILITIES** | | | |
| **Capital and Reserves** | | | |
| Stated Capital | 402,000 | 10 | 402,000 |
| Revaluation and Other Reserves | 29,297 | - | 1,124,205 |
| Retained Earnings/(Accumulated Losses) | 1,665,887 | 3,563 | 5,979,945 |
| | **2,097,184** | **3,573** | **7,506,150** |
| **Non - Current Liabilities** | | | |
| Defined Benefit Obligations | 16,450 | | 16,450 |
| Deffered Tax Liability | 128,378 | Nil | 128,378 |
| | **144,828** | **-** | **144,828** |
| **Current Liabilities** | | | |
| Trade and Other Payables | 112,990 | 50 | 113,040 |
| Provision for Taxation | - | Nil | - |
| Borrowings | - | Nil | - |
| Bank Overdraft | 4,075 | Nil | 4,075 |
| | 117,065 | 50 | 117,115 |
| Total Liabilities | 261,893 | 50 | 261,943 |
| **Total Equity and Liabilities** | **2,359,077** | **3,623** | **7,768,093** |
| Net Asset value per Share -Rs. | 26.08 | 3,572.62 | 93.36 |

*EC- Executive Cars (Pvt) Ltd

# *Statement of Value Added*




| | 2025/2026 | % | 2024/2025 | % |
|---|---|---|---|---|
| Turnover | - | 0.00% | - | 0.00% |
| Other Income | 891,130 | 120.14% | 788,755 | 125.59% |
| Cost of Material & Services Purchased | (149,368) | -20.14% | (160,722) | -25.59% |
| | **741,762** | **100%** | **628,033** | **100%** |
| **Distributed as follows** | | | | |
| To Employess as remuneration | 32,781 | 4.42% | 26,619 | 4.24% |
| To providers of funds as interest | 3,820 | 0.51% | 1,423 | 0.23% |
| To State as taxes | 12,202 | 1.65% | 13,763 | 2.19% |
| To Transactions with Owners of the Group | 522,600 | 70.45% | 482,400 | 76.81% |
| Retained in the business | | | | |
| Depriciation | 1,182 | 0.16% | 1,140 | 0.18% |
| Reserves | 691,777 | 93.26% | 585,088 | 93.16% |
| Dividend paid (out of dividends received) | (522,600) | -70.45% | (482,400) | -76.81% |
| | **741,762** | **100%** | **628,033** | **100%** |

# JOINT VENTURE

## PERFORMANCE HIGHLIGHTS

# Summarised Income Statement

**Ceat Kelani Associated Holdings (Pvt) Ltd - Consolidated**

*(amounts in Sri Lanka Rupees thousands)*

| | 2025/26 | 2024/25 | 2023/24 | 2022/23 | 2021/22 |
|---|---|---|---|---|---|
| Production (MT) | 14,914 | 15,077 | 11,979 | 10,776 | 19,454 |
| Total Sales (MT) | 15,396 | 15,158 | 12,865 | 10,294 | 19,414 |
| Domestic Sales | 16,930,693 | 17,775,172 | 16,116,938 | 14,082,217 | 15,938,632 |
| Export Sales | 1,158,057 | 1,261,121 | 1,283,860 | 1,349,823 | 747,685 |
| Total Sales | 18,088,751 | 19,036,292 | 17,400,798 | 15,432,039 | 16,686,317 |
| Cost of Sales | (13,746,064) | (14,167,159) | (12,901,543) | (12,200,420) | (12,744,603) |
| Contribution | 4,342,687 | 4,869,133 | 4,499,255 | 3,231,619 | 3,941,714 |
| Distribution/Administrative Cost | (2,747,105) | (2,536,676) | (2,428,852) | (1,829,241) | (2,070,002) |
| Finance Income / Cost (net) | 70,817 | 41,637 | (4,362) | 54,798 | 116,995 |
| Other Operating Income | 174,012 | 128,926 | 154,372 | 63,223 | 42,708 |
| PBT | 1,840,410 | 2,503,020 | 2,220,413 | 1,520,398 | 2,031,416 |
| Taxation | (751,846) | (975,245) | (477,984) | (531,562) | (338,578) |
| PAT | 1,088,564 | 1,527,775 | 1,742,429 | 988,836 | 1,692,837 |
| PBDT | 2,656,480 | 3,263,816 | 2,859,027 | 2,096,874 | 2,520,997 |

# *Summarised Financial Position*

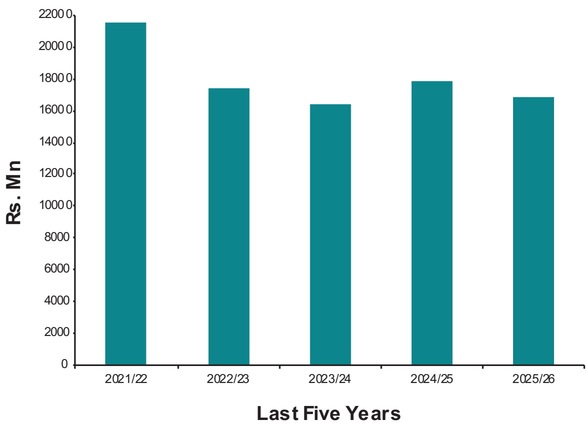
**Ceat Kelani Associated Holdings (Pvt) Ltd - Consolidated**

***(amounts in Sri Lanka Rupees thousands)***

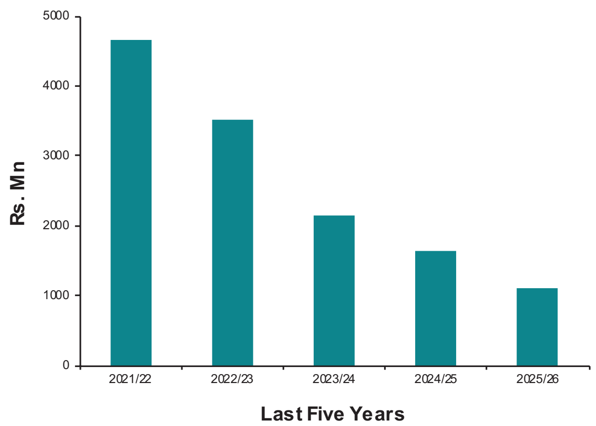
| | **31-03-2026** | **31-03-2025** | **31-03-2024** | **31-03-2023** | **31-03-2022** |
|---|---|---|---|---|---|
| Non-Current Assets | 8,352,722 | 8,478,782 | 7,626,440 | 7,665,471 | 7,286,938 |
| Current Assets | 8,471,246 | 9,346,101 | 8,829,492 | 9,795,281 | 14,248,837 |
| **Total Assets** | **16,823,968** | **17,824,883** | **16,455,932** | **17,460,752** | **21,535,776** |
| Capital and Reserves | 11,090,021 | 11,514,035 | 10,458,899 | 9,819,206 | 10,582,410 |
| Non-Current Liabilities | 2,031,847 | 1,646,609 | 839,487 | 729,100 | 1,011,001 |
| Current Liabilities | 3,702,100 | 4,664,239 | 5,157,546 | 6,912,446 | 9,942,365 |
| **Total Assets Equity & Liabilities** | **16,823,968** | **17,824,883** | **16,455,932** | **17,460,752** | **21,535,776** |

# Performance Highlights - Joint Venture

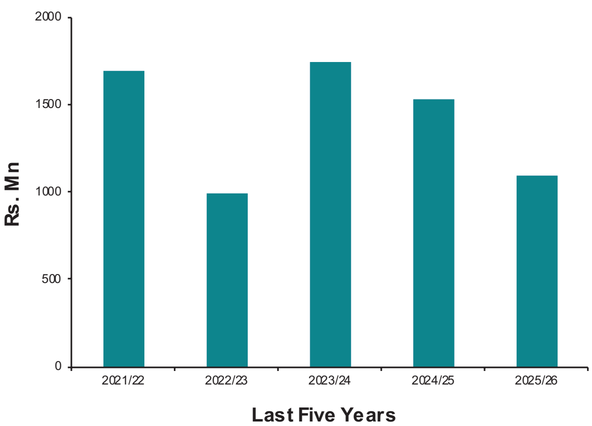
## Total Assets Employed



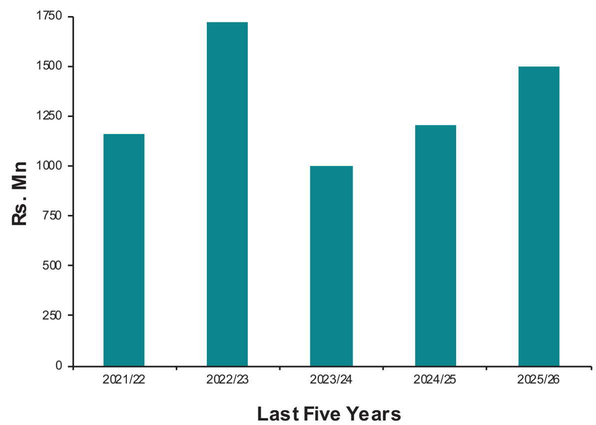

## Total Borrowings



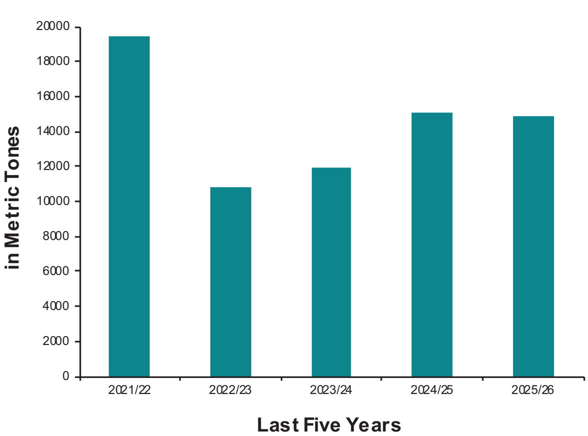

## Profit After Tax



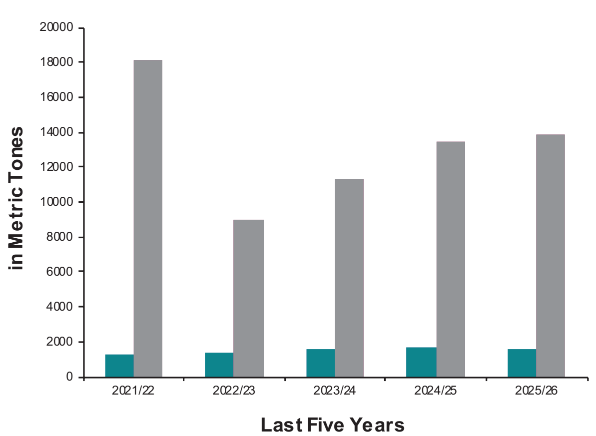

## Ordinary Dividends




## Production




## Exports / Local



# *Notice of Meeting*

**NOTICE IS HEREBY GIVEN** that the Thirty Second (32nd ) Annual General Meeting of KelaniTyres PLC will be held at the Ruby Room, Marino Beach Hotel Colombo, No. 590, Marine Drive, Colombo 3 on Tuesday, 22nd September 2026 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 2026 and the Report of the Auditors thereon.

2 To re-elect Mr. R. P. Weerasooria, 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 84 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 84 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-appoint Messrs. KPMG, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration.

5 To authorize the Directors to determine donations for the year ending 31st March 2027 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 21 day of August 2026
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.

# *Notes*

# Notes

# *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 | or failing him* |
| Mr Rohan Thilak Fernando | or failing him* |
| Mr Eraj Triantha Fernando | or failing him* |
| Mr Rajinda Priyanjit Weerasooriya | or failing him* |
| Mr Prabodha Samarasekera | or failing him* |
| Ms Rajapaksa Mudiyanselage Rachini Dhanika Rajapaksa | or failing her* |
| Ms Samalee Saroja Jayatilaka | |

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 Second (32nd ) Annual General Meeting of the Company to be held on 22nd September 2026 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. R. P. Weerasooria, who retires by rotation in terms of Articles 84 and 85 of the Articles of Association, as a Director. | | |
| (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 84 years of age, as a Director of the Company. | | |
| (3) | To re-appoint Messrs. KPMG, Chartered Accountants, as the Auditors of the Company and to authorize the Directors to determine their remuneration. | | |
| (4) | To authorize the Directors to determine donations for the year ending 31st March 2027 and up to the date of the next Annual General Meeting. | | |

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

...............................................
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 (NIC), signing in the space provided and inserting the date of signature.

2. The Proxy shall –
   (a) In the case of an individual shareholder, be signed by the shareholder or by his/her attorney. Where the Proxy is signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy, unless such Power of Attorney has already been registered with the Company; and

   (b) In the case of a company or corporate / statutory body, be executed either 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, Constitution or 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 may vote at his/her discretion.

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 20th September 2026.