



LAL LANKA ASHOK LEYLAND PLC

BEYOND THE MOBILITY

ANOTHER YEAR OF SUCCESS

ANNUAL
REPORT
2024 / 25

VISION

To be the leading corporate stakeholder in the nation's transportation infrastructure

MISSION

To cultivate a flexible and productive workforce centered on our customer's needs and requirements, capable of swiftly adapting and innovating transport solutions to become the most trusted partner for mobility solutions in the Country





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ABOUT THE COMPANY

Lanka Ashok Leyland PLC was incorporated in 1982 as a joint venture between Sri Lanka and India, with 41.77% of the Share Capital held by Lanka Leyland (Pvt) Limited, a fully owned Company of the Government of Sri Lanka and 27.85% of the Share Capital held by Ashok Leyland Limited - India. The Company was Listed on the Colombo Stock Exchange in 1983. The registered office and the main factory is located at Panagoda, Homagama: there are presently 13 sales outlets and 12 authorized service centers spread throughout the country.

MAIN BUSINESS ACTIVITIES

The main Business activities of Lanka Ashok Leyland PLC are:

- Import of Semi-Knocked-Down (SKD) Chassis and assembly of Ashok Leyland commercial vehicles, with technical assistance from Ashok Leyland Limited, India.
- Import and marketing of Commercial Vehicles, Spare Parts and Power Generators.
- Fabrication of steel and aluminum bodies for Trucks.
- Truck body fabrication for special requirements.
- Rehabilitation of old and accidental vehicles.
- Providing of day to day repairs and maintenance services, including provision of spare parts.
- Providing vehicles on hire.

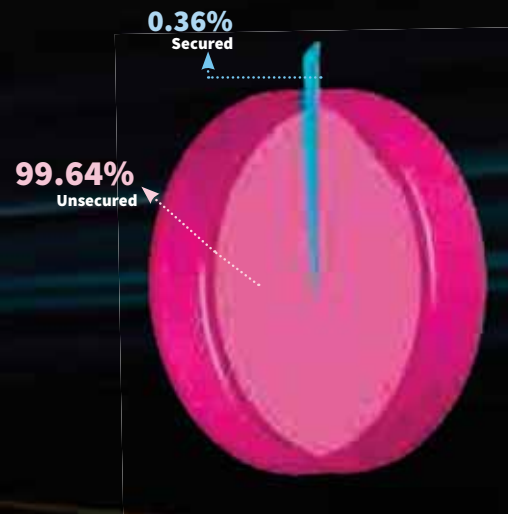
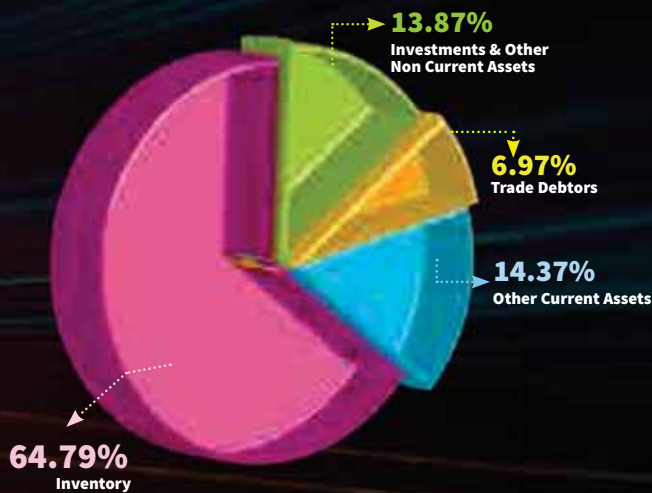
Lanka Ashok Leyland PLC is a ISO 9001:2015 certified Company for Quality Management System of Marketing, Assembly, Body Building and Repair of Commercial Vehicles.

FINANCIAL HIGHLIGHTS

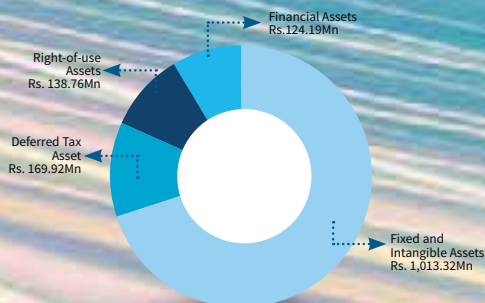
NET WORTH
Rs.6,038.51Mn

TOTAL ASSETS
Rs.10,424.19Mn

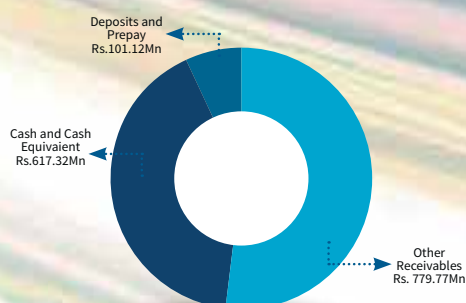
TOTAL LIABILITIES
Rs. 4,385.68Mn



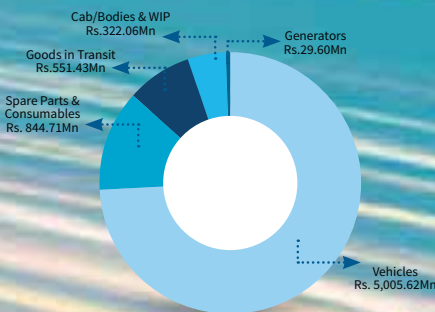
INVESTMENTS & OTHER NON CURRENT ASSETS



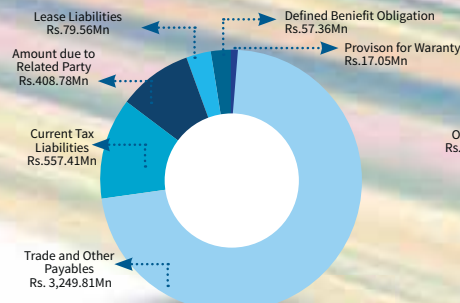
OTHER CURRENT ASSETS



INVENTORY



UNSECURED LIABILITIES

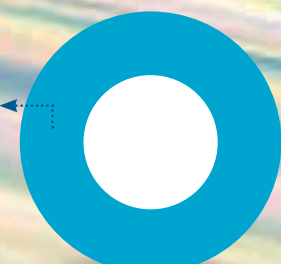


TRADE DEBTORS



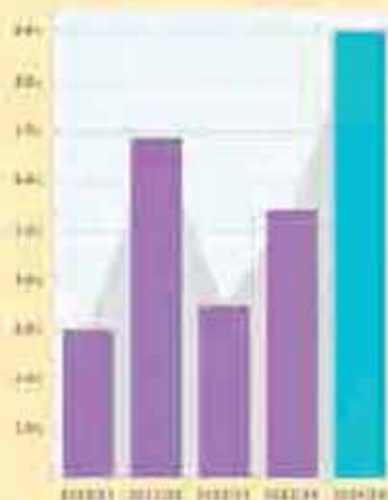
SECURED LIABILITIES

Bank Overdraft
Rs. 15.71Mn

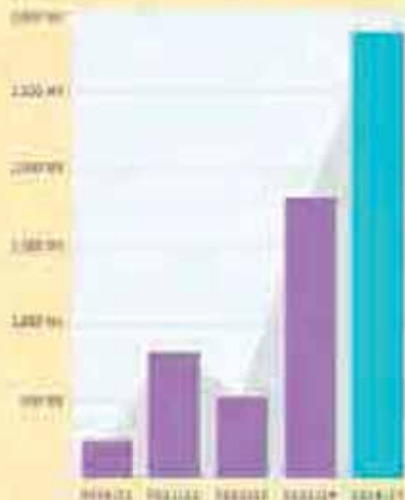


FINANCIAL HIGHLIGHTS (Contd.)

REVENUE
Rs. 9,003,641,728



GROSS PROFIT
Rs. 2,875,483,117



PROFIT AFTER TAX
Rs. 1,531,027,028



EARNING PER SHARE
Rs. 422.84





NET ASSET PER SHARE
Rs. 1,657.71














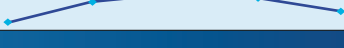







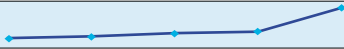




DIVIDEND PER SHARE
Rs. 20



 PREVIOUS YEARS
  CURRENT YEAR

FINANCIAL HIGHLIGHTS (Contd.)

KEY PERFORMANCE INDICATORS	THIS YEAR 2024/25	LAST YEAR 2023/24		% CHANGE	5 YEAR TREND
OPERATING RESULTS					
TURNOVER (Rs.)	9,003,641,728	5,404,387,774	↑	67%	
GROSS PROFIT (Rs.)	2,875,483,117	1,814,416,037	↑	58%	
OPERATING PROFIT (Rs.)	2,117,598,920	1,201,243,399	↑	76%	
PROFIT BEFORE TAX (Rs.)	2,216,604,543	1,253,152,498	↑	77%	
PROFIT AFTER TAX (Rs.)	1,531,027,028	857,786,897	↑	78%	
DIVIDEND PROPOSED / PAID (Rs.)	72,416,860	54,312,645	↑	33%	
CAPITAL STRUCTURE					
EQUITY (Rs.)	6,038,510,051	4,589,396,879	↑	32%	
PROFITABILITY INDICATOR RATIOS					
GROSS PROFIT MARGIN (%)	31.9%	33.6%	↓	-1.7%	
NET PROFIT MARGIN (%)	17.0%	15.9%	↑	1.1%	
RETURN ON ASSETS (%)	14.7%	11.3%	↑	3.4%	
RETURN ON EQUITY (%)	25.4%	18.7%	↑	6.7%	
RETURN ON CAPITAL EMPLOYED (%)	35.1%	26.2%	↑	8.9%	
LIQUIDITY MEASUREMENT RATIOS					
CURRENT RATIO (NO OF TIMES)	2.07	2.13	↓	-2.9%	
QUICK RATIO (NO OF TIMES)	0.49	0.85	↓	-42%	
DEBT RATIOS					
INTEREST COVER (NO OF TIMES)	249.78	121.90	↑	105%	
EQUITY RATIOS					
NET ASSET PER SHARE (Rs.)	1,667.71	1,267.49	↑	32%	
EARNINGS PER SHARE (Rs.)	422.84	236.90	↑	78%	
DIVIDEND PER SHARE (Rs.)	20.00	15.00	↑	33%	
PRICE EARNINGS RATIO	2.24	2.91	↓	-23%	
DIVIDEND PAYOUT (%)	5%	6%	↓	-1%	
MARKET VALUE PER SHARE (Rs.)	950.00	690.25	↑	38%	
HIGHEST MARKET VALUE (Rs.)	1,199.00	820.00	↑	46%	
LOWEST MARKET VALUE (Rs.)	675.00	576.00	↑	17%	
MARKET CAPITALIZATION (Rs.)	3,439,800,850	2,499,286,881	↑	38%	



THE CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Stakeholder,

It is with great satisfaction and measured optimism that I present the performance review of Lanka Ashok Leyland PLC for the financial year ending 31st March 2025. Against a backdrop of macroeconomic recovery in Sri Lanka, the company delivered another successful year, building on its strengths and reaffirming its leadership in the country's commercial vehicle industry.

Economic Environment

Sri Lanka's economy demonstrated a clear and encouraging recovery during the year, achieving an estimated GDP growth of approximately 5% following two consecutive years of economic contraction. This growth was driven by recovering domestic demand, increased industrial activity, and positive reforms. Inflation declined progressively throughout the year, reaching low single digits by March 2025 reflecting easing food and fuel prices alongside effective monetary policy.

The reduction in inflation allowed the Central Bank to lower policy interest rates throughout the year to 7.75% as of March 2025, providing a boost to private investment and easing borrowing costs for businesses.

Government finances also improved, with stronger tax revenue collection and controlled expenditure helping to narrow the budget deficit. The trade balance benefited from increased remittances and export growth, particularly in apparel and tea, while import restrictions continued to moderate outbound payments.

Tourism, a vital pillar of the economy, rebounded with arrivals surpassing 2 Mn in 2024, supported by targeted promotions and a more stable global environment. The outlook for 2025 remains positive, with expectations of continued growth in tourist inflows, further enhancing demand in the passenger transport segment.

The country concluded both presidential and parliamentary elections in late 2024, ushering in political stability and a strengthened mandate for reform. The IMF Extended Fund Facility programme remained on track, with the fourth review completed in March 2025. This unlocked a staff-level agreement for USD 344 Mn and affirmed continued multilateral support. Official reserves reached USD 6.5 Bn by the end of the fiscal year. These positives helped Sri Lanka maintain a relatively stable exchange rate throughout the year. The Central Bank of Sri Lanka has projected GDP growth of above 3% for 2025, underpinning a cautiously optimistic outlook.

Operational & Financial Performance

Lanka Ashok Leyland achieved a remarkable 67% growth in revenue, rising to LKR 9.0 Bn from LKR 5.4 Bn the previous year. The company's five core revenue streams—new vehicle sales, diesel generators, vehicle repairs, spare parts, and vehicle hiring—each play a distinct role in supporting overall growth. This diversified structure has enabled the company to navigate market shifts more effectively while capturing opportunities across both product and service lines. New vehicle sales grew strongly to LKR 7.19 Bn, remaining the largest contributor to revenue. The vehicle hiring segment recorded a significant expansion, registering a 79% year-on-year growth, and now contributes a substantial share to the Company's total income. Spare parts sales also witnessed robust growth, while vehicle repairs and workshop services saw modest but consistent gains. Although diesel generator sales experienced a decline, the strong performance of core segments helped offset this.

Cost of sales grew proportionately to LKR 6.13 Bn, allowing the company to post a gross profit of LKR 2.88 Bn. Administrative and selling expenses were tightly managed, and the company continued to demonstrate hallmark financial discipline. With minimal interest-bearing liabilities, net finance income of LKR 99 Mn was recorded. As a result, the company posted a net profit after tax of LKR 1.53 Bn an increase of 78% compared to the previous year. Earnings per share surged to LKR 422.84 from LKR 236.90, and net asset value per share rose to LKR 1,667.71 from LKR 1,267.49.

The balance sheet remains strong and healthy. Inventory levels increased in anticipation of future demand, and the total asset base expanded to LKR 10.42 Bn. The company continues to operate debt free, a reflection of prudent fiscal governance.

Strategic Direction

The company continued to invest in expanding local value addition by strengthening its domestic supply chain. Local content now accounts for nearly 40% of the cost of production, achieved through close partnerships with ancillary suppliers and continued emphasis on domestic assembly. Lanka Ashok Leyland remains the only assembler of heavy commercial vehicles in Sri Lanka.

In alignment with national priorities, the company introduced an electric variant of its light truck model, DOST, marking the first step towards electrifying its portfolio. Plans are also underway to launch an entire range of electric buses under the 'SWITCH' brand, subject to regulatory and market readiness. The government's growing focus on public sector electrification is expected to create favourable conditions for this initiative.

THE CHIEF EXECUTIVE OFFICER'S REVIEW (Contd.)

To further support national economic recovery and industry competitiveness, the company has also started laying groundwork to develop export capabilities. Initial consignments were delivered to the Maldives, and exploratory work has begun to assess market opportunities in right-hand drive countries across Africa. Though still at a nascent stage, exports remain an important component of the company's long-term growth agenda.

People and Culture

The team—now over 600 strong—is the company's greatest asset. The resilience, commitment, and ownership shown by employees across all levels were central to this year's success. A uniquely all-female assembly line operates within the predominantly male factory workforce, exemplifying inclusion and empowerment.

Investment in future talent continues through a technical training institute, which provides students with NVQ4 qualifications, on-the-job training, and a stipend during their two-year course with a pathway to full-time employment. These efforts strengthen the talent pipeline and uphold a long-standing commitment to community development.

Outlook for FY 2025/26

Looking ahead, the outlook for the commercial transport sector remains positive. The recovery in economic activity, rising infrastructure investments, and the easing of interest rates are expected to sustain demand for commercial vehicles across both goods and passenger mobility segments.

With a dominant position in the bus segment and expanding presence across light and heavy trucks, Lanka Ashok Leyland is strategically positioned to capitalise on these trends. Importantly, the company's strategy of investing in its workforce and expanding capacity during the recent economic downturn has ensured it now possesses the strongest footprint and operational readiness in the market to cater to growing demand in public transport, tourism and the commercial logistics space.

Acknowledgements

The company remains committed to fostering value for all stakeholders—shareholders, employees, suppliers, and the broader community.


Sincere appreciation is extended to the company's partners, bankers, and suppliers for their unwavering support throughout the year. Special gratitude is also due to the Government of Sri Lanka and the Ministry of Industries and Entrepreneurship Development for their support and guidance in supporting local industry.

A special thanks are extended to the joint venture partners—Ashok Leyland India and the Government of Sri Lanka—whose collaboration and strategic alignment have been critical to the company's continued success.

Gratitude is also expressed to the Chairman and the Board of Directors for their trust and oversight, and to the management and employees, whose dedication remains the bedrock of operational excellence.

Most importantly, the company extends heartfelt thanks to its customers, whose continued patronage and trust are fundamental to the company's mission, growth, and continued success.

Warm Regards,



Umesh Gautam

Chief Executive Officer
26th May 2025

BOARD OF DIRECTORS



MR. A. A. M. AMARASINGHE

Chairman (Appointed with effect from 17th February 2025)

Mr. A. A. M. Amarasinghe was appointed to the Board of Lanka Ashok Leyland PLC as the Non-Independent, Non-Executive Chairman with effect from 17th February 2025. He also holds the position of Chairman at Lanka Leyland (Pvt) Limited.

Mr. Amarasinghe has had a distinguished career over five decades in both the public and private sector. He had been in the Sri Lanka Administrative Service (SLAS) and had served in several positions in District administration level, a Secretary to the provincial Ministry of Education and Health, Director General of the Department of Sports Development and as an Advisor to the Ministry of Sports. His professional experience encompasses a broad range of senior managerial roles in public sector administration and private enterprises.

He holds a Master of Science degree in Rural and Regional Development Planning from the Asian Institute of Technology, Bangkok, Thailand, and a Bachelor of Arts (Honours) degree in Economics from the Vidyodaya University of Sri Lanka.



MR. K. C. LESHAN DE SILVA

Chairman (Resigned with effect from 17th February 2025)

Mr. Leshan De Silva was appointed as the Non-executive Non-Independent Chairman to the Board of Lanka Ashok Leyland PLC on 15th March 2023 and he also served as the Chairman of Lanka Leyland (Pvt) Limited.

Mr. Leshan has served as the Managing Director and Board of Director of Jaya Container Terminals Limited, Sri Lanka Ports Authority and prior to that he was the Public Relations Director and Operations Manager of Tapaua Pvt Ltd, Queensland, Australia.

He has more than 10 years of Experience in Operations Management, Business Development, Financial Management and Strategic Planning.

Mr. Leshan holds a Bachelor of Business Management (Hons) from University of Sunderland, United Kingdom.



MR. GOPAL MAHADEVAN

Non-Executive Director

Mr. Gopal Mahadevan was appointed as a Non-Executive Director on the Board of Lanka Ashok Leyland PLC in September 2013.

Mr. Gopal Mahadevan is a Chartered Accountant and a qualified Company Secretary with over 35 years' experience in Finance across a spectrum of industries. He is a member of the Board of Ashok Leyland and is also in on the board of Directors of several subsidiaries of Ashok Leyland including Switch Mobility Automotive Ltd, Ohm Global Mobility Private Limited, Hinduja Leyland Finance Ltd, Hinduja Housing Finance Ltd, and Hinduja Technologies Ltd

Mr Gopal Mahadevan joined Ashok Leyland Ltd in 2013 and till FY 24 was the CFO of the Company. Aside of being the CFO he has handled diverse responsibilities at Ashok Leyland Ltd including Strategy, Digital & IT as well as the Customer Solutions Business.

Mr. Gopal has had experience in Manufacturing, Internet Services, Financial Services and Project Companies.

Prior to Ashok Leyland, Mr. Mahadevan had worked at Thermax Ltd., Amara Raja Batteries, Sify, Sanmar Group and TTK Pharma. Aside of Finance, Mr. Mahadevan has handled Corporate Planning & Strategy, IT, HR and Corporate Communications.

Mr. Mahadevan has he has been awarded Best CFO from several organizations including from ICAI, CNBC TV18, IMA and Business Today and Mr. Gopal represents various Industry Bodies including CII, FICCI, Assocham and Madras Chamber of Commerce .

BOARD OF DIRECTORS (Contd.)



MR. AMANDEEP SINGH ARORA

Non-Executive Director

Mr. Amandeep Singh Arora was appointed to the Board of Lanka Ashok Leyland PLC as a Non-Executive Director on 24th December 2021. He currently serves as the Head of International Operations at Ashok Leyland Limited, India, and is responsible for overseeing the company's global sales and distribution operations.

Mr. Arora began his career with Ashok Leyland in 1992 as a Management Trainee through campus placement and has since held various leadership roles across multiple functions and regions within India.

He holds a Master of Business Administration (MBA) from the Institute of Management Technology, Ghaziabad, and a Master's degree in Operations. He has also undergone executive education at the Indian Institute of Management (IIM) Ahmedabad and the Kellogg School of Management, Chicago.



MR. D S WEERAKKODY

Independent Director (Appointed with effect from 01st February 2025)

Mr. Weerakkody was appointed as an Independent (Non-Executive) Director to the Board of Lanka Ashok Leyland PLC with effect from 01st February 2025.

Mr. Dinesh Weerakkody currently serves as the Chairman of the Employers' Federation of Ceylon and Union Bank of Colombo PLC. He is the Immediate Past Chairman of the International Chamber of Commerce Sri Lanka and the Senior Vice Chairman of the Sri Lanka Institute of Directors.

He is a Director of several leading companies and has held a number of prominent leadership roles in both the private and public sectors. He is the former Chairman of Hatton National Bank PLC and Commercial Bank of Ceylon PLC, and has also served as Chairman of the National Human Resource Development Council of Sri Lanka and the International Chamber of Commerce Sri Lanka.

Mr. Weerakkody holds a Doctorate in Business Administration (D.BA, honoris causa), an MBA from the University of Leicester (UK), and an Advanced Diploma in Business Administration from ABE (UK). He is a Fellow of the Chartered Institute of Management Accountants (UK) and the Institute of Certified Management Accountants of Sri Lanka, and a Professional Member of the Singapore Human Resource Institute.



MR. H M U K SAMARARATNE

Independent Director (Appointed with effect from 01st February 2025)

Mr. H. M. Udeni K. Samararatne was appointed to the Board of Lanka Ashok Leyland PLC as an Independent Non-Executive Director with effect from 01st February 2025. He also serves as a Director of National Credit Guarantee Institute Ltd, Gadimah Consulting (Dubai), and Richard Pieris PLC. Formerly he held the position as a board director of Peoples Bank Sri Lanka and was a former board director of Peoples Leasing PLC.

Mr. Samararatne is a highly experienced senior finance professional with a career spanning over 35 years. He has held senior financial leadership roles in several listed and multinational companies, including his tenure as Chief Financial Officer at Sri Lanka Telecom PLC. His professional experience also includes positions at Kelani Tyres PLC, ACME PLC, and global corporations such as Noritake (Japan), Ferrero (Luxembourg), and CEAT (India).

He is a qualified Accountant in the Association of Chartered Certified Accountants (ACCA – UK) and the Chartered Institute of Management Accountants (CIMA – UK). Mr. Samararatne holds a Master of Business Administration (MBA) from the Swiss Business School, Zurich. He also holds a Master's degree in Financial Economics and International Relations from the University of Colombo.

BOARD OF DIRECTORS (Contd.)



MR. M K L JAYAWARDENA

Non-Executive Director (Appointed with effect from 17th February 2025)

Mr. Kithsiri Jayewardena was appointed to the Board of Lanka Ashok Leyland PLC as a Non-Independent, Non-Executive Director with effect from 17th February 2025. He also serves as a Director of Lanka Leyland (Pvt) Limited.

Mr. Jayewardena is a professional marketer and trainer specializing in enterprise development, project management, motivation, and performance enhancement. He currently serves as the Head of Sales and Marketing at IGC Company (Pvt) Ltd, where he is responsible for training, consultancy, channel development, and marketing research.

He holds a Master of Business Administration (MBA) in Marketing and a Bachelor of Science (BSc) in Business Administration, both from the University of Sri Jayewardenepura. He is also a Certified Business Edge Trainer of the International Finance Corporation (IFC – World Bank), a Certified ASAP Trainer under the Ministry of Education, and a Master Trainer in Sales and Marketing. In addition, he is a visiting lecturer at the University of Sri Jayewardenepura and other academic and professional institutions.

Mr. Jayewardena brings over 17 years of experience in the corporate sector, including senior managerial roles across various industries.



MR. RAJIVE SAHARIA

Independent Director (Appointed with effect from 27th March 2025)

Mr. Rajive Saharia was appointed to the Board of Lanka Ashok Leyland PLC as an Independent Non-Executive Director with effect from 27th March 2025.

He is a seasoned business leader with over 40 years of experience in the automotive industry. Mr. Saharia previously held key leadership positions at Ashok Leyland Limited, India, including President – International Operations and Executive Director – Marketing. He also served as the Chairman of Gulf Ashley Motors Limited and Ashok Leyland UAE LLC, and as a Director of Ashley Commercial Vehicles Limited (ACCL).

His earlier career includes senior roles such as General Manager – Marketing at Honda Cars India Ltd. and Head of Sales and Marketing Operations for the Mahindra Light Commercial Vehicle (LCV) range.

Currently, Mr. Saharia serves as a Governing Council Member of the Indian Institute of Technology (IIT) Madras Centre of Excellence for Zero Emission Trucking.

He holds a Bachelor of Engineering in Mechanical Engineering (Honors) from Goa Engineering College, University of Mumbai, and is a registered Independent Director on the Ministry of Corporate Affairs (MCA) database in India.



MR. D P KUMARAGE

Independent Director (Retired with effect from 31st December 2024)

Mr. Kumarage was appointed as a Non-Executive Independent Director on the Board of Lanka Ashok Leyland PLC in July 2009.

Mr. Kumarage has over 40 years' experience in Banking and Finance industry. He is the former CEO of People's Leasing & Finance PLC and also the Managing Director of many other subsidiary companies of People's Leasing & Finance PLC. Prior to joining People's Leasing & Finance PLC Mr. Kumarage served as the Deputy General Manager of People's Bank. He was the former chairman of the Leasing Association of Sri Lanka and former Vice President of the Asian Leasing and Finance Association.

Mr. Kumarage holds a Postgraduate Diploma in Modern Banking and is a passed Finalist of the Chartered Institute of Management Accountants, UK.

BOARD OF DIRECTORS (Contd.)



MR. N SUNDARARAJAN

Independent Director (Retired with effect from 31st December 2024)

Mr. Sundararajan was appointed in July 2009, as a Non-Executive Independent Director to the Board of Lanka Ashok Leyland PLC. Mr. Sundararajan was formerly the Executive Director and Company Secretary of Ashok Leyland, India.

He was also an Independent Director, and the Chairman of the Audit Committee of John Cocckrill India Ltd, India, (Manufacturers of cold rolling mills, etc. for steel plants), He retired from that position as from 31st March 2024, on the expiry of his approved term.

He is a Commerce Graduate, Cost Accountant, and a Business Management Professional, with background in Law also. He has over 41 years of fulltime industrial experience in varied industries such as iron & steel, textiles, rubber, batteries, and transport, and has handled several international acquisitions, joint ventures, etc. He has also been a Senior Assessor of Business Excellence, and has been a member of several all-India Committees on General Insurance.



MR. D A ABEYAWARDENE

Independent Director (Retired with effect from 31st December 2024)

Mr. Abeyawardene was appointed as a Non-Executive Independent Director on the Board of Lanka Ashok Leyland PLC in November 2016. He is the Proprietor of D A Abeyawardene Associates, Chartered Accountants and is also a Partner at Hulangamuwa & Cooray, Chartered Accountants.

Mr. Abeyawardene is the Managing Director of Siyasee (Pvt) Limited and also a Director of Corporate Strategic Solutions (Pvt) Limited.

Mr. Abeyawardene has over 50 years' of experience in Financial Management positions in several disciplines including manufacturing, shipping, garment industry, government boards etc. He joined Lanka Ashok Leyland PLC at the time of inception as the Finance Manager / Secretary and held the position of General Manager / Secretary till 1999.

Mr. Abeyawardene is a Fellow member of the Institute of Chartered Accountants of Sri Lanka.



MR. R D BALASUBRAMANIAM

Non-Executive Director (Resigned with effect from 17th February 2025)

Mr. Ranjith D. Balasubramaniam was appointed to the Board of Lanka Ashok Leyland PLC on 11th August 2023 as the Non-Executive Non-Independent Director.

Mr. Ranjith D. Balasubramaniam brings over 26 years of extensive experience in managerial roles spanning the pharmaceutical, medical devices, and Ayurvedic product sectors. He has a proven track record in manufacturing, marketing, and managing clinics and medical diagnostic centers across Sri Lanka, the Maldives, and the UAE.

Mr. Balasubramaniam holds a Bachelor's degree in Law and a Master of Business Administration. He is also a distinguished member of the Chartered Institute of Marketing (UK). Presently, he is pursuing a PhD in Management at the Rajarata University of Sri Lanka.

MANAGEMENT DISCUSSION AND ANALYSIS



COMPANY OVERVIEW

Lanka Ashok Leyland PLC (LAL) is a leading player in Sri Lanka's commercial vehicle sector, with a legacy spanning over four decades. Incorporated in 1982 as a joint venture between Lanka Leyland (Pvt) Limited, a fully owned entity of the Government of Sri Lanka, and Ashok Leyland Limited of India, the Company has established itself as a trusted provider of robust, cost-effective, and locally assembled transportation solutions. Its core operations include the import and assembly of Semi-Knocked-Down (SKD) chassis, body fabrication, import and marketing of Ashok Leyland commercial vehicles, as well as the distribution of genuine spare parts and diesel generator sets. LAL also offers value-added services such as commercial vehicle hiring, fleet repair, and restoration, catering to a diverse customer base across public and private sectors. Operating from its state-of-the-art facility in Panagoda, the Company maintains a strong commitment to quality, customer satisfaction, and national industrial development. Backed by a zero-debt capital structure, experienced technical expertise, and a focus on operational excellence, Lanka Ashok Leyland continues to play a strategic role in driving Sri Lanka's transportation and logistics infrastructure forward.





CORPORATE GOVERNANCE

LAL is managed by a Board comprised of seven non-executive Directors with strong corporate acumen, skills, knowledge and experience aided by astute and knowledgeable support from senior management and external specialists. The Company has established a governance structure that adheres to the laws of the country and ensures compliance with numerous regulatory mandates. As a result, the governance structure consists of committees responsible for specific responsibilities as well as determining strategy and future direction for the Company.

Our mission is to cultivate a flexible and productive workforce centered on our customer's needs and requirements, capable of quickly adapting and innovating transport solutions to become the most trusted partner for mobility solutions in the Country.

At Lanka Ashok Leyland PLC, all strategic decisions are anchored in the Company's core values and its long-term commitment to sustainable, stakeholder-oriented growth. In light of the evolving macroeconomic landscape and policy framework in Sri Lanka, the Company has aligned its strategic priorities around the following key pillars;

Value	Strategic Action
<p>Enhancing Shareholder Confidence and Value</p> 	<p>LAL remains firmly committed to delivering consistent and sustainable value to its shareholders. In response to vehicle import restrictions and the government's policy thrust toward local industry development, the Company recalibrated its operational strategy to emphasize local assembly and value addition. This has enabled the Company to not only maintain continuity in its offerings but also to strengthen its long-term competitiveness and supply chain independence.</p>
<p>Fostering a Knowledge-Sharing Culture</p> 	<p>Understanding that customer empowerment leads to product longevity and satisfaction, the Company has invested in developing a knowledge sharing ecosystem. This includes structured training programs both theoretical and practical designed to enhance customer understanding of vehicle operations, maintenance, and features. These initiatives help customers maximize value from their investment and build long-term relationships with the brand.</p>
<p>Driving Environmental Sustainability</p> 	<p>As a responsible corporate citizen, LAL is committed to reducing its environmental footprint and supporting global efforts toward a greener future. In line with this vision, the Company has launched eco-friendly vehicles compliant with BS (IV) emission standards, significantly reducing harmful emissions and contributing to cleaner air and sustainable urban mobility in Sri Lanka.</p>



Awards and Recognition

We are thrilled to showcase the outstanding achievements and recognition our company has garnered throughout the year. These accolades serve as a testament to our unwavering commitment to excellence and underscore our dedication to delivering exceptional products and services.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Our steadfast commitment to upholding the highest standards of compliance has been acknowledged through the prestigious TAGS Awards by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). We are honored to have been awarded the Silver Award in the Automobile Sector, a recognition of our diligent adherence to regulatory standards. Lanka Ashok Leyland PLC won awards for seven consecutive years for its Annual Report in the "Automobile Category".

These accolades serve as a source of inspiration and motivation for us to continue striving for excellence in all aspects of our business operations. We remain committed to upholding the highest standards of quality, compliance, and ethical conduct as we pursue our mission of delivering value to our stakeholders and contributing to sustainable growth.



Further, Lanka Ashok Leyland PLC is a ISO 9001:2015 certified Company for Quality Management System of Marketing, Assembly, Body Building and Repair of Commercial Vehicles.

Mr. Umesh Gautam, Chief Executive Officer, along with the Senior Management of the Company, is honored to have been awarded the Global CEO Leadership Excellence Award 2024.



OPERATING ENVIRONMENT AND ECONOMIC OVERVIEW

Sri Lanka's economy demonstrated strong signs of recovery in 2024, gradually emerging from its most severe financial crisis in recent decades. The country recorded an impressive GDP growth of 5.0% year-on-year, with a particularly robust 5.4% expansion in the fourth quarter of 2024, marking the highest quarterly growth since 2014. This recovery was driven by remarkable performances across several key sectors:

- Agriculture expanded by 8.3%, reflecting significant growth in food crops and the plantation sector.
- Industry surged by 25.5%, driven by manufacturing, construction, and a resurgence in import-dependent industries.
- Services, which constitute the largest share of GDP, grew by 57.5%, fueled by notable recoveries in transportation, logistics, banking, and tourism.

These strong sector performances underpinned the broader economic recovery, signaling a positive trajectory for 2025 and beyond.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

INFLATION, MONETARY POLICY, AND EXTERNAL STABILITY

Inflationary pressures remained subdued in early 2025. Headline inflation, measured by the year-on-year change in the Colombo Consumer Price Index (CCPI, 2021=100), continued in negative territory for the seventh consecutive month, recording -2.6% in March 2025, compared to -4.2% in February 2025. This deflationary trend was primarily driven by favorable base effects, energy price adjustments, tax reforms, and the stability of food prices.

The Central Bank of Sri Lanka (CBSL) maintained an accommodative monetary policy stance, aiming to stimulate economic growth while aligning inflation with the medium-term target of 5%. At its meeting on 26th March 2025, the CBSL decided to hold the Overnight Policy Rate (OPR) steady at 8.0%, balancing the objectives of supporting growth and maintaining price stability.

In terms of external stability, the Sri Lankan Rupee (LKR) depreciated marginally by 1.6% against the US Dollar in March 2025, reaching LKR 300.58/USD by 31st March 2025. This slight depreciation followed an earlier period of appreciation in 2024. Gross Official Reserves (GOR) strengthened to USD 6.5 billion, supported by foreign exchange market purchases and multilateral inflows, including the currency swap facility with the People's Bank of China.

Notably, the International Monetary Fund (IMF) completed the third review under Sri Lanka's 48-month Extended Fund Facility (EFF) program on 28th February 2025, granting access to approximately USD 334 million. This progress in debt restructuring, along with continued engagement with international donors, is expected to reinforce macroeconomic stability and bolster investor confidence.

INDUSTRY OUTLOOK: TRANSPORTATION AND COMMERCIAL VEHICLE SECTOR

The transportation and commercial vehicle sector in Sri Lanka is poised for gradual recovery, following years of market contraction driven by import restrictions, economic instability, and currency pressures. The partial lifting of vehicle import controls in December 2024 marks a significant turning point for the industry, especially in the commercial vehicle segment, which plays a critical role in supporting national infrastructure, logistics, and trade.

With economic activity showing signs of stabilization and essential sectors such as construction, logistics, and agriculture regaining momentum, demand for reliable, efficient, and environmentally compliant commercial vehicles is expected to rise. The government's continued emphasis on local industrial development, coupled with incentives for assembling and manufacturing within Sri Lanka, presents further growth opportunities for companies like

Lanka Ashok Leyland PLC, which have established local assembly capabilities.

In addition, the growing awareness of environmental sustainability and stricter regulations surrounding vehicle emissions are driving demand for fuel-efficient and lower-emission commercial vehicles. This creates opportunities for innovation in product offerings, allowing companies to differentiate themselves in a competitive market.

Although challenges such as foreign exchange volatility, high borrowing costs, and evolving regulatory frameworks remain, the long-term outlook for the transportation and commercial vehicle sector is positive. Factors such as infrastructure development, urbanization trends, and government policies that support local industries position the sector for sustained growth.

Lanka Ashok Leyland PLC is strategically positioned to capitalize on these emerging trends, leveraging its strong product portfolio, established market presence, and commitment to operational excellence.

OVERALL EVALUATION

The economic and industry landscape in Sri Lanka during the year under review demonstrated a gradual path to stabilization, supported by structural reforms, improved foreign reserves, and cautious policy adjustments. While inflationary pressures and high interest rates continued to affect the operating environment, positive developments—including the partial relaxation of vehicle import restrictions—offer renewed optimism for the automobile sector.

For Lanka Ashok Leyland PLC, these evolving conditions present both opportunities and challenges. The company's strategic focus on enhancing local assembly operations, introducing eco-friendly vehicle solutions, and strengthening after-sales services positions it to navigate the complexities of the market and capitalize on the expected recovery in demand.

Management remains vigilant in monitoring macroeconomic and industry dynamics, with a proactive approach to mitigating risks and leveraging opportunities to deliver sustainable value to shareholders and stakeholders alike.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)



FINANCIAL REVIEW

The financial year 2024/25 marked a strong rebound for Lanka Ashok Leyland PLC, reflecting the Company's ability to capitalize on improved market conditions and enhanced internal efficiencies. Revenue growth was supported by the increased demand across all key business lines vehicle assembly, spare parts, generator sales, and hiring services enabled by proactive supply chain management and strategic product positioning. Profitability improved significantly, demonstrating operational leverage, cost discipline, and better utilization of assets. The Company maintained a debt free capital structure and continued to deliver strong returns to shareholders. The following analysis provides a detailed view of the Company's financial performance across key parameters.

Revenue



Vehicle Sale
Rs. 7.19 Bn



Hiring Income
Rs. 837.35 Mn



Spare Part Sales
Rs. 626.32 Mn

Profitability



Gross Profit
Rs. 2.88 Bn



Operating Profit
Rs. 2.12 Bn



Profit Before Tax
Rs. 2.22 Bn

Value Creation



INVESTMENT



CAPITAL

ROA
14.7%



SALES



INTEREST

ROE
25.4%



YIELD



DIVIDEND

ROCE
35.1%



RETURN

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)



FINANCIAL HIGHLIGHTS AT A GLANCE

The following table presents a summary of the key financial indicators of Lanka Ashok Leyland PLC for the financial years 2023/24 and 2024/25. The significant improvements across revenue, profitability, and operational efficiency reflect the Company's successful strategic focus on local assembly, cost optimization, and market expansion, despite a challenging macroeconomic environment. The marked growth in Gross Profit, EBITDA, and bottom-line profitability underscores the effectiveness of operational enhancements and the resilience of the business model.

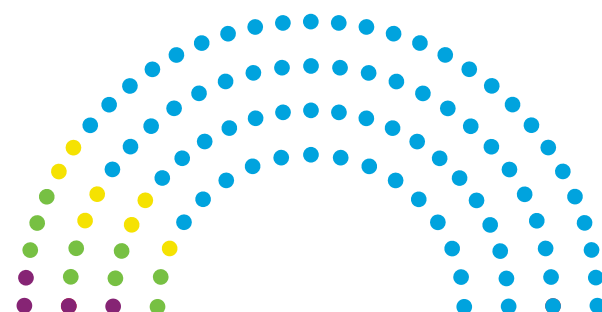
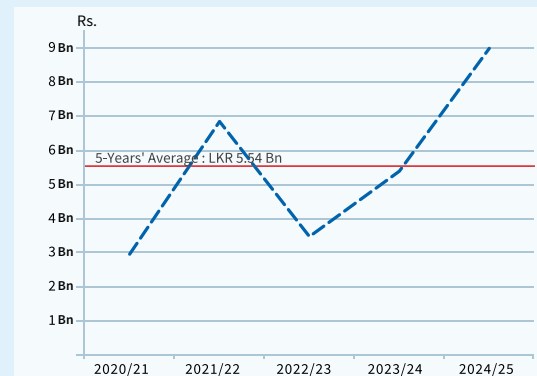
	2023/24 Rs.	2024/25 Rs.	Change
Revenue	5,404,387,774	9,003,641,728	66.6%
Gross Profit	1,814,416,037	2,875,483,117	58.5%
EBITDA	1,352,783,989	2,328,890,259	72.2%
Net Finance Income	51,909,099	99,005,623	90.7%
Profit Before Tax	1,253,152,498	2,216,604,543	76.9%
Profit After Tax	857,786,897	1,531,027,028	78.5%

REVENUE

In the financial year 2024/25, Lanka Ashok Leyland PLC achieved a remarkable growth in revenue, reaching Rs. 9.00 Bn, compared to Rs. 5.40 Bn in the previous year. This represents a robust 66.6% year-on-year growth.

The surge in revenue was primarily driven by a resurgence in demand for new commercial vehicles, which accounted for over 79.9% of the total revenue. Additionally, vehicle hiring income and spare parts sales saw significant growth, reflecting improved fleet utilization and enhanced aftermarket engagement. Repair services also remained a steady contributor to the overall performance.

The diversification of revenue streams and strong operational execution highlight the Company's resilience and strategic positioning in line with the recovering economic landscape.



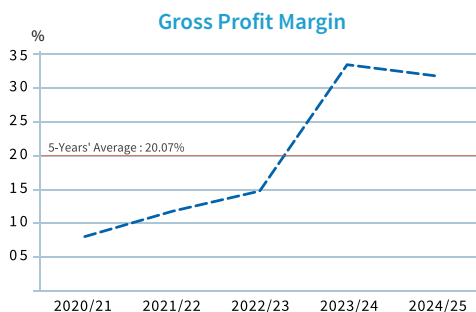
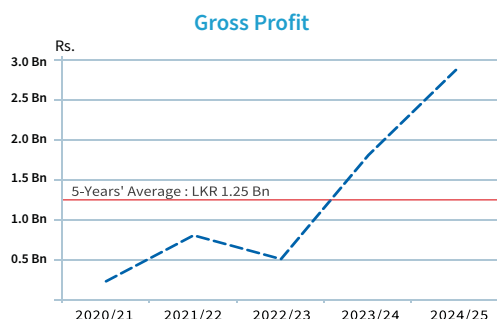
Type of Product / Service	2024/25 Rs.
New Vehicle Sales	7,194,099,472
Vehicle Hiring Income	837,345,789
Spare Parts Sales	626,319,530
Repair Income	325,347,267
Diesel Generator Set Sales	17,739,492
Local Agency Commission	2,790,178
Total	9,003,641,728

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

GROSS PROFIT AND GROSS PROFIT MARGIN

Lanka Ashok Leyland PLC reported a notable increase in gross profit during the financial year 2024/25, reaching Rs. 2.88 Bn, compared to Rs. 1.81 Bn in the previous year, reflecting a year-on-year growth of approximately 58.5%.

Despite external cost pressures due to currency volatility and rising import-related expenses, the Company successfully implemented robust cost controls and maintained a favorable product mix strategy, which helped preserve margins. As a result, the gross profit margin remained stable at 31.94%, only slightly lower than the previous year's 33.57%, indicating continued efficiency in converting revenue into core profitability.

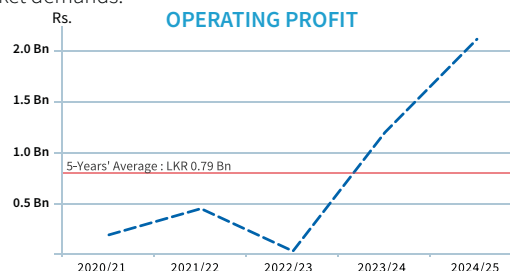


OPERATING EXPENSES AND OPERATING PROFIT

In the financial year 2024/25, Lanka Ashok Leyland PLC effectively managed its costs while supporting the expansion of its business operations. Total Operating Expenses, including Selling and Distribution Expenses, Administrative Expenses, and Other Operating Expenses, amounted to Rs. 983.09 Mn, compared to Rs. 835.80 Mn in the previous year. This increase reflects the higher business volumes, the expansion of assembly operations, and continued investments in customer support and organizational infrastructure.

A significant positive factor was the Impairment Reversal of Trade Receivables, amounting to Rs. 112.77 Mn, which favorably impacted the overall cost base.

As a result, Profit from Operations surged by 76% to Rs. 2.12 Bn, compared to Rs. 1.20 Bn in 2023/24. The Operating Profit Margin improved to 23.52%, reflecting enhanced cost control, higher gross margins, and the benefits of economies of scale. This consistent improvement in operational performance underscores the Company's ability to sustain profitability amidst growth and rising market demands.

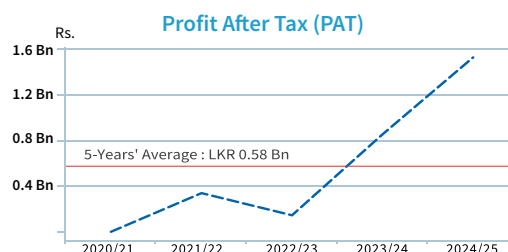
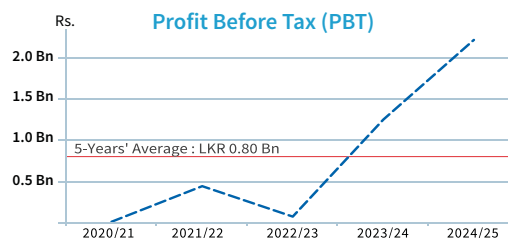


Profitability Overview (PBT and PAT)

Lanka Ashok Leyland PLC delivered strong bottom-line performance in the financial year 2024/25, with Profit Before Tax (PBT) rising to Rs. 2.22 Bn, up from Rs. 1.25 Bn in the previous year, reflecting a robust growth of 76.9%. This significant improvement was driven by enhanced operational efficiency, disciplined cost management, and strong revenue growth across core business segments.

After the application of corporate taxes, Profit After Tax (PAT) increased to Rs. 1.53 Bn, compared to Rs. 857.79 Mn in 2023/24, marking a year-on-year increase of 78.49%. The Company's net profit margin improved to 17.00%, demonstrating its ability to effectively convert top-line gains into sustainable shareholder value.

Additionally, the absence of interest-bearing debt played a critical role in further strengthening net earnings by eliminating financing costs, thereby contributing to overall profitability growth.

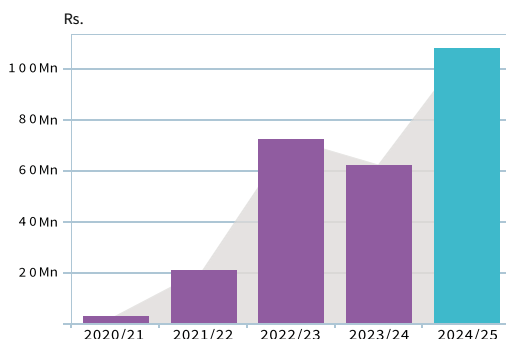


MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

FINANCE INCOME

For the financial year 2024/25, Lanka Ashok Leyland PLC recorded Finance Income of Rs. 107.92 Mn, reflecting an increase from Rs. 62.27 Mn in the previous year. This growth was primarily driven by prudent treasury management, including the strategic placement of surplus cash in interest-bearing deposits and other low-risk financial instruments.

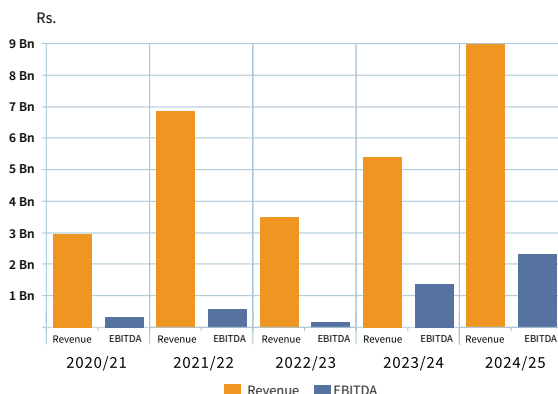
The Company's debt-free capital structure enabled it to maintain a strong liquidity position throughout the year, allowing it to generate consistent passive income without incurring finance costs.



Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

In the financial year 2024/25, Lanka Ashok Leyland PLC achieved a strong EBITDA of approximately Rs. 2.33 Bn, compared to Rs. 1.35 Bn in the previous year, reflecting a robust growth of over 72.2%.

This significant improvement is attributed to the Company's enhanced operating leverage, driven by higher sales volumes, better cost absorption, and stable gross margins. The EBITDA margin stood at 25.87%, highlighting the Company's strong core operating performance before the impact of non-cash and financing items.



Financial Position

Lanka Ashok Leyland PLC entered the financial year 2024/25 with a robust and resilient balance sheet, further strengthening its financial position throughout the year. The Company maintained a healthy liquidity profile and remained entirely debt-free.

Growth in retained earnings, coupled with disciplined asset management, contributed to an increase in shareholders' equity and net asset value per share. Strategic investments in inventory, fleet expansion, and working capital were made in alignment with business growth and operational requirements.

This solid financial foundation not only enhances the Company's ability to fund future growth internally but also positions it well to withstand external shocks, ensuring the continued delivery of long-term value to shareholders.

Leverage and Capital Structure

Lanka Ashok Leyland PLC continues to demonstrate a highly resilient capital structure, operating with zero interest-bearing debt, reflecting the Company's commitment to financial prudence and self-funded growth. As of 31st March 2025, the Company maintained a healthy Equity Ratio of 58%, indicating a strong balance sheet and an ability to withstand external economic pressures. The absence of financial leverage eliminates exposure to debt-related risks, providing the Company with enhanced operational flexibility and stability.

The consistent growth in the equity base, from Rs. 4.59 Bn in 2024 to Rs. 6.04 Bn in 2025, has been driven by robust profitability and the efficient reinvestment of earnings. This conservative capital structure positions the Company to capitalize on strategic investment opportunities while reinforcing its ability to deliver sustainable shareholder returns and safeguard long-term financial security.

The total assets of the Company as at the ending period, were funded by;

Total Assets as at 31st March 2025
Rs. 10,424.19 Mn

Funding Channels

Shareholder Fund

58%

Long Term Funding / Employee Benefits

1%

Short Term Funding / Creditors

41%

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Efficiency and Return

In the financial year 2024/25, Lanka Ashok Leyland PLC demonstrated significant improvements in operational efficiency and capital utilization. The Company achieved a Return on Capital Employed (ROCE) of 35.07%, up from 26.2% in the previous year, reflecting enhanced profitability and disciplined asset management.

Similarly, the Return on Equity (ROE) rose to 25.4%, driven by higher retained earnings and strong bottom-line growth. The Return on Assets (ROA) also improved to 14.66%, highlighting a more effective deployment of the Company's asset base.

These performance indicators affirm the Company's ability to generate strong returns for shareholders and efficiently convert both assets and equity into sustainable earnings, positioning Lanka Ashok Leyland as a high-performing entity within the commercial vehicle industry.

Working Capital / Liquidity

As of 31st March 2025, the Company's current assets stood at Rs. 8.87 Bn, reflecting a 42% increase compared to Rs. 6.24 Bn as of 31st March 2024. This growth was primarily driven by a significant rise in inventories, which increased to Rs. 6.75 Bn, demonstrating management's strategic decision to build stock in anticipation of future sales demand and to mitigate potential supply chain disruptions.

Trade and other receivables also saw strong growth, reaching Rs. 1.24 Bn, an increase of over 100%, in line with higher sales volumes and extended credit to customers. However, rental receivables from trade debtors declined to Rs. 149.73 Mn, reflecting improved collection efficiency. Cash and cash equivalents decreased to Rs. 617.32 Mn from Rs. 1.44 Bn, indicating that part of the available liquidity was deployed to support working capital needs, particularly in managing the increase in inventory holdings.

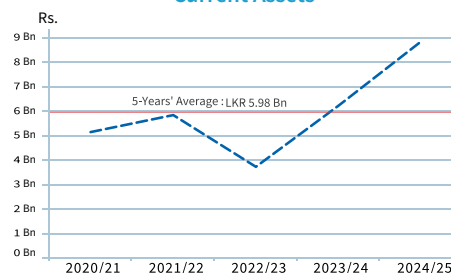
On the liabilities side, total current liabilities rose to Rs. 4.28 Bn, compared to Rs. 2.93 Bn the previous year. The primary driver of this increase was the rise in trade and other payables, which reached Rs. 3.25 Bn, reflecting procurement activities aligned with the higher inventory levels. Amounts due to related parties decreased from Rs. 1.66 Bn to Rs. 409 Mn, suggesting partial settlement of intercompany obligations.

The current ratio for the year ended 31st March 2025 stood at 2.07 times, compared to 2.13 times in the previous year. While the ratio has slightly declined due to higher short-term liabilities, it remains well above industry benchmarks, reflecting a healthy liquidity position.

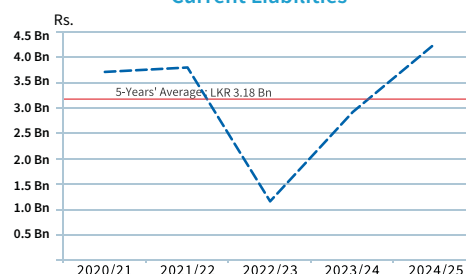
Overall, the liquidity position remains stable, with sufficient short-term assets to meet immediate obligations. Management continues to closely monitor working capital cycles, especially receivables and inventory turnover, to ensure adequate cash flows that support operational needs and strategic initiatives.

	31.03.2024 Rs.	31.03.2025 Rs.	Change %
Current Assets	6,243,210,102	8,865,966,015	42%
Current Liabilities	2,926,723,596	4,279,540,878	46%
Working Capital	3,316,486,506	4,586,425,137	38%

Current Assets



Current Liabilities



Cash Flow Analysis

For the financial year ended 31st March 2025, Lanka Ashok Leyland PLC experienced notable changes in its cash flow performance, reflecting operational adjustments, strategic asset investments, and financing decisions aligned with business growth priorities.

Operating Activities:

Despite a strong Operating Profit before Working Capital Changes of Rs. 2.12 Bn (2024: Rs. 1.09 Bn), cash generated from operations turned negative at Rs. 202.62 Mn, compared to a positive Rs. 1.61 Bn in the previous year. As a result, Net Cash Used in Operating Activities amounted to Rs. 518.28 Mn, representing a notable deterioration from the Rs. 1.33 Bn generated in 2024.

This adverse movement is primarily due to increased working capital requirements, which reflect higher inventories and receivables in line with expanded business volumes and challenges in supply chain management.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Investing Activities:

Net Cash Flows Generated from Investing Activities stood at Rs. 4.28 Mn, a decrease from Rs. 121.21 Mn in the previous year. The reduced inflow reflects limited disposal of investments and a strategic pause on significant capital expenditures, as the Company focused on preserving liquidity in response to challenging operating conditions.

Financing Activities:

Net Cash Flows Used in Financing Activities increased significantly to Rs. 274.46 Mn (2024: Rs. 41.62 Mn), primarily driven by a Refundable Deposit of Rs. 200 Mn for the Dehiwala Land project, a strategic

investment aligned with long-term business expansion. Additionally, Dividend Payments amounted to Rs. 54.31 Mn (2024: Rs. 18.10 Mn), reflecting the Company's commitment to delivering shareholder returns while balancing growth and liquidity needs.

Cash & Cash Equivalents:

The Company recorded a net decrease in Cash and Cash Equivalents of Rs. 788.46 Mn, compared to a net increase of Rs. 1.42 Bn in the prior year. As a result, the year-end Cash and Cash Equivalents stood at Rs. 601.61 Mn, which includes Rs. 391.09 Mn in short-term investments and Rs. 189.77 Mn held at banks, partially offset by bank overdrafts of Rs. 15.71 Mn.

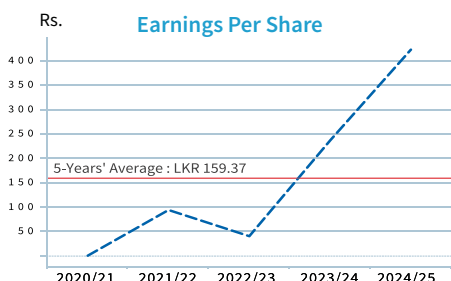
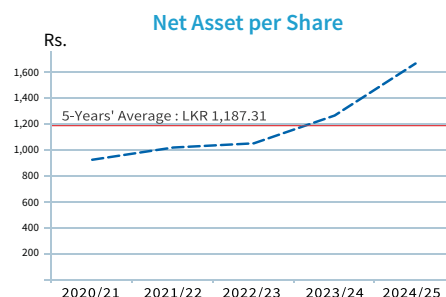
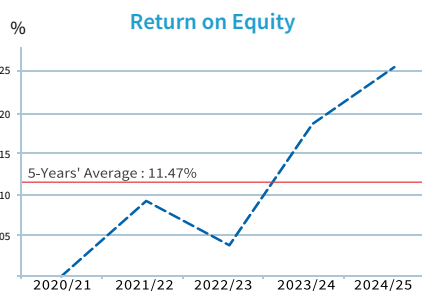
Value Created to Shareholders

Lanka Ashok Leyland PLC continued to deliver strong value to its shareholders in the financial year 2024/25, driven by sustained profitability, efficient capital deployment, and a stable dividend policy. The Company's Earnings Per Share (EPS) increased by 78.5% to Rs. 422.84, reflecting its ability to convert operational success into tangible returns for shareholders.

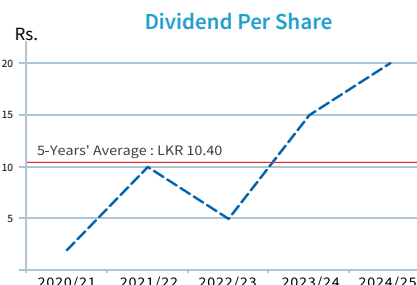
The Net Asset Value per Share also saw a significant rise to Rs. 1,667.71, supported by earnings retention and strong balance sheet growth. In alignment with its commitment to rewarding shareholders, the Board declared a dividend of Rs. 20.00 per share, up from Rs. 15.00 in the previous year, resulting in a payout ratio of 5%.

The Company's strong financial performance and prudent management of resources have not only enhanced its market capitalization but also reinforced investor confidence, positioning Lanka Ashok Leyland as a reliable and rewarding long-term investment.

	2023/24	2024/25	Change
Net Asset Per Share (Rs.)	1,267.49	1,667.71	32%
Earnings Per Share (Rs.)	236.90	422.84	78%
Return on Equity	18.7%	25.4%	6.7%
Dividend per Share (Rs.)	15	20	33%



Value Created To Share Holders



MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)



SUSTAINABILITY AND RESPONSIBLE BUSINESS PRACTICES

Lanka Ashok Leyland PLC remains steadfast in its commitment to sustainable value creation, aligning operational excellence with responsible Environmental, Social, and Governance (ESG) practices. Our initiatives, including promoting BS (IV) compliant vehicles, supporting local industry development, and enhancing stakeholder engagement, reflect our holistic approach to sustainability.

Further details on the Company's ESG priorities, environmental impact, and social contributions can be found in the dedicated "Sustainability Report" within this Annual Report.



STAKEHOLDER ENGAGEMENT AND RELATIONSHIPS

The success of Lanka Ashok Leyland PLC is built on strong, transparent, and enduring relationships with a diverse group of stakeholders. The Company recognizes that its ability to create sustainable value is directly linked to meaningful engagement with those who are impacted by, and who influence, our operations.

Throughout the year under review, Lanka Ashok Leyland maintained active dialogue with key stakeholders, including customers, employees, suppliers, regulatory bodies, shareholders, and the communities in which we operate. Open communication, responsiveness to stakeholder needs, and delivering on our commitments have remained central to our business approach.

We believe that effective, transparent, and continuous stakeholder engagement enhances trust, ensures alignment with expectations, and supports sustainable business growth. Throughout the year, the Company maintained open communication channels and implemented initiatives to strengthen these relationships.

- We enhanced customer engagement through product training, after-sales support, and technical advisory services, ensuring customers derive maximum value from our vehicles and equipment.
- We invested in employee development and maintained a safe, inclusive work environment, recognizing that our people are the foundation of operational excellence.
- We collaborated closely with suppliers and service partners to ensure reliable, high-quality assembly and product delivery despite supply chain disruptions.
- We actively engaged with regulators and government bodies, ensuring compliance and supporting national policies that encourage local industry development.

- We prioritized transparent communication with shareholders, keeping them informed of the Company's performance, strategic direction, and value creation efforts.
- Our community-focused initiatives reinforced our role as a responsible corporate citizen committed to contributing to Sri Lanka's economic and social progress.

The Company remains committed to maintaining strong stakeholder relationships, ensuring alignment of our operations with stakeholder expectations, and working collaboratively to support national development objectives and sustainable economic progress.



KEY CHALLENGES AND OPPORTUNITIES

Risks and challenges are inherent in the business of running an organization, regardless of their origin—be it environmental issues, social dissatisfaction, political instability, or natural disasters. These risks can be costly, lead to negative publicity, disrupt operations, and result in unforeseen expenditures. Reputational damage, in particular, can far exceed the immediate financial impacts.

While we actively seek to reduce and manage these risks, we view challenges not as deterrents, but as opportunities to drive business improvement and performance. These opportunities have propelled us towards enhanced growth, ensuring compliance with regulatory benchmarks, and empowering our stakeholders, while staying focused on our long-term goals.

Lanka Ashok Leyland PLC continues to navigate a rapidly evolving business landscape, shaped by both persistent challenges and emerging opportunities. While supply chain disruptions, currency fluctuations, and rising input costs remain significant concerns, the recent lifting of import restrictions on vehicles by the Government in December 2024 marks a crucial turning point for the industry. This relaxation of import bans is expected to gradually stabilize product availability, enhance market competitiveness, and revive demand across commercial vehicle segments.

Simultaneously, the Company is well-positioned to capitalize on opportunities arising from the government's focus on encouraging domestic assembly and value addition. Lanka Ashok Leyland's established local assembly operations, combined with its expertise in producing eco-friendly, BS (IV) compliant vehicles, place the Company in a strong position to drive growth from both imported and locally assembled vehicles. Additionally, the expanding demand from infrastructure projects, logistics, and passenger transport services offers further avenues for growth.

By adapting our operational strategy to the changing market conditions, the Company aims to sustain profitability while reinforcing its leadership in Sri Lanka's commercial vehicle sector.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)



Risk Considerations in Business Performance

The performance of Lanka Ashok Leyland PLC in 2024/25 reflects not only operational excellence but also disciplined management of the risks inherent in an evolving business environment. Economic volatility, regulatory developments, and supply chain challenges were key factors influencing the Company's operations throughout the year.

In response, the Company adopted proactive measures to mitigate these risks, such as strengthening local assembly capabilities, optimizing financial resources, and enhancing operational resilience. These steps have helped position the Company to navigate uncertainties effectively while ensuring continued growth.

A comprehensive assessment of the principal risks and corresponding mitigation strategies is provided in the dedicated "Management of Risk" section of this Annual Report.



Looking Forward

The economic environment in Sri Lanka continues to evolve, with early signs of recovery supported by fiscal reforms, international assistance, and renewed business confidence. The Government's decision to lift vehicle import restrictions in December 2024 marks a positive turning point for the automotive sector, creating new growth opportunities while emphasizing the importance of local assembly and value addition.

Looking ahead, Lanka Ashok Leyland PLC remains committed to capitalizing on these favorable developments through a dual strategy of strengthening domestic assembly operations and responsibly leveraging renewed import opportunities. Our investments in SKD assembly lines, infrastructure, and technical capabilities have enhanced our readiness to meet the anticipated surge in market demand, while simultaneously supporting national objectives of industrial growth and job creation.

Although global and domestic uncertainties such as supply chain disruptions, inflationary pressures, and currency fluctuations may persist, the Company's resilient financial position, robust governance, and operational excellence provide a strong foundation for sustainable performance. We will continue to focus on cost optimization, product innovation, and customer service excellence to maintain our leadership in Sri Lanka's commercial vehicle industry.

At the core of our forward-looking strategy is a commitment to stakeholder value creation. We will continue to nurture trusted relationships with our customers, suppliers, employees, and the communities we serve. Our proactive approach, underpinned by agility and resilience, ensures that Lanka Ashok Leyland is well-positioned to navigate uncertainties, seize emerging opportunities, and contribute positively to Sri Lanka's economic resurgence.



Overall Conclusion

The 2024/25 financial year was a period of significant progress for Lanka Ashok Leyland PLC, characterized by robust revenue growth, record profitability, and enhanced operational efficiency. The Company's ability to adapt to a dynamic economic environment, coupled with its proactive response to industry challenges, has further solidified its leadership position in Sri Lanka's commercial vehicle sector.

The lifting of vehicle import restrictions in December 2024, along with the Government's continued focus on promoting local assembly and industrial development, creates a balanced landscape of opportunities and responsibilities. Lanka Ashok Leyland is strategically positioned to capitalize on these developments, leveraging its established assembly operations, strong brand equity, and customer-centric approach.

Despite ongoing macroeconomic uncertainties, the Company remains financially resilient, with a solid capital structure, healthy liquidity, and a proven track record of operational excellence. Our unwavering commitment to stakeholder value creation, sustainability, and innovation positions Lanka Ashok Leyland to continue delivering growth, contributing to Sri Lanka's economic progress, and confidently navigating future challenges.

SUSTAINABILITY REPORT

Introduction

This report provides a comprehensive analysis of Lanka Ashok Leyland's sustainability practices. The company's operations, sustainability initiatives, and their impact on environmental, social, and governance (ESG) aspects are thoroughly examined to align with best practices in sustainability reporting.

Company Operations

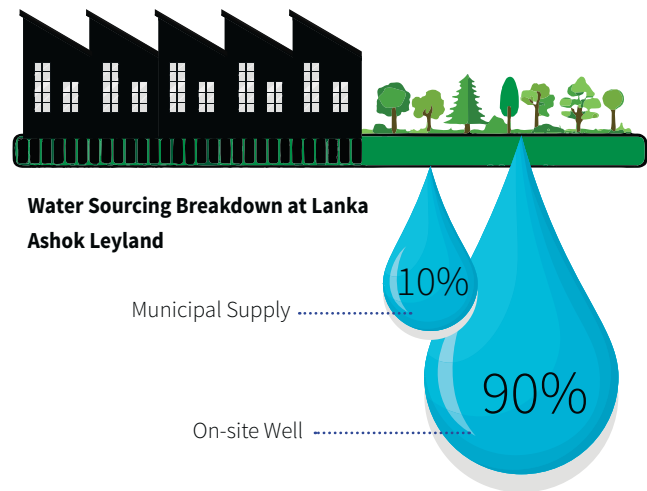
Lanka Ashok Leyland operates as a key player in the commercial vehicle industry, specializing in the import of Semi-Knocked-Down (SKD) chassis, assembly of commercial vehicles with technical assistance from Ashok Leyland Limited, India, and the import and marketing of commercial vehicles, spare parts, and power generators. The company is also engaged in the fabrication of steel and aluminum truck bodies, including specialized fabrication for unique requirements. Additionally, Lanka Ashok Leyland rehabilitates old and accidental vehicles, provides repair and maintenance services, and operates a vehicle hire service.

Environmental Impact and Sustainability Measures

As part of its sustainability efforts, Lanka Ashok Leyland has implemented a range of environmental initiatives. The company operates a dedicated wastewater treatment facility to manage water discharge from vehicle servicing operations, ensuring compliance with environmental standards. Furthermore, the factory premises have been designed to optimize natural light usage, thereby reducing electricity consumption during the daytime. This initiative contributes to energy efficiency and lowers the company's carbon footprint.



The factory is situated on an 18-acre land, of which 40% is maintained as greenery, contributing to improved air quality and carbon sequestration. Water conservation efforts include sourcing 90% of the company's water requirements from an on-site well, minimizing reliance on municipal water supply.



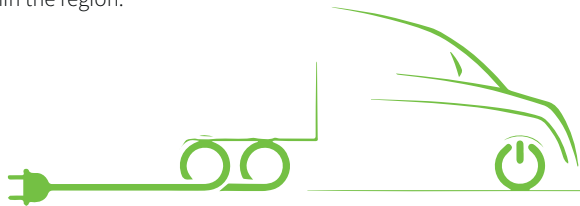
Lanka Ashok Leyland's commitment to environmental responsibility is further evidenced by its utilization of Bharat Stage 4 (BS4) engines, equivalent to Euro 4 emission standards. The company's commitment to transitioning to BS6 engines (equivalent to Euro 6) in the near future demonstrates a proactive approach to reducing vehicle emissions. This strategy aligns with global standards and promotes sustainable transportation. While the company's current emission reduction measures are commendable, further analysis of fuel efficiency initiatives, transportation logistics, and potential for renewable energy adoption would enhance its environmental performance and transparency.



Another significant development is the importation of four electric trucks, marking a pioneering step in introducing electric commercial vehicles to Sri Lanka. The Board of Directors at Lanka Ashok Leyland oversees sustainability-related strategies, ensuring that initiatives align with the company's long-term objectives and stakeholder interests. The decision to introduce electric trucks was deliberated at the highest governance level, reflecting our commitment to sustainable transportation solutions. Our strategic

SUSTAINABILITY REPORT(Contd.)

vision encompasses the integration of innovative and eco-friendly technologies into our fleet offerings. The introduction of electric trucks, each capable of covering 120-160 km on a single charge, is a testament to this commitment. This initiative not only addresses the growing demand for sustainable logistics solutions but also positions Lanka Ashok Leyland as a leader in green transportation within the region.



Advancing Passenger Transport Standards

Demonstrating its unwavering commitment to delivering safe, reliable, and comfortable transportation, Lanka Ashok Leyland proudly introduced the Luxura Super Luxury AC Bus. Designed with a focus on premium passenger experience, the Luxura features advanced air-conditioning systems, ergonomic reclining seats, ample legroom, smooth suspension, and intelligent braking systems to ensure safety and comfort during long-distance travel.

This model represents a new benchmark in public transportation in Sri Lanka, addressing growing demand for high-end travel solutions among private operators, tourism providers, and public transport agencies. With the Luxura, Lanka Ashok Leyland reaffirms its mission to raise industry standards and support modern, sustainable mobility infrastructure in the country.



Social Responsibility and Workforce Management

Lanka Ashok Leyland is committed to fostering skill development through its in-house training center, which offers NVQ Level 04 certification programs at no cost. Currently, over 200 students, comprising both male and female participants, benefit from these programs. This initiative fosters skill development within the community and supports educational opportunities, contributing to a skilled workforce.

The company promotes diversity within its workforce, with ongoing efforts to improve gender representation across all functions. This indicates a focus on diversity and inclusivity, although further analysis of gender representation in leadership positions and initiatives to promote gender equality would enhance transparency and demonstrate a stronger commitment to social equity.

Additionally, Lanka Ashok Leyland provides extensive customer training programs, particularly for institutions such as the Sri Lanka Transport Board (SLTB), Navy, and Air Force, to ensure optimal product utilization and technical proficiency.



The company has also taken steps to enhance employee welfare by providing life insurance coverage through Fair First Insurance and maintaining an external fund with Lanka Insurance Corporation to service gratuity liabilities.

Lanka Ashok Leyland's practice of maintaining a temple within its factory and conducting regular religious observances, such as worship before important events and also while handing over the vehicles. From a governance and social responsibility perspective, these practices demonstrate the company's commitment to employee and customers' well-being and workplace culture. By integrating religious and cultural traditions into corporate activities, Lanka Ashok Leyland fosters an inclusive and harmonious work environment, which can enhance employee morale, engagement, and productivity.



SUSTAINABILITY REPORT(Contd.)

In addition, four ambulances are stationed at the factory to provide emergency medical assistance to both company employees and also other companies' employees in Templeburg industrial area, reinforcing Lanka Ashok Leyland's commitment to community well-being and its role as a responsible corporate citizen. This initiative demonstrates a proactive approach to local community needs and fosters a positive image for the company. The company's commitment to ethical practices, transparency, and accountability to all stakeholders, including employees, customers, suppliers, and the community, would be further strengthened by clearly defined policies and procedures related to governance, stakeholder engagement, and ethical decision-making. This would enhance its transparency and build trust with stakeholders.

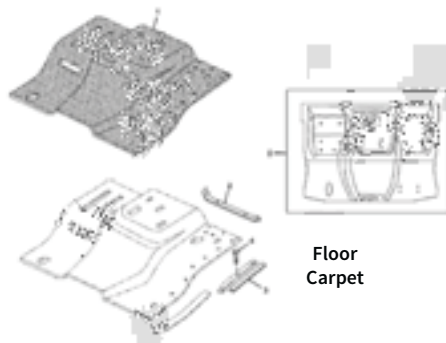
Governance and Ethical Business Practices

Lanka Ashok Leyland's governance framework prioritizes transparency, ethical business conduct, and accountability to stakeholders. The company ensures compliance with regulatory requirements while proactively exploring opportunities for sustainable innovation. It has begun local sourcing and manufacturing of over 20 vehicle components to reduce dependency on imported SKD chassis, fostering local industry development and reducing supply chain vulnerabilities. This initiative not only supports the local economy but also mitigates risks associated with global supply chain disruptions.

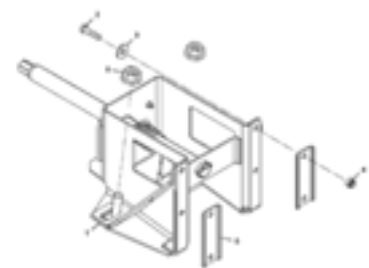
Lanka Ashok Leyland PLC is committed to continuous innovation and development through its in-house Research and Development (R&D) Center, which is staffed by a team of highly qualified engineers. The primary objective of this center is to enhance the company's ability to integrate local value additions by identifying and developing components that can be manufactured within the company's production facilities. This initiative aligns with the company's long-term strategy of promoting local sourcing, reducing dependency on imports, and strengthening the domestic supply chain, which in turn contributes to the overall sustainability of the business.



Driver and Co-Driver Seats



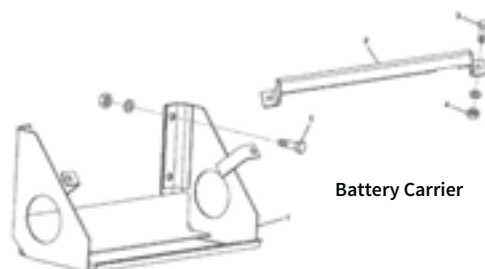
Floor Carpet



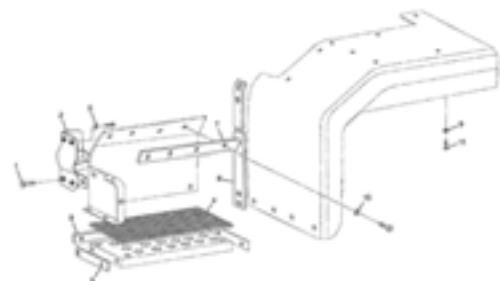
Spare wheel Carrier



Fender



Battery Carrier



Lower and Step Entry

SUSTAINABILITY REPORT(Contd.)

During the reporting period, the R&D team made significant advancements in product development, including the design and production of new vehicle models. These innovations include a cargo van, a passenger van, and a double cab, all of which have been engineered on the Dost chassis. These developments not only expand the company's product portfolio but also align with market demand and sustainability objectives by optimizing resource utilization, enhancing fuel efficiency, and ensuring compliance with evolving environmental and safety regulations.

Furthermore, the R&D Center continues to work on the development of various automotive components, which contribute to increased efficiency, durability, and performance of the company's vehicles. This ongoing research supports Lanka Ashok Leyland's commitment to sustainability by fostering innovation that improves operational efficiency, reduces environmental impact, and strengthens economic resilience through local manufacturing capabilities.

Strengthening Regional Presence through Exports

In the past financial years, Lanka Ashok Leyland made a notable contribution to foreign exchange earnings by exporting vehicles to the Maldives. This initiative marks a significant milestone in expanding the company's regional footprint and showcases its capability to meet international standards in vehicle assembling. The exports not only support Sri Lanka's foreign exchange reserves but also reflect the reliability and performance of the company's products in competitive overseas markets.

Financial Implications of Sustainability Initiatives

Sustainability measures often require initial investments, but they offer long-term financial benefits. Lanka Ashok Leyland's energy-saving factory design reduces operational costs associated with electricity usage, while investments in wastewater treatment contribute to regulatory compliance and environmental responsibility. The shift towards BS6 engines will position the company for future regulatory compliance and market competitiveness, potentially leading to increased demand for eco-friendly vehicles.

Investing in employee training and well-being enhances productivity and retention, resulting in cost savings over time. The company's focus on localized manufacturing is expected to reduce procurement costs and increase profitability in the long run. Transparent reporting of these financial impacts will enable stakeholders to assess the company's sustainability-driven financial resilience effectively.

Conclusion

Lanka Ashok Leyland has demonstrated a strong commitment to sustainability through various environmental, social, and governance initiatives. The company continues to integrate sustainable practices into its operations, from emissions reduction and resource conservation to workforce development and local industry promotion.



Our **EV** *e* LCVs Product Range



Switch leV 3



Switch leV 4

Applications



eBusses



Switch EiV12- Standard



Switch EiV9- Standard



Switch EiV12- Low Floor



Switch EiV22

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY



The Board of Directors is pleased to present the **Forty-Second (42nd)** Annual Report of Lanka Ashok Leyland PLC, together with the Audited Financial Statements and the Independent Auditor's Report for the financial year ended 31st March 2025.

This Annual Report has been prepared in compliance with all applicable statutory and regulatory requirements, including the provisions of the Companies Act, No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange (CSE), and is aligned with established corporate governance principles and best practices.

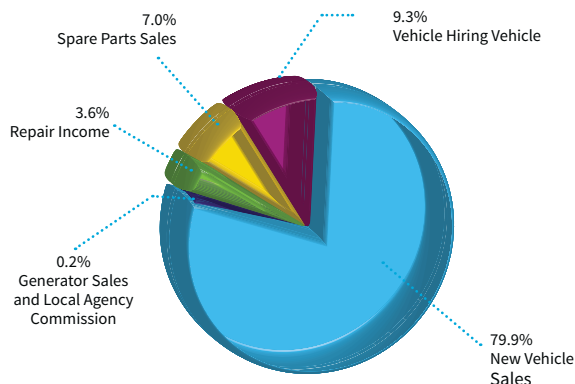
Disclosures required under the Companies Act and the CSE Listing Rules are set out in the Corporate Governance Report on pages 39 to 53 of this Annual Report.

PRINCIPAL ACTIVITIES AND STATE OF AFFAIRS OF THE COMPANY



The Company's principal business activities remained centered around the importation and assembly of Semi-Knocked-Down (SKD) chassis, fabrication of vehicle bodies, and the marketing and distribution of the Ashok Leyland range of commercial vehicles and power generators. In addition, the Company continued to provide comprehensive after-sales services including repairs, maintenance, supply of spare parts, and the provision of vehicles on hire. Restoration services for commercial vehicles also formed a part of the operational portfolio.

There was no significant change in the nature of principal activities of the Company during the year under review that may have significant impact on the state of affairs of the Company.



During the year under review, there were no material changes in the nature of these principal activities. The Company maintained its strategic focus on core operational areas, and no developments occurred that significantly altered the overall direction or structure of the business.



VISION, MISSION AND VALUE STATEMENT

The Company's Vision and Mission statements, as presented on page 1, serve as the foundation for its strategic direction and operational priorities. All business activities are aligned with these guiding principles, ensuring that employees at all levels are inspired and directed by a shared sense of purpose and core values.

Lanka Ashok Leyland PLC remains steadfast in upholding the highest standards of ethics, integrity, and accountability in all its dealings, fostering a culture of transparency and responsible corporate citizenship.



REVIEW OF PERFORMANCE AND FUTURE DEVELOPMENTS

A comprehensive review of the Company's operational and financial performance for the year ended 31st March 2025, along with insights into future prospects, strategic goals, and key initiatives, is provided in the Chief Executive Officer's Review and the Management Discussion and Analysis section of this Annual Report. These sections outline the strategic direction and plans in place to sustain growth and enhance stakeholder value in the coming years.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING



The Board of Directors bears the responsibility for ensuring that the Financial Statements of the Company are prepared and presented in accordance with applicable accounting standards and regulatory requirements, providing a true and fair view of the financial position and performance of the Company.

The formal Statement of Directors' Responsibility for Financial Reporting is provided on page 66 of this Annual Report and forms an integral part of the Annual Report of the Board of Directors.



REGULATORY DISCLOSURES

This Annual Report has been prepared in compliance with all applicable disclosure requirements under the Sri Lanka Accounting Standards (SLFRSs/LKASs), the Companies Act, No. 07 of 2007, and the Listing Rules of the Colombo Stock Exchange. It ensures that all material information relevant to shareholders and stakeholders is presented transparently, accurately, and in a timely manner in accordance with established financial reporting and corporate governance practices.



ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (Contd.)



FINANCIAL STATEMENTS

The Financial Statements have been prepared in accordance with the requirements of the Sri Lanka Accounting Standards (SLFRSs/LKASs), the Companies Act, No. 07 of 2007, and the Listing Rules of the Colombo Stock Exchange.

The Statements of Profit or Loss and Other Comprehensive Income, Financial Position, Cash Flows, Accounting Policies, and Notes to the Financial Statements are presented on pages 71 to 121.

The Financial Statements for the year ended 31st March 2025 have been duly signed on behalf of the Board by the Chairman, a Director, the Chief Executive Officer, and the Assistant General Manager – Finance, as shown on page 72.



AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

The statutory audit of the Financial Statements for the year ended 31st March 2025 was conducted by M/s KPMG. The Independent Auditor's Report issued by them is presented on pages 68 to 70 of this Annual Report.



SIGNIFICANT ACCOUNTING POLICIES

The preparation of the Financial Statements has been carried out in a manner consistent with the previous financial year. The significant accounting policies adopted in the preparation and presentation of these Financial Statements are detailed on pages 75 to 88 of this Annual Report.

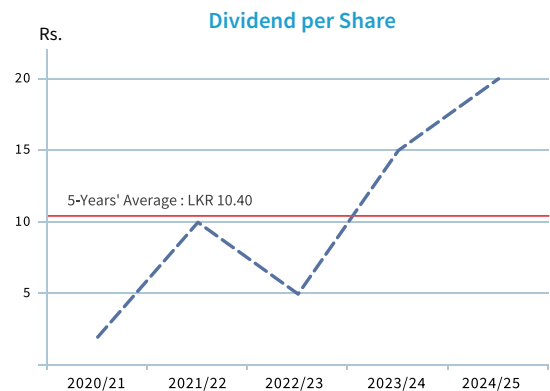
PROFIT AND APPROPRIATIONS

	2023/24 Rs.	2024/25 Rs.
Profit		
Profit after taxation	857,786,897	1,531,027,028
Other Comprehensive Income	(65,681,981)	(28,680,624)
Total Comprehensive Income for the year	792,104,916	1,502,346,404
Profit brought forward from previous year	2,877,612,617	3,652,674,229
Profit available for appropriation	3,669,717,533	5,155,020,633
Appropriations		
Unclaimed Dividend Reversed	1,060,911	1,079,413
Dividend Paid for previous year	(18,104,215)	(54,312,645)
Un-appropriated profit carried forward	3,652,674,229	5,101,787,401



DIVIDENDS

The Board of Directors has recommended the payment of a first and final dividend of Rs. 20.00 per share (200% - Dividend as a percentage of per value) for the financial year ended 31st March 2025, based on the paid-up value of shares. This compares with a dividend of Rs. 15.00 per share (150% - Dividend as a percentage of per value) declared for the previous financial year 2023/24.



SOLVENCY

The Directors confirm that the Company satisfies the solvency test requirement in terms of Section 56 of the Companies Act, No. 07 of 2007, in relation to the proposed first and final dividend. Solvency certificates have been duly obtained from the Auditors to support the declaration of the said dividend.



PUBLIC HOLDING AND THE MARKET VALUE OF SHARES

The last recorded transaction of the Company's shares on the Colombo Stock Exchange prior to the close of trading on 31st March 2025 was at Rs. 950.00 per share, compared to Rs. 690.00 per share on 31st March 2024.

As at 31st March 2025, a total of 1,100,011 ordinary shares were held by the public (unchanged from 31st March 2024), representing 30.38% of the Company's issued Share Capital.



RATIOS AND MARKET PRICE INFORMATION

Key ratios pertaining to equity and debt, along with market price information of the Company's shares, are disclosed on page 7 and pages 125 to 126 of this Annual Report.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTD.)



STATED CAPITAL AND RESERVES

The Stated Capital of the Company as at 31st March 2025 was Rs. 49,375,150, unchanged from 31st March 2024. Details relating to Stated Capital and Reserves are provided in Notes 25 and 26 to the Financial Statements.

There were no changes to the Stated Capital during the year. Movements in the Reserves are presented in the Statement of Changes in Equity included within the Financial Statements.



SHARE INFORMATION

Information relating to distribution of shareholdings, market value, public shareholding and top twenty shareholders are available on pages 123 to 124.



PROPERTY PLANT & EQUIPMENT, RIGHT-OF-USE ASSET AND INTANGIBLE ASSETS

As at 31st March 2025, the net book value of the Company's Property, Plant & Equipment, Right-of-Use Asset, and Intangible Assets amounted to Rs. 1,152.08 Mn. A detailed analysis of these assets is presented in Notes 15, 16, and 17 to the Financial Statements.



MARKET VALUES OF THE PROPERTIES

The freehold land and buildings of the Company were revalued by independent, professionally qualified valuers. The most recent revaluation was carried out in 2025, and the revalued amounts are disclosed under Note 15.1 to the Financial Statements on page 94.



CAPITAL EXPENDITURE

The total Capital Expenditure incurred on the acquisition of Fixed Assets and Intangible Assets during the year is given in Notes 15 and 17 to the Financial Statements.



BOARD OF DIRECTORS

The Board of Directors consisted of 7 members during the year. The names of the Directors who held office during the financial year are given below. The profiles of directors appear on pages 11 to 14 and their memberships on the Board committees of the Company are given in page 40 of this annual report.

- Mr. A A M Amarasinghe - Chairman (Non-Executive - Appointed w.e.f 17th February 2025)
- Mr. K C Leshan De Silva - Chairman (Non-Executive - Resigned w.e.f 17th February 2025)
- Mr. Gopal Mahadevan - Director (Non-Executive)
- Mr. Amandeep Singh Arora - Director (Non-Executive)
- Mr. D S Weerakkody - Independent Director (Non-Executive - Appointed w.e.f 01st February 2025)
- Mr. H M U K Samararatne - Independent Director (Non-Executive - Appointed w.e.f 01st February 2025)
- Mr. M K L Jayawardena - Director (Non-Executive - Appointed w.e.f 17th February 2025)
- Mr. Rajive Saharia - Independent Director (Non-Executive - Appointed w.e.f 27th March 2025)
- Mr. D P Kumarage - Independent Director (Non-Executive - Retired w.e.f 31st December 2024)
- Mr. N Sundararajan - Independent Director (Non-Executive - Retired w.e.f 31st December 2024)
- Mr. D A Abeyawardene - Independent Director (Non-Executive - Retired w.e.f 31st December 2024)
- Mr. R D Balasubramaniam - Director (Non-Executive - Resigned w.e.f 17th February 2025)



NEW APPOINTMENTS AND RESIGNATION OF DIRECTORS DURING THE YEAR

During the year Mr. K C Leshan De Silva and Mr. R D Balasubramaniam resigned from the Board.

During the year Mr. A A M Amarasinghe, Mr. D S Weerakkody, Mr. H M U K Samararatne, Mr. M K L Jayawardena and Mr. Rajive Saharia appointed to the Board as non-executive directors.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (CONTD.)



RETIREMENT AND RE-ELECTION OF DIRECTORS

During the year, Mr. N Sundararajan, Mr. D P Kumarage, and Mr. D A Abayawardene retired from the Board of Directors.

In terms of Article 84 of the Articles of Association of the Company, Mr. Gopal Mahadevan retires by rotation and, being eligible, offers himself for re-election.

The agenda for the Annual General Meeting includes an ordinary resolution to re-elect Mr. A A M Amarasinghe, who is over the age of 70 years, as a Director. In accordance with Section 211 of the Companies Act, No. 07 of 2007, it is proposed that the age limit stipulated in Section 210 shall not apply to Mr. A A M Amarasinghe and that he be re-elected as a Director of the Company.



DIRECTORS' INDEPENDENCE

The Board conducted its annual assessment of the independence of Directors in accordance with the Listing Rules of the Colombo Stock Exchange. Based on this evaluation, Mr. D S Weerakkody, Mr. H M U K Samararatne, and Mr. Rajive Saharia were confirmed as Independent Directors.

Each of the Independent Directors has complied with the criteria for independence set out in the Listing Rules and has submitted a duly signed declaration confirming the same.

Details of the Directors considered Non-Independent are disclosed on page 42 of this Annual Report.



DIRECTORS' MEETINGS

The Directors' meetings comprise Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination and Governance Committee meetings and Related Party Transactions Review Committee meetings. Details of the number of Board and other Committee meetings held during the year and the attendance of Directors at these meetings are given on pages 40 to 45 of the Annual Report.

DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHARE HOLDING



None of the Directors or Chief Executive Officer held Shares of the Company during the year under review or during the last financial year.



INTEREST REGISTER

The Company maintains an interest register in compliance with the Companies Act, No. 07 of 2007. All Directors have made necessary declarations in conformity with Section 192 (2) of the Companies Act. The interest register is available for inspection by the shareholders.



PARTICULARS OF DIRECTORS' INTERESTS IN CONTRACTS

The particulars of Directors' interests in contracts and other related party transactions are given in Note 33 to the Financial Statements. The Directors have no other direct or indirect interest in contract/s or a proposed contracts with the Company other than those disclosed under Related Party Transactions.



DIRECTORS' REMUNERATION AND FEES

Details of Directors' emoluments are given in Note 10 to the Financial Statements. All fees and remuneration have been duly approved by the Board of Directors of the Company. The Directors have not taken any loans from the Company during the year under review.



RELATED PARTY TRANSACTIONS

Related Party Transactions of the Company are reviewed by the Related Party Transactions Review Committee in accordance with the Listing Rules of the Colombo Stock Exchange. The Company has complied with all applicable requirements relating to such transactions.

During the year under review, there were no non-recurrent Related Party Transactions that exceeded, in value, the lower of 10% of shareholders' equity or 5% of total assets. However, there were instances where the aggregate value of recurrent Related Party Transactions exceeded 10% of the Company's gross revenue. Accordingly, transactions classified as Related Party Transactions under Sri Lanka Accounting Standard LKAS 24 are disclosed in Note 33 on pages 110 to 115 of the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (Contd.)

BOARD COMMITTEES

The Board of Directors of the Company while assuming the overall responsibility and accountability for the management of the Company has formed the following Committees to ensure oversight and control over the affairs of the Company conforming to corporate governance code and best practices.

• AUDIT COMMITTEE

Mr. D S Weerakkody	Chairman (Appointed w.e.f 01 st February 2025)
Mr. D P Kumarage	Former Chairman (01 st April 2024 – 30 th September 2024)
Mr. D A Abeyawardene	Former Chairman (01 st October 2024 to 31 st December 2024)
Mr. Gopal Mahadevan	
Mr. H M U K Samararatne	(Appointed w.e.f 01 st February 2025)
Mr. A A M Amarasinghe	(Appointed w.e.f 17 th February 2025)
Mr. Rajive Saharia	(Appointed w.e.f 27 th March 2025)
Mr. N Sundararajan	(Retired w.e.f 31 st December 2024)
Mr. R D Balasubramaniam	(Resigned w.e.f 17 th February 2025)

• REMUNERATION COMMITTEE

Mr. H M U K Samararatne	Chairman (Appointed w.e.f 01 st February 2025)
Mr. N Sundararajan	Former Chairman (Retired w.e.f 31 st December 2024)
Mr. Amandeep Singh Arora	
Mr. D S Weerakkody	(Appointed w.e.f 01 st February 2025)
Mr. M K L Jayawardena	(Appointed w.e.f 17 th February 2025)
Mr. Rajive Saharia	(Appointed w.e.f 27 th March 2025)
Mr. D P Kumarage	(Retired w.e.f 31 st December 2024)
Mr. D A Abeyawardene	(Retired w.e.f 31 st December 2024)
Mr. K C Leshan De Silva	(Resigned w.e.f 17 th February 2025)

• NOMINATION AND GOVERNANCE COMMITTEE

Mr. H M U K Samararatne	Chairman (Appointed w.e.f 01 st February 2025)
Mr. N Sundararajan	Former Chairman (Retired w.e.f 31 st December 2024)
Mr. Amandeep Singh Arora	
Mr. D S Weerakkody	(Appointed w.e.f 01 st February 2025)
Mr. M K L Jayawardena	(Appointed w.e.f 17 th February 2025)
Mr. Rajive Saharia	(Appointed w.e.f 27 th March 2025)
Mr. D P Kumarage	(Retired w.e.f 31 st December 2024)
Mr. D A Abeyawardene	(Retired w.e.f 31 st December 2024)
Mr. K C Leshan De Silva	(Resigned w.e.f 17 th February 2025)

• RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Mr. H M U K Samararatne	Chairman (Appointed w.e.f 01 st February 2025)
Mr. N Sundararajan	Former Chairman (Retired w.e.f 31 st December 2024)
Mr. Gopal Mahadevan	
Mr. D S Weerakkody	(Appointed w.e.f 01 st February 2025)
Mr. A A M Amarasinghe	(Appointed w.e.f 17 th February 2025)
Mr. Rajive Saharia	(Appointed w.e.f 27 th March 2025)
Mr. D P Kumarage	(Retired w.e.f 31 st December 2024)
Mr. D A Abeyawardene	(Retired w.e.f 31 st December 2024)
Mr. K C Leshan De Silva	(Resigned w.e.f 17 th February 2025)



RISK MANAGEMENT

The Board has implemented a comprehensive risk management and internal control framework to safeguard the interests of the Company and its stakeholders. A detailed overview of the Company's risk exposure, mitigation strategies, and risk governance practices is presented in the Risk Management Report on pages 62 to 65 of this Annual Report.

STATUTORY PAYMENTS



To the best of their knowledge, the Directors confirm that all statutory payments due to the Government, regulatory authorities, and in relation to employees have been duly settled up to date.

DONATIONS

There were no donations granted during the year under review (2023/24 - Nil).

DECLARATION

The Directors declare that ;

• Compliance with laws and regulations

To the best of their knowledge and belief the Board of Directors confirms that the Company has complied with all applicable laws, rules and regulations in the conduct of its operations and has not engaged in any activity, which contravenes laws and regulations of the country.

• Directors' interests in contracts

The directors have declared all material interests in contracts involving the Company and refrained from voting on matters in which they were materially interested.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (Contd.)

• **Equitable Treatment**

The Company has taken all reasonable measures to ensure that all shareholders are treated equitably.

• **Going Concern**



In preparing the Financial Statements for the year ended 31st March 2025, the Board evaluated the Company's ability to continue as a going concern. This assessment considered expected revenue streams, cost management strategies, profitability, ability to defer non-essential capital expenditure, debt repayment schedules, liquidity reserves, access to funding facilities, and continuity of operations.

After careful evaluation, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future and have adopted the going concern basis in preparing the Financial Statements.

The Directors also confirm, in compliance with Section 57(1)(a) of the Companies Act, No. 07 of 2007, that the Company is able to pay its debts as they fall due in the normal course of business.

• **Effectiveness of Internal Controls**

The Board has reviewed the Company's internal control framework—including financial, operational, and compliance controls, as well as risk management practices—and has obtained reasonable assurance regarding their adequacy and effectiveness.

• **Corporate governance**



The Board of Directors is committed to upholding strong corporate governance practices in accordance with the Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. A detailed report on the Company's governance practices is provided on pages 39 to 53 of this Annual Report.

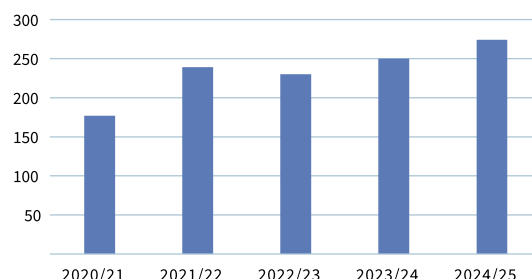


EMPLOYMENT AND INDUSTRIAL RELATIONS

The Company continues to invest in human resource development and effective HR practices to ensure achieving corporate goals. The number of permanent employees as at 31st March 2025 was 274 (31st March 2024 - 250).

There were no material issues pertaining to employees or industrial relations during the year.

No. of Employees



ENVIRONMENTAL PROTECTION

The Company remains committed to environmental sustainability and has made every effort to comply with applicable environmental laws and regulations. It has not engaged in any activity deemed harmful or hazardous to the environment and has proactively implemented measures to prevent pollution and minimize environmental impact arising from its operations.



CONTINGENT LIABILITIES AND OUTSTANDING LITIGATION

Details of contingent liabilities, litigation, and claims are disclosed in Notes 36 and 37 to the Financial Statements. These matters are not expected to have any material adverse impact on the financial performance or future operations of the Company.



EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date that would require adjustments to, or additional disclosures in, the Financial Statements, other than those disclosed in Note 38.

INDEPENDENT AUDITORS' APPOINTMENT AND REMUNERATION

The Company's Independent External Auditors, M/s. KPMG, who were re-appointed by a resolution passed at the last Annual General Meeting, have audited the Financial Statements of the year under review, and have offered themselves for reappointment.

A sum of Rs. 2,725,000/- (2023/24 - Rs. 2,725,000/-) in addition to reimbursement of out of pocket expenses amounting to Rs. 327,317/- (2023/24 - Rs. 276,270) was payable at the year-end as audit fees for the year under review. In addition, they were paid / payable Rs. 205,000/- (2023/24 - Rs. 75,000/-) and Rs. 500,000/- (2023/24 - Rs. 460,000/-) by the Company for audit related work and non-audit related work respectively.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY (Contd.)

As far as the Directors are aware, the Auditors do not have any relationships (other than that of an auditor) with the Company other than those disclosed above. The Auditors also do not have any interest in the Company.

In accordance with the Companies Act, No. 07 of 2007, a resolution related to the appointment of external auditors and to determine their remuneration is being proposed at the forthcoming Annual General Meeting to be held on 11th August 2025.

ANNUAL GENERAL MEETING

The Forty-first Annual General Meeting will be held on 11th August 2025. The Notice of Annual General Meeting is given on page 130 of this Annual Report.



ACKNOWLEDGMENT

The Directors wish to express their gratitude and appreciation to the Government of Sri Lanka, bankers, financial institutions, shareholders, valued customers, M/s Lanka Leyland (Pvt) Limited, and M/s Ashok Leyland Limited - India, for their co-operation, valuable guidance, assistance and the continued support.

The Directors also wish to thank all the employees for their contribution, support and co-operation throughout the year.

By order of the Board



A A M Amarasinghe
Chairman



D S Weerakkody
Director



D A Abeyawardene
Secretary

Colombo
26th May 2025

CORPORATE GOVERNANCE



Lanka Ashok Leyland PLC is firmly committed to upholding the highest standards of corporate governance. This statement outlines the principles and practices adhered to by the Company, ensuring transparency, accountability, and ethical conduct in all its operations.

The Company has diligently implemented the corporate governance principles as outlined in the Corporate Governance Best Practice Guidelines issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC). Furthermore, Lanka Ashok Leyland PLC complies with the provisions of the Listing Rules (Sections 7.6 and 9) established by the Colombo Stock Exchange (CSE).

In this regard, the Board of Directors, along with senior management, has taken all necessary steps to align the Company's governance framework with international best practices, ensuring that the interests of stakeholders are consistently protected and promoted.



BOARD OF DIRECTORS

The Board of Directors of Lanka Ashok Leyland PLC holds collective responsibility for the long-term success and sustainability of the Company. Its role is primarily threefold: to provide leadership and strategic direction, to oversee management, ensuring the highest ethical and legal standards, and to guarantee that the Company presents its stakeholders with a balanced and understandable assessment of its current position and future prospects.

The Board has delegated certain operational responsibilities to the Chief Executive Officer and the senior management team. However, key decisions remain under the Board's purview, including the approval of the annual strategy, financial statements, annual budgets, acquisitions, and dividends. Additionally, the Board is entrusted with the oversight of the Company's risk management framework.

On a broader scale, the Board has delegated some of its responsibilities to its Committees. The composition, activities, and key outcomes of these Committees are outlined in their respective reports on Pages 54 to 60. The Board regularly reviews updates presented by the Chairman of each Committee during its meetings.

The Board is currently composed of seven Directors, including the Chairman. All members are Non-Executive Directors, with three serving as Independent Directors. The composition of the Board and a brief profile of each Director, highlighting their areas of expertise, are detailed on Pages 40 and 11 to 14.

CORPORATE GOVERNANCE FRAMEWORK

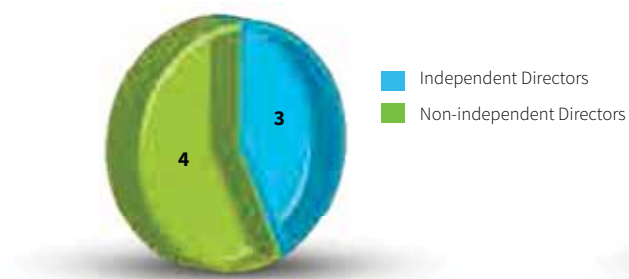


CORPORATE GOVERNANCE (Contd.)

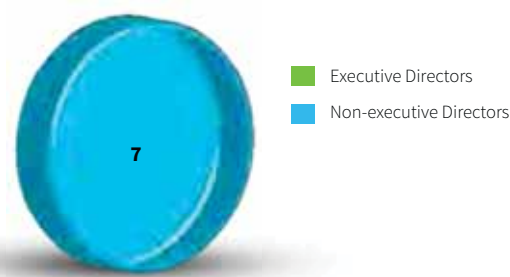
The current members of the Board and their memberships on the Board Committees of the Company are as follows;

Name of the Director	Category				Board Committees as Chairman or Member			
	Executive	Non - Executive	Independent	Non - Independent	Audit Committee	Remuneration Committee	Nomination and Governance Committee	Related- Party Transactions Review Committee
Mr. A A M Amarasinghe (Chairman)	-	✓	-	✓	Member	-	-	Member
Mr. Gopal Mahadevan	-	✓	-	✓	Member	-	-	Member
Mr. Amandeep Singh Arora	-	✓	-	✓	-	Member	Member	-
Mr. D S Weerakkody	-	✓	✓	-	Chairman	Member	Member	Member
Mr. H M U K Samararatne	-	✓	✓	-	Member	Chairman	Chairman	Chairman
Mr. M K L Jayawardena	-	✓	-	✓	-	Member	Member	-
Mr. Rajive Saharia	-	✓	✓	-	Member	Member	Member	Member

Independent / Non-independent Directorships



Executive / Non-executive Directorships



Number of Board meetings held during the year and the attendance of Directors.

Name of the Director	Board Meetings	
	No. held	No. attended
Mr. A A M Amarasinghe - Chairman (Appointed w.e.f 17 th February 2025)	1	1
Mr. K C Leshan De Silva - Former Chairman (Resigned w.e.f 17 th February 2025)	3	3
Mr. Gopal Mahadevan	4	4
Mr. Amandeep Singh Arora	4	3
Mr. D S Weerakkody (Appointed w.e.f 01 st February 2025)	1	1
Mr. H M U K Samararatne (Appointed w.e.f 01 st February 2025)	1	1
Mr. M K L Jayawardena (Appointed w.e.f 17 th February 2025)	1	1
Mr. Rajive Saharia (Appointed w.e.f 27 th March 2025)	-	-
Mr. D P Kumaraage (Retired w.e.f 31 st December 2024)	3	-
Mr. N Sundararajan (Retired w.e.f 31 st December 2024)	3	3
Mr. D A Abeyawardene (Retired w.e.f 31 st December 2024)	3	3
Mr. R D Balasubramaniam (Resigned w.e.f 17 th February 2025)	3	3

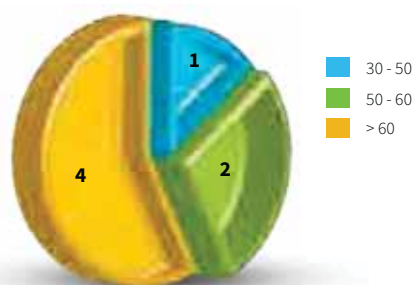
CORPORATE GOVERNANCE (Contd.)

NEW APPOINTMENTS AND RESIGNATION OF DIRECTORS

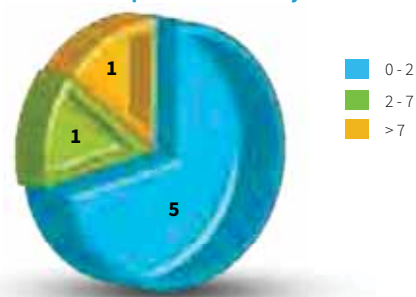
During the year, the following changes occurred in the composition of the Board:

- **Resignations**
Mr. K C Leshan De Silva and Mr. R D Balasubramaniam resigned from the Board.
- **Retirements**
Mr. N Sundararajan, Mr. D P Kumaraage, and Mr. D A Abayawardene retired from the Board.
- **Appointments**
Mr. A A M Amarasinghe, Mr. D S Weerakkody, Mr. H M U K Samararatne, Mr. M K L Jayawardena and Mr. Rajive Saharia were appointed to the Board as Non-Executive Directors.

Directors' Age Diversity



Directorship Tenure Diversity



DIRECTORS' INDEPENDENCE REVIEW

The Board carried out its annual evaluation of the independence of Directors and accordingly Mr. D S Weerakkody, Mr. H M U K Samararatne and Mr. Rajive Saharia were confirmed to be independent as per the provisions of the Listing Rules of the Colombo Stock Exchange. Each of the Independent Directors complied with the independence requirements under the Rules and has submitted signed declarations in this regard.

The independence of all its Non-Executive Directors was reviewed on the basis of criteria summarised as follows. The Non-Executive Independent Directors did not have a conflict of interest, as per the criteria for independence outlined below.

Criteria for Defining Independence	Status of Conformity of Independent Directors
Shareholding carrying not less than 10% of voting rights	None of the Directors held shares of the Company.
Director of another company	None of the Independent Directors is a Director of another related party company.
Income/non-cash benefit equivalent to 20% of the Director's annual income excluding income/non-cash benefits received which are applicable on a uniform basis to all non-executive Directors on the Board	Independent Director income/cash benefits are less than 20% of an individual Director's annual income.
Employment at Company and/or material business relationship with Company, currently or in the three years immediately preceding appointment as a Director	None of the Independent Directors are employed or have been employed with or have had any material business relationship with LAL.
Close family member is a Director, Chief Executive Officer (CEO) or a Key Management Personnel	No family member of the Independent Director is a Director or CEO or a Key Management Personnel of a related party company.
Has served on the Board continuously for a period exceeding nine years from the date of the first appointment	None of the Independent Directors served on the Board continuously for a period exceeding nine years from the date of the first appointment

CORPORATE GOVERNANCE (Contd.)

Following Directors are considered as Non-Independent Directors of the Company;

Name	Reason for Non-Independence
Mr. A A M Amarasinghe	Chairman of Lanka Leyland (Pvt) Limited, which holds 41.77% of the total share capital of Lanka Ashok Leyland PLC.
Mr. Gopal Mahadevan	Director of Ashok Leyland Limited, India which holds 27.85% of the total share capital of the Company and is also the main supplier to Lanka Ashok Leyland PLC.
Mr. Amandeep Singh Arora	Head of International Operations of Ashok Leyland Limited, India which holds 27.85% of the total share capital of the Company and is also the main supplier to Lanka Ashok Leyland PLC.
Mr. M K L Jayawardena	Director of Lanka Leyland (Pvt) Limited, which holds 41.77% of the total share capital of Lanka Ashok Leyland PLC.



FIT AND PROPER ASSESSMENT OF DIRECTORS

Lanka Ashok Leyland PLC is committed to ensuring that all Directors meet the required standards of fitness and propriety at all times. In accordance with the criteria outlined under Section 9.7.3 of the CSE Listing Rules on Corporate Governance, the Company has implemented a rigorous process to assess the suitability of its Directors.

The fit and proper assessment was conducted thoroughly during the year, ensuring compliance with these governance requirements and reaffirming the Company's commitment to maintaining a high standard of leadership and integrity.



COMMUNICATION WITH SHAREHOLDERS

Lanka Ashok Leyland PLC ensures consistent and transparent communication with its shareholders through various channels. These include the Annual Report, interim financial statements, Annual General Meetings (AGMs), Extraordinary General Meetings (EGMs), announcements to the Colombo Stock Exchange (CSE), and updates on the corporate website.

Additionally, shareholders are encouraged to provide feedback via the investor feedback form included in the Annual Report. The Company also maintains regular communication through the Company Secretaries, ensuring that shareholder queries and concerns are promptly addressed.

Way of Communication	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim Financial Statements	Quarterly
Announcements to CSE	As required
Media Center section in the Corporate website	Continuous

Release of Information to the Public and CSE

The Board of Directors, in conjunction with the Audit Committee, where applicable, is responsible in ensuring the accuracy and timeliness of published information and in presenting a true and fair view, and balanced assessment of results in the quarterly and annual financial statements. Accordingly, the Company has reported a true and fair view of its financial position and performance for the year ended 31st March 2025 and also at the end of each quarter of the financial year 2024/25.

All other material and price sensitive information about the Company is promptly communicated to the CSE and such information is also released to employees, the press and shareholders. Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. Such questions, requests and comments should be addressed to the Company Secretary.

The Company focuses on open communication and fair disclosure, with emphasis on the integrity, timeliness and relevance of the information provided. The Company ensures that information is communicated accurately and in a manner that will avoid the creation or continuation of a false market.

Annual General Meeting

Information is provided to the shareholders prior to the AGM to give them an opportunity to exercise the prerogative to raise any issues relating to the businesses of the Company. Annual Reports are made available to shareholders in electronic form. Shareholders may at any time elect to receive an Annual Report from LAL in printed form, which is provided free of charge.

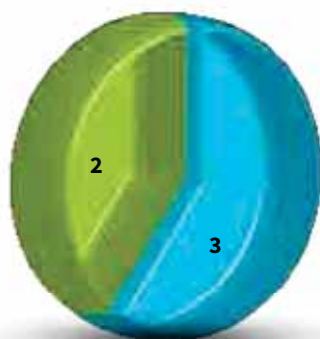
CORPORATE GOVERNANCE (Contd.)

The Company constructively makes use of the AGM towards enhancing relationships with the shareholders and towards this end the following procedures are followed:

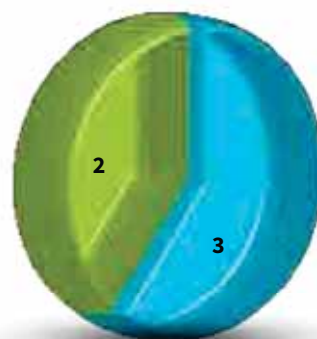
- Notice of the AGM and related documents are made available to the shareholders along with the Annual Report within the specified time.
- Summary of procedures governing voting at the AGM are clearly communicated.
- The Board ensures that the external auditors are present at the AGM.
- Directors and CEO are made available to answer queries.
- Separate resolutions are proposed for each item that is required to be voted on.
- Proxy votes, those for, against, and withheld (abstained) are counted.

BOARD SUB-COMMITTEES

Audit Committee

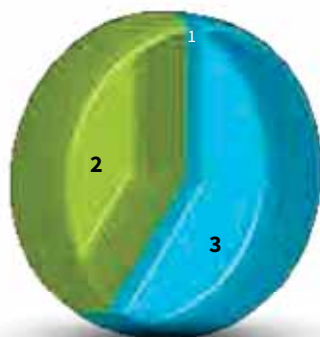


Nomination and Governance Committee

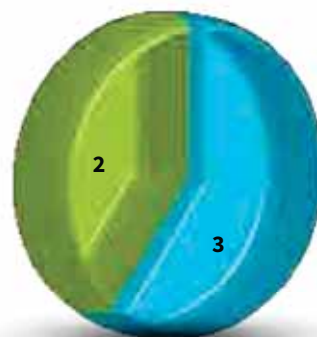


Composition of the Board sub-committees

Remuneration Committee



Related Party Transactions Review Committee



 Independent Directors  Non-independent Directors

CORPORATE GOVERNANCE (Contd.)

AUDIT COMMITTEE

The Audit Committee is comprised of five Non-Executive Directors, of whom three are Independent Directors.

The Chairman, Mr. D. S. Weerakkody, holds a Doctorate in Business Administration (Honorary) from the United States and is a Fellow of both the Chartered Institute of Management Accountants (UK) and the Institute of Certified Management Accountants of Sri Lanka. The other members of the Audit Committee have a blend of experience in business management, accounting, and auditing and risk management. The Board is of the view that the members of the Audit Committee have the necessary and relevant accounting and related financial management expertise and also adequate experience to discharge the Committee's functions.

A separate report by the Chairman of the Audit Committee is given on Pages 54 to 55 of the Annual Report.

Table below gives the Committee composition and the attendance of members at the meetings.

Name of the Director	Audit Committee Meetings	
	No. held	No. attended
Mr. D S Weerakkody (Chairman) (Appointed w.e.f 01 st February 2025)	1	1
Mr. D P Kumarage (Former Chairman) (01 st April 2024 to 30 th September 2024)	3	-
Mr. D A Abeyawardene (Former Chairman) (01 st October 2024 to 31 st December 2024)	3	3
Mr. Gopal Mahadevan	4	4
Mr. H M U K Samararatne (Appointed w.e.f 01 st February 2025)	1	1
Mr. A A M Amarasinghe (Appointed w.e.f 17 th February 2025)	1	1
Mr. Rajive Saharia (Appointed w.e.f 27 th March 2025)	-	-
Mr. N Sundararajan (Retired w.e.f 31 st December 2024)	3	3
Mr. R D Balasubramaniam (Resigned w.e.f 17 th February 2025)	3	3

REMUNERATION COMMITTEE

The Remuneration Committee of Lanka Ashok Leyland PLC is composed of five Non-Executive Directors, three of whom are Independent Directors.

The primary responsibility of the Remuneration Committee is to develop policies regarding executive remuneration, ensuring that the procedures for performance evaluation are formal and transparent. The Committee also determines the remuneration packages of Key Management Personnel, aligning them with the Company's objectives and performance standards.

Payments made to Directors and Key Management Personnel are disclosed in Note 33.5 of the Financial Statements.

A detailed report from the Chairman of the Remuneration Committee is presented on Page 56 of the Annual Report.

The table below outlines the composition of the Committee and the attendance of its members at the meetings held during the year.

Name of the Director	Remuneration Committee Meetings	
	No. held	No. attended
Mr. H M U K Samararatne (Chairman) (Appointed w.e.f 01 st February 2025)	1	1
Mr. N Sundararajan (Former Chairman) (Retired w.e.f 31 st December 2024)	-	-
Mr. Amandeep Singh Arora	1	-
Mr. D S Weerakkody (Appointed w.e.f 01 st February 2025)	1	1
Mr. M K L Jayawardena (Appointed w.e.f 17 th February 2025)	1	1
Mr. Rajive Saharia (Appointed w.e.f 27 th March 2025)	-	-
Mr. D P Kumarage (Retired w.e.f 31 st December 2024)	1	-
Mr. D A Abeyawardene (Retired w.e.f 31 st December 2024)	1	1
Mr. K C Leshan De Silva (Resigned w.e.f 17 th February 2025)	1	1

NOMINATION AND GOVERNANCE COMMITTEE

The Nomination and Governance Committee of Lanka Ashok Leyland PLC consists of five Non-Executive Directors, three of whom are Independent Directors.

The primary responsibility of the Nomination and Governance Committee is to review the structure and composition of the Board of Directors, making recommendations for new Board appointments in accordance with the Articles of Association of the Company. The Committee ensures that the Board possesses the appropriate mix of expertise, knowledge, and skills to effectively fulfill its strategic responsibilities. In doing so, the Committee regularly assesses the Board's composition, ensuring that the combined experience and competencies align with the strategic needs and challenges facing the Company.

A detailed report by the Chairman of the Nomination and Governance Committee is available on Pages 57 to 58 of the Annual Report.

CORPORATE GOVERNANCE (Contd.)

The table below outlines the composition of the Committee and the attendance of its members at the meetings held during the year.

Name of the Director	Nomination and Governance Committee Meetings	
	No. held	No. attended
Mr. H M U K Samararatne (Chairman) (Appointed w.e.f 01 st February 2025)	1	1
Mr. N Sundararajan (Former Chairman) (Retired w.e.f 31 st December 2024)	-	-
Mr. Amandeep Singh Arora	1	-
Mr. D S Weerakkody (Appointed w.e.f 01 st February 2025)	1	1
Mr. M K L Jayawardena (Appointed w.e.f 17 th February 2025)	1	1
Mr. Rajive Saharia (Appointed w.e.f 27 th March 2025)	-	-
Mr. D P Kumarage (Retired w.e.f 31 st December 2024)	1	-
Mr. D A Abeyawardene (Retired w.e.f 31 st December 2024)	1	1
Mr. K C Leshan De Silva (Resigned w.e.f 17 th February 2025)	1	1

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The Related Party Transactions Review Committee is comprised of five Non-Executive Directors, three of whom are Independent Directors.

Related Party Transactions Review Committee is responsible for reviewing the ongoing and proposed transactions with related parties and assists the Board of Directors in laying down, reviewing and overseeing policies and procedures relating to related party transactions of the Company, the disclosures and filings to be made by the Company periodically, and their implementation by the Management, and also to identify and avoid conflicts of interests, if any.

A separate report by the Chairman of the Related Party Transactions Review Committee is given on Pages 59 to 60 of the Annual Report.

Below table gives the composition of the Committee and the attendance at the meetings.

Name of the Director	Related Party Transactions Review Committee Meetings	
	No. held	No. attended
Mr. H M U K Samararatne (Chairman) (Appointed w.e.f 01 st February 2025)	1	1
Mr. N Sundararajan (Former Chairman) (Retired w.e.f 31 st December 2024)	3	3
Mr. Gopal Mahadevan	4	4
Mr. A A M Amarasinghe (Appointed w.e.f 17 th February 2025)	1	1
Mr. D S Weerakkody (Appointed w.e.f 01 st February 2025)	1	1
Mr. Rajive Saharia (Appointed w.e.f 27 th March 2025)	-	-
Mr. D P Kumarage (Retired w.e.f 31 st December 2024)	3	-
Mr. D A Abeyawardene (Retired w.e.f 31 st December 2024)	3	3
Mr. K C Leshan De Silva (Resigned w.e.f 17 th February 2025)	3	3



INTERNAL AUDIT

The Internal Audit function provides independent, risk-based oversight to the Audit Committee on the Company's processes and controls. M/s. Ernst & Young Consulting Services (Pvt) Limited, Chartered Accountants, have been appointed as the internal auditors to assess and monitor the adequacy of both financial and operational controls, as well as to identify areas for improvement.

The internal auditors present their findings to the Management, and the corresponding responses and actions are documented. These highlights are subsequently presented to the Audit Committee for further review. Based on the Committee's guidance, actions are determined, and regular follow-ups are conducted to ensure the timely closure and resolution of identified issues.

CORPORATE GOVERNANCE (Contd.)



EXTERNAL AUDIT

M/s. KPMG, Chartered Accountants have been appointed by the shareholders, as the external auditors, to review and express their opinion on the true and fairness of the Annual Financial Statements of the Company. They submit their report to the shareholders, for consideration at the Annual General Meeting. Further they issue an annual Management Letter to the Board, highlighting priority areas for attention and improvement, and other significant observations, if any. This Management Letter is also reviewed by the Audit Committee and the actions are decided and implemented based on the Committee's advice.

DISCLOSURES

The tables given below provide the details and disclosures on the level of compliance with the requirements of the Companies Act, No. 07 of 2007, Listing Rules of the Colombo Stock Exchange and the code of best practices issued jointly by Institute of Chartered Accountants of Sri Lanka and the Securities & Exchange Commission of Sri Lanka.

DISCLOSURE REQUIREMENTS UNDER THE COMPANIES ACT, NO. 07 OF 2007

Level of compliance with Section 168 of Companies Act, No. 07 of 2007, pertaining to Corporate Governance.

Rule No.	Disclosure Requirement	Reference to the Annual Report
Section 168 (1) a	Changes during the accounting period in the nature of the business of the Company.	32 / 75
Section 168 (1) b	Financial Statements for the accounting period completed and signed in accordance with section 151.	71 - 121
Section 168 (1) c	Auditor's report on the Financial Statements	68 - 70
Section 168 (1) d	Change in accounting policies made during the accounting period.	33
Section 168 (1) e	Particulars of entries in the interests register made during the accounting period.	35
Section 168 (1) f	Remuneration and other benefits of directors during the accounting period	90
Section 168 (1) g	Amount of donations made by the Company during the accounting period.	36
Section 168 (1) h	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period.	34
Section 168 (1) i	Amounts payable by the Company to the auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that firm.	37
Section 168 (1) j	Particulars of any relationship (other than that of auditor) which the auditor has with or any interests which the auditor has in, the Company.	37
Section 168 (1) k	Sign the Annual Report on behalf of the Board by two Directors of the Company and the Secretary of the Company.	32 - 38

CORPORATE GOVERNANCE (Contd.)

DISCLOSURES SPECIFIED BY SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Level of compliance with Section 7.6 of Listing Rules of the Colombo Stock Exchange;

Rule No.	Disclosure Requirement	Reference to the Annual Report
Rule 7.6 (i)	Names of persons who during the financial year were Directors of the Entity.	34
Rule 7.6 (ii)	Principal activities of the Entity during the year and any changes therein.	32 / 75
Rule 7.6 (iii)	The names and the number of shares held by the 20 largest holders of shares and the percentage of such shares held.	123
Rule 7.6 (iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement.	124
Rule 7.6 (v)	Directors' and Chief Executive Officer's holding in shares of the Entity at the beginning and end of financial year.	35
Rule 7.6 (vi)	Information pertaining to material foreseeable risk factors of the Entity.	62 - 65
Rule 7.6 (vii)	Details of material issues pertaining to employees and industrial relations of the Entity.	37
Rule 7.6 (viii)	Extent, locations, valuations of land and buildings and investment properties.	94
Rule 7.6 (ix)	Number of shares presenting the Entity's stated capital.	104
Rule 7.6 (x)	Distribution schedule of the number of holders in each class of security, and the percentage of their holding as per given categories	123
Rule 7.6 (xi)	Ratios and market price information	7 / 125 - 126
Rule 7.6 (xii)	Significant changes in the Entity's fixed assets and the market value of land if differs substantially from the book value.	94 - 97
Rule 7.6 (xiii)	Funds, (if any) raised either through a public issue, rights issue and private placement	Not Applicable
Rule 7.6 (xiv)	Employee share option/purchase schemes	Not Applicable
Rule 7.6 (xv)	Disclosures pertaining to Corporate Governance practices in terms of Section 9 of the Rules	47 - 53
Rule 7.6 (xvi)	Details of Related party transactions as per the specified criteria.	40 - 115

DISCLOSURE REQUIREMENTS UNDER SECTION 9 OF THE LISTING RULES OF COLOMBO STOCK EXCHANGE (CSE) ON CORPORATE GOVERNANCE

Statement of Compliance under Section 9 of the Revised Listing Rules of the CSE on Corporate Governance.

Rule No.	Applicable Requirement	Details	Compliance Status
9.1 Corporate Governance Rules			
9.1.3	A statement confirming compliance with Corporate Governance Rules	The Company is in compliance with the Corporate Governance Rules and has stated so within the Report with any deviations explained where applicable.	Complied
9.2 Policies			
9.2.1 / 9.2.3	Listed Company shall establish and maintain the policies in section 9.2.1 and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Company on its website	All required policies mandated under Listing Rule 9.2.1 have been duly disclosed and are available on the Company's official website for public reference.	Complied
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted	Not Applicable	Not Applicable

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.3 Board Committees			
9.3.1 a/b/c/d	Minimum required Board Committees	The required Committees are maintained and are functioning effectively.	Complied
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	The Company is in compliance with the requirements in respect of the Board Committees.	Complied
9.3.3	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees	Board Committees have separate Chairman. Refer Page 40 to the Annual Report.	Complied
9.4 Meeting Procedures and the Conduct of all General Meetings with Shareholders			
9.4.1 a/b/c/d	Records of all resolution being considered at any General Meeting shall be maintained	The Company maintains all records and information regarding resolutions considered at General Meetings.	Complied
9.4.2 a/b/c/d	Communication and relations with shareholders and investors	Refer Communication with Shareholders section in this report.	Complied
9.5 Policy on Matters Relating to the Board of Directors			
9.5.1	Listed Company shall establish and maintain a formal policy governing matters relating to the Board of Directors and such policy shall include the matters listed under this Rule	The Company has established and maintained a policy on matters relating to the Board of Directors, which is published on the corporate website.	Complied
9.5.2	Disclosures in the Annual Report	Disclosures are made with regards to the availability of policy on governing matters relating to Board of Directors.	Complied
9.6 Chairperson and CEO			
9.6.1	The Chairperson of every Listed Company shall be a Non- Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual, unless otherwise a Senior Independent Director is appointed by such Entity	<p>The Chairman of the Company is Non- Executive Director.</p> <p>The Company has separate individuals as Chairman and as CEO</p>	Complied
9.6.2	Where the Chairperson of a Listed Company is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules	Not Applicable	Not Applicable
9.6.3	Appointment of Senior Independent Director	Not applicable since there is no Senior Independent Director	Not Applicable
9.6.4	Rationale for appointing Senior Independent Director	Not Applicable	Not Applicable

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.7 Fitness of Directors and CEO			
9.7.1 – 9.7.4	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	<p>Directors are required to provide general disclosures and declarations on fitness and propriety annually and are required to report any material changes to the information provided therein, including any changes to their professional responsibilities and business associations, to the Board.</p> <p>Accordingly, all the directors and CEO have disclosed their fitness and propriety as stipulated by CSE.</p> <p>The Nominations and Governance Committee reviews and makes recommendation to the Board on the fitness and propriety of Directors.</p>	Complied
9.7.5	Disclosures in the Annual Report	Refer Fit and Proper Assessment of Directors section in this report	Complied
9.8 Board Composition			
9.8.1	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors.	The Board currently consists of seven directors including the Chairman.	Complied
9.8.2	At least two or one third of the Directors, whichever is higher, should be Independent Directors.	Three out of Seven Non-Executive Directors are independent throughout the year and also as at 31 st March 2025.	Complied
9.8.3	Requirements for meeting the criteria to be an Independent Director.	Refer Directors Independent Review section in this report	Complied
9.8.5 a/b/c	The Board shall annually determine the independence or otherwise of IDs and name the Directors who are determined to be 'independent'	All independent Directors have submitted declarations as to their independence, and a determination of their independence is evaluated.	Complied
9.9 Alternate Directors			
9.9 (a) – (e)	Appointment of Alternate Directors to be in accordance with the Rules and such requirements to be incorporated into the Articles of Association	No Alternate Directors appointed during the year 2024/25.	Not Applicable
9.10 - Disclosures relating to Directors			
9.10.1	Policy on the maximum number of directorships	The Company has established and maintained a policy on matters relating to the Board of Directors, which is published on the corporate website.	Complied
9.10.2 / 9.10.3	Market announcement upon the appointment of a new director and any changes to the Board composition	The Company has submitted the brief resume of newly appointed director to Colombo Stock Exchange.	Complied
9.10.4	Details in relation to the Board members	Board of Directors' resume is given in Pages 11 to 14 of this Annual Report.	Complied

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.11 – Nomination and Governance Committee			
9.11.1	A listed company shall have a Nomination and Governance Committee.	The Company has a Nomination and Governance Committee. Refer Pages 57 to 58 to the Annual Report.	Complied
9.11.2	Listed Company shall establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee	Refer Nomination and Governance Committee Report of this Annual Report	Complied
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Refer Nomination and Governance Committee Report of this Annual Report	Complied
9.11.4(1)	Shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity and not comprise of Executive Directors of the Listed Entity.	The Nomination and Governance Committee comprised of five (5) Non-Executive Directors out of which three (3) are Independent	Complied
9.11.4(2) / (3)	An Independent Director shall be appointed as the Chairperson of the Nomination and Governance Committee by the Board of Directors. The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Company	An Independent Director has always been as the Chairmen of the Nomination and Governance Committee. Refer Nomination and Governance Committee Report of this Annual Report	Complied
9.11.5	The functions of the Nominations and Governance Committee	Refer Nomination and Governance Committee Report of this Annual Report	Complied
9.11.6	Disclosures in the Annual Report	Refer Nomination and Governance Committee Report of this Annual Report	Complied
9.12 Remuneration Committee			
9.12.2	A listed company shall have a Remuneration Committee.	The Company has a Remuneration Committee. Refer Page 56 to the Annual Report.	Complied
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors and individual Directors.	Refer Remuneration Committee Report of this Annual Report	Complied
9.12.4	Remuneration for Non-Executive Directors shall be based on a policy of non-discriminatory pay practices to ensure the independence	Refer Remuneration Committee Report of this Annual Report	Complied
9.12.5	The Remuneration Committee shall have written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	Refer Remuneration Committee Report of this Annual Report	Complied

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.12.6(1)	Shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which a minimum of two (02) members shall be Independent Directors of the Listed Entity and not comprise of Executive Directors of the Listed Entity.	The Remuneration Committee comprised of five (5) Non-Executive Directors out of which three (3) are Independent.	Complied
9.12.6(2)	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	An Independent Director has always been as the Chairmen of the Remuneration Committee.	Complied
9.12.7	Functions of the Committee	Refer Remuneration Committee Report of this Annual Report	Complied
9.12.8	The Annual Report should set out the names of the Directors comprising the Remuneration Committee, Statement of Remuneration policy and the aggregate remuneration paid to Executive and Non-Executive Directors.	Names of Remuneration Committee members are given in Corporate Governance Report on Page 40. The report of the Remuneration Committee is given on Page 56 and the remuneration paid to Directors is given in the Note 10 to the Financial Statement on page 90.	Complied
9.13 Audit Committee			
9.13.1	A listed company shall have an Audit Committee.	The Company has an Audit Committee. Refer Pages 54 to 55 of the Annual Report.	Complied
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties.	The Audit Committee has a written terms of reference clearly defining its scope, authority and duties.	Complied
9.13.3.1	Shall comprise of a minimum of three (03) directors of the Listed Entity, out of which a minimum of two (02) or a majority of the members, whichever higher, shall be Independent Directors.	The Audit Committee comprised of five (5) Non-Executive Directors out of which three (3) are Independent.	Complied
9.13.3.2	Composition - The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors	Majority of the Committee members are independent.	Complied
9.13.3.3	Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.	Refer Audit Committee report on Pages 54 to 55 of this Annual Report	Complied
9.13.3.4	An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	An Independent Director has always been the Chairmen of the Audit Committee.	Complied
9.13.3.5	Chief Executive Officer and the Chief Financial Officer should attend Audit Committee Meetings.	The Chief Executive Officer, Assistant General Manager – Finance attend Audit Committee meetings by invitation.	Complied
9.13.3.6	The Chairman of the Audit Committee or one member should be a member of a professional accounting body.	The Chairman of the Audit Committee is Fellow of both the Chartered Institute of Management Accountants (UK) and the Institute of Certified Management Accountants of Sri Lanka	Complied

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.13.4	Functions of the Committee	Refer Audit Committee report on Pages 54 to 55 of this Annual Report	Complied
9.13.5	The Annual Report should set out the names of the Directors comprising the Audit Committee, shall make a determination of the independence of the Auditors and disclose the basis for such determination and Annual Report shall contain a Report of the Audit Committee.	Refer the Audit Committee report on Pages 54 to 55 of this Annual Report.	Complied
9.14 Related Party Transactions Review Committee (RPTRC)			
9.14.1	Listed Entities shall have a Related Party Transactions Review Committee	The Company has a RPTRC. Refer Pages 59 to 60 of the Annual Report.	Complied
9.14.2	Related Party Transactions Review Committee shall comprise of a minimum of 3 members, majority of whom should be IDs and an ID shall be appointed as the Chairperson	The RPTRC comprised of five (5) Non-Executive Directors out of which three (3) are independent including the Chairman of the Committee.	Complied
9.14.3	Functions of the Committee	Refer RPTRC Report on Pages 59 to 60 of the Annual Report	Complied
9.14.4 (2)-(4)	General Requirements	Refer RPTRC Report on Pages 59 to 60 of the Annual Report	Complied
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	Refer RPTRC Report on Pages 59 to 60 of the Annual Report	Complied
9.14.6	Shareholder Approval	During the year under review, Company has not had any recurrent / non-recurrent Related Party Transactions, which requires shareholder approval.	Not Applicable
9.14.7	Immediate Disclosures – Non Recurrent Related Party Transactions	During the year under review, Company has not had any non-recurrent Related Party Transactions, which requires immediate announcement to the Exchange.	Not Applicable
9.14.8(1)	Disclosure of Non recurrent Related Party Transactions, if aggregate value of the Non-recurrent Related Party Transactions exceeds 10% of the equity or 5% of the total assets, whichever is lower, of the listed entity as per the latest Audited Financial Statements.	Company has not had any non-recurrent Related Party Transactions during the year under review with aggregate value exceeding 10% of the equity or 5% of the Total assets, whichever is lower. Hence, no disclosure is required. Refer RPTRC report on Pages 59 to 60 of the Annual Report	Not Applicable
9.14.8(2)	Disclosure of recurrent Related Party Transactions, if the aggregate value of the recurrent Related Party Transactions exceeds 10% of the Gross Revenue/ Income as per the latest Audited Financial Statements.	During the year, there were instances where aggregate recurrent Related Party Transactions value exceeded the threshold of 10% of Gross Revenue. Accordingly, required Disclosure has been made in note 33.1 to the Financial Statements.	Complied
9.14.8(3)	Committee report shall include; Names of Committee members, statement that Committee has reviewed the RPTs and communicated observations to the Board, policies and procedures adopted in reviewing RPTs and number of times Committee met during the year.	Refer Pages 59 to 60 for the Related Party Transactions Review Committee Report of this Annual Report.	Complied

CORPORATE GOVERNANCE (Contd.)

Rule No.	Applicable Requirement	Details	Compliance Status
9.14.8(4)	This should be an affirmative statement of the compliance and full disclosure of Related Party Transactions or a negative statement in the event the entity does not have Related Party Transactions.	Refer Pages 59 to 60 of the Annual Report of the Board of Directors.	Complied
9.14.9	Acquisition And Disposal of Assets from / to Related Parties	There were no acquisition and disposal of substantial assets during the year 2024/25.	Not Applicable
9.17 Additional Disclosures			
9.17 (i)	Directors have disclosed all material interests in contracts and have refrained from voting when materially involved	Directors make a disclosure of interests at appointment, at the beginning of every financial year and also during the year may be required.	Complied
9.17 (ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Board takes steps to ensure the integrity of internal control systems, and that they remain effective, via the review and monitoring of such systems on a periodic basis.	Complied
9.17 (iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions	Refer Annual Report of the Board of Directors on the Affairs of the Company	Complied
9.17 (iv)	Disclosure of material non-compliance with laws/ regulations and fines by relevant authorities where the Entity operates	During the year under review, there were no material fines incurred.	Complied

ETHICAL STANDARDS

The Board is committed to maintain highest ethical standards in conducting its business and to communicate its values to its employees and dealers, and always strive to ensure their conduct is based on such values.

COMPLIANCE

The Board places significant emphasis on strong internal compliance procedures. The Financial Statements of the Company are prepared in strict compliance with the guidelines of the Sri Lanka Accounting Standards and other statutory regulations. Interim Financial Statements are published quarterly in line with the Listing Rules of the Colombo Stock Exchange through which all significant developments are reported to shareholders. The Board of Directors, to the best of their knowledge and belief, are satisfied that all statutory payments have been made up to date.

By order of the Board



A A M Amarasinghe
Chairman



D S Weerakkody
Chairman – Audit Committee

Colombo
26th May 2025

AUDIT COMMITTEE REPORT

The Audit Committee of Lanka Ashok Leyland PLC is a formally constituted subcommittee of the Board of Directors, established in accordance with the provisions of the Listing Rules of the Colombo Stock Exchange and in line with the principles of good corporate governance. The Committee is tasked with assisting the Board in fulfilling its oversight responsibilities related to the integrity of financial reporting, risk management, internal control systems, and compliance with applicable legal and regulatory requirements.

Composition of the Committee

Name	Designation	Status
Mr. D. S. Weerakkody	Chairman	Independent Non-Executive Director (Appointed w.e.f. 01 st February 2025)
Mr. D P Kumarage	Chairman (former)	Independent Non-Executive Director (01 st April 2024 - 30 th September 2024)
Mr. D A Abayawardene	Chairman (former)	Independent Non-Executive Director (01 st October 2024- 31 st December 2024)
Mr. Gopal Mahadevan	Member	Non-Executive Director
Mr. H. M. U. K. Samararatne	Member	Non-Executive Independent Director (Appointed w.e.f. 01 st February 2025)
Mr. A. A. M. Amarasinghe	Member	Non-Executive Director (Appointed w.e.f. 17 th February 2025)
Mr. Rajive Saharia	Member	Non-Executive Independent Director (Appointed w.e.f. 27 th March 2025)
Mr. Mr. N. Sundararajan	Member (former)	Non-Executive Independent Director (Retired w.e.f. 31 st December 2024)
Mr. R. D. Balasubramaniam	Member (former)	Non-Executive Director (Resigned w.e.f. 17 th February 2025)

The members bring a diverse and complementary blend of expertise across finance, audit, legal, corporate governance, and business operations. The Chairman, Mr. D S Weerakkody, holds a Doctorate in Business Administration (Honorary) from the United States and is a Fellow of both the Chartered Institute of Management Accountants (UK) and the Institute of Certified Management Accountants of Sri Lanka.

Brief profiles of all Committee members are presented on pages 11 to 14 of this Annual Report.

The Company Secretary serves as Secretary to the Audit Committee.

ROLE OF THE AUDIT COMMITTEE

The primary role of the Audit Committee is to assist the Board in discharging its oversight duties. The Committee operates under a formal charter approved by the Board and is responsible for the following key areas:

- Reviewing the adequacy and effectiveness of the Company's internal control and risk management systems.
- Ensuring that the financial reporting process is in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and applicable regulatory requirements.
- Monitoring the Company's compliance with statutory obligations under the Companies Act No. 07 of 2007, the Colombo Stock Exchange Listing Rules, and other relevant legal and regulatory frameworks.
- Overseeing the effectiveness of the internal audit function and evaluating internal audit findings and follow-up actions.
- Reviewing the appropriateness of accounting policies and the judgments applied in the preparation of financial statements.
- Assessing the performance, independence, and objectivity of the external auditor.
- Reviewing the annual and interim financial statements prior to submission to the Board, focusing on significant reporting issues and compliance with financial reporting standards.
- Providing a forum for reviewing risks related to financial, operational, strategic, legal, and regulatory areas and ensuring appropriate mitigation measures are in place.
- Receiving assurances from the CEO and other senior management on the effectiveness of internal controls and risk management practices.

MEETINGS

During the year under review, the Committee met on four occasions. The attendance of the members at these meetings is disclosed in the Corporate Governance Report on page 44.

Meetings were attended by the Chief Executive Officer and the Head of Finance by invitation. Proceedings and key deliberations of the Committee were duly reported to the Board of Directors.

AUDIT COMMITTEE REPORT (Contd.)

INTERNAL AUDIT

The internal audit function is outsourced to M/s Ernst & Young Consulting Services (Pvt) Ltd., a firm with significant expertise in risk-based auditing. The Committee meets the internal auditors quarterly to review audit findings, discuss risk exposures, and monitor the implementation of recommendations. Follow-up reviews on previously identified issues are also discussed. Internal audit reports are made available to the external auditors to ensure coordination and transparency between both functions.

Key operational and strategic risks identified through the internal audit process are detailed in the Risk Management Report (refer pages 62 to 65 of this Annual Report).

EXTERNAL AUDIT

M/s KPMG, Chartered Accountants, continued to serve as the Company's external auditors for the financial year 2024/25. The Committee reviewed their independence, objectivity, and audit scope, and assessed the findings contained in the Management Letter issued upon completion of the statutory audit.

In accordance with Section 163(3) of the Companies Act No. 07 of 2007, KPMG has confirmed that no relationships or interests exist that could impair their independence.

The Committee further reviewed the provision of non-audit services by KPMG during the year and concluded that such services did not compromise their independence. Based on this evaluation, the Committee recommended to the Board the reappointment of M/s KPMG as External Auditors for the financial year 2025/26. This recommendation will be presented to shareholders at the upcoming Annual General Meeting.

KPMG has served as the Company's external auditor since incorporation in 1983. The Committee noted that the audit engagement partner was rotated for the financial year ended 31st March 2025 in line with best practice.

ASSURANCE FROM MANAGEMENT

The Committee confirms that the Board has received written assurance from the Chief Executive Officer and the Assistant General Manager – Finance, affirming the adequacy and effectiveness of the Company's internal controls and the integrity of its financial reporting processes.

FINANCIAL REPORTING OVERSIGHT

The Committee reviewed all interim and annual financial statements, ensuring compliance with applicable accounting standards and regulatory frameworks, including the Companies Act, CSE Listing Rules, and the Securities and Exchange Commission of Sri Lanka regulations.

The Committee ensured that financial reports present a true and fair view of the Company's financial position, performance, and ability to continue as a going concern.

CONCLUSION

Based on its reviews and discussions, the Audit Committee is of the view that the Company's internal control systems, risk management practices, and governance processes are adequate and effective in safeguarding assets, ensuring compliance, and supporting reliable financial reporting.



D. S. Weerakkody

Chairman - Audit Committee

Colombo

26th May 2025

REMUNERATION COMMITTEE REPORT

This report is presented in compliance with Section 9.12 of the Colombo Stock Exchange Listing Rules and the principles outlined in the Code of Best Practice on Corporate Governance 2023 issued jointly by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and the Securities and Exchange Commission of Sri Lanka (SEC).

COMPOSITION OF THE COMMITTEE

Remuneration Committee comprises Non-Executive Directors, the majority of whom are independent.

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

Name	Designation	Status
Mr. H M U K Samararatne	Chairman	Independent Non-Executive Director (Appointed w.e.f 01 st February 2025)
Mr. N Sundararajan	Chairman (former)	Independent Non-Executive Director (Retired w.e.f. 31 st December 2024)
Mr. Amandeep Singh Arora	Member	Non-Executive Director
Mr. D S Weerakkody	Member	Independent Non-Executive Director (Appointed w.e.f 01 st February 2025)
Mr. M K L Jayawardena	Member	Non-Executive Director (Appointed w.e.f 17 th February 2025)
Mr. Rajive Shaharia	Member	Independent Non-Executive Director (Appointed 27 th March 2025)
Mr. D P Kumarage	Member (former)	Independent Non-Executive Director (Retired 31 st December 2024)
Mr. D A Abayawardene	Member (former)	Independent Non-Executive Director (Retired 31 st December 2024)
Mr. K. C Leshan De Silva	Member (former)	Non-Executive Director (Resigned w.e.f 17 th February 2025)

The Company Secretary serves as Secretary to the Committee. The Chief Executive Officer (CEO) supports the Committee by furnishing relevant data and performance-related information, except where his own remuneration or potential conflicts are involved.

Brief profiles of the Committee members are included in the Directors' Profiles section (pages 11 to 14).

RESPONSIBILITIES AND SCOPE

In accordance with Schedule H of the Code and Rule 9.12 of the CSE Listing Rules, the Remuneration Committee is responsible for:

- Recommending to the Board the remuneration framework for Directors.
- Determining the compensation structure for the Chief Executive Officer.
- Reviewing the recommendation of CEO regarding overall compensation of Senior Management and Executives.

- Reviewing the recommendation of CEO on the overall compensation strategy, including employee benefits, perquisites, performance-based rewards, and other incentives.
- The Committee has granted authority to the Chief Executive Officer to decide the compensation of Senior Executives of the Company within the framework recommended by the Committee.

The Committee ensures that remuneration structures are designed to attract and retain qualified individuals, while maintaining alignment with shareholder interests and industry benchmarks.

REMUNERATION POLICY

The Company's remuneration policy is formulated to support strategic objectives and long-term shareholder value. The policy is underpinned by principles of competitiveness, fairness, performance alignment, and transparency. It is periodically benchmarked against market practices and peer organizations in the industry.

The key elements of employee remuneration include:

- Fixed Components: Basic salary, fixed allowances, and travel-related benefits.
- Variable Components: Monthly and annual performance-based incentives aligned with Key Result Areas (KRAs) and corporate goals.
- Other Benefits: Medical insurance, retirement benefits, and other welfare facilities.

The policy applies uniformly across all staff grades, with variations based on responsibilities and performance.

DIRECTORS' EMOLUMENTS

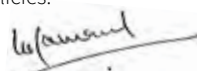
All Directors are entitled to a fixed honorarium and additional fees for participation in Board and Committee meetings. Details of the Directors' emoluments are disclosed in Note 10 to the Financial Statements (page 90).

MEETINGS AND ATTENDANCE

The Committee convened one meeting during the financial year under review. The attendance record of each Committee member is disclosed in the Corporate Governance Report on page 44, as required by Rule 9.12 of the CSE Listing Rules.

INDEPENDENCE AND DISCLOSURE

The Committee ensures that no individual is involved in decisions regarding their own remuneration. All decisions made by the Committee are duly reported to the Board. The Committee has access to external advice, if necessary, and continuously reviews market trends to ensure the competitiveness of remuneration policies.



H. M. U. K. Samararatne
Chairman - Remuneration Committee

Colombo
26th May 2025

NOMINATION AND GOVERNANCE COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The Nomination and Governance Committee is comprised exclusively of Non-Executive Directors, including a majority of Independent Non-Executive Directors, in line with best practices in corporate governance. The Committee members during the year under review were as follows:

Name	Designation	Status
Mr. H M U K Samararatne	Chairman	Independent Non-Executive Director (Appointed w.e.f 01 st February 2025)
Mr. N Sundararajan	Chairman (former)	Independent Non-Executive Director (Retired w.e.f. 31 st December 2024)
Mr. Amandeep Singh Arora	Member	Non-Executive Director
Mr. D S Weerakkody	Member	Independent Non-Executive Director (Appointed w.e.f 01 st February 2025)
Mr. M K L Jayawardena	Member	Non-Executive Director (Appointed w.e.f 17 th February 2025)
Mr. Rajive Shaharia	Member	Independent Non-Executive Director (Appointed 27 th March 2025)
Mr. D P Kumaraige	Member (former)	Independent Non-Executive Director (Retired 31 st December 2024)
Mr. D A Abayawardene	Member (former)	Independent Non-Executive Director (Retired 31 st December 2024)
Mr. K. C Leshan De Silva	Member (former)	Non-Executive Director (Resigned w.e.f 17 th February 2025)

The Company Secretary functions as the Secretary to the Committee. Brief profiles of each Committee member are provided in the Directors' Profiles section of this Annual Report (Pages 11 - 14).

PURPOSE OF THE COMMITTEE

The primary responsibility of the Nomination and Governance Committee is to ensure the effectiveness of the Board by evaluating its structure, composition, and performance. The Committee facilitates a process for identifying, evaluating, and recommending candidates for Board appointments and ensures that governance practices align with evolving regulatory requirements and industry norms.

The Committee's objectives include:

- Recommending appointments to the Board in accordance with the Articles of Association and the Promoters' Joint Venture Agreement.
- Ensuring the Board comprises individuals with appropriate expertise, skills, and diversity to support the Company's strategic direction.
- Overseeing corporate governance matters and making recommendations to the Board for continuous improvement.

- Ensuring compliance with the Listing Rules of the Colombo Stock Exchange (CSE) and applicable laws and regulations.

TERMS OF REFERENCE AND KEY ACTIVITIES

The Committee operates under a formal Charter approved by the Board and undertook the following key responsibilities during the year:

- Board Composition Review: Evaluate the current size, structure, and composition of the Board with a view to ensuring alignment with strategic requirements and governance best practices.
- Board Appointments: Consider nominations by Promoter Shareholders (Government of Sri Lanka and Ashok Leyland Limited) and recommend suitable appointments, particularly of Non-Independent Directors, in accordance with the Joint Venture Agreement.
- Director Re-appointments: Review and made recommend on the re-appointment of retiring Directors, taking into account statutory obligations and performance considerations.
- Committee Chair Appointments: Provide recommendations to the Board on the appointment of Chairpersons for various Board Committees.
- Governance Oversight: Review the Company's corporate governance framework and propos improvements where appropriate, benchmarking against the CSE Listing Rules and applicable regulations.
- Monitoring Regulatory Developments: Track emerging governance and regulatory trends and ensure the Board remained informed of necessary changes.
- Evaluate the eligibility of the Directors who have offered themselves for re- appointment and re-election to the Board considering the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities and made necessary recommendations to the Board.
- Ensure that any significant issues concerning the Company were communicated to the Independent Directors and special board meetings convened as and when necessary to discuss important or critical matters with the Board.
- Evaluation of the performance of the Board of Directors and the Chief Executive Officer.
- Update existing Directors and newly appointed Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations.

NOMINATION AND GOVERNANCE COMMITTEE REPORT (Contd.)

Independence of Directors

The Committee evaluated the independence of the current Board of Directors based on the declarations submitted by the respective Directors in accordance with the requirements of the Listing Rules of the Colombo Stock Exchange. The Committee determined that three out of seven Directors were Independent as per the criteria set out on the Listing Rules of the Colombo Stock Exchange.

Re-Appointment and Re-Election of Directors

In terms of the Article 84 of the Article of Association of the Company, Mr. Gopal Mahadevan retires by rotation and being eligible offers himself for re-election.

The following directors were appointed to the Board as non-executive directors.

Name of the Director	Date of Appointment
Mr. D S Weerakkody	01 st February 2025
Mr. H M U K Samararatne	01 st February 2025
Mr. A A M Amarasinghe	17 th February 2025
Mr. M K L Jayawardena	17 th February 2025
Mr. Rajive Saharia	27 th March 2025

Details of memberships and chairmanships of the Board sub-committees are provided on page 40 of this Annual Report.

Mr. A A M Amarasinghe who retire from the Board at the conclusion of the forthcoming Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007, have offered himself for re-appointment.

None of the Directors who are being proposed for election or their family members, have any relationship with the Directors of the Company or shareholders having more than 10% of the shares of the Company.

Having given due consideration to each Director's performance, the Committee recommends that the said Directors are eligible for re-appointment and re-election as the case may be.

MEETINGS AND ATTENDANCE

The Committee held one meeting during the year under review and the attendance details are given on Page 45 as part of the Corporate Governance Report.

CONCLUSION

The Committee is satisfied that the Board of Directors, as currently constituted, possesses the requisite expertise, diversity, and independence to guide the Company effectively. Further, the Company remained compliant with the corporate governance requirements of the Colombo Stock Exchange and all other applicable regulations throughout the year.



H M U K Samararatne

Chairman – Nomination and Governance Committee

Colombo
26th May 2025

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

COMPOSITION OF THE COMMITTEE

The RPTRC comprises Non-Executive Directors, the majority of whom are Independent, in compliance with CSE Listing Rule 9.14.2. The composition during the year under review was as follows:

Name	Designation	Status
Mr. H M U K Samararatne	Chairman	Independent Non-Executive Director (Appointed w.e.f 01 st February 2025)
Mr. N Sundararajan	Chairman (former)	Independent Non-Executive Director (Retired w.e.f. 31 st December 2024)
Mr. Gopal Mahadevan	Member	Non-Executive Director
Mr. D S Weerakkody	Member	Independent Non-Executive Director (Appointed w.e.f 01 st February 2025)
Mr. A A M Amarasinghe	Member	Non-Executive Director (Appointed w.e.f 17 th February 2025)
Mr. Rajive Shaharia	Member	Independent Non-Executive Director (Appointed w.e.f 27 th March 2025)
Mr. D P Kumarage	Member (former)	Independent Non-Executive Director (Retired w.e.f 31 st December 2024)
Mr. D A Abayawardene	Member (former)	Independent Non-Executive Director (Retired w.e.f 31 st December 2024)
Mr. K. C Leshan De Silva	Member (former)	Non-Executive Director (Resigned w.e.f 17 th February 2025)

Brief profiles of the members are presented on pages 11 to 14 of this Annual Report.

The Company Secretary acts as the Secretary to the Committee.

SCOPE AND RESPONSIBILITIES

The Committee is entrusted with the following responsibilities:

- Ensuring compliance with the SEC Code of Best Practices on Related Party Transactions and applicable provisions of the CSE Listing Rules.

- Reviewing and recommending for Board approval all Related Party Transactions, unless specifically exempted by the Code.
- Reviewing proposed and ongoing transactions to determine whether they are conducted on arm's length basis and in the best interest of the Company.
- Establishing guidelines for the management to ensure that recurrent transactions are carried out within established parameters.
- Facilitating appropriate and timely disclosures to the CSE and in the Annual Report, as required under Listing Rule 9.14 and LKAS 24.
- Recommending immediate market disclosures for applicable transactions based on the thresholds set out in the CSE Listing Rules.
- Reporting findings to the Board on a quarterly basis and as necessary.

POLICIES AND PROCEDURES

The Company maintains a robust framework for identifying and reviewing related party transactions. The Promoters (Lanka Leyland (Pvt) Limited and Ashok Leyland Limited, India) along with their affiliates and subsidiaries, are identified as Related Parties under applicable laws.

Key Management Personnel, including the Directors and the Chief Executive Officer, are also considered related parties. The Company obtains regular declarations from such individuals to maintain an updated register of their interests.

Data from these declarations, combined with transactional data from the Company's ERP system, forms the basis for monitoring, reviewing, and ensuring compliance with the applicable regulations.

MEETINGS OF THE COMMITTEE

During the financial year 2024/25, the Committee convened three meetings. The attendance of each member is disclosed under the Corporate Governance Report on page 45.

Post each meeting, the Committee's observations and recommendations were formally communicated to the Board of Directors, which reviewed and endorsed them for implementation by the Management.

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT (Contd.)

REVIEW OF RELATED PARTY TRANSACTIONS FOR THE YEAR 2024/25

During the year under review, all Related Party Transactions were scrutinized by the Committee to ensure transparency and adherence to regulatory guidelines.

- No non-recurrent Related Party Transactions exceeded the thresholds specified under CSE Listing Rules (i.e., the lower of 10% of equity or 5% of total assets).
- However, certain recurrent transactions exceeded 10% of the Company's gross revenue, and appropriate disclosures have been made in Note 33 to the Financial Statements (pages 110 to 115), in accordance with LKAS 24.

Given the nature of the Company's business, a substantial portion of transactions involved related parties, particularly with the Promoters and the Government of Sri Lanka. These transactions were duly documented and disclosed, with special attention paid to credit arrangements, inventory holdings, and payment terms.

- The Government of Sri Lanka remains a principal customer. Payment delays—typical in dealings with public sector entities—were managed within acceptable commercial practices, and no defaults or bad debts were reported.
- Ashok Leyland Limited, India, provided extended credit facilities to support operations amidst macroeconomic challenges.

These arrangements are intrinsic to the Company's operating model and reflect the continued support from both major Promoters.

DECLARATION

An affirmative declaration, in line with Rule 9.14.8 of the Listing Rules of the Colombo Stock Exchange, stating that the Company has entered into Related Party Transactions during the year, is included in the Report of the Board of Directors on page 35 of this Annual Report.

All transactions that meet the definition of Related Party Transactions under LKAS 24 have been appropriately disclosed in Note 33 to the Financial Statements.



H M U K Samararatne

Chairman – Related Party Transactions Review Committee

Colombo
26th May 2025

DIRECTORS' STATEMENT ON INTERNAL CONTROLS

INTRODUCTION

As required by Sections D.1.5 and D.2.2.4 of the Code of Best Practice on Corporate Governance 2023 (the "Code") issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka, the Board of Directors of Lanka Ashok Leyland PLC presents its Statement on Internal Controls as part of this Annual Report.

RESPONSIBILITY FOR INTERNAL CONTROLS

The Board of Directors bears ultimate responsibility for establishing, maintaining, and continuously reviewing a sound system of internal controls. This system is intended to safeguard shareholders' investments and the Company's assets, ensure the integrity of financial reporting, and support compliance with applicable laws and regulations.

The Board is committed to identifying, assessing, and managing risks on an ongoing basis. To this end, it has implemented structured procedures and control mechanisms aimed at mitigating both financial and operational risks. The internal control framework encompasses internal checks, internal audits, clearly defined policies, and other operational controls designed to provide reasonable assurance against material misstatement or loss.

While the internal control system is intended to provide a reasonable level of assurance, it is not designed to eliminate all risks entirely. Instead, it is structured to manage and mitigate risks within the context of the Company's overall risk appetite and business objectives.

Internal Control Framework and Governance Structure

The Board has established several committees to support its governance responsibilities and strengthen oversight of internal controls and risk management. These include the:

- Audit Committee
- Remuneration Committee
- Related Party Transactions Review Committee
- Nominations and Governance Committee

Each of these committees operates under a defined charter and contributes to ensuring that the internal control environment is robust, effective, and responsive to the Company's evolving risk profile.

The Audit Committee, in particular, plays a central role in overseeing the effectiveness of the Company's internal control system. It reviews findings from the internal audit function (outsourced to an independent party), monitors the implementation of audit recommendations, and assesses issues raised by the external auditors, regulatory authorities, and management. The Committee also evaluates the internal audit scope, audit plans, and the quality and independence of the internal audit processes. Minutes of Audit Committee meetings are regularly presented to the Board for its consideration and appropriate action.

Key Internal Control Processes

Management, under the direction of the Board, is responsible for the implementation of internal control policies and procedures, particularly those related to financial reporting. This includes identifying key risk areas, designing and operating suitable controls, and monitoring their effectiveness.

During the year, designated officers of the Company continued to review and enhance processes and controls relating to significant accounts and disclosures in the Financial Statements. The internal audit function, through periodic assessments, verified both the design and operational effectiveness of these controls.

Committees appointed by the Board also assist in ensuring that the Company's operations align with corporate strategy, approved budgets, and internal policies. These oversight activities take into account prevailing business conditions and operational dynamics.

The Company has also continued to monitor the implementation status of recommendations issued by the external auditors in prior years, and appropriate corrective actions have been taken to address identified gaps and strengthen the control environment.

Directors' Confirmation

Based on the evaluations carried out through the processes outlined above, the Board of Directors confirms that the Company's internal control system, particularly those related to financial reporting, has been designed and operated to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements.

The Board further confirms that the Financial Statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS), the requirements of the Companies Act No. 7 of 2007, the Listing Rules of the Colombo Stock Exchange, and other applicable regulatory requirements.

By order of the Board



A A M Amarasinghe
Chairman



D S Weerakkody
Chairman – Audit Committee

Colombo
26th May 2025

MANAGEMENT OF RISK

OVERVIEW

The Company believes that successful and proactive risk management initiatives can minimize the likelihood and the impact of risks, though it is not possible to completely avoid risks, as risk is an integral part of any business; and risk and returns go hand in hand in business. Risk Management is a continuous and developing process which runs throughout the Company's strategic initiatives and the implementations, to maintain a balance between the risks of uncertainty and change necessary to grab opportunities.

A successful approach towards Risk Management results in compliance, assurance and better-informed decision-making which will help the Company in improving the effectiveness of strategy and efficiency of operations.

Lanka Ashok Leyland responded to those new challenges by redesigning our product and operating strategies in line with the risk appetite and risk tolerance frame work of the Company.

RISK GOVERNANCE AND OVERSIGHT

The Board being primarily responsible for the overall Risk Management of the Company, approves the strategy and policies for effective Risk Management, which are then converted to action in the manner outlined in the following framework.

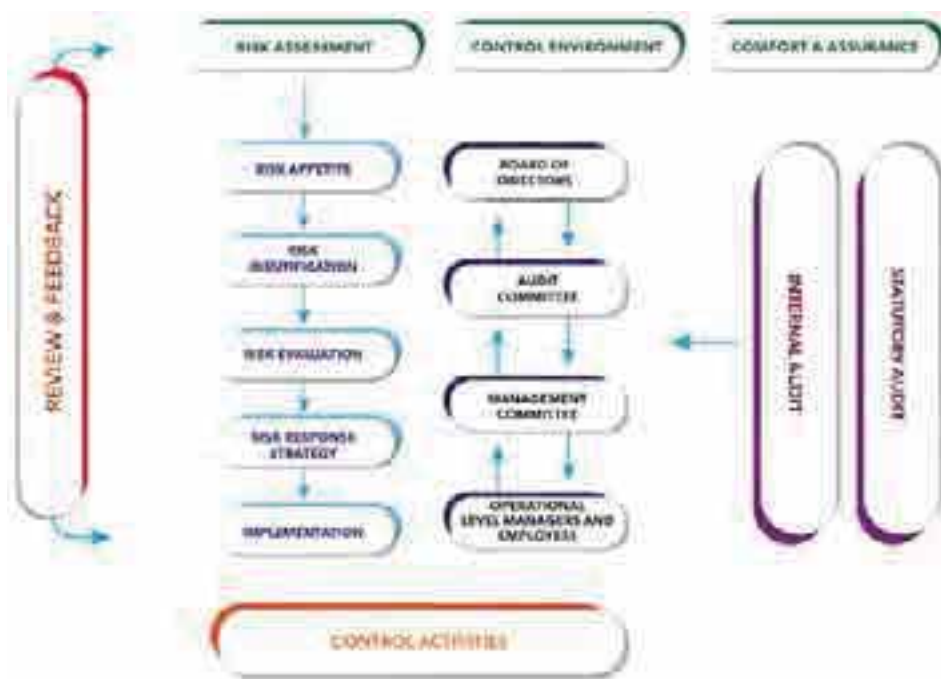
The Board has delegated its responsibility to the Audit Committee to oversee the system of Risk Management, compliance and controls to mitigate risks. The Company has appointed an independent professional organization, as internal Auditors who provide in-depth reports to the Audit Committee. The Audit Committee reviews the internal audit reports and assesses the effectiveness of laid down control process, suggested requirements, mitigation plans and gives directions to the Management.

The Senior Management of the Company is responsible for implementing the Risk Management directives given by the Audit Committee and for the establishment of appropriate systems to ensure that enterprise risks are identified, measured, monitored, and controlled effectively.

RISK MANAGEMENT PROCESS

Control Environment, Risk Assessment, Control Activities, Communication and Monitoring establish the foundation for the sound internal control system within the Company. The various risks faced by the Company are identified and assessed routinely at all levels and within all functions in the Company. Control activities and other mechanisms are proactively designed to address and mitigate the significant risks. Information critical to identifying risks and meeting business objectives is communicated through established channels up, down and across the Company. The entire system of internal control is monitored continuously and possible weaknesses are addressed timely. Accordingly, the Risk Management Framework of the Company is presented below.

Risk Management Framework



MANAGEMENT OF RISK (Contd.)

Risk Assessment

Risk assessment starts with management discussions, event analysis, internal audit reports and other internal and external communications for risk identification and then proceeds to assess the impact and finally arrives at the response. Risk assessment revolves around measuring and prioritizing risks so that risk levels are managed within defined tolerance thresholds without being over controlled or without foregoing desirable opportunities.

Control Environment

The control environment of Lanka Ashok Leyland is headed by the Board of Directors, assisted by an Audit Committee with well-balanced blend of experience, and the Management Committee. The Board with the assistance of the Audit committee, sets the necessary guidelines at the top to ensure an effective control environment ensuring continuous monitoring and improvements. The Management Committee implements the control objectives and gives necessary feedback to both the Audit Committee and to the operational level managers.

Control Activities

Control activities established through policies and procedures are performed at all levels of the company at various stages within business processes, and over the technological environment. They may be preventive or detective in nature. Segregation of duties is typically built into the selection and development of control activities. Where segregation of duties is not practical, management selects and develops alternative control activities.

Management Committee is responsible for effectively implementing internal control system in accordance with the policies set by the Board of Directors based on the recommendations of the Audit Committee and the Internal and External Auditors.

Communication and Monitoring

Learning through experience, opinions from professionals such as internal auditors, external auditors and other internal and external stakeholders are given due importance by the Audit Committee in monitoring and reviewing the risks. The Audit Committee, which has the ultimate responsibility of monitoring the process of risk management, reviews the risks and action plans on a quarterly basis and makes recommendations to the Board.

The following diagram summarizes the key risks that could be most relevant to the Company's business.



During the year under concern the focus was mainly on the foreign exchange risk and the market risk management due to ongoing political and economical developments in the Country.

MANAGEMENT OF RISK (Contd.)

RISK MANAGEMENT ACTIONS

The table below sets out the categories of risks, along with specific risk elements which Lanka Ashok Leyland is exposed to and the potential implications of the same as well as the risk management initiatives in place.

Market Risk		
Risk	Potential Impact	Treatment/s
Economical & Political Environment.	Negative impact on the Company due to changes in the economic and political environment.	Economic and political variables / potential fluctuations are continuously monitored and evaluated as part of the Company's "strategy and objectives".
Competition and Customer Demand	Decline in market share, new rivals and industry over-capacity in a high growth competitive environment.	The Company maintains long and well established relationships with Government of Sri Lanka and its various organizations, major transport operators in the industry as well as with individual clients. Launching of new products with latest technology and designs which attract existing and potential customers while focusing on continuous improvements.

Financial Risk		
Risk	Potential Impact	Treatment/s
Exchange Rate	Possibility of Exchange rate fluctuations, and its effects on Company operations and profitability.	The Company carefully and actively monitored the situation, since the beginning of the year and took proactive mitigation measures as well as necessary policy decisions on pricing and supply chain management etc. Regular monitoring of exchange rate movements and entering into forward contracts when necessary.
Credit	Risk of financial loss to the Company as a result of customers not settling their dues.	Effective credit control policies with periodic evaluation. Establish effective systems for monitoring customer payment behavior and follow up promptly on any overdue payments. Maintain healthy relationships with customers.
Interest Rate	Exposure to interest rate risk may occur when the changes in the market interest rates would negatively impact the financial situation of the organisation.	Ongoing engagement and negotiations with banks Regular monitoring of interest rate fluctuations to enable necessary back-up plans to mitigate the risk. Ensuring that the import loans are settled within a shortest possible period by improving the working capital cycle and negotiating best possible rates with the banks.
Liquidity and Cash Flow	Possibility of risk that the Company encounters difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering Cash or another Financial Asset.	Ensuring that the Company always have sufficient liquidity to meet its liabilities by forecasting the cash flows. Strong working capital management and periodic reviews to ensure cash flow alignment. Maintain unutilized bank facilities as a safety cushion to meet immediate commitments.

Compliance Risk		
Risk	Potential Impact	Treatment/s
Legal and Regulatory	Regulatory risk arises when the Company does not comply with regulatory requirements which are subject to change from time to time.	The Management reviews changes in regulations and assesses the business impact of such changes. A compliance statement is presented to every Board Meeting. Company officials closely work with Regulators to ensure that regulatory requirements are fully understood and complied with. Seek professional advice from external consultants such as legal, and tax consultants as and when needed.

MANAGEMENT OF RISK (Contd.)

Operational Risk		
Risk	Potential Impact	Treatment/s
Technology and Quality	Possibility of products or processes being outdated or obsolete due to advanced technology.	Keep pace with current technological developments in the industry. Upgrade knowledge of technical staff through trainings and seminars. Ensure strong supplier and customer relationship to understand customers' changing requirements and suppliers' new developments.
IT & Data Security Risk	Cybersecurity breaches or system failures, leading to data loss or theft, business disruptions, and reputational harm	Implementation of robust access controls Enhancement of information security policies and procedures Implementation of disaster recovery plans and drills Implement of comprehensive backup process for imported data.
People	Impact on business competitiveness due to difficulties in attracting, developing and retaining employees with the appropriate skills, experience and aptitude.	Recruitment of high caliber staff, establishing of effective communication lines and developing the Company's culture to foster good employer employee relationships. Regular training programs are conducted in order to infuse motivation, commitment and empowerment among the staff. Periodic review of remuneration and adjustments made accordingly.
Inventory	Risk of carrying inventory that is not saleable.	Maintain optimum levels in all possible categories of inventory. taking into consideration the supply chain barriers faced by Sri Lankan economy due to ongoing forex restrictions. Ensure required quality standards are met at all stages of inventory to maintain quality until the product is delivered.
Product Risk	Poor quality product manufacturing and delivery significantly affect customer satisfaction and the competitive edge.	All processes to be subject to robust quality assurance. Maintaining a portfolio of good quality products supported by strong Principals. Prioritizing research and development. Prioritizing on marketing and distribution procedures.
Fraud	The risk that the internal control weaknesses leading to corruption and employees abusing entrusted power for private gain and in turn leading to misappropriation of assets or fraudulent financial reports.	Conduct periodic internal audits by an independent firm of Chartered Accountants. Formation of an Audit Committee which reviews internal audit reports and other financial and non-financial reports on a quarterly basis. Establishment of stringent procedures and internal control measures and their continuous improvement.
Reputation Risk	Negative client and public opinion regarding the Company and its actions and the damage caused by the failure to manage customers, shareholders and public expectations. Loss of customer satisfaction will impact negatively the current and future performance of the Company	Implement sound HR practices and robust governance measures to foster a culture of shared values and integrity, prioritizing stakeholder interests. Ensure strict adherence to statutory and regulatory requirements, particularly as a Listed Company, through dedicated controls. Address customer complaints promptly to enhance satisfaction and maintain goodwill. Effectively address shareholder concerns and promptly escalate issues to the Board when necessary. Monitor and respond to feedback received through the corporate website in real time to demonstrate responsiveness and accountability.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of Lanka Ashok Leyland PLC acknowledges its responsibility for the preparation and fair presentation of the Financial Statements of the Company, in accordance with the provisions of the Companies Act No. 07 of 2007, the Sri Lanka Accounting Standards (SLFRSs and LKASs), and the Listing Rules of the Colombo Stock Exchange.

This responsibility includes designing, implementing, and maintaining appropriate internal control systems to ensure the integrity and reliability of financial reporting, and to safeguard the assets of the Company.

Financial Statements

The Financial Statements of the Company for the year ended 31st March 2025 comprise the following:

- Statement of Financial Position, which presents a true and fair view of the financial position of the Company as at the reporting date;
- Statement of Profit or Loss and Other Comprehensive Income, which presents a true and fair view of the performance of the Company for the year then ended;
- Statement of Changes in Equity, showing movements in shareholders' equity during the year;
- Statement of Cash Flows, detailing the inflows and outflows of cash and cash equivalents;
- Notes to the Financial Statements, including the accounting policies and other explanatory information.

Compliance and Basis of Preparation

- The Board confirms that in preparing these Financial Statements: Appropriate accounting policies have been selected and applied consistently. Where necessary, material departures have been disclosed and explained;
- Judgments and estimates have been made with due care and prudence;
- The Financial Statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs);
- The Financial Statements comply with the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange;
- The Financial Statements have been prepared on a going concern basis, and the Board has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Solvency and Dividend Declaration

In compliance with Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that, based on the information available, the Company satisfies the Solvency Test as required under Section 57 of the Act, immediately after the proposed distribution. A Certificate of Solvency has been obtained from the Auditors in support of this confirmation, prior to recommending a first and final dividend of Rs. 20/- per share for the year ended 31st March 2025.

Internal Controls and Records

- The Directors are also responsible for: Maintaining adequate accounting records to disclose, with reasonable accuracy, the financial position of the Company;
- Taking reasonable measures to safeguard the assets of the Company and to prevent and detect frauds and other irregularities;
- Providing the Auditors with every opportunity to access relevant records, explanations, and information necessary to carry out their audit responsibilities.

Compliance Report

The Board of Directors confirms that to the best of their knowledge and belief:

- All taxes, duties, and levies payable by the Company;
- All contributions, levies, and taxes payable on behalf of and in respect of the Company's employees;
- All other known statutory dues payable as at the reporting date have either been duly paid or adequately provided for in the Financial Statements.

The Board is satisfied that it has discharged its responsibilities as outlined above and remains committed to maintaining high standards of financial stewardship, compliance, and corporate governance.

By order of the Board



A A M Amarasinghe
Chairman



D S Weerakkody
Chairman – Audit Committee

Colombo
26th May 2025

FINANCIAL CALENDAR 2024/2025

	2024/25	2023/24
Annual Report	18th July 2025	30th August 2024
Annual General Meeting to be held / held	11th August 2025	24th September 2024
Final Dividend to be Declared / Declared	11th August 2025	24th September 2024
Final Dividend to be Paid / Paid	29th August 2025	14th October 2024

SUBMISSION OF INTERIM FINANCIAL STATEMENTS IN TERMS OF THE RULE 7.4 OF THE COLOMBO STOCK EXCHANGE

	2024/25	2023/24
01st Quarter Report	14th August 2024	11th August 2023
02nd Quarter Report	13th November 2024	08th November 2023
03rd Quarter Report	17th February 2025	12th February 2024
04th Quarter Report	26th May 2025	09th May 2024

INDEPENDENT AUDITOR'S REPORT



KPMG
(Chartered Accountants)
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TO THE SHAREHOLDERS OF LANKA ASHOK LEYLAND PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lanka Ashok Leyland PLC ("the Company"), which comprise the statement of financial position as at 31st March 2025, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information as set out on pages 75 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31st March 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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 Company 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Carrying Value of Inventories

Refer to material accounting policies in Note 3.9 and explanatory note in Note 21 of the financial statements. The Company held inventories which comprised several different vehicles, generators and spare parts with an aggregate carrying value of Rs. 6,753 Mn as at 31st March 2025.

Risk Description

Changes in economic sentiment or consumer preferences, demands and the introduction of newer models with the latest design and technologies could result in inventories in hand no longer being sought after or being sold at a discount. Estimating the future demand and the related selling prices of vehicles, generators and spare parts are inherently subjective and uncertain because it involves management estimating the extent of markdown of selling prices necessary to sell the older or slow-moving models in the period subsequent to the reporting date. We identified valuation of inventories as a key audit matter because of the significant judgment exercised by management in determining appropriate carrying value in inventories.

Our audit procedures included;

- Obtaining an understanding of and assessing the design, implementation, and operating effectiveness of key controls that management has established to manage inventories including purchases, issuing inventories, and valuation of inventories.
- Evaluating whether the inventory provisions at the end of the reporting period were determined in a manner consistent with the Company's inventory provision policy by recalculating the inventory provisions based on the percentages and other parameters in the Company's inventory provision policy.

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

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

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

Principals: S.R.I. Perera FCMA (UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA, Ms. F.R. Ziyad FCMA (UK), FCIT, K. Somasundaram ACMA (UK), R. G. H. Raddella ACA, Ms. D. Corea Dharmaratne

INDEPENDENT AUDITOR'S REPORT (Contd.)



- Assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing category by comparing individual items with the underlying documentation such as goods receipt notes.
- Enquiring of management about any expected changes in plans for markdowns or disposals of slow moving or obsolete inventories and comparing their representations with actual transactions subsequent to the reporting date and assumptions adopted in determining the inventory provisions.
- Comparing, on a sample basis, the carrying value of inventories with sales prices subsequent to the end of the reporting period.
- Attending inventory counts as at the year end to ensure the existence and condition of the inventories as at the reporting date.

2. Recoverability of Rental and Trade Receivables

Refer to material accounting policies in Note 3.4.1 and explanatory notes in Notes 19 and 22 (Rental receivable from trade debtors & Trade and other receivables) of the financial statements. The carrying value of Rentals receivable from Trade Debtors amounted to Rs. 262 Mn and Trade receivables amounted to Rs. 465 Mn as at 31st March 2025.

Risk Description

Assessing the allowance for impairment of Rental and Trade Receivables remains one of the most significant judgments made by management. We identified assessing the recoverability of receivable as a key audit matter because of the significance of rental and trade receivable to the financial statements as a whole and the assessment of the recoverability of trade receivable is inherently subjective and requires significant management judgment in accordance with SLFRS 09, which increases the risk of error or potential management bias.

Our audit procedures included;

- Obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control, debt collections and making allowances for doubtful debtors.
- Reviewing the appropriateness of the provisioning methodology used by management in determining the impairment allowances against the requirements of SLFRS 09.

- Recomputing management's estimation of the impairment allowance determined based on the expected credit loss method.
- Obtaining an understanding of the key parameters and assumptions of the expected credit loss model adopted by the management, including historical default data and management's estimated loss rates. Assessing the reasonableness of management's loss allowance estimate by examining the information used by management to form such judgments, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward looking information.
- Evaluating management's assumptions for the expected cashflows and the timing of the expected cashflows in the scenario-based probability weighted impairment assessment of individually significant customers.
- Assessing, on a sample basis, whether items in the debtors ageing report were classified within the appropriate ageing category by comparing individual items in the report with the underlying documentation such as sales invoices.
- Requesting confirmations from major debtors and/or verifying subsequent settlements as an alternative procedure.

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 statement 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 will 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 other information in 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.

INDEPENDENT AUDITOR'S REPORT (Contd.)



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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company'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'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 Company'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 Company 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.

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 2618.



CHARTERED ACCOUNTANTS

Colombo, Sri Lanka

26th May 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 st March	Note	2025 Rs.	2024 Rs.
Revenue	5	9,003,641,728	5,404,387,774
Cost of Sales		(6,128,158,611)	(3,589,971,737)
Gross Profit		2,875,483,117	1,814,416,037
Other Income	6	112,440,441	194,551,854
Selling and Distribution Expenses	7	(50,709,478)	(29,813,836)
Administrative Expenses		(745,437,120)	(661,192,304)
Impairment Reversal of Trade Receivables	8	112,767,891	28,073,853
Other Operating Expenses		(186,945,931)	(144,792,205)
Profit from Operations		2,117,598,920	1,201,243,399
Finance Income	9.1	107,915,625	62,274,463
Finance Cost	9.2	(8,910,002)	(10,365,364)
Net Finance Income	9	99,005,623	51,909,099
Profit Before Tax	10	2,216,604,543	1,253,152,498
Income Tax Expense	11.1	(685,577,515)	(395,365,601)
Profit for the Year		1,531,027,028	857,786,897
Other Comprehensive Income			
<i>Items that will Not be Reclassified to Profit or Loss</i>			
Remeasurement of Defined Benefit Obligation / Asset	27.6	(40,972,320)	(93,831,402)
Deferred Tax on Defined Benefit Obligation / Asset	11.3	12,291,696	28,149,421
Total Other Comprehensive Income, net of Tax		(28,680,624)	(65,681,981)
Total Comprehensive Income for the Year		1,502,346,404	792,104,916
Basic and Diluted Earnings Per Share	12	422.84	236.90
Adjusted Earnings Before Interest, Tax, Depreciation and Amortization (Adjusted EBITDA)	14	2,328,890,259	1,352,783,989

The Notes annexed form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 st March	Note	2025 Rs.	2024 Rs.
ASSETS			
Non Current Assets			
Property, Plant & Equipment	15	1,012,952,181	1,051,332,875
Right-of-use Asset	16	138,759,214	16,771,752
Intangible Assets	17	368,294	644,325
Financial Assets	18	124,196,937	131,904
Rental Receivable from Trade Debtors	19.1	112,025,979	41,795,691
Deferred Tax Asset	20	169,924,751	231,069,976
Total Non Current Assets		1,558,227,356	1,341,746,523
Current Assets			
Inventories	21	6,752,880,959	3,752,742,105
Trade and Other Receivables	22	1,244,910,157	619,357,222
Rental Receivable from Trade Debtors	19.2	149,734,795	374,071,721
Deposits and Prepayments	23	101,117,946	55,924,997
Cash & Cash Equivalents	24.1	617,322,158	1,441,114,057
Total Current Assets		8,865,966,015	6,243,210,102
Total Assets		10,424,193,371	7,584,956,625
EQUITY & LIABILITIES			
Equity			
Stated Capital	25	49,375,150	49,375,150
General Reserve	26	887,347,500	887,347,500
Retained Earnings		5,101,787,401	3,652,674,229
Equity attributable to Owners of the Company		6,038,510,051	4,589,396,879
Non Current Liabilities			
Defined Benefit Obligation (Net)	27.1	57,361,781	57,723,545
Lease Liability	28.1	48,780,661	11,112,605
Total Non Current Liabilities		106,142,442	68,836,150
Current Liabilities			
Trade and Other Payables	29	3,249,813,969	989,740,655
Amount due to Related Party	30	408,780,680	1,655,721,179
Current Tax Liabilities	31	557,409,414	196,925,645
Provision for Warranty	32	17,053,305	9,773,122
Lease Liability	28.1	30,776,000	23,523,537
Bank Overdrafts	24.2	15,707,510	51,039,458
Total Current Liabilities		4,279,540,878	2,926,723,596
Total Liabilities		4,385,683,320	2,995,559,746
Total Equity & Liabilities		10,424,193,371	7,584,956,625
Net Assets per Share		1,667.71	1,267.49

The Notes annexed form an integral part of these Financial Statements.

It is certified that the Financial Statements have been prepared and presented in compliance with the requirements of the Companies Act, No. 07 of 2007.



G R Jayalath
Assistant General Manager - Finance



U Gautam
Chief Executive 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 of Directors of Lanka Ashok Leyland PLC;



A A M Amarasinghe
Chairman

Colombo, 26th May 2025



D S Weerakkody
Director

STATEMENT OF CHANGES IN EQUITY

	Stated Capital Rs.	General Reserves Rs.	Retained Earnings Rs.	Total Equity Rs.
Balance as at 01st April 2023	49,375,150	887,347,500	2,877,612,617	3,814,335,267
Total Comprehensive Income				
Profit for the year	-	-	857,786,897	857,786,897
Other Comprehensive Income for the year	-	-	(65,681,981)	(65,681,981)
Total Comprehensive Income	-	-	792,104,916	792,104,916
Transactions with Owners of the Company				
Contribution / Distribution				
Unclaimed Dividend Reversed (Note 13.1)	-	-	1,060,911	1,060,911
Dividend (Note 13.2)	-	-	(18,104,215)	(18,104,215)
Total Transactions with Owners of the Company	-	-	(17,043,304)	(17,043,304)
Balance as at 31st March 2024	49,375,150	887,347,500	3,652,674,229	4,589,396,879
Balance as at 01st April 2024	49,375,150	887,347,500	3,652,674,229	4,589,396,879
Total Comprehensive Income				
Profit for the year	-	-	1,531,027,028	1,531,027,028
Other Comprehensive Income for the year	-	-	(28,680,624)	(28,680,624)
Total Comprehensive Income	-	-	1,502,346,404	1,502,346,404
Transactions with Owners of the Company				
Contribution / Distribution				
Unclaimed Dividend Reversed (Note 13.1)	-	-	1,079,413	1,079,413
Dividend (Note 13.2)	-	-	(54,312,645)	(54,312,645)
Total Transactions with Owners of the Company	-	-	(53,233,232)	(53,233,232)
Balance as at 31st March 2025	49,375,150	887,347,500	5,101,787,401	6,038,510,051

The Notes annexed form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

STATEMENT OF CASH FLOWS

For the Year Ended 31st March

	Note	2025 Rs.	2024 Rs.
Cash flows from Operating Activities			
Profit Before Tax		2,216,604,543	1,253,152,498
Adjustment For :			
Depreciation of Property, Plant and Equipment	15	187,967,840	141,871,045
Depreciation of Right of Use Assets	16	23,047,468	9,393,514
Amortization of Intangible Assets	17	276,031	276,031
Provision for Defined Benefit Plan	27.5	34,567,421	26,251,758
Reversal for Impairment of Trade & Other Receivables	8	(112,767,891)	(28,073,853)
Reversal of Provision for Inventory	21.2	(86,022,809)	(127,013,905)
Finance Costs	9.2	8,910,002	10,365,364
Interest Income	9.1	(106,092,562)	(53,883,168)
Lease Interest Income	6	(38,545,063)	(144,590,886)
Gain on Sale of Property, Plant and Equipment	6	(20,728,650)	(4,638,736)
Charge of Provision for Free Service	29.1	9,408,028	1,452,592
Charge of Warranty Provision	32	7,280,183	9,178,575
Fair Value Gain on Equity Investments	9.1	(104,729)	(12,142)
Unrealized Foreign Exchange Loss		1,842,125	264,756
		(90,962,606)	(159,159,055)
Operating Profit before Working Capital Changes		2,125,641,937	1,093,993,443
Working Capital Changes in			
Increase in Inventories		(2,922,925,006)	(1,421,875,000)
Increase in Trade and Other Receivables		(1,068,247,616)	(259,197,423)
Decrease in Amount due from Related Party		662,338,503	618,439,973
Increase in Trade and Other Payables		2,247,313,342	257,925,482
(Decrease) / Increase in Amounts due to Related Party		(1,246,744,866)	1,322,153,423
		(2,328,265,643)	517,446,455
Cash (Used in) / Generated from Operations		(202,623,706)	1,611,439,898
Interest Paid		(8,910,002)	(3,134,509)
Employee Benefits Paid by the Employer	27.1	-	(18,183,715)
Contribution to Plan Asset	27.3	(55,089,826)	(147,107,165)
Payments / Set off of Income Taxes	31	(251,656,825)	(106,612,878)
		(315,656,653)	(275,038,267)
Net Cash Generated from / (Used in) Operating Activities		(518,280,359)	1,336,401,631
Cash flows from Investing Activities			
Interest Received		119,901,588	191,484,169
Proceeds from Sale of Property, Plant and Equipment		29,050,000	10,125,000
Acquisition of Property, Plant and Equipment	15.5	(144,668,178)	(80,395,047)
Net Cash Flows Generated from Investing Activities		4,283,410	121,214,122
Cash Flows from Financing Activities			
Refundable Deposit for Dehiwala Land		(200,000,000)	-
Capital Repayment of Lease Liability		(20,150,357)	(23,514,550)
Dividend Paid	13.2	(54,312,645)	(18,104,215)
Net Cash Flows Used in Financing Activities		(274,463,002)	(41,618,765)
Net (Decrease)/ Increase in Cash & Cash Equivalents		(788,459,951)	1,415,996,988
Net Cash & Cash Equivalents at the beginning of the year		1,390,074,599	(25,922,389)
Net Cash & Cash Equivalents at the end of the year	24	601,614,648	1,390,074,599
Analysis of Cash & Cash Equivalents at the end of the year			
Cash & Cash Equivalents	24.1	617,322,158	1,441,114,057
Bank Overdrafts	24.2	(15,707,510)	(51,039,458)
		601,614,648	1,390,074,599

The Notes annexed form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

1.1 Domicile & Legal Form

Lanka Ashok Leyland PLC ("the Company") is a Quoted Public Limited Liability Company incorporated and domiciled in Sri Lanka under the provision of Companies Act, No. 17 of 1982 and re-registered under the New Companies Act, No. 07 of 2007. The registered office of the Company is located at Panagoda, Homagama.

1.2 Principal Activities and Nature of Operations

The Company is involved in import and assemble of Semi-Knocked-Down (SKD) chassis, fabricate bodies, import and marketing of Ashok Leyland buses, trucks, truck chassis, spare parts, power generators and let vehicles on hire. The Company also carries out repairs and restoration of commercial vehicles.

There were no significant changes in the nature of principal activities of the Company during the financial year under review.

The number of employees at the end of the year was 274 (2024 – 250).

1.3 Ultimate Holding Company

The Company was incorporated in 1982 as a joint venture between the Government of Sri Lanka and Ashok Leyland Limited - India. As at the reporting date, 41.77% of the share capital is held by Lanka Leyland (Private) Limited, a fully state-owned entity and 27.85% of the share capital held by Ashok Leyland Limited - India.

1.4 Financial Year

The Company's financial year ends on 31st March.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company have been prepared and presented in accordance with Sri Lanka Accounting Standards (referred "SLFRS/LKAS"), laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). These Financial Statements, except for information on cash flows, have been prepared following the accrual basis of accounting.

These SLFRSs and LKASs are available at the website of CA Sri Lanka – www.casrilanka.com.

These Financial Statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing the information on the financial performance of the Company for the year under review.

- Statement of Financial Position providing the information on the financial position of the Company as at the year-end.
- Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review of the Company.
- Statement of Cash Flows providing the information to the users, on the ability of the Company to generate cash and cash equivalents and utilization of those cash flows.
- Notes to the Financial Statements comprising Accounting Policies and other explanatory information.

2.2 Statement of Presentation

The Financial Statements of the Company have been presented in compliance with the requirements of the Companies Act No. 07 of 2007 and provide appropriate disclosures as required by the Listing Rules of the Colombo Stock Exchange (CSE).

2.3 Responsibility for Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act, No. 07 of 2007 and Sri Lanka Accounting Standards (SLFRSs/ LKASs).

The Board of Directors acknowledges this responsibility as set out in the Report of the Directors under "Directors' Responsibility for Financial Statements".

2.4 Approval of Financial statements

The Financial Statements of the Company for the year ended 31st March 2025 were approved and authorised for issue by the Board of Directors on 26th May 2025.

2.5 Basis of Measurement

The Financial Statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the Financial Statements, except for the following material items in the statement of financial position.

Item	Basis of Measurement
Retirement Benefit Obligation	Measured at its present value, based on an actuarial valuation as explained in Note 27. The accounting policy is described in Note 3.11.2.
Equity Instruments	Measured at its fair value in Note 18.1. The accounting policy is described in Note 3.3.2.
Lease Liability and Right-of-use Asset	Measured at its present value of the lease payments. The accounting policy is described in Note 3.15.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.6 Functional and Presentation Currency

The Company's Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency and no level of rounding have been used in presenting amounts in the Financial Statements, otherwise indicated.

2.7 Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard – LKAS 01 on 'Presentation of Financial Statements' and amendments to the LKAS 1 on 'Disclosure Initiative'.

2.8 Use of Judgments and Estimates

The preparation of the Financial Statements in conformity with LKAS / SLFRS 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. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

2.8.1 Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes.

Note 3.16 & 5– revenue recognition: whether revenue from contracts with customers are recognized over time or at a point in time.

2.8.2 Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties as at 31st March 2025 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes.

2.8.2.1 Useful Lifetime of Property, Plant and Equipment and Intangible Assets

Note 3.6 / 3.7 & 15 / 17: The Company reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting date. Judgment of the management is exercised in the estimation of these values, rates, methods and hence they are subject to uncertainty.

2.8.2.2 Deferred Taxation

Note 3.22.2 & 20: Deferred Tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred Tax Liabilities are recognized for taxable temporary differences and for deferred tax assets, availability of future taxable profits against which deductible temporary differences can be utilized is assessed periodically.

2.8.2.3 Defined Benefit Plans

Note 3.11.2 & 27: The cost of the defined benefit obligation is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, future salary increases, and mortality rates, etc. Due to the long-term nature of this obligation, such estimates are subject to significant uncertainty.

2.8.2.4 Provisions for Obsolete and Slow-Moving Items

Note 3.9 & 21: Management's judgment is used in the estimation of the amount and percentages of slow-moving items when determining the provisions for obsolete and slow-moving items. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision made.

2.8.2.5 Impairment Losses on Trade Receivables and Rental Receivable from Trade Debtors

Note 3.4, 19 & 22: The Company reviews its individually significant receivables at each reporting date to assess whether an impairment loss should be recorded in the profit or loss. In particular, management's judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ.

If impairment is not required based on the individual assessment all such individually significant balances are then assessed collectively, in groups of assets with similar risk characteristics. The Company measures loss allowances using the Expected Credit Loss (ECL).

When estimating ECL, Company determines whether the credit risk of a financial asset has increased significantly since initial recognition. For this the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience, informed credit assessment and including forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2.9 Going Concern

The Directors have 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 and do not foresee a need for liquidation or cessation of trading. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the Financial Statements of the Company continue to be prepared on a going concern basis.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies as set out below have been applied consistently to all periods presented in these Financial Statements of the Company unless otherwise indicated.

3.1 Foreign Currency Transactions

Transactions in foreign currencies are translated to the functional currency applying exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of the functional currency prevailing at the reporting date. Foreign currency differences are generally recognised in profit or loss.

Statement of Financial Position

3.2 Current Versus non-current Classification

The Company presents Assets and Liabilities in Statement of Financial Position based on current / non-current classification.

An asset as current when it is:

- Expected to be realized or intended to sell or consume in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading

- It is due to be settled within twelve months after the reporting period, or
- It does not have an unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current. Employee Benefit and Lease Liability not payable within 12 months are classified as non-current liabilities.

3.3 Financial Instruments

3.3.1 Recognition and Initial Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company 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.

3.3.2 Classification and Subsequent Measurement

On initial recognition, financial assets are classified as Amortised Cost, FVOCI – Debt Investment, FVOCI – Equity Investment or FVTPL.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Financial asset measured at amortised cost comprises trade and other receivables, rental receivable from trade debtors, investment in treasury bills, repo investments, fixed deposits, debentures and refundable security deposit.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

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 Company 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.

FVTPL comprises investments in equity shares.

Financial Assets – Business Model Assessment

The Company 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;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- 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;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial Assets – Assessment whether Contractual Cash Flows for 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 Company 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 Company 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 features; and
- terms that limit the Company'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 par amount, 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.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Financial Assets – 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 recognised in profit or loss.

Financial Assets at Amortised Cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost 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.

3.3.3 Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Company changes its objective of the business model for managing such financial assets.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9.

3.3.4 Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises 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 derecognition 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 Impairment

3.4.1 Non-Derivative Financial Assets

Financial Instruments

The Company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

Credit-Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 365 days past due;
- adverse changes in the payment status of the debtor;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Presentation of Allowance for ECL in the Statement of Financial Position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Financial Assets Measured at Amortized Cost

The Company considers evidence of impairment for financial assets measured at amortized cost (rental and trade receivables) on specific assets, accordingly all individually significant assets are assessed for specific impairment.

The Company considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

3.4.2 Non-Financial Assets

The carrying amounts of the Company's non-financial assets, other than deferred tax and inventories, 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. An impairment loss is recognized if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

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 amortization, if no impairment loss had been recognized.

3.5 Stated Capital

Ordinary Shares

Ordinary shares are classified as equity. Costs attributable to the issue of ordinary shares are recognized as an expense.

3.6 Property, Plant & Equipment

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Company and cost of the asset can be measured reliably.

a) Cost

All Property, Plant and Equipment are initially recorded at cost and subsequently stated at historical cost less depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

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 capitalized. Other subsequent expenditure is capitalized only if it is probable that the future economic benefits embodied in the item of Property, Plant and Equipment will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of Property, Plant and Equipment are recognized in the profit or loss as incurred.

b) Depreciation

Depreciation is calculated to systematically reduce the cost of items of Property, Plant and Equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Company provides depreciation from the date the assets are available for use whereas depreciation of asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized, at the following rates on a straight line basis over the periods appropriate to the estimated useful lives of the different types of assets.

Freehold Factory & Building	2.5%
Machinery & Equipment	5%
Factory Equipment	5%
Data Processing Equipment	25%
Office Equipment	10%
Furniture & Fittings	10%
Motor Vehicles	20%
Plant & Machinery and Equipment - Assy Line	20%
Tools and Equipment - Factory	25%

Freehold land is not depreciated.

All assets carrying amounts are written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

c) Derecognition

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in profit or loss.

d) Capital Work-In-Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work-In-Progress, whilst the capital assets which have been completed during the year and put to use have been transferred to Property, Plant & Equipment.

3.7 Intangible Assets

a) Cost

Intangible assets wholly consists of cost of computer software acquired by the Company and have finite useful life. Intangible assets are measured at cost less accumulated amortization and impairment losses.

b) Subsequent Expenditure

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

c) Amortization

Intangible assets are amortized on a straight-line basis in the profit or loss from the date when the assets available for use, over the best estimate of its useful economic life. The estimated useful life of software is four years.

3.8 Capital Commitments

Capital commitments of the Company are disclosed in the Note 35 to the Financial Statements.

3.9 Inventories

Inventories are valued at lower of cost and net realizable value, after making due provisions for obsolete and slow-moving items.

Net realizable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

Cost includes expenses incurred in acquiring the inventories and bringing them to their existing location and condition.

Work-in-progress refers to jobs remaining incomplete in the workshop and stated at cost. Cost includes all expenditure related directly to specific projects.

The Cost of each category of inventory is determined on the following basis.

- Spare Parts	- At Weighted Average Cost
- Vehicles	- At Actual Cost
- Goods In Transit	- At Estimated Cost

3.10 Goods-in-Transit

Inventory items shipped, but not received by the Company as at the reporting date are treated as goods-in transit. In such situations, estimates are made for unpaid bills in order to value goods-in-transit.

3.11 Employee Benefits

3.11.1 Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.11.2 Defined Benefit Plan- Gratuity

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

To cover the Company employees' gratuity liability, maintains a gratuity cash accumulation policy with Life Insurance Corporation (Lanka) Limited. LIC (Lanka) Ltd is in charge of managing the defined benefit plan for Lanka Ashok Leyland staff members. LIC (Lanka) Ltd will give a gratuity to a departing employee on the day of the person's retirement or departure from the company. Gratuity of the employee is guaranteed for the past service of the employee subject to the available fund balance with them as contributed by the Company.

One of the salient features of the policy is that Employees are also covered by a life insurance facility. In the event of a death before retirement, the nominees are entitled to receive the full gratuity, considering the number of years until retirement.

The Defined Benefit Obligation recognized in the statement of financial position represents the present value of the Defined Benefit Obligation as reduced by the fair value of plan assets.

The Company is liable to pay retirement benefits under the Payment of Gratuity Act, No. 12 of 1983. Under the said Act, the liability to an employee arises only on completion of 5 years of continued service.

The liability recognized in the Financial Statements in respect of defined benefit plans is the present value of the defined benefit obligation as at the reporting date. The defined benefit obligation is calculated by a qualified actuary as at the reporting date using the Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'.

The Company recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefit expense in profit or loss.

3.11.3 Defined Contribution Plans- Employees Provident Fund & Employees Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts.

All the employees who are eligible for Employees' Provident Fund and Employees' Trust Fund are covered by relevant contribution funds in line with the respective statutes. Employer's contribution to the defined contribution plans are recognized as an expense in the profit or loss when incurred.

The Company contributes 12% and 3% of the salary of each employee to the Employees' Provident Fund and Employees' Trust Fund respectively.

3.12 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.13 Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

3.14 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.

A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial Statements.

3.15 Leases

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either: the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

As a Lessee

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

- fixed payments, including in-substance fixed payments.
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in the Company's assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

As a Lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

If an arrangement contains lease and non-lease components, then the Company applies SLFRS 15 to allocate the consideration in the contract.

Finance Leases – as a Lessor

As per SLFRS 16, a lease which transfers substantially all the risks and rewards incidental to ownership of an underlying asset is classified as a finance lease. At the commencement date, the Company recognises assets held under finance lease in the SOFP and presents them as a “Rental receivable from Trade Debtors” at an amount equal to the net investment in the lease. Net investment in the lease is arrived by discounting lease payments receivable at the interest rate implicit in the lease, i.e. the rate which causes present value of lease payments to equal to the fair value of the underlying asset and initial direct costs. The Company’s net investment in lease is included in notes to financial statements. The finance income receivable is recognised in “other income” over the periods of the leases so as to achieve a constant rate of return on the net investment in the leases and treated as investing activity in the statement of cash flows.

Statement of Profit or Loss and Other Comprehensive Income

3.16 Revenue

3.16.1 Revenue Streams

The Company’s revenue comprises only the revenue from contracts with customers. Revenue from contract with customers generates primarily from New vehicle sales. The streams of Diesel generator set sales, Repair income, spare part sales, vehicle hiring income and agency commission income are the other sources of income included under revenue from contracts with customers.

3.16.2 Disaggregation of Revenue from Contract with Customers

Revenue from contract with customers is disaggregated by sales by type of counterparty, major products and service lines and timing of revenue recognition under Note 05.

3.16.3 Performance Obligations and Revenue Recognition Policies

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognizes revenue when it transfers control over a good or services to the customer.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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 Product / Service	Nature and Timing of Satisfaction of Performance Obligations, Including Significant Payment Terms	Revenue Recognition Policies
Sale of Vehicles with Free Services	The Company provides two free services within two months of the sale, for the vehicles sold and price of these free services is in-built in the selling price. The Company may recognize Revenue from free services when the service is rendered.	The Company allocates a portion of the consideration received to free services. This allocation is based on the relative stand-alone selling prices. The amount allocated to the free services is deferred and is recognized as revenue when the services are rendered.
Spare Parts Sales	The Company sells spare parts through their stalls in several locations. The goods are realized when the goods are transported out, and the invoice is raised afterwards.	Revenue from spare parts sales are recognized at the dispatch point when the Company transfer the control of spare parts to the customer.
Body Parts Construction	The Company constructs some of the body parts in resalable nature, where it is less customized to the particular customer. The Company also constructs the body parts fully customized to the specifications provided by the customer. The Company has a guaranteed right to payment by the advance or the full payment charged from the customer.	The Company transfers the control of the goods over time. However, the time consumed for construction and sale of body part is insignificant. Therefore, the revenue is recognized at the point of transfer of body parts.
Local Agency Commission	The Company acts as an indent agent for Ashok Leyland – India. LAL receives a commission from its indent principal for arranging the transaction.	The Company act as an agent for Ashok Leyland – India. Therefore, the commission is recognized at the date of bill of lading except for any consideration received on behalf of the principal.
Diesel Generator Set Sales	The Company provides generator sets and installation services to the customers. The price for the installation service is in-built in the price of the generator set.	Revenue from sale of generators are recognized at the point of delivery. Revenue from installation service is also qualified for at a point in time revenue recognition, since there is no significant time gap for installation to be taken place.
Hiring income	Company provides vehicles on hire basis to the customers.	Revenue from hiring is recognized over time due to the fact that the entity identifies the receipts and simultaneous consumption of benefits from the services provided to the customer.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

3.17 Sale of Goods under Finance Lease

In accordance with paragraph 73 of SLFRS 16 – “Leases”, the selling profit or loss is recognized in the period of sales in accordance with the policy followed for outright sales. When low rate of interest are quoted, selling profit is restricted to that which would apply if a market rate of interest were charged. Cost incurred in connection with negotiating and arranging the lease is recognized as an expense when the selling profit is recognized.

The finance income over and above the selling profit is recognized over the lease term.

3.18 Gain or Loss on Disposal of Property, Plant and Equipment

Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment and are recognized net within “other income” in Profit or Loss.

3.19 Other Income

All other income is recognized on an accrual basis.

3.20 Expenditure Recognition

Expenses are recognized in the Profit or Loss on the basis of a direct association between the cost incurred and the earnings of specific items of income.

All expenditure incurred in running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency is charged to profit or loss in arriving at the Profit / (Loss) for the year.

Expenditure incurred for the purpose of acquiring, extending or improving assets of permanent nature by means of which to carry on the business or for the purpose of increasing earning capacity of the business has been treated as capital expenditure.

For the purpose of presentation of profit or loss the Directors are of the opinion that “function of expenses method” presents fairly the elements of the enterprise’s performance, and hence such presentation method is adopted.

3.20.1 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset, which takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the specific asset.

3.21 Finance Income and Finance Costs

Finance income comprises interest income on funds invested, interest income on refundable security deposit and dividend income. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company’s right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on lease liability, interest expense on borrowings, and overdraft interest expenses. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method. Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.22 Income Tax Expense

Income Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

3.22.1 Current Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years, also reflecting uncertainty related to income taxes, if any.

The Company is liable to taxation in accordance with the Inland Revenue (Amendment) Act, No. 45 of 2022 and subsequent amendments there to.

3.22.2 Deferred Taxation

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they 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, based on the level of future taxable profit forecasts and tax planning strategies.

3.23 Fair Value Measurement

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Number of Company’s accounting policies and disclosures require the determination of fair value, for both financial and nonfinancial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows;

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable from the asset or liability either directly (as prices) or indirectly (derived from prices)

- Level 3 - Inputs from the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

3.24 Events after the Reporting Period

All material and important events if any which occur after the reporting date have been considered and disclosed in Note 38 to the Financial Statements.

3.25 Cash Flow Statement

The Statement of Cash Flows has been prepared by using the ‘Indirect Method’ of preparing cash flows in accordance with Sri Lanka Accounting Standard- LKAS 7 on ‘Statement of Cash Flows’.

3.26 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash at bank, cash in hand and fixed deposits with maturities of three months or less from the acquisition date and are used by the Company in the management of its short-term commitments. Bank overdrafts that are repayable on demand and forming an integral part of the Company’s cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

3.27 Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.28 Dividends on Ordinary Shares

Final dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Company’s shareholders.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

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

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning after the current financial year and earlier application is permitted. Accordingly, the Company has not applied the following new or amended standards in preparing these Financial Statements.

General requirements for disclosure of sustainability related financial information (SLFRS S1) and climate related disclosures (SLFRS S2)

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localized standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Company from 01st April 2025. No financial impact is expected on the Company except for additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the Year Ended 31 st March		2025 Rs.	2024 Rs.
5	REVENUE		
5.1	Disaggregation of Revenue from Contract with Customers		
5.1.1	Major Products / Service Lines		
	New Vehicle Sales	7,194,099,472	4,229,076,849
	Diesel Generator Set Sales	17,739,492	44,486,891
	Repair Income	325,347,267	290,180,441
	Spare Parts Sales	626,319,530	373,592,210
	Vehicle Hiring Income	837,345,789	467,051,383
	Local Agency Commission	2,790,178	-
		9,003,641,728	5,404,387,774
5.1.2	Sales by Type of Counter-party		
	Government Entities	1,513,457,965	959,870,032
	Corporates and Institutions	5,335,328,792	3,059,312,029
	Individuals	2,154,854,971	1,385,205,713
		9,003,641,728	5,404,387,774
5.1.3	Revenue by Geographical Markets		
	Domestic Sales	8,862,655,199	5,168,483,949
	Export Sales	140,986,529	235,903,825
		9,003,641,728	5,404,387,774
5.1.4	Timing of Revenue Recognition		
	Products & Services Transferred at a Point in Time	8,166,295,939	4,937,336,391
	Product & Services Transferred Over Time	837,345,789	467,051,383
		9,003,641,728	5,404,387,774
5.2	In respect of Commission, Management considers that the following factors indicate the Company acts as an agent;		
	- The Company neither takes title to nor is exposed to inventory risk related to goods, does not have discretion in establishing prices and has no significant responsibility in respect of the goods sold.		
	- The Company receives indent commission for the arrangement of sale of the goods and all the risk related to the transaction is borne by the supplier of the goods.		

For the Year Ended 31 st March		2025 Rs.	2024 Rs.
6	OTHER INCOME		
	Profit on Sale of Property, Plant and Equipment	20,728,650	4,638,736
	Lease Interest Income (Note 19.7)	38,545,063	144,590,886
	Sundry Income (Note 6.1)	53,166,728	45,322,232
		112,440,441	194,551,854
6.1	Sundry income comprises proceeds from scrap sales and registration related income.		
7	SELLING AND DISTRIBUTION EXPENSES		
	Distribution Expenses Comprise of the Followings;		
	Sales Promotions & Delivery Expenses	6,093,539	2,227,330
	Discounts	10,165,742	3,184,491
	Other Selling Expenses	34,450,197	24,402,015
		50,709,478	29,813,836

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the Year Ended 31 st March		2025 Rs.	2024 Rs.
8	IMPAIRMENT REVERSAL / (CHARGE) OF TRADE RECEIVABLES		
	Impairment Reversal of Rental Receivable from Trade Receivables (Note 19.3)	75,522,955	147,068,318
	Impairment Reversal / (Charge) of Trade Receivables (Note 22.2)	37,244,936	(118,994,465)
		112,767,891	28,073,853
9	NET FINANCE INCOME		
9.1	Finance Income		
	Interest Income	106,092,562	53,883,168
	Net Foreign Exchange Gain	1,718,334	8,379,153
	Financial Assets at FVTPL - Net Change in Fair Value Gain	104,729	12,142
		107,915,625	62,274,463
9.2	Finance Cost		
	Interest Expense on Short Term Borrowings	(154,191)	-
	Interest Expense on Bank Overdrafts	(46,168)	(729,059)
	Interest Cost on Lease Liability	(8,709,643)	(9,636,305)
		(8,910,002)	(10,365,364)
	NET FINANCE INCOME	99,005,623	51,909,099
10	PROFIT BEFORE TAX		
	Profit before tax is stated after charging all the expenses / (reversals) including followings;		
	Directors' Emoluments	14,400,000	16,445,000
	Auditors' Remuneration - Audit Services	2,725,000	2,725,000
	- Audit Related Services	205,000	75,000
	- Non Audit Services	500,000	460,000
	Staff Cost (Note 10.1)	512,026,650	441,750,878
	Depreciation of Property, Plant and Equipment (Note 15)	187,967,840	141,871,045
	Depreciation of Right of Use Asset (Note 16)	23,047,468	9,393,514
	Amortization of Intangible Assets (Note 17)	276,031	276,031
	Reversal of Provision for Slow Moving and Obsolete Stocks (Note 21.2)	(86,022,809)	(127,013,905)
	Provision for Free Service (Note 29.1)	9,408,028	1,452,592
	Warranty Provision (Note 32)	7,280,183	9,178,575
10.1	Staff Cost		
	Salaries, Wages and Other Benefits	439,670,002	385,614,699
	Defined Contribution Plans - EPF	30,231,382	23,907,537
	Defined Contribution Plans - ETF	7,557,845	5,976,884
	Defined Benefit Plans (Note 27.2)	34,567,421	26,251,758
		512,026,650	441,750,878

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11 INCOME TAX EXPENSE

In accordance with the provisions of the Inland Revenue (Amendment) Act No 45 of 2022, the Company is liable for income tax at the standard rate of 30% on its taxable income. The composition of income tax expense is as follows ;

For the Year Ended 31 st March	2025 Rs.	2024 Rs.
11.1 Amount Recognise in Profit or Loss		
Income Tax on Profits for the year (Note 11.2)	612,140,594	284,531,052
Deferred Tax Expense (Note 20)	73,436,921	110,834,549
	685,577,515	395,365,601
11.2 Reconciliation of the Accounting Profit and Taxable Profit		
Profit Before Tax	2,216,604,543	1,253,152,498
Income from Other Sources and Exempt Income	(147,738,873)	(58,790,647)
Aggregated Expenses Disallowed for Taxation / Assessable Charge	128,895,164	92,951,331
Aggregated Deductible Expenses for Taxation	(284,196,429)	(392,759,511)
Assessable Income from Business	1,913,564,405	894,553,671
Assessable Income from Investment	126,904,241	53,883,168
Taxable Income	2,040,468,646	948,436,839
Income Tax on Profits for the year at 30%	612,140,594	284,531,052
11.3 Amount Recognized in other Comprehensive Income		
Deferred tax on remeasurement of defined benefit liability (Note 20)	12,291,696	28,149,421
	12,291,696	28,149,421
11.4 Effective Tax Rate		
Effective Tax Rate Excluding Deferred Tax (Note 11.5)	27.62%	22.71%
Effective Tax Rate Including Deferred Tax (Note 11.5)	30.93%	31.55%
Effective Tax Rate Including Deferred Tax and Over Provision of Current Tax in Respect of Previous years (Note 11.5)	30.93%	31.55%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

For the Year Ended 31 st March		2025		2024	
		Rate	Rs.	Rate	Rs.
11 INCOME TAX EXPENSE (Contd.)					
11.5 Reconciliation of Effective Tax Rate					
Profit Before Tax			2,216,604,543		1,253,152,498
Income Tax Expense at the Average Statutory Income Tax Rate	30.00%		664,981,363	30.00%	375,945,749
Exempt Income	-0.28%		(6,250,390)	-0.12%	(1,472,244)
Disallowable Expenses	1.74%		38,668,550	2.23%	27,885,400
Deductible Expenses	-3.85%		(85,258,929)	-9.40%	(117,827,853)
Effective Tax Rate Excluding Deferred Tax	27.62%		612,140,594	22.71%	284,531,052
Temporary Differences	3.31%		73,436,921	8.84%	110,834,549
Effective Tax Rate Including Deferred Tax	30.93%		685,577,515	31.55%	395,365,601
Effective Tax Rate Including Deferred Tax and Over Provision of Current Tax in Respect of Previous years	30.93%		685,577,515	31.55%	395,365,601

12 EARNINGS PER SHARE

12.1 Basic Earnings per Share

Basic Earnings per Share is calculated in accordance with LKAS 33 – Earnings per Share, by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

The weighted average number of ordinary shares outstanding during the current and comparative periods has been adjusted for any events that have changed the number of shares in issue without a corresponding change in resources (e.g., bonus issues, share splits).

For the Year Ended 31 st March	2025	2024
Profit Attributable to Ordinary Shareholders (Rs.)	1,531,027,028	857,786,897
Weighted Average Number of Ordinary Shares	3,620,843	3,620,843
Basic and Diluted Earnings per Share (Rs.)	422.84	236.90

12.2 Diluted Earnings per Share

Diluted Earnings per Share is calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares, adjusted for the effects of all potential dilutive ordinary shares that were outstanding during the reporting period.

However, the Company had no potentially dilutive ordinary shares outstanding at any time during the current or previous financial year. As such, Diluted Earnings per Share is equal to Basic Earnings per Share.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

13 DIVIDEND PER SHARE

In accordance with the provisions of LKAS 10 – Events After the Reporting Period, dividends proposed or declared after the reporting date are not recognized as liabilities in the Financial Statements since they do not meet the criteria of a present obligation as at the end of the reporting period

For the Year Ended 31 st March	2025	2024
Dividend for the Year (Rs.)	72,416,860	54,312,645
Weighted Average Number of Ordinary Shares	3,620,843	3,620,843
Dividend per Share (Rs.)	20.00	15.00

13.1 During the year, an amount of Rs. 1,079,413/- (2023/24 - Rs. 1,060,911/-) reversed as unclaimed dividend.

13.2 In 2023/24 Company has declared a first and final Dividend amount of Rs. 54,312,645/- was paid during 2024/25 and dividend declared for 2022/23 year amounting to Rs. 18,104,215/- paid during 2023/24.

14 ADJUSTED EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION

The Directors of the Company have presented the performance measure Adjusted EBITDA as they monitor this performance measure at high level and they believe this measure is relevant to an understanding of the Company's financial performance. Adjusted EBITDA is calculated by adjusting profit from continuing operations to exclude the impact of Taxation, Net Finance Costs, Depreciation, Amortization, Impairment Losses / Reversals related Intangible Assets, Property, Plant and Equipment.

Adjusted EBITDA is not a defined performance measure in SLFRS / LKAS. The Company's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

Reconciliation of Adjusted EBITDA to Profit from Continuing Operations;

For the Year Ended 31 st March	Note	2025 Rs.	2024 Rs.
Profit from Continuing Operations		1,531,027,028	857,786,897
Income Tax Expense	11.1	685,577,515	395,365,601
Profit before Tax		2,216,604,543	1,253,152,498
Adjustments for:			
- Net Finance Income	9	(99,005,623)	(51,909,099)
- Depreciation of Property, Plant & Equipment	15	187,967,840	141,871,045
- Depreciation of Right-of-use Asset	16	23,047,468	9,393,514
- Amortisation of Intangible Assets	17	276,031	276,031
Adjusted EBITDA		2,328,890,259	1,352,783,989

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

15 PROPERTY, PLANT & EQUIPMENT

For the Year Ended 31 st March 2025	As at 01 st April 2024	Cost Additions / Transfers	Disposals / Write offs / Transfers	As at 31 st March 2025
	Rs.	Rs.	Rs.	Rs.
Freehold Land	10,700,810	-	-	10,700,810
Freehold Factory & Building	438,955,986	49,175,949	-	488,131,935
Data Processing Equipment	65,135,798	30,047,204	(6,729,171)	88,453,831
Machinery & Equipment	57,173,860	-	-	57,173,860
Factory Equipment	42,071,640	-	-	42,071,640
Office Equipment	18,613,332	9,034,054	-	27,647,386
Furniture & Fittings	39,234,948	195,736	-	39,430,684
Motor Vehicles	1,415,369,886	30,808,961	(24,217,069)	1,421,961,778
Plant & Machinery and Equipment - Assy Line	78,175,869	40,329,879	-	118,505,748
Tools and Equipment - Factory	5,470,938	5,173,506	-	10,644,444
	2,170,903,067	164,765,289	(30,946,240)	2,304,722,116
Capital Work In Progress - Building	37,263,605	34,637,800	(45,925,949)	25,975,456
	2,208,166,672	199,403,089	(76,872,189)	2,330,697,572

For the Year Ended 31 st March 2024	As at 01 st April 2023	Cost Additions	Disposals / Transfers	As at 31 st March 2024
	Rs.	Rs.	Rs.	Rs.
Freehold Land	10,700,810	-	-	10,700,810
Freehold Factory & Building	438,955,986	-	-	438,955,986
Data Processing Equipment	50,331,508	15,289,290	(485,000)	65,135,798
Machinery & Equipment	57,173,860	-	-	57,173,860
Factory Equipment	42,071,640	-	-	42,071,640
Office Equipment	16,515,332	2,098,000	-	18,613,332
Furniture & Fittings	38,613,175	621,773	-	39,234,948
Motor Vehicles	1,005,817,764	420,140,952	(10,588,830)	1,415,369,886
Plant & Machinery and Equipment - Assy Line	54,328,976	23,846,893	-	78,175,869
Tools and Equipment - Factory	4,195,450	1,275,488	-	5,470,938
	1,718,704,501	463,272,396	(11,073,830)	2,170,903,067
Capital Work In Progress - Building	-	37,263,605	-	37,263,605
	1,718,704,501	500,536,001	(11,073,830)	2,208,166,672

15.1 Market Value of the Freehold Land & Building

The Company carried out an independent valuation of its Freehold Land and Buildings as at 20th January 2025 for disclosure purposes. The market value of these assets was determined by a professionally qualified independent valuer as follows;

Property	Market Value	Valuation Surveyor	No of Buildings	Land Extent
Freehold Land & Building at Panagoda, Homagama	Rs. 1,649 Mn	Mr. M.A. Ananda Sarath	4	18 acres and 29.20 perches

The valuation has been carried out solely for disclosure and internal management purposes. The carrying amounts of land and buildings in the financial statements are based on historical cost and have not been adjusted to reflect the revalued amounts.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 01 st April 2024	Accumulated Depreciation Charge for the year	On Disposal/ Writeoffs	As at 31 st March 2025	Carrying Value As at 31 st March 2025
Rs.	Rs.	Rs.	Rs.	Rs.
-	-	-	-	10,700,810
82,290,191	11,263,519	-	93,553,710	394,578,225
43,124,847	11,580,615	(6,729,171)	47,976,291	40,477,540
19,545,079	2,540,325	-	22,085,404	35,088,456
18,243,934	1,996,781	-	20,240,715	21,830,925
8,045,420	1,871,913	-	9,917,333	17,730,053
23,580,308	2,088,968	-	25,669,276	13,761,408
931,675,501	135,418,047	(20,327,075)	1,046,766,473	375,195,305
28,958,109	19,432,190	-	48,390,299	70,115,449
1,370,408	1,775,482	-	3,145,890	7,498,554
1,156,833,797	187,967,840	(27,056,246)	1,317,745,391	986,976,725
-	-	-	-	25,975,456
1,156,833,797	187,967,840	(27,056,246)	1,317,745,391	1,012,952,181

As at 01 st April 2023	Accumulated Depreciation Charge for the year	On Disposal	As at 31 st March 2024	Carrying Value As at 31 st March 2024
Rs.	Rs.	Rs.	Rs.	Rs.
-	-	-	-	10,700,810
71,316,291	10,973,900	-	82,290,191	356,665,795
38,772,470	4,447,331	(94,954)	43,124,847	22,010,951
16,979,741	2,565,338	-	19,545,079	37,628,781
16,237,138	2,006,796	-	18,243,934	23,827,706
6,694,709	1,350,711	-	8,045,420	10,567,912
21,473,682	2,106,626	-	23,580,308	15,654,640
832,445,828	105,484,996	(6,255,323)	931,675,501	483,694,385
17,205,953	11,752,156	-	28,958,109	49,217,760
187,217	1,183,191	-	1,370,408	4,100,530
1,021,313,029	141,871,045	(6,350,277)	1,156,833,797	1,014,069,270
-	-	-	-	37,263,605
1,021,313,029	141,871,045	(6,350,277)	1,156,833,797	1,051,332,875

15.2 Security over Assets

As at 31st March 2025, certain items of Property, Plant and Equipment have been pledged as security for banking facilities obtained by the Company. Seylan Bank PLC holds a primary mortgage over the Company's Factory Land, Buildings, with a total carrying value of Rs. 200 Mn.

15.3 Capitalization of Motor Vehicles from Inventory

During the financial year, the Company transferred motor vehicles amounting to Rs. 8,808,961/- (2023/24: Rs. 420,140,952/-) from Motor Vehicle Stock to Property, Plant and Equipment. These assets were brought into use for hiring purpose and internal operations, and accordingly capitalized, in line with the recognition criteria set out in LKAS 16 – Property, Plant and Equipment.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

15 PROPERTY, PLANT & EQUIPMENT (Contd.)

15.4 Fully Depreciated Assets in Use

As at the reporting date, Property, Plant and Equipment includes fully depreciated assets that are still in active use by the Company. The gross carrying amount of such assets is Rs. 884,599,775/- (2023/24: Rs. 793,584,928/-). These assets continue to contribute to operations and are retained in the books in compliance with LKAS 16.

15.5 Additions During the Year

During the year ended 31st March 2025, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 144,668,178/- (2023/24: Rs. 80,395,047/-). These additions were made entirely through cash purchases and relate primarily to investments in buildings, machinery, and other operational assets.

15.6 Impairment of Property, Plant & Equipment

As at 31st March 2025, management has assessed the recoverable amount of Property, Plant and Equipment and concluded that no indicators of impairment exist. Accordingly, no provision has been made for impairment, as there is no evidence of a permanent fall in the value of any class of assets.

15.7 Title Restrictions

There were no restrictions on the title of any Property, Plant and Equipment as at the reporting date. All assets are legally owned and free of encumbrances.

15.8 Capitalized Borrowing Costs

During the year ended 31st March 2025, the Company did not capitalize any borrowing costs to the cost of Property, Plant and Equipment, in accordance with the requirements of LKAS 23 – Borrowing Costs.

15.9 Work-in-Progress

During the year, the Company commenced construction of a new administrative building, which is recognized under Capital Work-in-Progress. The project is expected to be completed in the financial year 2025/26, and costs incurred as at 31st March 2025 have been recorded as capital work-in-progress in accordance with LKAS 16.

As at 31 st March	2025 Rs.	2024 Rs.
16 RIGHT-OF-USE ASSETS		
Cost		
Balance at beginning of the year	86,245,353	96,101,206
Additions	140,894,131	-
Lease Modification	4,140,799	(9,855,853)
Balance at end of the year	231,280,283	86,245,353
Accumulated Depreciation		
Balance at beginning of the year	69,473,601	60,080,087
Charge for the year	23,047,468	9,393,514
Balance at end of the year	92,521,069	69,473,601
Carrying Value as at 31st March	138,759,214	16,771,752

Additions to right-of-use assets during the year include the recognition of a new lease agreement for the City Office building and the Dehiwala land. In the case of the Dehiwala land, no lease rentals are payable over the lease term. However, a refundable deposit was made, the present value of which has been recognized as a financial asset at amortized cost. The difference between the nominal deposit and its present value, representing the economic cost of the right to use the asset, has been recognized as a right-of-use asset in accordance with SLFRS 16.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

17 INTANGIBLE ASSETS

As at 31 st March	2025 Rs.	2024 Rs.
Cost		
Balance at beginning of the year	28,817,321	28,817,321
Additions	-	-
Balance at end of the year	28,817,321	28,817,321
Accumulated Amortization		
Balance at beginning of the year	28,172,996	27,896,965
Charge for the year	276,031	276,031
Balance at end of the year	28,449,027	28,172,996
Carrying Value as at 31st March	368,294	644,325

17.1 The Company's intangible assets consist of Enterprise Resource Planning (ERP) software systems, acquired for internal operational use. These assets are accounted for in accordance with LKAS 38 – Intangible Assets, and are recognized at cost, net of accumulated amortization and impairment losses, if any.

17.2 As at 31st March 2025, the Company's intangible assets include fully amortized ERP software systems that are still in use. These assets continue to contribute to operations and remain recorded at gross carrying amount with zero net book value, in line with LKAS 38.

Intangible Assets included fully amortized assets that are still in use having a gross amount of Rs. 27,713,196 as at 31st March 2025 (2023/24 - Rs. 27,713,196).

As at 31 st March	2025 Rs.	2024 Rs.
18 FINANCIAL ASSETS		
Equity Securities - Fair Value Through Profit or Loss (Note 18.1)	236,633	131,904
Refundable Security Deposit (Note 18.2)	123,960,304	-
	124,196,937	131,904

As at 31 st March	2025 Cost Rs.	2025 Market Value Rs.	2024 Cost Rs.	2024 Market Value Rs.
18.1 Investment in Quoted Shares				
Diesel & Motor Engineering PLC (257 Ordinary Shares)	7,417	236,633	7,417	131,904
	7,417	236,633	7,417	131,904

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

18 FINANCIAL ASSETS (Contd.)

18.2 Refundable Security Deposit

The Company recognized a financial asset in respect of the refundable lease deposit made for the use of Land located at Dehiwala over a period of 5 years. In accordance with SLFRS 9 – Financial Instruments, the security deposit was initially measured at its present value and is subsequently measured at amortized cost using the effective interest method.

Accordingly, the refundable lease deposit of Rs. 200 Mn, receivable at the end of the lease term, has been discounted to its present value using a discount rate of 10.75%, resulting in an initial recognition amount of Rs. 120,035,946. The difference between the nominal value and the present value of the deposit is subsequently amortized over the lease term using the effective interest method, with the resulting interest income recognized in profit or loss as finance income.

As at 31 st March	2025 Rs.	2024 Rs.
Present Value of the Refundable deposit at initial recognition	120,035,946	-
Add - Interest Income During the Year	3,924,358	-
Balance at the End of the year	123,960,304	-

19 RENTAL RECEIVABLE FROM TRADE DEBTORS

Assets leased to customers which transfers substantially all risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease. Amounts receivable under finance leases, net of initial rentals received, deferred interest income and provision for impairment loss, are classified as Rental Receivable from Trade Debtors and are presented below;

As at 31 st March	2025 Rs.	2024 Rs.
Balance as at the beginning of the year	551,300,254	1,249,985,440
Granted during the year	303,981,750	130,014,750
Total Rental Receivable	855,282,004	1,380,000,190
Less : Payment received during the year	(544,443,529)	(828,699,936)
Total Rental Outstanding (Note 19.4)	310,838,475	551,300,254
Less : Deferred Interest Income	(21,276,360)	(32,108,546)
Unearned Rental Income	289,562,115	519,191,708
Less : Provision for Impairment Loss (Note 19.3)	(27,801,341)	(103,324,296)
Balance as at the end of the year	261,760,774	415,867,412
19.1 Receivable after one year		
Total Rental Outstanding	118,395,735	44,541,879
Less : Deferred Interest Income	(6,369,756)	(2,746,188)
Unearned Rental Income	112,025,979	41,795,691
Less : Provision for Impairment Loss	-	-
Balance as at 31st March	112,025,979	41,795,691
19.2 Receivable within one year		
Total Rental Outstanding	192,442,740	506,758,375
Less : Deferred Interest Income	(14,906,604)	(29,362,358)
Unearned Rental Income	177,536,136	477,396,017
Less : Provision for Impairment Loss (Note 19.3)	(27,801,341)	(103,324,296)
Balance as at 31st March	149,734,795	374,071,721
Total	261,760,774	415,867,412

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

19 RENTAL RECEIVABLE FROM TRADE DEBTORS (Contd.)

19.3 Movement of Impairment Loss

The movement in the allowance for impairment in respect of Rental Receivable from Trade Debtors during the year is as follows;

As at 31 st March 2025	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance at the beginning of the year	101,516,646	1,807,650	103,324,296
Impairment Loss / (Reversal) recognized during the year	(80,193,547)	4,670,592	(75,522,955)
Balance at the end of the year	21,323,099	6,478,242	27,801,341

As at 31 st March 2024	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance at the beginning of the year	249,981,930	410,684	250,392,614
Impairment Loss / (Reversal) recognized during the year	(148,465,284)	1,396,966	(147,068,318)
Balance at the end of the year	101,516,646	1,807,650	103,324,296

19.4 Rental Receivable from Trade Debtors by types of Counter Party are as follows;

As at 31 st March	2025 Rs.	2024 Rs.
Sri Lanka Transport Board (Note 33.1)	9,401,572	431,722,572
Corporate and Other Institutions	287,983,733	105,581,552
Individuals	13,453,170	13,996,130
	310,838,475	551,300,254

19.5 Maturity Analysis of Rentals Receivables from Trade Debtors (Net of Deferred Interest Income and Impairment Provision)

	Less than 06 Months Rs.	06 - 12 Months Rs.	01 - 05 Years Rs.	Total Rs.
Rental Receivables from Trade Debtors As at 31 st March 2025	95,391,593	54,343,202	112,025,979	261,760,774
Rental Receivables from Trade Debtors As at 31 st March 2024	318,712,241	55,359,480	41,795,691	415,867,412

19.6 Remaining Contractual Maturity Analysis of Rental Receivable from Trade Debtors

As at 31 st March	2025 Rs.	2024 Rs.
Within 1 Year	192,442,740	506,758,375
1 - 2 Years	110,372,879	44,541,879
2 - 3 Years	8,022,856	-
Gross Rental Receivable from Trade Debtors	310,838,475	551,300,254
Less: Deferred Interest Income	(21,276,360)	(32,108,546)
	289,562,115	519,191,708
Less: Provision for Impairment Loss	(27,801,341)	(103,324,296)
Net Rental Receivable from Trade Debtors	261,760,774	415,867,412

19.7 Amounts Recognised in Profit or Loss

The Profit or Loss include the following amounts in respect of finance lease.

Selling Profit	77,633,945	27,387,891
Lease Interest Income	38,545,063	144,590,886
	116,179,008	171,978,777

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

20 DEFERRED TAX ASSETS

As at 31 st March	2025 Rs.	2024 Rs.
Balance at the beginning of the year	231,069,976	313,755,104
Recognised in Profit or Loss (Note 20.2)	(73,436,921)	(110,834,549)
Recognised in Other Comprehensive Income (Note 20.2)	12,291,696	28,149,421
Balance at the end of the Year	169,924,751	231,069,976

20.1 Deferred Tax Assets and Liabilities are attributable to the following;

As at 31 st March	Assets		Liabilities		Net Asset / (Liability)	
	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.	2025 Rs.	2024 Rs.
Property, Plant and Equipment	-	-	(93,924,700)	(90,431,031)	(93,924,700)	(90,431,031)
Employee Benefits	17,208,535	17,317,059	-	-	17,208,535	17,317,059
Provision for Inventory	179,005,242	204,812,083	-	-	179,005,242	204,812,083
Provision for Trade and Rental Receivbles	57,250,243	91,080,610	-	-	57,250,243	91,080,610
Others (Note 20.4)	29,535,627	13,322,779	(19,150,196)	(5,031,524)	10,385,431	8,291,255
Net Deferred Tax Asset / (Liability)	282,999,647	326,532,531	(113,074,896)	(95,462,555)	169,924,751	231,069,976

Deferred tax assets and liabilities are calculated on all taxable and deductible temporary differences arising from differences between accounting bases and tax bases of assets and liabilities.

20.2 Movement in Recognized Deferred Tax Assets and Liabilities

	Balance as at 01 st April 2024 Rs.	Recognised in Profit or Loss Rs.	Recognised in OCI Rs.	Balance as at 31 st March 2025 Rs.
Property, Plant and Equipment	(90,431,031)	(3,493,669)	-	(93,924,700)
Employee Benefits	17,317,059	(12,400,220)	12,291,696	17,208,535
Provision for Inventory	204,812,083	(25,806,841)	-	179,005,242
Provision for Trade and Rental Receivables	91,080,610	(33,830,367)	-	57,250,243
Others (Note 20.4)	8,291,255	2,094,176	-	10,385,431
Net Deferred Tax Asset	231,069,976	(73,436,921)	12,291,696	169,924,751

	Balance as at 01 st April 2023 Rs.	Recognised in Profit or Loss Rs.	Recognised in OCI Rs.	Balance as at 31 st March 2024 Rs.
Property, Plant and Equipment	(72,623,035)	(17,807,996)	-	(90,431,031)
Employee Benefits	32,975,657	(43,808,019)	28,149,421	17,317,059
Provision for Inventory	242,916,256	(38,104,173)	-	204,812,083
Provision for Trade and Rental Receivables	103,059,863	(11,979,253)	-	91,080,610
Others (Note 20.4)	7,426,363	864,892	-	8,291,255
Net Deferred Tax Asset	313,755,104	(110,834,549)	28,149,421	231,069,976

20.3 The deferred tax asset is calculated at the rate of 30% (2023/24- 30%) for the Company as at 31st March 2025.

20.4 Others comprises deferred tax arising from the right-of-use asset and lease liability, provisions for warranty, and unrealized foreign exchange gains or loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

21 INVENTORIES

As at 31 st March	2025 Rs.	2024 Rs.
Fully Built Vehicle Stock	1,486,934,035	1,525,822,614
Semi-Knock-Down (SKD) Vehicle Stock	3,759,138,856	230,152,570
Generators	32,399,601	29,200,159
Cabins / Bodies & Work In Progress	322,056,991	369,965,145
Spare Parts & Consumables	1,197,604,458	954,412,478
	6,798,133,941	3,109,552,966
Goods In Transit (Note 21.1)	551,431,159	1,325,896,089
	7,349,565,100	4,435,449,055
Provision for Slow Moving & Obsolete Stocks (Note 21.2)	(596,684,141)	(682,706,950)
	6,752,880,959	3,752,742,105

21.1 Goods In Transit

Goods in Transit represent inventory items that have been shipped by the supplier but not yet received by the Company as at the reporting date. These items are recognized in inventory at cost, including freight, insurance, and other directly attributable expenses incurred to bring the inventory to its present location and condition, in accordance with LKAS 2 – Inventories. Title to these goods is typically transferred based on the shipping terms (e.g., FOB, CIF), and the cost is recorded in the financial statements when the Company assumes the significant risks and rewards of ownership.

As at 31 st March	2025 Rs.	2024 Rs.
21.2 Provision for Slow Moving & Obsolete Stocks		
Balance at the beginning of the year	682,706,950	809,720,855
Reversal during the year	(86,022,809)	(127,013,905)
Balance at the end of the year	596,684,141	682,706,950

21.3 Pledged Inventory

As at 31st March 2025, inventory has been pledged as collateral against revolving import loan, import loan facilities and overdraft facilities obtained from Seylan Bank PLC, Commercial Bank of Ceylon PLC and State Bank of India. The carrying value of the pledged inventory is included under the relevant inventory categories. The Company continues to retain legal title and the risks and rewards of ownership of these inventories, and there are no restrictions on their use in the ordinary course of business.

As at 31 st March	2025 Rs.	2024 Rs.
22 TRADE AND OTHER RECEIVABLES		
Trade Receivables	373,233,544	269,711,951
Receivables from Related Parties (Note 22.1)	254,941,699	517,563,564
Less: Provision for Impairment Loss (Note 22.2)	(163,032,770)	(200,277,706)
	465,142,473	586,997,809
Advances to Staff	4,052,167	352,000
VAT Receivable	-	31,798,199
Other Receivables (Note 22.4)	775,715,517	209,214
	1,244,910,157	619,357,222

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

22. TRADE AND OTHER RECEIVABLES (Contd.)

As at 31 st March	2025 Rs.	2024 Rs.
22.1 Receivables from Related Parties		
Sri Lanka Transport Board (Note 33.1)	172,938,064	219,195,968
Ashok Leyland Limited - India (Note 33.1)	28,081,100	212,257,006
Other Government Related Entities (Note 33.1)	36,903,735	78,110,590
Bank of Ceylon (Note 33.1)	9,800,000	8,000,000
People's Leasing & Finance PLC (Note 33.1)	4,080,000	-
Other Government Financial Institutions (Note 33.1)	3,138,800	-
	254,941,699	517,563,564

22.2 Movement of Impairment Loss

The movement in the allowance for impairment in respect of Trade Receivables during the year is as follows;

As at 31 st March 2025	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance at the beginning of the year	157,423,448	42,854,258	200,277,706
Impairment Reversal recognized during the year	(25,179,977)	(12,064,959)	(37,244,936)
Balance at the end of the year	132,243,471	30,789,299	163,032,770

As at 31 st March 2024	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance at the beginning of the year	40,864,094	52,276,139	93,140,233
Impairment Loss recognized during the year	116,559,354	2,435,111	118,994,465
Amounts Write Offs	-	(11,856,992)	(11,856,992)
Balance at the end of the year	157,423,448	42,854,258	200,277,706

22.3 During the year 2023/24, trade receivables amounting to Rs. 11.8 Mn were written off as uncollectible. The Company writes off receivables when recovery is no longer expected. No enforcement or recovery actions are undertaken once amounts are written off, in line with the Company's policy and past experience.

22.4 Other Receivables

Other Receivables includes an estimated provision for Input VAT amounting to Rs. 734.33 Mn. relating to Semi-Knock-Down (SKD) units imported under the Standard Operating Procedures (SOP) introduced for Automobile Manufacturing / Assembling Industry and Automobile Components Manufacturing Industry of Sri Lanka by Ministry of Industries.

As per the operational process, Input VAT becomes receivable only upon completion of assembly and inspection by Ministry of Industries along with Sri Lanka Customs and VAT paid to the authority. As at the reporting date, the related Input VAT was provisionally estimated and recognized as part of other receivables on remaining unassembled SKD units.

22.5 Information about the Company's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 43.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As at 31 st March		2025 Rs.	2024 Rs.
23	DEPOSITS AND PREPAYMENTS		
	Deposits and Advances	84,138,627	34,778,113
	Prepayments	16,979,319	21,146,884
		101,117,946	55,924,997

24 CASH & CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, balances held in current and savings accounts with licensed commercial banks, and short-term highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

These balances are available for use in the Company's day-to-day operations and are recognized at their nominal value in accordance with LKAS 7 – Statement of Cash Flows.

As at 31 st March		2025 Rs.	2024 Rs.
24.1	Favorable Balances		
	Short Term Investments (Note 24.3)	391,094,370	1,355,114,264
	Cash in Hand	36,456,236	1,433,965
	Cash at Banks	189,771,552	84,565,828
	Cash & Cash Equivalents in the Statement of Financial Position	617,322,158	1,441,114,057
24.2	Unfavorable Balances		
	Bank Overdrafts	(15,707,510)	(51,039,458)
		(15,707,510)	(51,039,458)
	Cash & Cash Equivalents in the Statement of Cash Flows	601,614,648	1,390,074,599
24.3	Short Term Investments		
	Investment in Fixed Deposits	102,364,521	2,300,000
	Investments in Treasury Bills	-	1,220,588,797
	Investment in Repo	288,729,849	120,800,000
	Investment in Debentures	-	11,425,467
		391,094,370	1,355,114,264

The company's financial assets held at amortised cost include fixed deposits and repo with average interest rates ranging from 7% to 8%.

24.4 Bank Overdraft Facility Details

Bank	Interest Rate (%)	Approved Facility (Rs.)	Security
Seylan Bank PLC	AWPLR +0.75	100,000,000	Land / Building / Inventory
Commercial Bank of Ceylon PLC	AWPLR +0.5	50,000,000	Inventory
Indian Bank	AWPLR +1	50,000,000	-
Bank of Ceylon	AWPLR	1,900,000	Fixed Deposit

24.5 Unutilized Bank Overdraft Facilities

As at 31st March 2025, the Company had access to unutilized bank overdraft facilities totaling Rs. 201.9 Mn (2023/24: Rs. 201.9 Mn), provided by Seylan Bank PLC, Commercial Bank of Ceylon PLC, Indian Bank and Bank of Ceylon. These facilities are available on demand and are subject to review and renewal on an annual basis. The Company has not drawn on these facilities as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

24 CASH & CASH EQUIVALENTS (Contd.)

24.6 Liquidity and Banking Facilities

To ensure liquidity and manage working capital needs, the Company maintains various banking facilities, including overdraft lines and short-term revolving loan facilities with multiple financial institutions.

As at 31 st March	No. of Shares	2025 Rs.	2024 Rs.
25 STATED CAPITAL			
Ordinary Shares	3,620,843	36,208,430	36,208,430
Share Premium		13,166,720	13,166,720
Stated Capital		49,375,150	49,375,150

25.1 Authorized Share Capital

The Company is authorized to issue 6,000,000 Ordinary Shares with a par value of Rs. 10/- per share.

25.2 Issued and Fully Paid Share Capital

As at 31st March 2025, the issued and fully paid share capital of the Company comprised 3,620,843 Ordinary Shares (2023/24: 3,620,843 Ordinary Shares).

There were no movements in the issued share capital during the year under review

25.3 Rights, Preferences, and Restrictions of Ordinary Shares

All Ordinary Shares rank equal rights and entitlements with respect to:

- Participation in dividends as and when declared by the Board of Directors,
- Participation in the distribution of residual assets upon winding up,
- Voting rights, with each share carrying one vote at meetings of shareholders.

There are no restrictions on the distribution of dividends or the repayment of capital in respect of these shares.

25.4 Share Premium

In the year 1992, the Company issued 329,168 Ordinary Shares by way of a rights issue at a premium of Rs. 40/- per share. The total premium received on this issue has been accounted for under Stated Capital.

As at 31 st March	2025 Rs.	2024 Rs.
26 GENERAL RESERVE		
General Reserve	887,347,500	887,347,500
	887,347,500	887,347,500

26.1 The General Reserve represents amounts appropriated from retained earnings by the Board of Directors for general application within the Company. These reserves are available for distribution at the discretion of the Board, subject to the provisions of the Companies Act No. 07 of 2007.

There were no movements in the General Reserve during the year ended 31st March 2025 (2023/24: Nil).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

As At 31 st March		2025 Rs.	2024 Rs.
27	DEFINED BENEFIT OBLIGATION (NET)		
	Net Defined Benefit Obligation		
	Present Value of Defined Benefit Obligation at the end of the year (Note 27.2)	271,481,499	209,088,686
	Fair Value of Plan Asset at the end of the year (Note 27.3)	(214,119,718)	(151,365,141)
	Amount Recognised in Statement of Financial Position	57,361,781	57,723,545
27.1	Reconciliation of Net Defined Benefit Liability		
	Net Defined Benefit Liability as at 01 st April	57,723,545	109,918,855
	Expenses recognised in Profit or Loss (Note 27.5)	13,755,742	19,264,168
	Expenses recognised in Other Comprehensive Income (Note 27.6)	40,972,320	93,831,402
	Contribution by Employer	(55,089,826)	(147,107,165)
	Benefits Paid by Employer	-	(18,183,715)
	Net Defined Benefit Liability as at 31 st March	57,361,781	57,723,545
27.2	Movement in the Present Value of Defined Benefit Obligation		
	The present value of the defined benefit obligation (PVDBO) is actuarially determined using the Projected Unit Credit Method, based on assumptions concerning salary increases, discount rates, retirement age, and staff turnover. The valuation reflects benefits accrued to employees as at the reporting date.		
As at 31 st March		2025 Rs.	2024 Rs.
	Balance at the beginning of the year	209,088,686	109,918,855
	Expenses recognised in Profit or Loss (Note 27.5)	34,567,421	26,251,758
	Actuarial Loss recognised in Other Comprehensive Income (Note 27.6)	38,784,187	91,101,788
	Payments during the year	(10,958,795)	(18,183,715)
	Balance at the end of the year	271,481,499	209,088,686
27.3	Movement in Plan Asset		
	Balance at the beginning of the year	151,365,141	-
	Contribution by Employer	55,089,826	147,107,165
	Expected Return on Plan Asset (Note 27.5)	20,811,679	6,987,590
	Actuarial Loss on Plan Asset (Note 27.6)	(2,188,133)	(2,729,614)
	Benefit Paid by the Plan	(10,958,795)	-
	Balance at the end of the year	214,119,718	151,365,141
27.4	Plan Asset		
	Plan Asset comprise the following:		
	Government Treasury Bonds	200,000,000	100,000,000
	Corporate Debt Securities	14,119,718	51,365,141
		214,119,718	151,365,141

The actuarial valuation as at 31st March 2025 was carried out by Messrs. Prime Actuarial Solutions, a firm of professionally qualified actuaries. The net defined benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation, net of the fair value of plan assets.

The Company has funded its obligation externally through a Gratuity Plan with Life Insurance Corporation (Lanka) Limited.

Mr. Dinesh Weerakkody and Mr. Umesh Gautam, who serve as Non-Executive Director and Chief Executive Officer, respectively of Lanka Ashok Leyland PLC, also serve as Independent Directors of Life Insurance Corporation (Lanka) Limited. The gratuity fund arrangement between Lanka Ashok Leyland PLC and Life Insurance Corporation (Lanka) Limited has been established on an arm's length basis and under normal commercial terms.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

27 DEFINED BENEFIT OBLIGATION (NET) (Contd.)

For the Year Ended 31 st March		2025 Rs.	2024 Rs.
27.5	Expenses Recognised in Profit or Loss		
	Current Service Cost	10,134,306	5,367,176
	Interest Cost	24,433,115	20,884,582
	Expense Recognised in Profit or Loss	34,567,421	26,251,758
	Expected Return on Plan Asset	(20,811,679)	(6,987,590)
	Net Expense Recognised in Profit or Loss	13,755,742	19,264,168
27.6	Expenses Recognised in Other Comprehensive Income		
	Actuarial Loss on Defined Benefit Obligation	38,784,187	91,101,788
	Actuarial Loss on Plan Asset	2,188,133	2,729,614
		40,972,320	93,831,402

27.7 Actuarial Assumptions

The principal actuarial assumptions used in determining the cost are given below;

As At 31 st March	2025 Rs.	2024 Rs.
Discount Rate	11.50%	12.00%
Expected Annual Average Salary Increment	15.00%	15.00%
Staff Turnover Factor	5.0%	4.0%
Retiring Age	60 Years	60 Years
Mortality Table	LALM (2012-14)	A 67/70

The valuation of the defined benefit obligation is based on an actuarial assessment which involves the use of key assumptions, including discount rate, future salary increment, and mortality rates. The actuarial assumptions are determined based on the best estimates at the reporting date, taking into account the relevant economic and demographic factors. The discount rate of 11.5% as at 31st March 2025 (2023/24 : 12%), was determined with reference to applicable market interest rates on Government securities based on weighted average duration of RBO adjusted for anticipated long-term rate at inflation and other factors where applicable.

All assumptions, including the discount rate, expected future salary increment, and mortality rates, are subject to periodic review and are adjusted as necessary to reflect current economic conditions and expectations. Any changes in these assumptions are incorporated into the actuarial valuation, which is updated at each reporting date.

Demographic assumptions - In addition to the above, demographic assumptions such as mortality, withdrawal and disability, and retirement age were considered for the actuarial valuation. "LALM (2012-14) mortality table" was used to estimate the gratuity liability of the Company.

27.8 Sensitivity Analysis

The determination of the defined benefit obligation is sensitive to changes in the underlying actuarial assumptions, particularly the discount rate and the salary increment rate. The table below presents the sensitivity of the defined benefit obligation to changes in these key assumptions. The sensitivity analysis has been determined based on reasonably possible changes in the respective assumptions at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

27 DEFINED BENEFIT OBLIGATION (NET) (Contd.)

27.8 Sensitivity Analysis (Contd.)

It is important to note that the sensitivity analysis presented above is based on a static assumption that each variable changes independently. However, in practice, the changes in these assumptions may not occur in isolation, as some of these assumptions may be correlated with each other. Consequently, the actual change in the defined benefit obligation may differ from the results presented here.

The sensitivity analysis presented is calculated using the Projected Unit Credit (PUC) Method, which is the same methodology applied in the calculation of the defined benefit obligation liability recognized in the Statement of Financial Position. The PUC method takes into account the projected future salary increment and the expected benefits payable, thereby providing a comprehensive measure of the defined benefit obligation.

There have been no changes in the methods used in preparing the sensitivity analysis compared to the previous year. The same actuarial valuation methodology, has been applied consistently to ensure comparability of the financial statements over time.

As at / For the Year Ended 31 st March	PVODBO Rs.	2025 Benefit / (Expense) Rs.	PVODBO Rs.	2024 Benefit / (Expense) Rs.
1% Increase in Discount Rate	253,500,892	17,980,607	195,331,490	13,757,196
1% Decrease in Discount Rate	292,225,588	(20,744,089)	224,892,684	(15,803,998)
1% Increase in Salary Increment Rate	291,362,128	(19,880,629)	224,630,723	(15,542,037)
1% Decrease in Salary Increment Rate	253,869,011	17,612,488	195,275,416	12,813,270

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

27.9 Maturity Profile of the Defined Benefit Obligation

As at 31 st March	2025 Rs.	2024 Rs.
Expected Future Working Life		
Within the Next Twelve Months	56,108,942	43,469,932
Between One to Five Years	52,394,414	52,666,197
Between Five to Ten Years	81,845,788	61,150,230
More than Ten Years	81,132,355	51,802,327
	271,481,499	209,088,686
Weighted Average duration of Defined Benefit Obligation	8.42 Years	7.8 Years
Estimated Term of Liability in Years	11.83 Years	11.57 Years

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

28 LEASE LIABILITY

The Company's Leasing Activities

The Company occupies lease hold properties to carry out marketing operations and other related administrative activities.

As at 31 st March	2025 Rs.	2024 Rs.
Balance as at beginning of the Year	34,636,142	60,775,690
Additions	60,930,077	-
Lease Modification (Note 28.2)	4,140,799	(9,855,853)
Interest Expense Recognised in Profit or Loss	8,709,643	9,636,305
Payment for Lease Liability	(28,860,000)	(25,920,000)
Balance as at end of the Year	79,556,661	34,636,142
28.1 Lease Liabilities included in the Statement of Financial Position		
Non-current	48,780,661	11,112,605
Current	30,776,000	23,523,537
	79,556,661	34,636,142

28.2 The lease liability and right of use assets were remeasured due to revisions in the future lease payments for one of the contracts.

28.3 Amounts recognised in Profit or Loss

For the Year Ended 31 st March	2025 Rs.	2024 Rs.
Interest on Lease Liabilities	(8,709,643)	(9,636,305)
Recognised in Finance Cost	(8,709,643)	(9,636,305)
Expenses Relating to Short-term and low-value Assets	10,500,000	20,113,866
Depreciation - Right-of-use Assets	23,047,468	9,393,514
Recognised in Administrative Expenses	33,547,468	29,507,380
Total Amount recognised in Profit or Loss	24,837,825	19,871,075
28.4 Amounts Recognised in Statement of Cash Flows		
Payment for Lease Liabilities	28,860,000	25,920,000

28.5 Maturity Analysis – Contractual Undiscounted Cash Fows

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be paid after the reporting date.

For the Year Ended 31 st March	2024/25 Rs.	2023/24 Rs.
Less than one year	30,776,000	28,032,000
One to five years	60,765,996	13,600,000
Total Undiscounted Lease Liabilities	91,541,996	41,632,000

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

29 TRADE AND OTHER PAYABLES

As at 31 st March	2025 Rs.	2024 Rs.
Trade Payables	1,019,487,152	557,494,360
Accruals	103,282,798	84,725,674
Import Duties and Related Other Payable	811,938,348	149,708,547
Advance Received	361,649,492	158,551,316
Unclaimed Dividend	602,223	1,729,068
Contract Liabilities (Note 29.1)	13,033,540	3,625,512
Unclaimed Wages	33,207	70,333
Taxes Payable	188,255,978	11,363,177
Other Liabilities (Note 29.2)	751,531,231	22,472,668
	3,249,813,969	989,740,655
29.1 Movement of Contract Liabilities		
Balance at the beginning of the year	3,625,512	2,172,920
Charge for the year	9,408,028	1,452,592
Balance at the end of the year	13,033,540	3,625,512

Contract Liabilities represent the Free Service Provision as per SLFRS 15 - "Revenue Recognition from Customer Contracts.

29.2 Other Liabilities

Other Liabilities includes an estimated provision for Import VAT amounting to Rs. 734.33 Mn relating to Semi-Knock-Down (SKD) units imported under the Standard Operating Procedures (SOP) introduced for Automobile Manufacturing/ Assembling Industry and Automobile Components Manufacturing Industry of Sri Lanka by Ministry of Industries.

As per the operational process, VAT becomes payable only upon completion of assembly and inspection by Ministry of Industries along with Sri Lanka Customs. As at the reporting date, the related Import VAT was provisionally estimated and recognized as part of other liabilities on remaining unassembled SKD units.

As at 31 st March	2025 Rs.	2024 Rs.
30 AMOUNTS DUE TO RELATED PARTY		
Payable to Ashok Leyland Limited - India (Note 33.1)	408,780,680	1,655,721,179
	408,780,680	1,655,721,179
31 CURRENT TAX LIABILITIES		
Balance at the beginning of the year	196,925,645	19,007,471
Income Tax Liability for the year (Note 11.2)	612,140,594	284,531,052
Tax Paid during the year	(245,427,181)	(103,864,138)
WHT Recoverable	(6,229,644)	(2,748,740)
Balance at the end of the year	557,409,414	196,925,645
32 PROVISION FOR WARRANTY		
Balance at the beginning of the year	9,773,122	594,547
Provision for the year	7,280,183	9,178,575
Balance at the end of the year	17,053,305	9,773,122

Provision for warranties relates mainly to vehicles sold during the last six months of the financial year. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to settle the majority of the liability over the next year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

33 RELATED PARTY DISCLOSURE

33.1 Related Party Transactions

The Company carries out transactions with parties who are defined as related parties by LKAS 24 “Related Party disclosures”, the details of which are reported below. The transactions were carried out in the ordinary course of the business and arms length in nature.

Name of Related Party & Relationship	Name of the Director	Position	Nature of Transaction	2025 Rs.	2024 Rs.		
a) Transactions with Lanka Leyland (Pvt) Limited							
Lanka Leyland (Pvt) Limited Holds 41.77% of the Share Capital of the Company.	Mr. A A M Amarasinghe (Appointed w.e.f 17 th February 2025)	Chairman of Lanka Leyland (Pvt) Limited	Dividend Payment to Lanka Leyland (Pvt) Limited	22,687,500	7,562,500		
	Mr. M K L Jayawardena (Appointed w.e.f 17 th February 2025)	Director of Lanka Leyland (Pvt) Limited					
b) Transactions and Outstanding Balance with Ashok Leyland - India - Recurring Transactions - Trading Nature							
Ashok Leyland Limited -India Holds 27.85 % of share capital of the Company by virtue of the joint venture agreement with Lanka Leyland Limited	Mr. Gopal Mahadevan	Director of Ashok Leyland Limited - India	Payable to Ashok Leyland India				
			Opening Balance as at 01 st April (Including Import Bills Payable on GIT)	1,655,721,179	333,303,000		
	Mr. Amandeep Singh Arora	Head of International Operations of Ashok Leyland Limited - India	Purchase of Semi-Knock-Down (SKD) Chassis kits and Motor Vehicle	5,252,846,676	2,825,654,675		
			Purchase of Spare Parts / Power Generators	357,729,179	548,860,377		
			Usage Charges for ERP System	4,303,410	4,862,720		
			Set-off against Receivable Balance	-	(5,297,872)		
			Exchange Gain	(38,349,217)	(54,586,494)		
			Settlement of Purchases	(6,823,470,547)	(1,997,075,227)		
			Closing Balance as at 31 st March (Including Import Bills Payable on GIT)	408,780,680	1,655,721,179		
			Receivable from Ashok Leyland India				
			Opening Balance as at 01 st April	212,257,006	313,098,297		
			Local agency commission (LAC) on Direct Supply of Vehicles	3,292,410	4,439,008		
			Payment Received	(184,373,824)	(85,018,046)		
			Set-off against Payable Balance	-	(5,297,872)		
			Exchange Loss	(3,094,492)	(14,964,381)		
			Closing Balance as at 31 st March	28,081,100	212,257,006		
			Dividend Payment to Ashok Leyland Limited - India	15,124,980	5,041,660		
Aggregate Value of Related Party Transactions During the Year				5,633,296,655	3,388,858,440		
Aggregate Value of Related Party Transactions as a % of Net Revenue				104.24%	97.17%		

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

33 RELATED PARTY DISCLOSURE (Contd.)

33.1 Related Party Transactions (Contd.)

c) Transactions and Outstanding balances with Government of Sri Lanka and its related entities

Since the Government of Sri Lanka holds the ownership of Lanka Leyland Limited, the Government of Sri Lanka and all the entities controlled or significantly influenced by the Government of Sri Lanka are considered as related parties according to LKAS 24, Related Party Disclosures.

The Company enters into transactions, arrangements and agreements with the Government of Sri Lanka and its related entities and summary of significant transactions are reported below;

Name of Related Party	Nature of Transaction	Description	2025 Rs.	2024 Rs.
i) Non-Recurring Transaction - Trading Nature				
Sri Lanka Transport Board	Supply of Vehicles on Finance Lease Terms	Balance as at 01 st April	431,722,572	1,221,469,406
		Payment Received during the year	(422,321,000)	(789,746,834)
		Balance Receivable as at 31 st March	9,401,572	431,722,572
Total Future Rentals Receivable as at 31 st March			9,401,572	431,722,572
ii) Recurring Transaction - Trading Nature				
Sri Lanka Transport Board	Sale of Vehicles / Spare Parts and Repair / Hiring services provided under Payment on Delivery Term	Balance as at 01 st April	219,195,968	71,843,620
		Sale of Vehicles, Spares Parts and Gen Sets and Services Rendered during the year	618,744,997	334,749,106
		Hiring and Other Services Rendered during the year	985,534,653	568,804,200
		Payment Received during the year	(1,650,537,554)	(756,200,958)
		Balance Receivable as at 31 st March	172,938,064	219,195,968
		Aggregate Value of Related Party Transactions during the Year	- Sri Lanka Transport Board	1,604,279,650
Aggregate Value of Related Party Transactions as a % of Net Revenue		- Sri Lanka Transport Board	29.68%	25.91%

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

33 RELATED PARTY DISCLOSURE (Contd.)

33.1 Related Party Transactions (Contd.)

c) Transactions and Outstanding balances with Government of Sri Lanka and its related entities (Contd.)

ii) Recurring Transaction - Trading Nature (Contd.)

Name of Related Party	Nature of Transaction	Description	2025 Rs.	2024 Rs.
Other Government Related Entities	Sale of Vehicles / Spare Parts and Repair services provided under Payment on Delivery Term	Balance as at 01 st April	78,110,590	85,987,120
		Sale of Vehicles, Spares Parts and Gen Sets and Services Rendered during the year	229,247,766	271,772,318
		Payment Received	(270,454,621)	(279,648,848)
		Balance Receivable as at 31 st March	36,903,735	78,110,590
Bank of Ceylon	Finance Provided to Lanka Ashok Leyland PLC's Customers	Balance as at 01 st April	8,000,000	4,000,000
		Finance Provided during the year	155,664,800	239,730,000
		Payment Received for the Sale of Vehicles	(153,864,800)	(235,730,000)
		Balance Receivable as at 31 st March	9,800,000	8,000,000
People's Leasing & Finance PLC	Finance Provided to Lanka Ashok Leyland PLC's Customers	Balance as at 01 st April	-	-
		Finance Provided during the year	226,085,400	69,250,000
		Payment Received for the Sale of Vehicles	(222,005,400)	(69,250,000)
		Balance Receivable as at 31 st March	4,080,000	-
Aggregate Value of Related Party Transactions During the Year		- Bank of Ceylon	155,664,800	239,730,000
		- People's Leasing & Finance PLC	226,085,400	69,250,000
Aggregate Value of Related Party Transactions as a % of Net Revenue		- Bank of Ceylon	2.88%	6.87%
		- People's Leasing & Finance PLC	4.18%	1.99%
Other Government Financial Institutions	Finance Provided to Lanka Ashok Leyland PLC's Customers	Balance as at 01 st April	-	-
		Finance Provided during the year	17,543,800	7,700,000
		Payment Received for the Sale of Vehicles	(14,405,000)	(7,700,000)
		Balance Receivable as at 31 st March	3,138,800	-
Total Receivable from Government Financial Institutions			17,018,800	8,000,000
Total Related Party Receivable as at 31 st March			254,941,699	517,563,564

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

33 RELATED PARTY DISCLOSURE (Contd.)

33.1 Related Party Transactions (Contd.)

c) Transactions and Outstanding balances with Government of Sri Lanka and its related entities (Contd.)

ii) Recurring Transaction - Trading Nature (Contd.)

Name of Related Party	Nature of Transaction	Description	2025 Rs.	2024 Rs.
Sri Lanka Transport Board	Dividend Payment to Sri Lanka Transport Board	Payment during the year	468,750	156,250
Custom of Sri Lanka	Import Duty and Taxes	Balance as at 01 st April	117,836,800	21,920,000
		Taxes and Duty Charge for the Year	1,637,839,838	505,547,560
		Payment Made	(1,035,884,150)	(409,630,760)
		Balance Payable as at 31 st March	719,792,488	117,836,800
Aggregate Value of Related Party Transactions During the Year		- Custom of Sri Lanka	1,637,839,838	505,547,560
Aggregate Value of Related Party Transactions as a % of Net Revenue		- Custom of Sri Lanka	30.31%	14.50%
Other Government Institutions	Statutory Payments and Utility Payments made to Government Institutions	Balance as at 01 st April	150,732,146	(13,896,674)
		Taxes, Other Statutory Expenses and Utility Expenses	1,473,809,472	534,634,708
		Payment Made	(956,220,304)	(370,005,888)
		Balance Payable as at 31 st March	668,321,314	150,732,146

The aforementioned payable balances to Customs of Sri Lanka and Other Government Institutions have been classified under Trade and Other Payable in Note 29, as well as Current Tax Liability in Note 31.

d) Movement for Impairment Provision Recognized on Related Parties

For the Year Ended 31 st March 2025	Balance as at 01 st April 2024 Rs.	Impairment Reversal Rs.	Balance as at 31 st March 2025 Rs.
Sri Lanka Transport Board	244,718,325	(103,073,248)	141,645,077
Other Government Related Entities - Trade Receivables	15,301,916	(4,423,607)	10,878,309
	260,020,241	(107,496,855)	152,523,386
For the Year Ended 31 st March 2024	Balance as at 01 st April 2023 Rs.	Impairment Charge Rs.	Balance as at 31 st March 2024 Rs.
Sri Lanka Transport Board	272,919,014	(28,200,689)	244,718,325
Other Government Related Entities - Trade Receivables	37,001,294	(21,699,378)	15,301,916
	309,920,308	(49,900,067)	260,020,241

Above impairment amounts recorded under impairment of Rental Receivable from Trade Debtors and Impairment of Trade Receivables in Note 19.3 and 22.2 respectively.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

33 RELATED PARTY DISCLOSURE (Contd.)

33.1 Related Party Transactions (Contd.)

c) Transactions and Outstanding balances with Government of Sri Lanka and its related entities (Contd.)

ii) Recurring Transaction - Trading Nature (Contd.)

As At 31 st March	2025 Rs.	2024 Rs.
e) Open Advances - by Government of Sri Lanka and its Related Entities		
Sri Lanka Transport Board	19,103,473	16,998,943
Other Government related entities	5,955,803	9,514,293
	25,059,276	26,513,236
f) Open Advances - with Government of Sri Lanka and its Related Entities		
Ceylon Electricity Board	637,500	637,500
	637,500	637,500

33.2 Terms and conditions of Related Party Transactions

The terms and conditions of the transactions with related entities were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non related entities on an arm's length basis. The supplies on lease terms are no more favorable than those available for ordinary finance lease transactions.

33.3 Non Recurrent Related Party Transactions

There were no non- recurrent related party transactions that exceeded the thresholds that required the immediate market disclosure or shareholder approval as required under Section 9.14 of the Continuing Listing Requirements of the Colombo Stock Exchange.

33.4 Recurrent Related Party Transactions

There were instances where aggregated recurrent related party transactions exceeded the threshold which required the disclosure in Financial Statements as per Section 9.14 of the Listing Requirements of the Colombo Stock Exchange. Accordingly, the required disclosure is given in note 33 to the Financial Statements.

There were no other recurrent related party transactions which exceeded the threshold stipulated in section 9.14 of the listing requirements, other than individual transaction disclosed in the note 33.1 to the Financial Statements.

33.5 Compensation of Key Management Personnel

According to LKAS 24 "Related Party Disclosures", Key Management Personnel, are those planning, directing and controlling the activities of the entity.

Key Management Personnel include members of the Board of Directors and the Chief Executive Officer of the Company, total amounts paid as salaries and reimbursement of expenses amounts to Rs. 36,397,127/- (2023/24 - Rs. 35,872,703/-).

There were no compensation paid to Key Management Personnel during the year other than those disclosed below.

For the Year Ended 31 st March	2025 Rs.	2024 Rs.
Key Management Personnel Payments		
a. Short Term Employee Benefits	34,509,663	34,344,848
b. Post-Employment Benefits	1,887,464	1,527,855
c. Termination Benefits	-	-
d. Share-Based Payments	-	-
	36,397,127	35,872,703

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

33 RELATED PARTY DISCLOSURE (Contd.)

33.6 Transactions, Arrangements and Agreements Involving KMP and Their Close Family Members (CFM)

CFM of a KMP are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity. They may include;

- (a) the individual's domestic partner and children;
- (b) children of the individual's domestic partner; and
- (c) dependents of the individual or the individual's domestic partner

CFM are related parties to the entity. There were no transactions with CFM during the year.

33.7 Loans to Directors

No loans have been given to the Directors of the Company.

33.8 Terms and Conditions of the Transactions with KMPs

The terms and conditions of the transactions with Key Management Personnel and their related entities were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non Key Management Personnel related entities.

34 COMMITMENTS

Letter of credits, affected and documents on acceptance for foreign purchases amounted to Rs. 744.97 Mn. (2023/24 - Rs. 1,023.05 Mn.)

35 CAPITAL COMMITMENTS

There were no material capital expenditure approved by the Board of Directors as at 31st March 2025 other than following:
The Company has entered into construction with unrelated parties, amounting to Rs. 63,540,118, for construction projects at the factory premises and outlet. As at 31st March 2025, Rs. 37,564,662 of such contract commitments had not yet been incurred.

36 CONTINGENT LIABILITIES

There were no material Contingent Liabilities, which require adjustments to or disclosures in the Financial Statements as at 31st March 2025.

37 LITIGATIONS AND CLAIMS

Based on the available information, the Management is of the view that there are no material litigation or claims that could have material impact on the financial position on the Company. Accordingly, no provision has been made for legal claims in the Financial Statements.

38 EVENTS AFTER REPORTING PERIOD

There were no other material events occurring after the reporting period that requires adjustments to or disclosure in the Financial Statements other than disclosed below;

After satisfying the Solvency Test in accordance with Section 57 of the Companies Act, No. 07 of 2007, the Directors recommend the payment of first and final dividend of Rs. 20/- per share (200% - Dividend as a percentage of par value) amounting to Rs. 72,416,860/- for the year ended 31st March 2025 (2023/24- Rs. 15/- per share [150% - Dividend as a percentage of par value]) amounting to Rs. 54,312,645/-), which will be declared at the Annual General Meeting to be held on 11th August 2025.

In accordance with LKAS 10, "Events after the reporting period" this proposed first and final dividend has not been recognized as a liability as at 31st March 2025. Subsequent to the reporting period, no circumstance has arisen which would require adjustments to or disclosure in the Financial Statements, other than the above.

39 SEGMENTAL REPORTING

There are no distinguishable components of the business defined as segments and all operations are treated as one segment.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

40 NUMBER OF EMPLOYEES

The number of employees as of year end was as follows;

As At 31 st March	2025	2024
Executives	85	87
Non Executives	189	163
	274	250

41 COMPARATIVE INFORMATION

The Company has consistently applied the accounting policies with those adopted in the previous financial year. The presentation and classification of the financial statements of the previous period have been adjusted, where relevant, for better presentation, including a reclassification during 2025 of the net interest income on plan assets relating to its defined benefit plan from 'Finance Income' to 'Administrative Expenses' to better reflect the nature of the expense. Accordingly, Rs. 6,987,590 was reclassified in the comparative figures for the year ended 31st March 2024.

The items were reclassified as follows.

Financial Statement Captions	Amount prior to Reclassification Rs.	Reclassification Rs.	Reclassified Amount Rs.
Administrative Expenses	(668,179,894)	6,987,590	(661,192,304)
Finance Income	69,262,053	(6,987,590)	62,274,463

42 FINANCIAL INSTRUMENTS - FAIR VALUES

42.1 Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As at 31 st March 2025	Carrying Amount			Fair Value				
	Fair Value FVTPL Rs.	Financial Assets at Amortised cost Rs.	Other Financial Liabilities at Amortised cost Rs.	Total Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Financial Assets Measured at Fair Value								
Investment in Equity Securities	236,633	-	-	236,633	236,633	-	-	236,633
	236,633	-	-	236,633	236,633	-	-	236,633
Financial Assets not Measured at Fair Value								
Refundable Security Deposit	-	123,960,304	-	123,960,304	-	-	-	-
Rental Receivable from Trade Debtors	-	261,760,774	-	261,760,774	-	-	-	-
Trade Receivable	-	465,142,473	-	465,142,473	-	-	-	-
Cash & Cash Equivalents	-	617,322,158	-	617,322,158	-	-	-	-
	-	1,468,185,709	-	1,468,185,709	-	-	-	-
Financial Liabilities Not Measured at Fair Value								
Trade Payable	-	-	1,019,487,152	1,019,487,152	-	-	-	-
Amounts due to Related Parties	-	-	408,780,680	408,780,680	-	-	-	-
Lease Liabilities	-	-	79,556,661	79,556,661	-	-	-	-
Bank Overdrafts	-	-	15,707,510	15,707,510	-	-	-	-
	-	-	1,523,532,003	1,523,532,003	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

42 FINANCIAL INSTRUMENTS - FAIR VALUES (Contd.)

42.1 Accounting Classifications and Fair Values (Contd.)

As at 31 st March 2024	Carrying Amount				Fair Value			
	Fair Value FVTPL	Financial Assets at Amortised cost	Other Financial Liabilities at Amotised cost	Total	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets Measured at Fair Value								
Investment in Equity Securities	131,904	-	-	131,904	131,904	-	-	131,904
	131,904	-	-	131,904	131,904	-	-	131,904
Financial Assets not Measured at Fair Value								
Rental Receivable from Trade Debtors	-	415,867,412	-	415,867,412	-	-	-	-
Trade Receivable	-	586,997,809	-	586,997,809	-	-	-	-
Cash & Cash Equivalents	-	1,441,114,057	-	1,441,114,057	-	-	-	-
	-	2,443,979,278	-	2,443,979,278	-	-	-	-
Financial Liabilities Not Measured at Fair Value								
Trade Payable	-	-	557,494,360	557,494,360	-	-	-	-
Amounts due to Related Parties	-	-	1,655,721,179	1,655,721,179	-	-	-	-
Lease Liabilities	-	-	34,636,142	34,636,142	-	-	-	-
Bank Overdrafts	-	-	51,039,458	51,039,458	-	-	-	-
	-	-	2,298,891,139	2,298,891,139	-	-	-	-

Transfer between levels

There were no transfers between Level 1, 2 and 3 during the year.

43 FINANCIAL RISK MANAGEMENT

Overview

The Company has exposure to the following risks arising from financial instruments;

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

This note presents information about the Company's exposure to each of the above risks, and the Company's objectives, policies and processes of measuring and managing risk.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

43 FINANCIAL RISK MANAGEMENT (Contd.)

Exposure to Credit Risk

The net carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date was as follows;

As At 31 st March	2025 Rs.	2024 Rs.
Trade Receivables	465,142,473	586,997,809
Rental Receivable from Trade Debtors	261,760,774	415,867,412
Refundable Security Deposit	123,960,304	-
Cash at Banks and Short Term Investments in Banks	580,865,922	1,439,680,092
Total	1,431,729,473	2,442,545,313

Trade and Other Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of the customers. However, management also considers the demographics of the Company's customer base, including the default risk of the industry as these factors may have an influence on credit risk. During 2024/25, approximately 5.2% (2023/24 : 6.1%) of the Company's revenue was attributable to sales transactions with the largest single customer.

The Company establishes an allowance for impairment that represents its estimate of impaired losses in respect of trade receivables. The main components of this allowance are determined based on historical data of payment statistics of similar financial assets.

The maturity analysis of Rental Receivable from Trade Debtors is given in Note 19.5 and 19.6. The aging of trade receivables net of impairment as at 31st March was as follows;

As at 31 st March 2025	0 - 60 Days Rs.	61 - 90 Days Rs.	91 - 120 Days Rs.	121 - 180 Days Rs.	More than 180 Days Rs.	Total Rs.
Trade Receivables (Gross)	463,898,332	12,702,288	14,423,733	16,485,325	120,665,565	628,175,243
Impairment	(61,636,464)	(3,930,641)	(1,710,473)	(5,604,269)	(90,150,923)	(163,032,770)
Trade Receivables (Net)	402,261,868	8,771,647	12,713,260	10,881,056	30,514,642	465,142,473

As at 31 st March 2024	0 - 60 Days Rs.	61 - 90 Days Rs.	91 - 120 Days Rs.	121 - 180 Days Rs.	More than 180 Days Rs.	Total Rs.
Trade Receivables (Gross)	596,172,102	144,131,340	13,702,234	7,337,399	25,932,440	787,275,515
Impairment	(42,037,886)	(122,070,432)	(5,293,041)	(5,153,269)	(25,723,078)	(200,277,706)
Trade Receivables (Net)	554,134,216	22,060,908	8,409,193	2,184,130	209,362	586,997,809

The maximum exposure to credit risk for rental receivable from trade debtors by type of counterparty is given in Note 19.4. The maximum exposure to credit risk for trade receivable by type of counterparty was as follows;

As At 31 st March	Carrying Amount 2025 Rs.	2024 Rs.
Government Entities	83,738,764	132,531,112
Corporates and Other Institutions	364,280,420	442,608,335
End-user Customers	17,123,289	11,858,362
	465,142,473	586,997,809

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

43 FINANCIAL RISK MANAGEMENT (Contd.)

The movement in the allowance for impairment in respect of trade and lease rental receivables during the year was as follows;

As at 31 st March 2025	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance as at 01 st April 2024	258,940,094	44,661,908	303,602,002
Reversal for the year	(105,373,524)	(7,394,367)	(112,767,891)
Balance as at 31 st March 2025	153,566,570	37,267,541	190,834,111

As at 31 st March 2024	Individual Impairment Rs.	Collective Impairment Rs.	Total Impairment Rs.
Balance as at 01 st April 2023	290,846,024	52,686,823	343,532,847
Charge / (Reversal) for the year	(31,905,930)	3,832,077	(28,073,853)
Write-off during the year	-	(11,856,992)	(11,856,992)
Balance as at 31 st March 2024	258,940,094	44,661,908	303,602,002

Cash at Banks

The Company held cash at banks of Rs. 580.87 Mn. as at 31st March 2025 (2023/24: Rs. 1,439.68 Mn.), which represents its maximum credit exposure on these assets.

Respective credit ratings of banks with Company cash balances held are as follows;

As at 31 st March Bank	Credit Rate	Cash at Bank	
		2025 Rs.	2024 Rs.
Bank of Ceylon	AA- (lka)	2,300,000	2,300,000
Cargills Bank	A (lka)	159,082,130	261,006,883
Commercial Bank of Ceylon PLC	AA- (lka)	318,002,205	1,138,963,940
Indian Bank	BB+	101,386,307	476,122
People's Bank	AA- (lka)	70,280	688,247
Sampath Bank	AA- (lka)	-	24,780,960
Seylan Bank PLC	A+ (lka)	25,000	11,450,467
State Bank of India	AA- (lka)	-	13,473
		580,865,922	1,439,680,092

Liquidity Risk

Liquidity risk is the risk of facing difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or affecting the Company's reputation.

The Company also monitors the level of expected cash inflows from trade and other receivables together with expected cash outflows on trade and other payables. In addition, the Company maintains Rs. 201.9 Mn overdraft facility that is secured. Interest would be payable at the market rate.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

43 FINANCIAL RISK MANAGEMENT (Contd.)

The following are the contractual maturities of financial liabilities at its Carrying Value;

As at 31 st March 2025	Carrying Amount Rs.	Contractual Cash Flows			
		Total Rs.	0 - 30 Days Rs.	31 - 90 Days Rs.	More than 90 Days Rs.
Trade Payables	1,019,487,152	1,019,487,152	338,933,189	549,274,486	131,279,477
Amounts due to Related Party	408,780,680	408,780,680	-	408,780,680	-
Lease Liability	79,556,661	91,541,996	1,635,000	25,916,000	63,990,996
Bank Overdrafts	15,707,510	15,707,510	15,707,510	-	-
Total	1,523,532,003	1,535,517,338	356,275,699	983,971,166	195,270,473

As at 31 st March 2024	Carrying Amount Rs.	Contractual Cash Flows			
		Total Rs.	0 - 30 Days Rs.	31 - 90 Days Rs.	More than 90 Days Rs.
Trade Payables	536,114,362	536,114,362	78,753,475	457,360,887	-
Amounts due to Related Party	1,655,721,179	1,655,721,179	255,597,189	674,171,556	725,952,434
Lease Liability	34,636,142	41,632,000	1,200,000	24,432,000	16,000,000
Bank Overdrafts	51,039,458	51,039,458	51,039,458	-	-
Total	2,277,511,141	2,284,506,999	386,590,122	1,155,964,443	741,952,434

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Company's income or the value of its financial instruments. The management conduct periodic reviews on the Company's pricing & pricing policy in order to mitigate the market risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Foreign Currency Risk

The Company is exposed to currency risk mainly on payable for purchases that are denominated in US Dollars. The Management closely monitors the exchange rate movement, for necessary action.

The Financial Instruments denominated in US Dollars as on 31st March are;

As at 31 st March	2025			2024		
	LKR	Exchange Rate	USD	LKR	Exchange Rate	USD
Payable to Ashok Leyland Limited - India	408,780,680	300.58	1,359,973	1,655,721,179	305.33	5,422,727
	408,780,680		1,359,973	1,655,721,179		5,422,727

The Company carefully monitored the implications and took preventive measures to early settle the liabilities when ever possible.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

43 FINANCIAL RISK MANAGEMENT (Contd.)

Sensitivity Analysis

A reasonably possible strengthening/ (weakening) of the Sri Lankan rupees against US dollar at the year end would have affected the measurement of financial liabilities denominated in a foreign currency and affected profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact on forecasted purchases.

The following details the Company's sensitivity movement in the foreign currencies. The foreign exchange rate sensitivity is calculated for each currency by aggregation of the net foreign exchange rate exposure of a currency and a simultaneous parallel foreign exchange rates shift in the foreign exchange rates of each currency by 5%. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

	Profit before Tax Strengthening	Weakening
2024-25		
LKR (5% movement)	20,439,034	(20,439,034)
2023-24		
LKR (5% movement)	82,786,059	(82,786,059)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's short term debt obligations with floating rates. The Company manages its interest rate risk by monitoring interest rate fluctuations to enable necessary back-up plans to be ready in advance to mitigate the risk and by ensuring that the import loans are settled within a shortest possible period by improving the working capital cycle and negotiating best possible rates with the Banks.

Exposure to Interest Rate Risk

The interest rate profile of the Company's interest-bearing financial instruments is given in Note 24.4 to the Financial Statements.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Board of Directors of the Company monitors the return on capital, as well as the level of dividends to ordinary shareholders.

Company's debt to equity ratio at 31st March was as follows;

As At 31 st March	2025 Rs.	2024 Rs.
Bank Overdrafts	15,707,510	51,039,458
Total Equity	6,038,510,051	4,589,396,879
Equity and Debt	6,054,217,561	4,640,436,337
Gearing Ratio	0%	1%

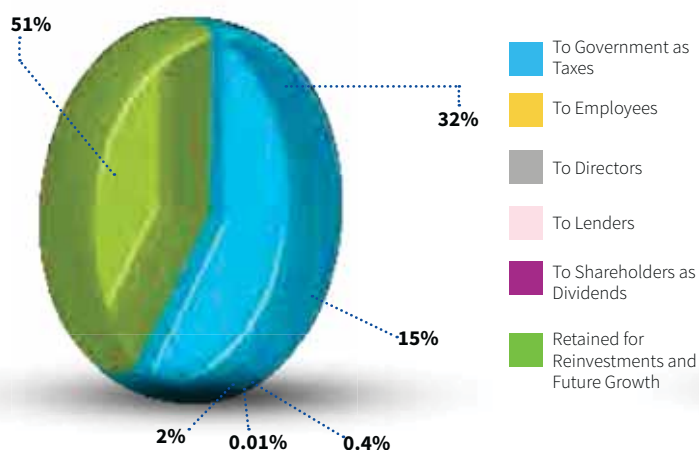
VALUE ADDED STATEMENT

For the Year Ended 31 st March	2025 Rs.	2024 Rs.
Revenue	9,003,641,728	5,404,387,774
Operating Expenses	(5,763,767,052)	(3,523,856,497)
	3,239,874,676	1,880,531,277
Other Operating Income	112,440,441	194,551,854
Finance Income	107,810,896	62,262,322
Total Value Added by the Company	3,460,126,013	2,137,345,453

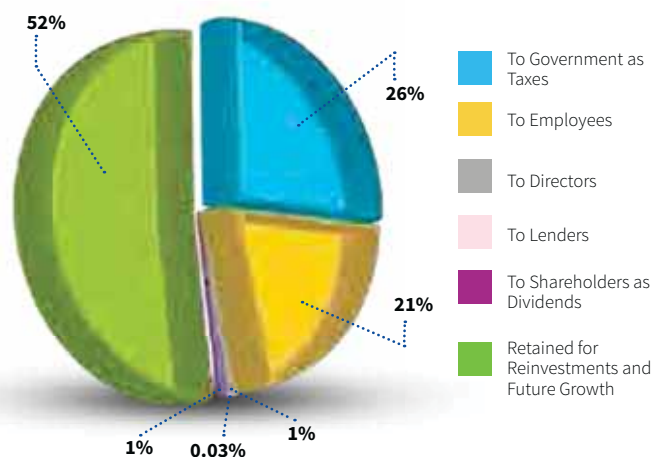
Distributed as Follows

For the Year Ended 31 st March	2025 Rs.	As a %	2024 Rs.	As a %
To Government as Duties and Taxes	1,117,848,445	32%	558,270,620	26%
To Employees	512,026,650	15%	441,750,878	21%
To Directors	14,400,000	0.4%	16,445,000	1%
To Lenders (Interest on Loan Capital)	200,359	0.01%	729,059	0.03%
To Shareholders as Dividends	54,312,645	2%	18,104,215	1%
Retained for Reinvestments and Future Growth (Depreciation & Retained Profits)	1,761,337,914	51%	1,102,045,681	52%
	3,460,126,013	100%	2,137,345,453	100%

2024/25



2023/24



SHARE INFORMATION

There were 964 registered shareholders as at 31st March 2025 distributed as follows;

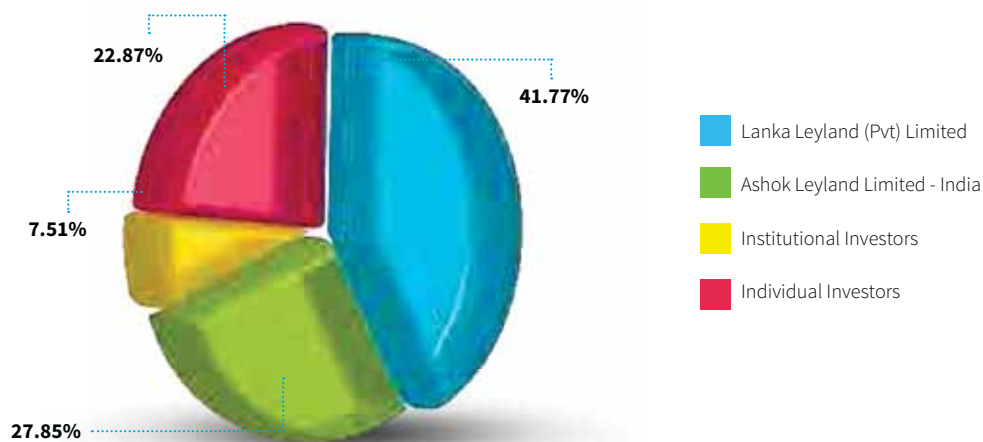
CATEGORY	NO. OF SHAREHOLDERS		NO. OF SHARES		SHAREHOLDING %	
	31 st March 2025	31 st March 2024	31 st March 2025	31 st March 2024	31 st March 2025	31 st March 2024
1 - 1,000	900	743	70,115	43,556	1.94	1.20
1,001 - 5,000	50	13	120,996	27,609	3.34	0.76
5,001 - 10,000	7	-	57,256	-	1.58	-
10,001 - 50,000	3	1	54,983	31,250	1.52	0.86
50,001 - 100,000	-	-	-	-	-	-
100,001 - 500,000	1	2	228,356	429,291	6.31	11.86
500,001 - 1,000,000	1	1	568,305	568,305	15.70	15.70
OVER 1,000,000	2	2	2,520,832	2,520,832	69.62	69.62
TOTAL	964	762	3,620,843	3,620,843	100.00	100.00

List of 20 Major Shareholders

MAJOR SHAREHOLDERS	NO. OF SHARES HELD		SHARE HOLDING %	
	31 st March 2025	31 st March 2024	31 st March 2025	31 st March 2024
Lanka Leyland (Pvt) Limited	1,512,500	1,512,500	41.77	41.77
Ashok Leyland Limited	1,008,332	1,008,332	27.85	27.85
N Thirimanne	568,305	568,305	15.70	15.70
Perpetual Equities (Pvt) Limited	228,356	228,356	6.31	6.31
Sri Lanka Central Transport Board	31,250	31,250	0.86	0.86
G B D Thilakaratne	12,757	-	0.35	-
Seylan Bank PLC / A C Senanka	10,976	-	0.30	-
Acuity Partners (Pvt) Ltd / Don Janaka Nishan Hettiarachchi	10,000	-	0.28	-
P Tillakaratne	10,000	-	0.28	-
M P D Cooray	9,500	-	0.26	-
N R Gajendran / N Gajendran	9,097	-	0.25	-
S Sivadharshan	7,500	-	0.21	-
E M D Madusanka	6,059	-	0.17	-
DFCC Bank / P Pranavan	5,100	-	0.14	-
D B D D Danthanarayana	5,000	5,000	0.14	0.14
T Govinthadas / K Govinthadas	5,000	-	0.14	-
M Sundaresan	5,000	-	0.14	-
U I Suriyabandara	4,950	4,900	0.14	0.14
Seylan Bank PLC/ Ammaippan Kulasegaran	4,600	-	0.13	-
W B A Fernando	4,270	-	0.12	-
Rahul Capital (Pvt) Limited	935	200,935	0.03	5.55

SHARE INFORMATION (Contd.)

Overview of Lanka Ashok Leyland PLC Shareholder Structure by Ownership



Public Holding

Public Holding	No. of Shareholders	No. of Shares	% Holding	Float Adjusted Market Capitalization (Rs.)
Shares held by public as at 31 st Marh 2025	962	1,100,011	30.38%	1,045,011,498
Shares held by public as at 31 st Marh 2024	760	1,100,011	30.38%	759,283,354

The highest, lowest and year end market value recorded during the year as follows;

	Year Ended 31 st March 2025		Year Ended 31 st March 2024	
	Rs.	Date	Rs.	Date
Highest	1,199.00	18-Feb-25	820.00	7-Mar-24
Lowest	675.00	30-Jul-24	576.00	22-May-23
Last Traded	1,000.00	28-Mar-25	690.00	28-Mar-24
Year End	950.00	28-Mar-25	690.25	31-Mar-24

Float Adjusted Market Capitalisation

The public holding of the Company as at 31st March 2025 was 30.38% comprising of 962 shareholders and the float adjusted market capitalization in terms of Rule 7.13.1 (i) (a) of Listing Rule of CSE was Rs. 1,045,011,498/-, accordingly the Company qualifies under option five of the minimum public holding requirement.

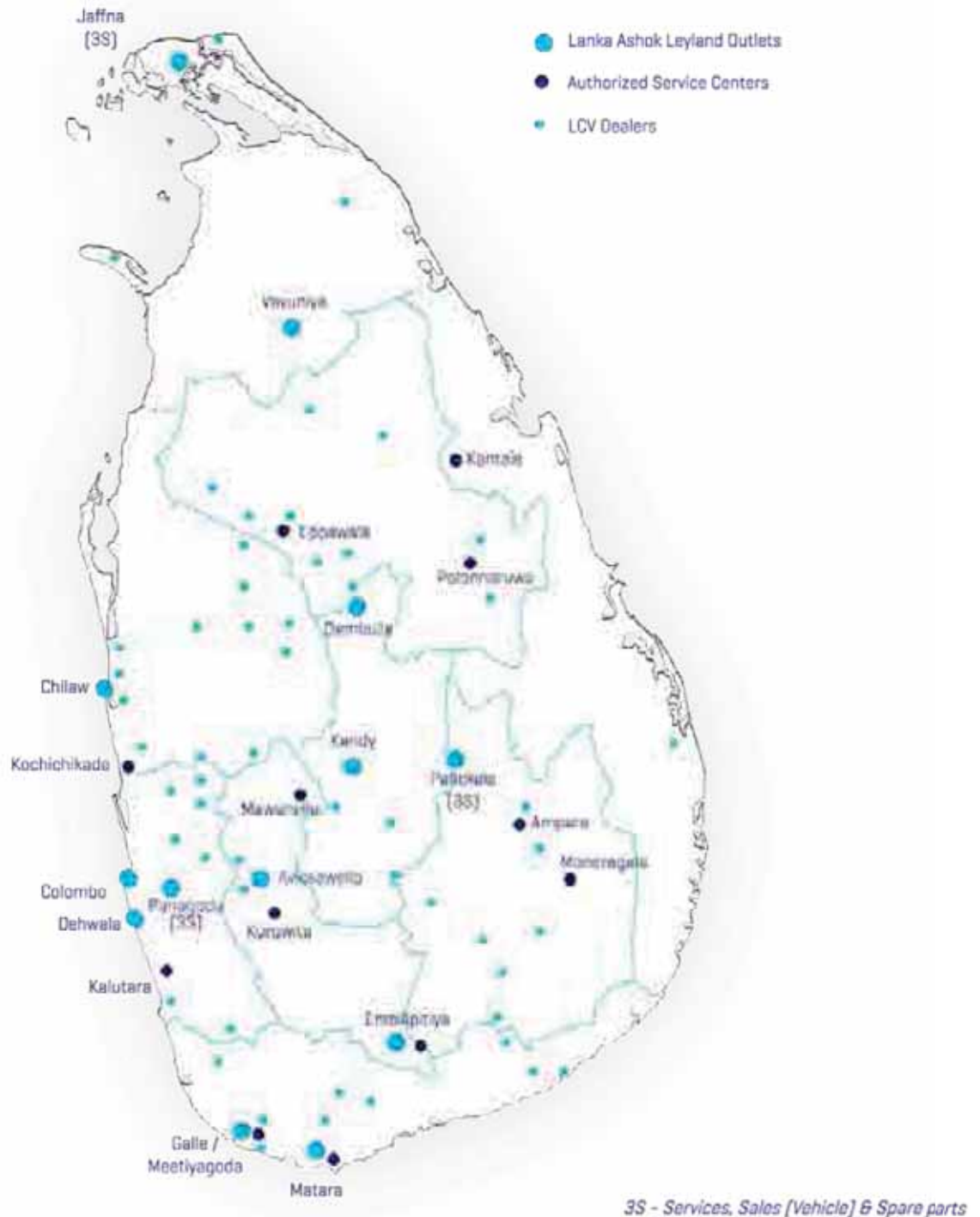
DECADE AT A GLANCE

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
TRADING RESULTS											
Turnover	Rs 000'	9,088,008	11,416,595	15,565,077	8,627,775	6,718,237	2,973,106	6,860,963	3,487,705	5,404,388	9,003,642
Net Trading Profit /(Loss) Before Interest	Rs 000'	366,041	445,420	821,267	295,316	(5,641)	(238,735)	105,205	(176,612)	1,068,966	2,113,074
Interest Paid	Rs 000'	(81,505)	(124,437)	(164,289)	(229,819)	(267,372)	(177,596)	(24,029)	(25,232)	(10,365)	(8,910)
Net Trading Profit /(Loss) After Interest	Rs 000'	269,914	320,982	656,978	65,496	(273,012)	(416,331)	81,176	(201,844)	1,058,601	2,104,164
Other Income	Rs 000'	29,459	28,380	26,324	51,432	293,632	435,407	367,472	282,667	194,552	112,440
Profit Before Tax	Rs 000'	313,995	349,362	683,302	116,929	20,620	19,076	448,648	80,823	1,253,152	2,216,605
Taxation	Rs 000'	(104,457)	(111,156)	(179,185)	(9,468)	82,793	(14,570)	(105,673)	68,171	(395,366)	(685,578)
Profit After Tax	Rs 000'	209,538	238,207	504,117	107,461	103,413	4,505	342,975	148,994	857,787	1,531,027
Other Comprehensive Income	Rs 000'	5,180	(1,547)	(5,214)	7,259	4,113	810	3,256	4,010	(65,682)	(28,681)
Profit Brought Forward	Rs 000'	1,794,922	1,865,189	2,011,388	2,401,829	2,376,907	2,431,363	2,419,620	2,759,922	2,877,613	3,652,674
Effect of Transitional Provision	Rs 000'	-	-	-	(12,913)	(19,325)	-	-	-	-	-
Retained Earnings											
Profit Available for Appropriations	Rs 000'	2,009,640	2,101,848	2,510,291	2,503,636	2,465,107	2,436,678	2,765,852	2,912,927	3,669,718	5,155,021
Dividend Paid	Rs 000'	(144,834)	(90,521)	(108,625)	(126,730)	(36,208)	(18,104)	(7,242)	(36,208)	(18,104)	(54,313)
Unclaimed Dividend Reversed	Rs 000'	383	61	163	-	2,464	1,046	1,312	895	1,061	1,079
Retained Earnings	Rs 000'	1,865,189	2,011,388	2,401,829	2,376,907	2,431,363	2,419,620	2,759,922	2,877,613	3,652,674	5,101,788
INVESTORS' FUNDS											
Share Capital	Rs 000'	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208	36,208
Retained Earnings	Rs 000'	1,865,189	2,011,388	2,401,829	2,376,907	2,431,363	2,419,620	2,759,922	2,877,613	3,652,674	5,101,788
Reserves	Rs 000'	900,643	900,646	900,622	900,514	900,514	900,514	900,514	900,514	900,514	900,514
Shareholders Fund	Rs 000'	2,802,040	2,948,242	3,338,660	3,313,629	3,368,085	3,356,342	3,696,644	3,814,335	4,589,397	6,038,510
ASSETS & LIABILITIES											
Property, Plant & Equipment	Rs 000'	554,459	549,022	524,690	548,285	566,792	508,332	647,642	697,391	1,051,333	1,012,952
Other Non Current Assets	Rs 000'	65,926	26,404	39,288	54,619	1,929,759	1,558,874	1,135,915	676,873	290,414	545,275
Current Assets	Rs 000'	4,762,133	5,118,300	6,563,827	5,406,205	5,070,161	5,165,568	5,859,273	3,747,304	6,243,210	8,865,966
Short - Term Borrowings	Rs 000'	(1,948,189)	(940,192)	(2,320,488)	(1,523,125)	(3,360,661)	(863,724)	(378,206)	-	-	-
Other Current Liabilities	Rs 000'	(550,465)	(1,711,833)	(1,385,101)	(1,087,856)	(671,307)	(2,853,333)	(3,426,302)	(1,166,893)	(2,926,724)	(4,279,541)
Working Capital	Rs 000'	2,263,479	2,466,275	2,858,238	2,795,224	1,038,193	1,448,511	2,054,765	2,580,410	3,316,487	4,586,425
Non Current Liabilities	Rs 000'	(81,824)	(93,460)	(83,557)	(84,498)	(166,659)	(159,374)	(141,678)	(140,339)	(68,836)	(106,142)
Net worth of Company	Rs 000'	2,802,040	2,948,242	3,338,660	3,313,629	3,368,086	3,356,343	3,696,645	3,814,335	4,589,397	6,038,510

DECADE AT A GLANCE (Contd.)

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
CASH FLOW ANALYSIS											
Investments in Property, Plant and Equipment	Rs 000'	57,654	77,003	29,766	51,553	15,948	24,782	179,570	98,970	80,395	144,668
Depreciation and Amortization	Rs 000'	86,989	125,582	121,295	115,993	134,200	136,404	114,063	124,788	151,541	211,291
Net Cash Generated from / (used in)											
Operating Activities	Rs 000'	500,605	326,513	(1,205,776)	852,480	(2,023,320)	2,146,543	2,363,943	(1,804,891)	1,336,402	(518,280)
Investing Activities	Rs 000'	(57,482)	(69,464)	(13,913)	(27,653)	234,806	403,660	181,277	219,804	126,214	4,283
Financing Activities	Rs 000'	(411,639)	(276,277)	1,271,671	(924,092)	1,772,704	(2,538,672)	(511,933)	(437,466)	(41,619)	(274,463)
Net Increase / (Decrease) in Cash and Cash Equivalents		31,485	(19,227)	51,982	(99,265)	(15,810)	11,531	2,033,288	(2,022,554)	1,415,997	(788,460)
RATIOS & STATISTICS											
Issued Share Capital	Nos.	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843	3,620,843
Net Assets per Share	Rs.	773.86	814.24	922.07	915.15	930.19	926.95	1,020.93	1,053.44	1,267.49	1,667.71
Dividend per Share	Rs.	25.00	30.00	35.00	10.00	5.00	2.00	10.00	5.00	15.00	20.00
Market Price per Share	Rs.	1,513.40	1,062.00	990.50	628.00	702.00	839.25	710.00	788.00	690.25	950.00
Market Capitalisation	Rs 000'	5,479,784	3,845,335	3,586,445	2,273,889	2,541,832	3,038,792	2,570,799	2,853,224	2,499,287	3,439,801
Earnings per Share	Rs.	57.87	65.79	139.23	29.68	28.56	1.24	94.72	41.15	236.90	422.84
Dividend Payout	%	43.20	45.60	25.14	33.69	17.51	160.74	10.56	12.15	6.33	4.73
Price Earning Ratio	No of Times	26.15	16.14	7.11	21.16	24.58	674.49	7.50	19.15	2.91	2.24
Current Ratio	No of Times	1.91	1.93	1.77	2.07	1.26	1.39	1.54	3.21	2.13	2.07
Quick Ratio	No of Times	0.37	0.44	0.25	0.24	0.21	0.21	0.76	0.96	0.85	0.49
Interest Cover	No of Times	4.85	3.81	5.16	1.51	1.08	1.11	19.67	4.20	121.90	249.78
Trading Profit Before Int. / Net Turnover.%		4.03	3.90	5.28	3.42	(0.08)	(8.03)	1.53	(5.06)	19.78	23.47
Trading Profit After Int. / Net Turnover. %		2.97	2.81	4.22	0.76	(4.06)	(14.00)	1.18	(5.79)	19.59	23.37
Return on Net Assets	%	7.48	8.08	15.10	3.24	3.07	0.13	9.28	3.91	18.69	25.35
Asset Turnover	No of Times	1.69	2.01	2.18	1.44	0.89	0.41	0.90	0.68	0.71	0.86
Gearing (Debt Capital/Debt+Equity Capital) %		0.41	0.25	0.41	0.32	0.51	0.22	0.11	0.01	0.01	0.00

DISTRIBUTION NETWORK



GLOSSARY

Actuarial Gains and Losses

Difference between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

Adjusted EBITDA

Adjusted earnings before interest, tax, depreciation and amortisation is calculated by adjusting profit from continuing operations to exclude the impact of Taxation, Net Finance Costs, Depreciation, Amortisation, Impairment Losses / Reversals related Intangible Assets, Property, Plant and Equipment.

Amortisation

The systematic allocation of the depreciable amount of an intangible asset over its useful life.

Borrowings

All interest bearing liabilities.

Capital Employed

Total equity, minority interest and interest bearing Borrowings.

Capital Reserves

Reserves identified for specific purposes and considered not available for distribution.

Cash Equivalents

Liquid investments with original maturity periods of three months or less.

Contingent Liability

A possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise.

Current Ratio

Current assets divided by current liabilities, a measure of liquidity.

Current Service Cost

Increase in the present value of the defined benefit obligation resulting from employee's service in the current period.

Debenture

A long-term debt instrument issued by a corporate.

Deferred Taxation

The tax effect of timing differences deferred to / from other periods, which would only qualify for inclusion on a tax return at a future date.

Dividend Cover

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

Dividend Payout

Dividend per share as a percentage of the earnings per share.

Dividend Yield

Dividend per share as a percentage of the market price a measure of return on investment.

EBIT

Abbreviation for Earnings Before Interest and Tax.

Effective Tax Rate

Income tax expense divided by profit from ordinary activities before tax.

Equity

Shareholders' funds.

Equity Accounted Investees

An entity including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Expected Credit Losses (ECLs)

ECL approach is the trade debtor impairment method under SLFRS 09 on "Financial Instruments". ECL are the discounted product of the Probability of Default (PD) and Loss Given Default (LGD).

Fair Value

The amount for which an asset could be exchanged or liability settled between knowledgeable willing parties in an arm's length transaction.

Fair Value Through Profit and Loss

A financial asset/liability acquired/incurred principally for the purpose of selling or repurchasing it in the near term, part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or a derivative (except for a derivative that is a financial guarantee contract)

GLOSSARY (Contd.)

Financial Asset

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

Gearing

Proportion of total interest bearing borrowings to capital employed.

Gross Profit Ratio

Gross profit divided by revenue.

Interest Cover

Profit before tax plus net finance cost divided by net finance cost, a measure of an entity's debt service ability.

Key Management Personnel (KMP)

KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

Lease

A contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Loss Given Default (LGD)

LGD is the percentage of an exposure that a lender expects to loss in the event of obligor default.

Market Capitalisation

Number of shares in issue multiplied by the market value of a share at the reported date.

Net Assets Per Share

Shareholders' funds divided by the weighted average number of ordinary shares in issue, a basis of share valuation.

Other Comprehensive Income

Items of income and expenses that are not recognised in profit or loss as required or permitted by other SLFRS's.

Present Value of a Defined Benefit Obligation

Present value of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Price Earnings Ratio

Market price of a share divided by earnings per share as reported at that date.

Probability of Default (PD)

PD is an internal estimate for each borrower grade of the likelihood that an obligor will default on an obligation.

Related Parties

Parties who could control or significantly influence the financial and operating policies of the business.

Return on Average Capital Employed

Profit before tax plus net finance cost divided by average capital employed.

Return on Average Shareholders' Funds

Attributable profits to the shareholders divided by average shareholders' funds.

Right-of-use Asset

An asset that represents a lessee's right to use an underlying asset for the lease term.

Semi-Knocked-Down (SKD)

Units those are imported / exported in sets of new parts of a single model vehicle with type approval certificate from an internationally recognized institute which certified by the manufacturer that have been partly assembled and which are further assembled as a Completely Built Unit using imported and domestically manufactured components.

Working Capital

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

NOTICE OF MEETING

Notice is hereby given that the **42nd Annual General Meeting (AGM)** of Lanka Ashok Leyland PLC will be held at Lanka Ashok Leyland Conference Room, Panagoda, Homagama on 11th August 2025 at 11.00 a.m. for the following purposes.

1. To consider the report of the Directors' and the audited Financial Statements for the year ended 31st March 2025.
2. To elect Directors,
 - a) To elect Mr. A A M Amarasinghe as a Director of the Company in place of Mr. K. C Leshan De Silva.
 - b) To elect Mr. D S Weerakkody as a Director of the Company in place of Mr. D A Abayawardene.
 - c) To elect Mr. H M U K Samararatne as a Director of the Company in place of Mr. D P Kumarage.
 - d) To elect Mr. M K L Jayawardena as a Director of the Company in place of Mr. R D Balasubramaniam.
 - e) To elect Mr. Rajive Saharia as a Director of the Company in place of Mr. N Sundararajan.
 - f) To elect a Director in place of Mr. Gopal Mahadevan, who retires by rotation in terms of Article 84 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
3. To re-elect Mr. A A M Amarasinghe as a Director who is over the age of 70 years and who retires at the Annual General Meeting in terms of section 210 of the Companies Act, No. 07 of 2007, by passing the following ordinary resolution.

It is hereby Resolved that the age limit referred to in Section 210 of the Companies Act, No. 07 of 2007 shall not apply to Mr. A A M Amarasinghe, who is over the age of 70 years prior to this Annual General Meeting and that he be re-elected.

4. To declare a dividend as recommended by the Board of Directors.
5. To re-appoint Auditors and fix their remuneration, M/s KPMG Chartered Accountants, who are eligible for re-appointment.

To consider and, if thought fit, to pass with or without modification(s), the following as an ordinary resolution.

"Resolved that M/s KPMG Chartered Accountants are hereby appointed as Statutory Auditors of the Company, for the Financial Year 2025/26, on a remuneration of Rs. 2,998,000/- (Rupees Two Million Nine Hundred Ninety Eight Thousand), in addition to reimbursement of out of pocket expenses."

6. To transact any other business of which due notice has been given.

By order of the Board



D A Abeyawardene
Secretary

Colombo
26th May 2025

A member entitled to attend and to vote at the above mentioned meeting is entitled to appoint a proxy who need not also be a member, to attend instead of him. A form of proxy accompanies this notice.

CORPORATE INFORMATION

NAME OF COMPANY	Lanka Ashok Leyland PLC
COMPANY REGISTRATION NO	P Q 168 (Former No N (PBS) 21)
LEGAL FORM	A public quoted Company incorporated in Sri Lanka in 1982. Re-registered as a Public Limited Company under the Companies Act, No. 07 of 2007.
DIRECTORS	Mr. A A M Amarasinghe - Chairman Mr. Gopal Mahadevan Mr. Amandeep Singh Arora Mr. D S Weerakkody Mr. H M U K Samararatne Mr. M K L Jayawardena Mr. Rajive Saharia
COMPANY SECRETARY	Mr. D A Abeyawardene 80/12, Rubberwatte Road Gangodavila Nugegoda. Tel : 0112 801205
CHIEF EXECUTIVE OFFICER	Mr. Umesh Gautam
REGISTERED OFFICE	Panagoda, Homagama Tel: 011-2752320 / 011-2751321 / 011-2750232-3 Fax: 011-2752400 E-mail: info@lal.lk Web: www.lal.lk
MARKETING OFFICE	41, Edward Lane R. A. De Mel Mawatha Colombo 03. Tel: 011-2502532 / 011-2590404 / 011-2592163 Fax: 011- 2502286
BANKERS	Bank of Ceylon Cargills Bank Commercial Bank of Ceylon PLC Hatton National Bank Indian Bank People's Bank Sampath Bank PLC Seylan Bank PLC State Bank of India
AUDITORS - STATUTORY	KPMG (Chartered Accountants) 32A, Sir Mohamed Macan Marker Mawatha, P.O. Box 186 Colombo 03.
AUDITORS - INTERNAL	Ernst & Young Consulting Services (Pvt) Limited (Chartered Accountants) Rotunda Towers No 109, Galle Road Colombo 03.
TAX CONSULTANTS	Dinitway Partners (Chartered Accountants) No. 7 ½, Devanampiyathissa Mawatha Colombo 10.

NOTES

FORM OF PROXY

I/We.....

.....holder of NIC No.....of

.....being a *shareholder / shareholders of Lanka Ashok Leyland PLC, do hereby appoint

.....holder of NIC No:.....of

or failing him/her

Mr. A A M Amarasinghe of Colombo or failing him

Mr. Gopal Mahadevan..... of Chennai or failing him

Mr. Amandeep Singh Arora of Chennai or failing him

Mr. D S Weerakkody..... of Colombo or failing him

Mr. H M U K Samararatne of Colombo or failing him

Mr. M K L Jayawardena of Colombo or failing him

Mr. Rajive Saharia of Chennai or failing him

as my/ our* proxy to represent me/ us* and on my/ our* behalf at the Annual General Meeting of the Company to be held at Lanka Ashok Leyland Conference Room, Panagoda, Homagama on 11th August 2025 at 11.00 a.m. and at any adjournment thereof and at every poll which may be taken consequence thereof.

In witness my/ our hand/ hands thisday of Two Thousand and Twenty Five.

.....

Signature

* Note :

1. *Please delete the inappropriate words.
2. Instructions as to completion are noted on the reverse hereof.

FORM OF PROXY (Contd.)

Instructions to Complete Proxy

1. Kindly perfect the form of proxy by filling in legibly your full name and address by deleting one or other of the alternative words indicated by an asterisk in the body of the form overleaf in order to indicate clearly your voting instructions by signing in the space provided and filling in the date of signature.
2. If there is any doubt as to which way the proxy should vote by reason of the way in which instructions under (I) above have been carried out, no vote will be recorded by the proxy.
3. A proxy need not be a member of the Company.
4. The completed form of proxy should be deposited at the registered office of the Company, Panagoda, Homagama, forty-eight hours before the scheduled time of the meeting.
5. If a form of proxy is signed by an Attorney, the relevant power of Attorney or a notarially certified copy of such power of Attorney should accompany the completed form of proxy for registration if such power of attorney has not already been registered with the Company.