

Chevron



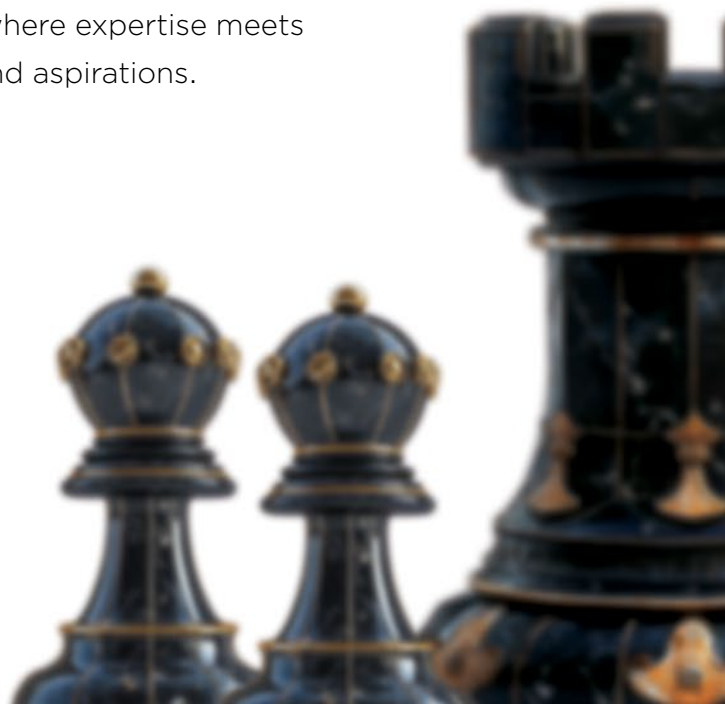
# SUSTAINED LEADERSHIP

CHEVRON LUBRICANTS LANKA PLC | ANNUAL REPORT 2024



# SUSTAINED LEADERSHIP

As the undisputed leader in Sri Lanka's lubricant market, Chevron Lubricants Lanka PLC has powered the nation's growth for decades, blending pioneering spirit with unwavering commitment. Our sustained market leadership—a testament to resilience, strategic foresight, and the collective drive of a passionate team—has thrived amid economic shifts, supply-chain complexities, and evolving industry demands. By transforming challenges into opportunities, we've redefined excellence. Every drop of progress reflects our culture of collaboration, where expertise meets integrity to fuel engines, industries, and aspirations.





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# OUR VISION AND VALUES

## VISION

To be the pre-eminent marketer of lubricants in Sri Lanka differentiated by its people, partnerships and performance.

## Values

Our company's foundation is built on our values, which distinguish us and guide our actions to deliver results. We conduct our business in a socially and environmentally responsible manner, respecting the law and universal human rights to benefit the communities where we work.

- **Diversity and Inclusion**

We learn from and respect the cultures in which we operate. We have an inclusive work environment that values the uniqueness and diversity of individual talents, experiences and ideas.

- **High Performance**

We are passionate about delivering results, and strive to continually improve. We hold ourselves accountable for our actions and outcomes. We apply proven processes in a fit-for-purpose manner and always look for innovative and agile solutions.

- **Integrity and Trust**

We are honest with ourselves and others, and honor our commitments. We trust, respect and support each other. We earn the trust of our colleagues and partners by operating with the highest ethical standards in all we do.

- **Partnership**

We build trusting and mutually beneficial relationships by collaborating with our communities, governments, customers, suppliers and other business partners. We are most successful when our partners succeed with us.

- **Protect People and the Environment**

We place the highest priority on the health and safety of our workforce and protection of our assets, communities and the environment. We deliver world-class performance with a focus on preventing high consequence incidents.

# FINANCIAL HIGHLIGHTS

	2024	2023	Change
Turnover (Rs. '000)	22,963,023	23,252,503	-1%
Profit Before Tax & OCI (Rs. '000)	5,531,823	5,144,503	8%
Taxation (Rs. '000)	1,676,378	1,541,490	9%
Profit After Tax (Rs. '000)	3,855,445	3,603,013	7%
Shareholders' Funds (Rs. '000)	8,573,616	8,332,330	3%
Property, Plant & Equipment (Rs. '000)	1,584,345	1,611,884	-2%
Gross Dividends (Rs. '000)	3,600,000	1,440,000	150%
Dividend per Share (Rs.)	15.00	6.00	150%
Earnings per Share (Rs.)	16.06	15.01	7%
Dividend Payout Ratio (%)	93	40	53
Price Earnings Ratio (Times)	9.96	6.01	66%
Market Value per Share as at 31 December (Rs.)	160.00	90.30	77%
Return on Equity (%)	46	50	-4
Net Assets per Share (Rs.)	35.72	34.72	3%
Net Income to Turnover (%)	17	15	2

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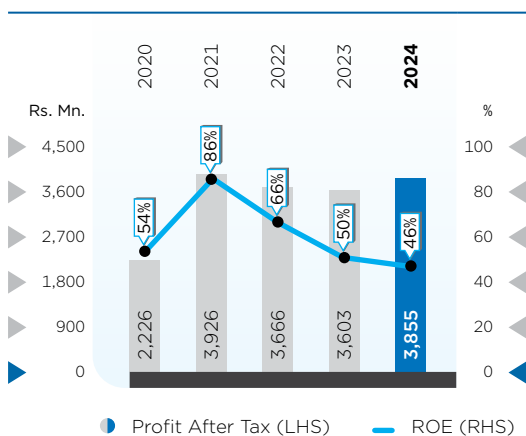
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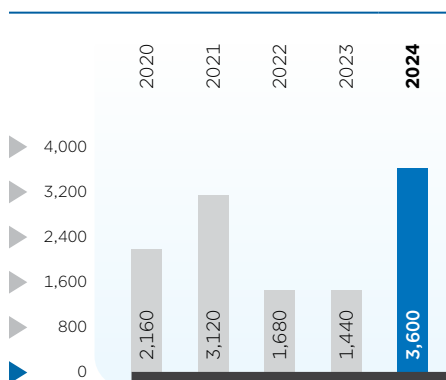
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## Profit After Tax & ROE



## Gross Dividends

Rs. Mn.





# LEADERSHIP

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# CHAIRPERSON'S REVIEW



For Chevron Lubricants Lanka PLC, our deep roots in the country, strong customer loyalty and brand identity, and value chain partnerships continued to serve in aiding the Company's rebound in 2024.

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It is my pleasure to address you as the Chairperson of Chevron Lubricants Lanka PLC for the first time and present to you the financial results for the year ended 31 December 2024.

## Sri Lanka's growth amidst global economic shifts

In 2024, the global economy experienced a modest recovery, with the International Monetary Fund (IMF) projecting global gross domestic product (GDP) growth of approximately 3.2%, compared to 3.3% in 2023. Global markets continued to remain relatively volatile in 2024, with continued geopolitical tensions in Europe and the Middle East, and an economic slowdown in several major economies.

The local economy in Sri Lanka however, witnessed a stronger recovery in 2024, driven by rising consumer demand, a stabilised exchange rate, and a rebound in key sectors such as tourism and construction. The year saw a continued recovery in GDP compared to 2023, with the Central Bank of Sri Lanka estimating an economic growth of 5.0% during the year 2024. While conditions have improved notably, the economy has yet to fully return to pre-crisis levels, requiring further recovery efforts, which are expected to be put in place through 2025.

From a raw material perspective, the global crude oil market witnessed a modest decline in prices during the second half of 2024, driven by a slower-than-expected post-pandemic demand recovery, economic challenges in major markets such as China, and increased oil production by non-OPEC countries. Nevertheless, the base oil market remained relatively stable during the year.

## Company performance

For Chevron Lubricants Lanka PLC, our deep roots in the country, strong customer loyalty and brand identity, and value chain partnerships continued to serve in aiding the Company's rebound in 2024. Riding on the trust of our consumers, we launched a series of targeted campaigns for our brands, Caltex Havoline and Caltex Delo, that bore fruit, resulting in double-digit growth in the Business-to-Consumer (B2C) channel, enabling us to leverage upon our market leadership position in the country. However, export markets remained subdued amidst political and economic uncertainty in our export markets of Bangladesh and the Maldives, dampening the overall performance of the Company.

On the operational front, the Company continued its digitisation journey by implementing a state-of-the-art distributor management and sales force automation system, which will greatly improve productivity by providing real time information for decision making. Furthermore, the Company continues to drive operational excellence at the forefront, evidenced by recording a 23rd year of zero lost time due to injury, which illustrates our very high standards of safety.

Overall, Chevron recorded a growth in earnings after tax (PAT) in 2024 compared to the previous year, recording Rs. 3,855 Mn. (up 7% compared to 2023). This led to an earnings per share (EPS) of Rs. 16.06 compared to Rs. 15.01 in 2023. The Company declared and paid a dividend of Rs. 15.00 per share during the year.

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## Outlook for 2025

As the nation progresses towards economic stability in 2025, following the crisis experienced in 2022/2023 and bolstered by a recovery in key sectors, the Company remains confident about the potential for further growth and stability in the local market in the coming years. On the export front considering the recent political and economic turmoil experienced in the respective countries of Bangladesh and Maldives, we remain cautiously optimistic of revenue growth in both the export markets.

In line with our theme of 'Sustained Leadership', as the clear leader in the Sri Lankan lubricant market, I believe the Company is well placed to contribute to the economic recovery of the country, and with strong leadership, we will effectively navigate the next phase of growth of the Company.

## Acknowledgements

I would like to extend my sincere thanks to Muhammad Najam Shamsuddin, the outgoing Chairman, who guided the Company through 2022 to July 2024, some of the most turbulent years for both the country and Company.

I extend my gratitude to the Managing Director, Bertram Paul, and the Board of Directors who have welcomed me into their team and have fully extended their support over the past months. In addition, the steadfast support of the management team has been key to navigating Chevron Lubricants Lanka PLC over the past year.

I am deeply grateful to our stakeholders, shareholders, and value chain partners for their unwavering support and confidence. Your trust has played a pivotal role in our performance in 2024, and we remain dedicated to driving further value in 2025 while securing the long-term success of our business.

I wish to acknowledge the resilience, dedication, and unwavering commitment of our broader team and stakeholders. While challenges have shaped our journey, they have also presented opportunities for growth and transformation. As we move forward, I am confident that together, we will build on our strengths, drive sustainable value, and achieve new milestones in the years ahead.



**Danielle Lincoln**  
Chairperson

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# MANAGING DIRECTOR'S REVIEW



Profitable growth and effective margin management continued to be focus areas in the year under review, which led to the seven percent year-on-year increase in NPAT/OEAT despite a virtually flat top-line.

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## The Domestic Environment

Sri Lanka's economy evidenced a revival in 2024, recording six straight quarters of positive GDP growth since third quarter 2023, before which we had six consecutive quarters of negative growth. The country posted a GDP growth rate of 5% full year 2024 versus a contraction of 2.3% in 2023. Inflation which was at 6 percent at the beginning of the year, dropped below 2 percent between March to July

and then went into negative territory from September. Not bad at all, for a country that recorded headline inflation of 70 percent just two years ago. The foreign exchange rate (LKR versus USD) dropped from 324 LKR at the beginning of the year to 293 LKR at year end, an appreciation of 11 percent, driven by a 10 percent increase in worker remittances and strong growth in tourism, with arrivals

up 38 percent and revenue up 53 percent. Foreign exchange reserves, which stood at USD 4.4 billion at the beginning of the year, grew to USD 6.1 billion\* at the close of the year, which reflects sufficiency for over four months of imports. (\*Inclusive of the swap facility with the People's Bank of China).

Following the successful completion of the Domestic Debt Restructuring (DDR) in December 2023 amounting to US\$ 26.6 billion (LKR 8.7 trillion), the government commenced formal talks with international bond holders in January 2024 to restructure US\$ 12.5 billion in defaulted bonds, which came to fruition in December 2024, introducing government linked bonds and macro linked bonds to provide debt relief based on economic conditions. The deferment of bilateral debt repayments to 2028 has also been great news since it gives the country the much-needed breathing space to get its house in order.

While the year held tremendous uncertainty with two major elections and the election to office of a left of center political party, the announcement by the new regime soon after appointment, of their commitment to continue with the International Monetary Fund (IMF) Programme was met with relief by the business community. The very fact that the two elections held (the Presidential and Parliamentary elections) went down as the most peaceful in Sri Lanka's history, has been a major relief and cause for gladness, considering the significant disruptions we have experienced in the recent past.

## The Foreign Environment

While the Sri Lankan economy saw a rebound in 2024, our export markets of Bangladesh and Maldives faced serious headwinds during the year. In Bangladesh, student led protests erupted in July which were met with severe repression by the security forces and affiliated groups, resulting in over a thousand deaths and thousands injured. In August, the long

serving Prime Minister – Sheikh Hasina resigned and fled to India, following which the Bangladesh Armed Forces announced the formation of an interim government. The President of Bangladesh dissolved the national parliament and appointed Nobel laureate, Muhammad Yunus as the head of the interim government.

The political turmoil and social unrest in Bangladesh caused severe economic issues, including surging inflation and currency volatility. The apparel sector, which is a cornerstone of Bangladesh's economy, faced serious disruption, including violent clashes at some garment factories, resulting in production being moved out of Bangladesh by some overseas buyers. Widespread protests led to the destruction of major state establishments, including the state broadcaster and data centers, causing significant disruptions to internet and telecom services. Additionally, attacks on transportation infrastructure, such as toll stations and metro stations, further hampered economic activities.

Maldives faced economic woes in 2024 with its public and publicly guaranteed debt reaching approximately 116 percent of GDP with substantial portions owed to India and China. From end 2023, foreign currency reserves fell from US\$ 589 million to US\$ 395 million by July 2024, barely covering a month and a half of imports. This decline heightened fears of a balance of payments crisis. Reduced reserves and currency pressures contributed to inflationary concerns, impacting cost of living and economic stability. Relations with Israel soured mid 2024 when the Maldives announced plans to ban Israeli passport holders from entering the country, leading to reciprocal travel warnings, adversely impacting tourism. Despite facing significant financial challenges, including high risk of debt distress and declining foreign reserves, the Maldivian government did not go to the IMF for a bailout and focused instead on fiscal reforms and debt management strategies to address the economic challenges.

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## Industry Update

The number of lubricant players in the market remained unchanged during the year at 35 based on licenses awarded. However, seeing the improvement in market conditions, some of the new players decided to monetize the licenses obtained over the last two years and commenced commercial operations.

The regulatory situation remained unchanged during the year. The commitment to establish a new regulatory mechanism for the petroleum industry, made in 2023 by the previous regime failed to materialize. Although in second quarter 2024, the cabinet approved the setting up of a panel headed by the Secretary to the Ministry of Power and Energy to draft the terms of reference for the legislation to set up a regulator for the petroleum industry, covering liquified petroleum gas (LPG), fuels and lubricants. This was followed by the Ministry writing to all industry participants in mid-2024 seeking input on how the new regulatory mechanism for the petroleum industry should be structured. Industry participants were also called in for a discussion on this matter with ministry officials in July 2024. At this meeting, it was announced that the Public Utilities Commission of Sri Lanka (PUCSL), the previous shadow-regulator of the lubricant industry, would be appointed as an interim regulator until the new regulator is formalized.

While Chevron made written submissions in response to the request for input, there was no further movement on either the setting up of the new regulator, nor of PUCSL taking on the role of an interim regulator. It is believed that the intervening presidential and parliamentary elections may have been a roadblock to getting the relevant legislation passed at the time.

While lubricant players have continued to pay the lubricant license fees to the Ministry of Power and Energy, instead of paying it to the PUCSL as before, there has been a total stoppage of support services provided to the industry, including provision of the quarterly lubricant market report, which reported

on market shares of players and trends in product segments. The last lubricant market report received from PUCSL was for third quarter 2023, which was 18 months ago. This is particularly frustrating considering that all lubricant players are required to report sales on a quarterly basis to the PUCSL/MOE, and this is the basis on which the quarterly lubricant license fee is paid to the government.

Another serious issue is the cessation of market monitoring activities by the PUCSL, in association with the Consumer Affairs Authority (CAA), which helped in past years to discourage product adulteration and operations of unauthorized players. The vacuum created by the absence of a regulator will likely lead to the proliferation of unauthorized players and product adulterators.

With the new regime in place, there is a lack of clarity on the way forward in terms of the petroleum regulator, although concerns have been escalated to the relevant government officials. Proper legislation and effective implementation will greatly help in stemming the current leakage in government revenue due to the operation of unauthorized players.

## Business Performance

Considering the environmental situation outlined above, where exports markets faced economic challenges throughout the year with USD shortages, hampering operations and the political turmoil in Bangladesh stalling operations during most of the second half of the year, the local market had to step up to fill the void and step up it did, brilliantly.

In the commercial and industrial (C&I) channel, we were able to retain all key government tenders during the year, as well as going after new business wins, especially in the construction and manufacturing sectors. Ports, armed forces and government transport segments provided healthy volumes throughout the year, although the rubber sector remained depressed with a lower orderbook due to recessionary pressures

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in the European markets. Volumes from original equipment manufacturer (OEM) dealers also remained relatively low with the continuing ban on import of new vehicles. The power generation sector faced the most headwinds during the year with incessant rains during most of the year, filling catchment areas, thereby swinging the power generation mix away from lubricant intensive thermal power. Pricing was well managed in the channel, yielding healthy margins despite lower volumes. Toll blending of Yamaha genuine oil made a healthy contribution after a hiatus of nearly two years.

With relatively weak performance in C&I and exports, the retail channel truly outperformed, recording double digit year on year volume growth, thereby subsidizing the hits from the other channels. Strong collaboration between sales and marketing teams was the key to the successes in the retail channel, with focus on distribution excellence, effective on-ground execution, channel expansion, and improving reach and visibility, effectively supporting 360-degree marketing campaigns. The focus on secondary sales rather than primary sales, kept distributor inventory at healthy levels, and the overall agile approach in adjusting incentive programs and trade promotions based on market dynamics, drove the strong performance. Focused activities to increase share of wallet in multi-brand outlets, yielded rich dividends, as did the consumer promotions on key product categories.

Significant effort was expended during the year to grow volumes in petrol engine oils with our Havoline brand, publicizing the claim of 10,000 kilometers on a single oil drain. We were fortunate to sign up cricketing legend – Mahela Jayawardena as the Brand Ambassador for Havoline, since we saw his personality and prowess a good fit with the Havoline brand. The Havoline campaign with Mahela included new commercials, clutter breaking media innovations, creative ad placements and travel influencer tie ups, backed by an effective public relations campaign with incremental reach through digital media platforms.

Profitable growth and effective margin management continued to be focus areas in the year under review, which led to the seven percent year-on-year increase in NPAT/OEAT despite a virtually flat top-line.

We also focused on employee development during the year, evidenced by a 20 percent year-on-year increase in employee training hours, which included 7 percent of the workforce being sent overseas for training to countries such as Singapore and USA. 16 percent of the workforce also received promotions during the year. A successful internship program was also launched during the year to develop a pool of candidates for when opportunities open up. The team also scored high marks on the Chevron Employee Survey, which is conducted globally bi-annually by our parent organization, scoring 87 percent on employee engagement and 90 percent on strategy over the two pulses in 2024.

We also recommenced our corporate social responsibility initiatives after a lapse of several years, focusing on the pillars of road safety and women empowerment. On road safety, we collaborated with the Sri Lanka Traffic Police and the Sri Lanka Red Cross Society to increase awareness on road safety among vulnerable groups and to strengthen the emergency response capacity of police officers as first responders. On women empowerment, we ran a special program on account of International Women's Day 2024, felicitating female owned and operated outlets among Caltex's network of exclusive channel partners, which interestingly was a high of 15 percent of the outlet base. The ladies were gifted a voucher for a series of health checks related to female wellness at a leading hospital and also participated in a session by a doctor on female wellness and a session by a banker on managing their finances.

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Chevron Corporation also donated US\$ 35,000 (LKR 10.5 million) directly to the Sri Lanka Red Cross Society during the year for a well-cleaning program in response to the serious flooding that beset Sri Lanka in June 2024. The initiative focused on restoring access to safe drinking water and preventing waterborne diseases in the worst affected districts.

## 2025 Outlook

The outlook for 2025 seems promising on the domestic front based on relatively strong economic fundamentals. The budget presented by the new government for 2025 held no major deviations from the path followed over the last two years, focusing instead on policy consistency and continuity to ensure stability. Inflation is expected to trend up marginally during the year but track at a mid-single digit level. While motor vehicle imports have been opened after a gap of five years, it is unlikely to open the floodgates, (thus adversely affecting foreign exchange rates), due to steep increases seen in vehicle prices, driven by foreign exchange, CIF price changes, new duties and levies as well as penalties applied on vehicle importers to discourage stockpiling.

The successful completion of the third review, by the IMF under the Extended Fund Facility (EFF) arrangement, at the end of February 2025, opened the door for Sri Lanka to draw down the fourth tranche of US\$ 334 million which has also been a positive development. On debt restructuring, while agreement was reached in March 2025 with Japan to restructure US\$ 2.5 billion in debt, concluding two years of discussions, negotiations are still ongoing with India and China.

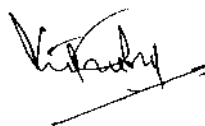
The economic outlook for both our exports markets of Bangladesh and Maldives for 2025 is cautiously optimistic. On Bangladesh, the World Bank revised downward its economic growth forecast for 2025 from 5.7 percent to 4.0 percent citing political instability and its adverse effect on economic activities. Growth hinges on the interim government's ability

to implement effective structural reforms, restore investor confidence and maintain social stability. In Maldives, projections indicate growth and stability tempered by existing fiscal challenges. The Maldivian government projects a 6.4 percent GDP growth for 2025, reflecting a robust recovery and expansion in the tourism industry. The IMF's forecast is more muted at 4.7 percent. Despite positive growth indicators, the World Bank emphasizes the need for urgent and comprehensive economic reforms to maintain development progress and manage debt sustainably.

The focus for 2025, therefore, would be to retain our position of strength in the local market and to pursue growth in selected segments. On exports, however, we shall be looking to grow aggressively in both markets, but more so in Bangladesh. In this connection, a recent change effected in our go-to-market strategy in Bangladesh, along with an internal change in resourcing the management of exports, are expected to be the key drivers enabling growth.

## Acknowledgements

I wish to sincerely thank every member of the great team I head at Chevron and our broader family of distributors and channel partners for their support, dedication and hard work that has made these results possible. I also wish to thank the Chairperson and Board of Directors for their extended support and guidance. The cohesion of our team, the agility to respond to changing dynamics, and the growth mindset exhibited by our members have been instrumental to our past successes. I have no doubt that the same formula will continue to stand us in good stead, into 2025 and beyond.



**Bertram Paul**  
Managing Director/Chief Executive Officer

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# BOARD OF DIRECTORS



## Danielle Lincoln

### Chairperson/Non-Executive Director

Ms. Danielle Lincoln appointed to the board in July 2024, serves as a Non-Executive Director and the Chairperson of Chevron Lubricants Lanka PLC.

Ms. Lincoln is Vice President for Europe, Africa, Middle East, South Asia Sales & Global Marine, where she is responsible for the sales and marketing of fuels and lubricants across this region.

Ms. Lincoln served as General Manager of Renewables in Americas Fuels and Lubricants where she was responsible for the renewable natural gas, compressed natural gas and hydrogen for transportation. Ms. Lincoln was the District Sales Manager for retail fuels in Texas, Louisiana and Mississippi, and commercial products. She led the regional sales organization to achieve improved and sustained business performance.

Ms. Lincoln has held numerous positions of increasing responsibility in Downstream strategy, joint venture management (Chevron Phillips Chemical Company), value chain optimization and sales.

Ms. Lincoln held progressively responsible roles at The Dow Chemical Company over 11 years including petrochemicals

operations, health, environment and safety leadership and regulatory advocacy and value chain improvements.

Ms. Lincoln holds a bachelor's degree in Chemical Engineering from The University of Texas at Austin. She is based in Singapore, Chevron's headquarters for International Products and the Asia Pacific hub for Chevron's Oil, Products & Gas business operations.

Ms. Lincoln also serves as a Director in Arteco N.V., Chevron Africa-Pakistan Services (Pty) Ltd, Chevron Brands International LLC, Chevron Lubricant Holdings Pte. Ltd, Chevron Marine Products LLC.

### Positions held in Companies in Sri Lanka

Number of Companies – 2		
Name of the Company	Listed/Unlisted	Type of Directorship
Chevron Lubricants Lanka PLC	L	●
Chevron Ceylon Limited	U	●

- L Listed      U Unlisted  
 ● Non-Executive Director (Chairperson)

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### **Bertram Paul** **Managing Director/Chief Executive Officer**

Mr. Bertram Paul appointed to the board in November 2022, serves as the Managing Director & Chief Executive Officer of Chevron Lubricants Lanka PLC.

Mr. Paul has over 30 years' experience in business practice with wide ranging industry exposure covering Energy, Fast Moving Consumer Goods (FMCG), Financial Services, Information Technology, Retailing, Real Estate, and Education. He has worked in markets in South Asia, Southeast Asia and the Middle East in various positions of product and brand management, sales and marketing management as well as general management, with wide ranging business responsibilities.

Having joined Chevron Sri Lanka in 2008 as General Manager – Sales and Marketing, he has been an integral part of its success, despite exploding competition and adverse macro environmental factors. In 2012 he undertook an Expat assignment with the Indonesian business unit of Chevron Lubricants, based in Jakarta, where he served as Country Sales Manager/President Director for a period of two years.

As a member of the senior leadership team of Chevron Sri Lanka, he has received many accolades including winning the Intellect Award in 2010 and is a two-time winner of the award for Management Team Member of the year, consecutively in 2015 and 2016.

Prior to joining Chevron, he was the Director/CEO of Richard Pieris Distributors, the sole hypermarket operator in Sri Lanka at the time, and prior to that was the Sales and Marketing Director of the Anglo Dutch Multinational, Reckitt Benckiser.

Having started at Delmege Forsythe and Co. his career has included stints at the Bartleet Group, Lanka Milk Foods PLC, the MJF Group (Dilmah Tea), Almarai Co., Saudi Arabia and Emirates Bank, Dubai, UAE.

Mr. Paul holds a master's degree in business administration from the Postgraduate Institute of Management of the University of Sri Jayawardenapura, is an Associate Member of the Chartered Institute of Management Accountants – UK, a Fellow Member of the Chartered Institute of Marketing – UK and is also a Chartered Marketer.

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With the aim of giving back to society, Mr. Paul has also been involved in Accounting, Marketing and Management education, in a part time capacity over the last 30 years, preparing working students for examinations of the Chartered Institute of Management Accountants (CIMA) – UK, the Chartered Institute of Marketing (CIM) – UK, and the MBA Program of the Birmingham City University – UK.

He has served previously as a member of the Management Committee of the Chartered Institute of Marketing, Sri Lanka Region heading the Corporate Integration Taskforce, where he was responsible for taking “Marketing” into the Boardrooms of Sri Lankan Corporates.

Mr. Paul also serves as a Board Member of the American Chamber of Commerce in Sri Lanka (AMCHAM) and is a member of the Finance Committee as well as the Policy and Advocacy Committee of AMCHAM.

Mr. Paul is the recipient of an “Achievers Award” from the Postgraduate Institute of Management, University of Sri Jayawardenapura, for services rendered to business, profession, and society. He is also the recipient of an award of special recognition from the Chartered Institute of Marketing – UK in their centenary year, in appreciation of his contribution towards the marketing profession and the development of outstanding students and professional marketers.

#### Positions held in Companies in Sri Lanka

Number of Companies – 2		
Name of the Company	Listed/ Unlisted	Type of Directorship
Chevron Lubricants Lanka PLC	L	●
Chevron Ceylon Limited	U	●

L Listed      U Unlisted  
 ● Executive Director (Managing Director/CEO)

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### Haider Manasawala

#### Non-Executive Director

Mr. Haider Manasawala appointed to the board in February 2021, serves as a Non-Executive Director of Chevron Lubricants Lanka PLC. He currently leads the finance function for Europe, Africa, Middle East, and South Asia region for Chevron's International Products business as their Regional Finance Head, based in Singapore. Prior to assuming his current role in November 2020, Mr. Manasawala held the position of General Manager Finance and Planning for Chevron's Chemicals business in the Asia Pacific region located in Singapore.

and challenging business environments. He has served as director on the boards of Chevron companies and joint ventures in diverse countries including Singapore, Malaysia, Vietnam, China, New Zealand, Bangladesh, India and US.

Mr. Manasawala earned an MBA from Strathclyde University in UK and a bachelor's degree in commerce from Bombay University in India. He is a Chartered Accountant and a CPA (USA). He is a member of the Institute of Chartered Accountants of India, Chartered Accountants Australia and New Zealand and Singapore Institute of Directors.

Mr. Manasawala also serves as a Director of Arteco N.V., Belgium, Chevron Lubricants Holdings Pte Ltd Singapore, Chevron Lubricants India Private Limited, India, EPPCO International Ltd., United Arab Emirates, EPPCO Projects Co. LLC, United Arab Emirates.

#### Positions held in Companies in Sri Lanka

Number of Companies - 1		
Name of the Company	Listed/Unlisted	Type of Directorship
Chevron Lubricants Lanka PLC	L	●
L Listed ● Non-Executive Director		

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Mr. Manasawala joined Chevron in 2000 as Comptroller for Caltex Corporation's Risk Management and Insurance function and has progressed through wide variety of roles in the finance function in Chevron's downstream, upstream and chemicals businesses working in Singapore, India, Malaysia, New Zealand, Middle East and US.

Previously, he has worked with public accounting firms, KPMG Singapore, and Arthur Andersen in their Middle East practices.

Mr. Manasawala brings a unique mix of multi-geography energy business experience in upstream, downstream and chemicals businesses. He possesses strong commercial acumen and keen financial prowess honed over many years of working in fast-paced organizations





## Erande De Silva

### Director/Chief Financial Officer

Mr. Erande De Silva appointed to the Board in June 2019, serves as an Executive Director/Chief Financial Officer of Chevron Lubricants Lanka PLC. He concurrently serves as the Company Secretary since 2019. He joined Chevron Lubricants Lanka PLC in 2011 and served in the capacity of Manager Finance and Business Planning. He also functioned as the Compliance Officer of the Company from August 2018 to March 2021. Amongst the accolades received, he was recognized as the Management Team Member of the year in 2014, with a Performance Excellence Award in 2022 and MD's Pinnacle Award in 2024 at Chevron Lubricants Lanka PLC. Mr. De Silva counts for more than twenty years of experience in finance with business and commercial acumen in business planning, financial management, corporate finance, risk management and compliance. During his career he has been engaged in cross functional project initiatives with sales, marketing and supply chain. Prior to joining Chevron in 2011, Mr. De Silva was last employed as Manager Finance at Hemas Consumer Brands - Hemas Manufacturing (Pvt) Limited (Hemas FMCG Sector).

Mr. Erande De Silva holds a Bachelor of Business Administration Honours Degree from the Faculty of Management and Finance of the University of Colombo. He also has a Master of Business Administration from the Postgraduate Institute of Management of the University of Sri Jayewardenepura. Mr. De Silva is an Associate Member of the Chartered Institute of Management Accountants (CIMA - UK), a Chartered Global Management Accountant (CGMA) of the Association of International Certified Professional Accountants, and an Associate Member of the Association of Chartered Certified Accountants (ACCA). Mr. De Silva is also a member of the Sri Lanka Institute of Directors (SLID).

#### Positions held in Companies in Sri Lanka

Number of Companies - 2		
Name of the Company	Listed/Unlisted	Type of Directorship
Chevron Lubricants Lanka PLC	L	●
Chevron Ceylon Limited	U	●

L Listed      U Unlisted  
 ● Executive Director (Director/CFO)  
 ● Company Secretary

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### Asite Talwatte

#### Independent Non-Executive Director

Mr. A. D. B. Talwatte appointed to the Board in 2018, serves as an Independent Non-Executive Director of Chevron Lubricants Lanka PLC. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Chartered Institute of Management Accountants of the U.K. He also holds a Post-Graduate Diploma in Business and Financial Administration awarded by the ICASL and the University of Wageningen, Holland and has a MBA from the University of Sri Jayawardenapura, Sri Lanka. Mr. Talwatte has also participated in a Kellogg Executive Programme at the Kellogg Graduate School of Management, Northwestern University, Evanston, Illinois.

Mr. Talwatte worked at Ernst & Young in Assurance, Business Risk and Advisory Services for 37 years, including 10 years as Country Managing Partner. He has worked with Ernst & Young in Cleveland, Ohio and also served on Ernst & Young's Far-East Area Executive Committee, the Area Advisory Council and the ASEAN Leadership Committee.

Mr. Talwatte was President of the CA Sri Lanka for a two-year period in 2002/2003 and the CIMA in 1995/96. He also served as the Chairman of the Statutory Accounting Standards Committee and the Auditing Standards Committee, the Urgent Issues Task Force and the Examinations Committee of the ICASL.

Mr. Talwatte has been closely associated with the development of Corporate Governance in Sri Lanka being actively involved with the Code of Audit Committees in 2002 and the Code of Corporate Governance in 2003. He co-chaired the Committees to structure the revised Codes of Corporate Governance of 2008, 2012, 2017 and 2023 and the Listing Rules of 2008. He chaired the International Integrated Reporting Council of Sri Lanka (IIRSL) on behalf of CA Sri Lanka for several years and currently serves on the Corporate Governance Committee of CA Sri Lanka.

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## Positions held in Companies in Sri Lanka

Number of Companies - 17

Name of the Company	Listed/ Unlisted	Type of Directorship
Ceylon Hospitals Plc.	L	●
Central Finance Plc.	L	●
Sunshine Holdings Plc.	L	●
DIMO Plc.	L	●
CT Holdings Plc.	L	●
Tokyo Cement Plc.	L	●
Chevron Lubricants Lanka Plc.	L	●
Cargills (Ceylon) Plc.	L	●
Sunshine Healthcare Lanka Ltd.	U	●
Kotmale Holdings Plc.	L	●
Braybrooke Residential Towers (Pvt) Ltd.	U	●
Silvermill Investment Holdings (Pvt) Ltd.	U	●
Colombo City Apartments (Pvt) Limited	U	●
Gilkrist Leisure (Pvt) Limited	U	●
Cirute Plantations (Pvt) Limited	U	●
Management Systems (Pvt) Limited	U	●
Myanthiho Investment & Trading (Pvt) Limited	U	●

L Listed

U Unlisted

● Independent Non-Executive Director

● Independent Non-Executive Director (Chairman)

● Executive Director

● Non-Executive Director

● Non-Executive Director (Chairman)

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## Dr. Harsha Cabral

### President's Counsel Independent Non-Executive Director

Dr. Harsha Cabral appointed to the Board in October 2022, serves as an Independent Non-Executive Director of Chevron Lubricants Lanka PLC.

Dr. Cabral is a President's Counsel in Sri Lanka with thirty-seven (37) years' experience in the field of Intellectual Property Law, Company Law, Commercial Law, Commercial Arbitration, Securities Laws, International Trade Law covering both civil and criminal aspects of the said areas of the law. He has been a President's Counsel for eighteen (18) years and commands an extensive practice in the Commercial High Courts and the Supreme Courts of Sri Lanka, and has sixteen (16) Attorneys-at-Law working in his Chambers. He holds a doctorate in Corporate Law from the University of Canberra, Australia. He was a sitting member of the International Chamber of Commerce (ICC) International Court of Arbitration in Paris for a period of six years till 2021. He is a Representative Member of the Federation of Integrated Conflict Management (FICM) as well as a Representative Member of the International Commercial Disputes Tribunal (ICDT). He is a former member of the Board of Investment (BOI) of Sri Lanka. He was the Founder Board Member of the Sri Lanka International Arbitration Centre and was involved in the drafting of the Arbitration Act, No. 11 of 1995, the current Act. Dr. Cabral is also a member of the Law Commission of Sri Lanka, a member of the Intellectual Property Advisory Commission in Sri Lanka and the Chairman of the Intellectual Property Law Reform Project of the Ministry of Justice, a member of the Corporate Governance Faculty and the Corporate Governance Committee of the Institute of Chartered Accountants of Sri Lanka, and University Grants Commission (UGC) nominee on the Post Graduate Institute of Medicine (PGIM).

Further, he was appointed to the Board of Management of the Post Graduate Institute of Management. Moreover, he is a member of the Council of Management of the Institute for the Development of Commercial Law and Practice (ICLP). As a member of the Advisory Commission on Company Law in Sri Lanka, Dr. Cabral was one of the architects of the Companies Act No. 7 of 2007, the current Act.

Dr. Cabral currently serves as the Chairman of the National Savings Bank, the Chairman of the Tokyo Cement Group and the Chairman of Airlanka (Pvt) Ltd. Further, he serves on several Boards, Audit Committees, Nomination Committees, Remuneration Committees, Recoveries Committees and the Related Party Transaction Committees, chairing most of them.

He was the past Chairman of LOLC Finance PLC, one of the largest Finance Companies in Sri Lanka. He was also a director of LOLC Insurance Company Limited, Commercial Leasing & Finance Limited, and Richard Pieris Distributors Limited (Arpico Supermarkets). He was also the past Acting Chairman of Hatton National Bank PLC (HNB). In addition, Dr. Cabral was a senior Director of the Union Bank of Sri Lanka. He was also a member of the Cabinet appointed Committee on the National Trade Policy and also a member of the Presidential Commission appointed on reformulating laws of Sri Lanka.

Dr. Cabral is a senior visiting lecturer at several Universities here and abroad, a regular speaker at public seminars and an author of several books. He has also presented several papers on Corporate Law, Intellectual Property Law, Commercial Arbitration, International Trade Law here and abroad. In addition to his active practice in courts and lecturing, he has been a counsel in many Arbitrations and has served as Sole-Arbitrator, Co-Arbitrator and Chairman in a large number of Arbitrations, domestic and international.

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## Positions held in Companies in Sri Lanka

Number of Companies - 19

Name of the Company	Listed/ Unlisted	Type of Directorship
DIMO PLC	L	●
Hayleys PLC	L	●
Tokyo Cement Company (Lanka) PLC	L	●
Tokyo Super Cement Company Lanka (Private) Limited	U	●
Tokyo Cement Power Lanka (Private) Limited	U	●
Alumex PLC	L	●
Tokyo Eastern Cement Company (Private) Limited	U	●
Tokyo Super Aggregate (Private) Limited	U	●
Tokyo Supermix (Private) Limited	U	●
Ceylinco Life Insurance Limited	U	●
Sri Lanka Institute of Information Technology (Guarantee) Limited (SLIIT)	U	●
SLIIT International (Private) Limited	U	●
Nanadiriya (Guarantee) Limited	U	●
National Savings Bank	U	●
Sri Lankan Airlines Limited	U	●
Airlanka (Pvt) Limited	U	●
Sri Lankan Catering Limited	U	●
Ceylinco Insurance PLC	L	●
Chevron Lubricants Lanka PLC	L	●

- L Listed  
 ● Independent Non-Executive Director  
 ● Independent Non-Executive Director (Chairman)
- U Unlisted  
 ● Non-Executive Director (Chairman)

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# MANAGEMENT TEAM



**Bertram Paul**  
Managing Director/Chief Executive Officer



**Erande De Silva**  
Director/Chief Financial Officer



**Vajira Hewawasam**  
General Manager Supply Chain



**Maheshni Hamangoda**  
Head of Human Resources



**Nishshanka Dissanayaka**  
Financial Controller



**Chanaka Caldera**  
Head of Sales - Retail



**Thusitha De Silva**  
Head of Sales Commercial Industrial



**Tehan Samarasinha**  
Head of Marketing and Exports

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**Arjuna Imbulpitiya**  
Head of Technical



**Thushari Weragoda**  
Laboratory & Quality Assurance Manager



**Nishantha Wanniarachchi**  
Logistics Manager



**Channa Tennakoon**  
Export Sales Manager



**Madusanka Malliyawadu**  
Production Manager



**Manoja Sajeewani**  
Business Support Manager



**Aruna De Silva**  
Information Technology Manager



**Umesh Perera**  
Procurement Manager

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# MANAGEMENT DISCUSSION AND ANALYSIS





## Economic overview

The year 2024 in review was characterized by gradual and progressive economic recovery. The austerity measures introduced in the country since the economic crisis in 2022, primarily vis-à-vis import embargoes and controls to restrict non-essential imports flowing through to the economy to curb the foreign currency scarcity and the local currency depreciation, were gradually unraveled as the liquidity in the foreign exchange market improved and the local currency continued to appreciate for the second consecutive year against major foreign currencies. At the commencement of the year, inflationary pressure was reignited by the indirect tax rate revision, as VAT was increased from 15 percent to 18 percent. However, the gradual appreciation of the Sri Lankan Rupee (LKR) against the United States Dollar (USD) further complemented by the decline in certain key commodity prices, including fuel and utilities helped soften inflation. Whilst consumer disposable income remained diluted by the high direct tax regime, in effect since 2023, the low inflation trajectory provided a certain degree of relief to consumers' real income, which spurred consumer demand in the economy.

The year in review recorded Gross Domestic Product (GDP) growth based on Central Bank of Sri Lanka (CBSL) statistics, which boded well for the country's journey towards economic recovery. The business sentiment index (BSI) vis-à-vis business outlook survey reported by CBSL indicated a marked improvement in key parameters in 2024.

Whilst all three economic sectors recorded growth during the year, the rebound and growth in the construction industry, as a sub-sector of the industrial sector, was critical as investments and government allocation of funds on certain large-scale projects recommenced, which were previously suspended since the peak of the economic crisis. The improvement in construction activities had a significant impact on the economy, which had a cascading effect on many ancillary industries in the country.

The year in review was crucial in shaping the political landscape of the country, which underpins economic stability. The country held a presidential election and parliamentary general election within a passage of two months from end-September to mid-November. The elections were concluded in a calm and non-disruptive manner, which was hailed by the business community and international community. The manner in which the pre- and post-election activities transpired was a fair reflection of the social stability achieved within a short timeframe in the country, since the peak of economic crisis which led to social unrest in 2022. Whilst the results of the elections entailed a change of political regime, the framework of the new government was largely aligned with the broader principles and parameters of the prevailing International Monetary Fund (IMF) Extended Fund Facility (EFF) programme, adapted by the country by the previous government, which boded well among the business community in the spirit of policy stability.

Another landmark achieved by the Government of Sri Lanka was to conclude the domestic debt restructuring (DDR) and external debt restructuring (EDR) during the year. Following the EDR, Fitch Ratings upgraded Sri Lanka's long term foreign-currency issuer default rating (IDR) from "Restricted Default (RD)" to "CCC+" and local-currency IDR from "CCC- to CCC+", resulting in an overall upgrade in sovereign rating to "CCC+". The government also received the third tranche amounting to USD 333 million of the EFF from the IMF during the year. In total the country received a total of USD 1 billion during 2023-24, of which the initial two tranches were received in 2023.

The embargo on vehicle imports, external debt restructuring, which ensured deferment of debt interest financing, inflow from IMF, the increased inward remittances from migrant workers, and the increase in earnings from tourism were instrumental in ensuring a Balance of Payments (BOP) surplus and

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consolidation of gross official reserves (GOR) of the CBSL. The trajectory of inflation subsided during the latter half of the year, whilst policy interest rates were slashed by CBSL further to a single policy rate of 8 percent. These tailwinds have positioned the country's economy positively as the year 2024 culminated.

As per the provisional statistics released by the Department of Census and Statistics of Sri Lanka (DCS), the economy recorded a growth of 5.0 percent in 2024 compared to the 2.3 percent negative growth recorded in 2023. The main sectoral contributors to the economy remained relatively consistent, with agriculture, industry and services contributing 7.5 percent, 26.7 percent and 59.2 percent, respectively, with taxes less subsidies on products contributing 6.6 percent during 2024. In tandem with the overall economic growth registered during the year 2024, the three sectors agricultural, industrial, and service sectors recorded growth during the period. The agricultural sector recorded a growth of 1.2 percent, while industrial and services recorded a growth of 11.0 percent and 2.4 percent, respectively. The main contributors to the overall growth registered in agriculture were marine fishing and aquaculture, the cultivation of cereals (except rice), and animal production. Industrial growth was led by the construction sector, which recorded growth of 20.1 percent during the period, whilst other major sub-sectors, such as manufacturing (mainly driven by food-beverages and-tobacco products, textile, wearing apparel and leather related products), mining and quarrying also registered growth of 7.5 percent, and 22.3 percent, respectively. Meanwhile, growth in the services sector was largely attributable to accommodation, food and beverage service activities, transportation of goods and passengers, wholesale and retail trade related activities.

Inflation continued to decelerate during the year 2024 from the conclusion of 2023. The annual average change in the National Consumer Price Index (NCPI, 2021=100) was reported as a deflation of negative 2.0 percent in 2024, compared to

inflation of 4.2 percent in 2023 as per the data compiled by CBSL. Core inflation on an annual average basis in December 2024 tracked at 2.5 percent compared to the 15.8 percent recorded in December 2023. As per the CBSL, non-food category, in particular, eased out during the year.

As per provisional statistics of CBSL, a trade deficit of USD 6.1 billion was recorded in 2024 compared to the USD 4.9 billion recorded in 2023. Merchandise exports grew by 7.2 percent to USD 12.8 billion compared to USD 11.9 billion in 2023. Industrial exports recorded a growth of 7.2 percent with petroleum products accounting for a larger proportion of the industrial exports, whilst garment exports also grew during the year (growth in petroleum exports accounted for 61 percent of the growth in overall merchandise exports). Agricultural exports recorded a growth driven by tea exports, whilst unclassified exports and mineral exports recorded a decline in 2024 compared to 2023. Total imports grew to USD 18.8 billion compared to USD 16.8 billion in 2023.

An increase was recorded in intermediate goods during 2024 compared to 2023, whilst textile and textile articles (primarily fabric) remained the key driver of the increase in intermediate goods imported. The increase in textile and textile articles is relatively correlated to the increase in demand recorded in garment exports during the year. Total fuel imports declined during the year, particularly the import of crude oil imports. However, import of refined petroleum products increased. An increase was also recorded in the investments goods category, particularly in the machinery and equipment, and building material segments. Imports in the form of the consumer goods category, both food and beverages and the non-food consumer goods segment recorded growth. The austerity measures imposed by the government to curb and deter non-essential imports since the height of the economic crisis in 2022 were gradually relaxed in 2023 and 2024, which consequentially had an impact on the increase in imports to the economy.

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Tourism continued to flourish and augment its contribution to the service sector inflows of the external sector performance during 2024 with a 38 percent increase in tourist arrivals to record 2,053,465 compared to 1,487,303 recorded in 2023. Despite the year witnessing a presidential election and a general election, and a few temporary travel warnings issued to inbound travelers by certain foreign consulates citing potential security risks, it was noteworthy that these facts had minimal disruption to tourist flows. Earnings from tourism grew by 53 percent to USD 3,169 million in 2024 compared to USD 2,068 million in 2023. Based on Sri Lanka Tourism Development Authority (SLTDA) statistics India, Russia, United Kingdom, Germany, and China remained the main source countries for tourist arrivals during 2024 parallel with 2023. The service sector recorded net inflow of USD 3,655 million in 2024 compared to the USD 3,053 million in 2023.

Worker remittances grew by 10 percent in 2024 amounting to USD 6,575 million in comparison to USD 5,970 million in 2023. The growth in worker remittances reflects the migrant worker confidence in the market reflective foreign exchange policy adapted by the Central Bank of Sri Lanka (CBSL) post-acute phase of the economic crisis experienced in 2022, the relatively stable foreign exchange rate (particularly LKR/USD) that prevailed during the year, combined with strict regulatory controls have ensured remittances were consistently routed through the formal banking channel by migrant workers. Further based on CBSL and Sri Lanka Bureau of Foreign Employment (SLBFE) statistics, more than a 922,251 Sri Lankans have migrated over the last three years (2022-2024) for employment opportunities overseas, which have strengthened inward remittances to the country. Based on the CBSL provisional data, the departures for foreign employment were 313,642 in 2023 compared to 297,656 in 2022. Saudi Arabia, Kuwait, Qatar, and United Arab Emirates remain the destinations to which highest number of Sri Lankans have located as migrant workers in recent years based on statistics of SLBFE.

Financial inflows continued to remain strained during 2024. Net inflows to the Colombo Stock Exchange (CSE) were USD 33 million in 2024 compared to net inflow of USD 18 million in 2023. Net outflows from government securities were USD 179 million compared to the net inflows of USD 210 million in 2023. The gross official reserves (GOR) strengthened to USD 6.1 billion by the end of 2024 compared to the USD 4.4 billion end of 2023. The GOR included a USD 1.4 billion SWAP facility with the People's Bank of China, which was renewed for three years in December 2024, which was subject to conditionalities on usability. The increase in GOR during 2024 was due to substantial net purchase of foreign exchange by the Central Bank of Sri Lanka and receipts from multilateral institutions including the International Monetary Fund (IMF), World Bank (WB), and the Asian Development Bank (ADB). The GOR (including 1.4 billion SWAP) were estimated to be equivalent to 3.9 months of imports. In comparison, USD 4.4 billion recorded as GOR (including USD 1.4 billion SWAP) during the end of 2023, was equivalent to three months of imports. Despite the continued economic headwinds stemming from merchandise imports exceeding merchandise exports resulting in a deficit in trade balance, the tailwinds from net remittances from migrant workers and earnings from tourism through net services account balance provided resilience in the external sector recording a balance of payment (BOP) surplus of USD 2.9 billion during 2024 compared to the BOP surplus of USD 2.8 billion in 2023.

The Sri Lankan Rupee (LKR) remained relatively stable and continued to strengthen recording an appreciation against the United States Dollar (USD). The year 2024 witnessed sustained and improved migrant worker inward remittances, enhanced earnings from tourism, receipt of tranches of the EFF from the IMF and inward flows from other multilateral financial institutions which neutralized the widened trade deficit and augmented foreign exchange liquidity in the Country. As a result, the LKR recorded a 10.7 percent appreciation against the

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USD in 2024 compared to the 12.1 percent appreciation recorded in 2023. The LKR also appreciated against other major currencies such as the Euro (EUR), Pound sterling (GBP), Chinese yuan (CN¥), Japanese yen (JP¥), Indian rupee (INR), and Australian dollar (AUD).

## Lubricants industry

In the absence of statistics being released by the lubricant market regulator relating to 2024 market performance, the company is unable to make accurate and reliable comments on market share and segment trends. The total number of licensed players in the lubricant market was 35 based on information published by the Public Utility Commission of Sri Lanka (PUCSL).

However, we believe the following factors would have likely had a positive impact towards demand for lubricants in the industry.

The volume of diesel and petrol sales in the country increased during 2024 compared to 2023 based on statistics released by CBSL. The increased diesel and petrol sales are likely to have been linked with the progressive reduction in fuel prices in the country during the year 2024, following the favourable effects of local currency appreciation (LKR/USD) and reduction in crude prices in the global market. The increased fuel sales are likely to have increased demand for lubricants in the automobile sector of the market during the year.

Kerosene prices also declined during the year resulting in exponential growth in kerosene sales as reported by CBSL, which is likely to have provided an impetus to the fisheries sector making usage of

fuel powered boats relatively affordable, which in turn is likely to have increased lubricant consumption. The GDP sectoral growth in marine fishing reported by CBSL further substantiates the likely demand for lubricants that stemmed from the sector.

The rebound in construction activities during 2024, as indicated in CBSL statistics on GDP sectoral growth, is believed to have had a positive impact on demand for lubricants in the hydraulic segment, whilst also spurring transportation activities vis-à-vis usage of vehicles for construction related activities, increasing the demand for heavy diesel motor engine oils.

Driven by the increased transshipment activities and import of consumer goods during the year, port activities also recorded a growth with overall container handling and cargo handling recording growth rates of 12.1 percent and 15.0 percent respectively, during the year 2024 compared to 2023, according to CBSL. The growth registered in port activities strengthened the demand for lubricants in the sector.

We believe the following factors may have stifled demand for lubricants.

The continued embargo on vehicle importation, which was first implemented in March 2020, relatively compressed demand for lubricants in the market in 2024 as well. The composition of the vehicle population in 2024 remained largely in tandem with that of previous years, with motorcycles comprising 58.2 percent in 2024, followed by three-wheelers at 14.0 percent and motor cars at 10.7 percent, as per the statistics compiled by the Department of Motor Traffic in Sri Lanka.

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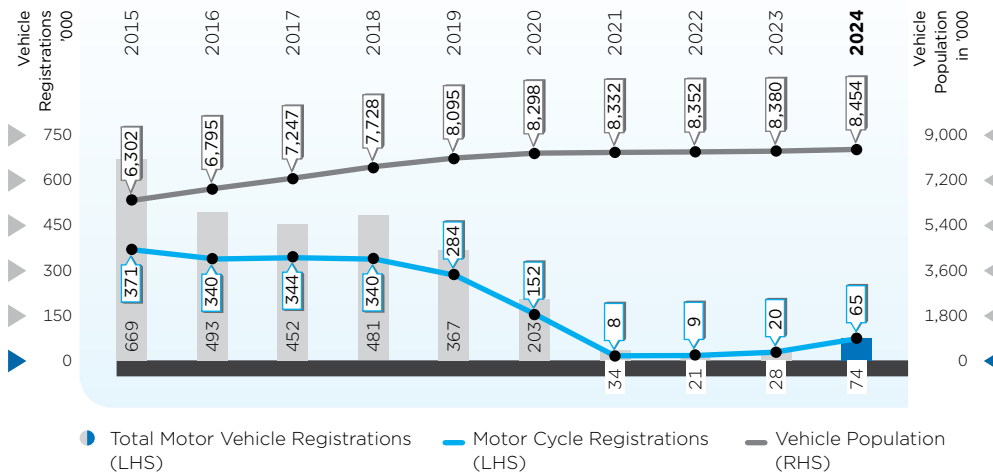
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## Total motor vehicle registrations



Source: Department of Motor Traffic of Sri Lanka

Based on CBSL statistics on external sector performance, the export of rubber products (industrial exports) grew by 8.1 percent (in USD), whilst export of rubber (agricultural exports) contracted by 7.4 percent (in USD) year-on-year in 2024. However, it is believed that demand from lubricant intensive industrial rubber exports was likely subdued due to lackluster demand from key export markets.

The functional benefit of longer oil drain intervals offered to consumers, through superior product technology, continues to compress lubricant volumes in the industry due to less frequent oil changes.

Demand for lubricants from lubricant intensive thermal (fuel) power generation declined during the year, particularly, owing to increased hydro power generation due to the heavy and frequent rainfall in rain-catchment areas. The contribution from coal power and non-conventional renewable energy to the national energy grid also increased during the year, further impeding demand for lubricants in this segment.

Challenges induced by the economic crisis have continued to expose vulnerabilities across many markets, including the lubricants industry in the country, whilst the evolving global geopolitical tensions have aggravated the situation.

## Sales

### Retail sales

Consistent with the country's economic growth, the Retail channel of Chevron Lubricant Lanka PLC (CLLP), which contributes approximately 70 percent of the company's sales volume, recorded double digit growth in 2024 compared to 2023. Transportation, agriculture, construction, and fisheries were the key economic sub-sectors which significantly contributed towards the double-digit growth of the retail business last year. Strong initiatives, including the Distributor Trade Programme (DTP), focused national trade promotions, and consumer promotions, along with excellent execution by the team was the winning formula that drove retail results in 2024.

The Retail channel, which is the distribution arm of CLLP, increased its presence and effectively served retailers across the country through its network of 17 distributors. The strategy, focused on both exclusive and non-exclusive channels, using tailored performance-based incentives to support distributors and retailers. National promotions and trade schemes were also continued to keep prices competitive and affordable for consumers.

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The import ban on vehicles continued in 2024, limiting growth opportunities traditionally associated with new vehicle sales. Despite these challenges, CLLP's retail channel remained resilient and focused on gaining market share from the competition. To achieve this, CLLP rolled out a non-exclusive channel programme focusing on multi-branded retail outlets and partnered with selected independent service stations across the country. These strategic initiatives helped CLLP maintain its strong position in the market. By leveraging these partnerships and expanding its distribution network, CLLP was able to navigate the challenges posed by the import restrictions and continue driving growth in the retail market.

In the months leading up to the elections, proactive measures were taken to plan and secure monthly sales volumes, amidst concerns on potential market disruptions. However, post-election market conditions remained stable, with no significant disruptions.

The focus on high-margin branded packs remained a priority in 2024 to ensure profitable volume growth. Incentives offered to distributors and distributor salespersons upon achieving set sales targets, attractive trade offers and consumer promotions on small packs of Delo® branded diesel engine oils and Havoline® branded motorcycle oils, were a few of the initiatives that ensured improved product portfolio mix between packaged products and loose oil sold in drums.

With the aim of increasing awareness of the risks posed by unauthorized players and adulterated products, and with the intention of successfully onboarding the newly recruited Caltex® Authorized dealers, CLLP conducted training programmes to educate channel partners about its product range and lubricant standards. These initiatives aimed to ensure product authenticity and build trust among consumers and channel partners.

## Commercial and industrial sales

In the Business-to-Business (B2B) channel, from a broader perspective, the key contributors to lubricant demand includes the rubber industry, the power generation sector, industrial operations, transport Industry, original equipment manufacturers (OEMs), and government institutions. The year 2024 witnessed a mixed performance across these sectors.

The rubber industry experienced a relative downturn due to the global economic slowdown in Europe and in the US, which reduced export demand and, consequently, lubricant consumption. The power generation sector recorded lower lubricant demand due to increased reliance on hydroelectric power, which limited the need for thermal power generation. In contrast, the construction sector, along with industries such as port operations and refinery operations, saw positive growth in 2024, contributing to stable demand for lubricant products.

CLLP remained focused on optimizing operations in 2024, through stronger and differentiated service propositions offered to its customers, which included lubricant surveys to provide optimum product offers, service monitoring programmes to extend the service life of lubricants, conducting knowledge sharing sessions to key customers and bulk delivery consolidation to reduce logistics costs. A new coolant product was also introduced for power plants operations, expanding CLLP's product portfolio to cater to the growing renewable energy sector.

The Company further strengthened its market presence by establishing a joint business partnership (JBP) with a leading vehicle importer/service provider, resulting in a significant increase in lubricant volumes and share. Distribution operations were also enhanced through the appointment of a new entity to manage industrial accounts, ensuring broader market coverage. Despite the headwinds in realizing volumes from certain sectors, managing and achieving profitability targets remained a key focus area which was commendable in 2024.

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## Exports

### Bangladesh

Bangladesh remains CLLP's primary export market. The year 2024 was overshadowed by a combination of political and economic turmoil in the country, and the transition of CLLP's distributor in Bangladesh. As a result, exports to Bangladesh declined in 2024 compared with 2023.

In September 2024, a new distributor, Astro Engineering Limited, was appointed. Astro Engineering Limited is part of the United Group in Bangladesh. This strategic partnership between CLLP and Astro Engineering Limited is expected to enhance our market reach and operational efficiency in Bangladesh.

Despite the ongoing political and economic headwinds encountered in Bangladesh, we believe that our distributor is well positioned to navigate the market conditions effectively.

### Maldives

In 2024, the Maldives market also faced headwinds due to the economy although our own volumes recorded year-on-year growth. The growth came mainly from the resort sector, which constitutes 80 percent of the total lubricant demand in the country. Despite facing a scarcity of USD availability in the country, our two distributors in the Maldives adeptly navigated the economic challenges, ensuring sustained business growth.

In 2025, we expect steady volume growth by conducting focused activities and enhancing our customer engagement strategies.

## Marketing and branding activities

In 2024, CLLP strengthened its marketing and branding efforts through a data-driven, results-focused approach. With an agile team, the Company balanced strategic priorities with key performance indicators (KPIs), focusing on high-margin portfolios to drive profitability and grow market share. Strategic alliances and value-focused programmes drove

incremental volume expansion, further sustaining the Company's competitive advantage.

By maintaining internal and external accountability, CLLP has been recognized for its value-driven commitments and propositions.

## Strengthening brand equity

CLLP strengthened its brand equity in 2024 by initiating a series of strategic activities that reinforced its leadership role in the energy sector. One of its key objectives was raising its media exposure through strong investments in advertising across different media channels such as radio, television, and social media. Caltex, particularly, had a strong online presence on platforms including Facebook, Instagram, YouTube, and LinkedIn, where it enjoyed high visibility and direct customer engagement. With top priority for content development, CLLP utilized these platforms to push specific messaging, enhance brand perception, and garner high customer satisfaction.

One of the highlights of this brand development plan was the recruitment of cricket legend, Mahela Jayawardene as brand ambassador for Caltex Havoline. His endorsement of the brand cemented CLLP's commitment to excellence, as his leadership values aligned with the Company's commitment to performance and reliability.

CLLP has maintained its strong leadership in the lubricants market by consistently investing in advertising. Through the integration of traditional and digital media strategies, the Company was able to have continuous and effective communication with customers. As the industry's largest media buyer, CLLP used digital communication channels and targeted marketing efforts to highlight product benefits, create brand value, and educate customers on the function of lubricants in car care.

With contemporary digital strategies and an overall media strategy, CLLP was successful in influencing consumer engagement, establishing brand loyalty, and reinforcing itself as a leader in the lubricants industry.

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## Strong value propositions for consumers

CLLP's unwavering focus on value creation has been a key driver of success, reinforcing customer loyalty and market leadership. Through targeted promotions, innovative product offerings, and consumer engagement initiatives, the Company has consistently delivered greater value to its customers while strengthening brand trust and positioning.

Several high-impact promotions were introduced to reward customers and drive brand preference:

- Revolutionizing performance with extended oil drain intervals:** Chevron's passenger car motor oil set a new benchmark in the industry with its remarkable oil drain interval of up to 10,000 km—double the typical 5,000 kilometers. Backed by field trials, local research, and the endorsement of Mahela Jayawardene, this innovation bolstered the brand's credibility while offering consumers a significant cost-saving advantage amid rising inflation. To raise awareness and celebrate this achievement, CLLP launched creative marketing initiatives like the "Love for the Journey" campaign, utilizing social media and influencer marketing to highlight the 10,000-kilometre oil drain warranty. By tapping into Sri Lanka's passion for travel, the campaign enhanced brand appeal among both travelers and daily commuters, reinforcing Caltex Havoline's status as the go-to choice for long journeys.



Announcement event of Mahela Jayawardene as Caltex Havoline brand ambassador

- Heavy-duty diesel engine oil offering:** Since 2022, CLLP has strengthened its dedication to top-tier claims, including Delo's impressive 30,000-kilometre drain interval for heavy-duty diesel engines. By prioritizing extended service life and cost efficiency, CLLP is continually improving its Caltex Delo product line and promoting awareness of its high-performance lubricants.
- Retail customer promotions:** To enhance brand loyalty and attract new customers, CLLP introduced initiatives that included instant mobile reloads and free diesel fuel. The fuel giveaway involved a lucky draw, where loyal customers had the chance to win free diesel, while the mobile reload campaign offered immediate talk-time benefits to those purchasing motorcycle oil. These promotions effectively strengthened brand loyalty, boosted sales, and heightened consumer engagement.

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Through the release of these strategic initiatives, CLLP not only cemented customer ties but also yielded tangible outcomes, ensuring greater value, higher confidence in the brand, and a greater competitive edge within the market.

## Driving competitive performance

Despite an increase in competition, the Company has remained committed to maintaining market leadership and developing solid segment shares. Through an appreciation for shifting consumer trends – such as growing demand for cost-effective solutions and extended service drain intervals – the Company launched strategic marketing solutions to cater to evolving customer needs.

The most significant driver of CLLP’s competitive performance has been its commitment to deliver value to our customers, channels and consumers. CLLP introduced targeted marketing initiatives to drive incremental volume growth across all channels – be it retail oil stores, service centers or even industrial businesses. Pocket seminars, training sessions, and technical knowledge upgrades on lubricants were conducted to increase customer and partner awareness. By leveraging a strategic partnership between the Sales, Technical, and Marketing teams, these initiatives enabled B2B teams to comprehend market dynamics in greater depth and drive business growth. Thus, CLLP has succeeded in developing stronger business relationships, driving growth opportunities among large customers.

- Loyalty programs for retail outlets and service stations:** CLLP launched volume-based schemes of loyalty with the aim of rewarding retailers and businesses. The schemes presented compelling volume targets and value propositions that strengthened relations with key retail partners. With appealing incentives, CLLP achieved more shelf space in-store at retail sites, enhancing investments in Caltex products and fostering brand loyalty.
- Strategic partnerships with service stations:** To further strengthen relations with key business partners, CLLP formed strategic alliances with service stations through contractual agreements that offered innovative benefits. One such programme was a product knowledge and industry information refresher, keeping retail partners abreast of lubricant industry trends and product advancements. Perhaps the most prominent effort was the showcasing of CLLP’s lubricant blending plant at Sapugaskanda, which provided partners with first-hand experience of CLLP’s state-of-the-art manufacturing process and product reliability. This initiative not only sustained partner trust, but also heightened the general industry’s understanding of lubricants.

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- Maximizing return on investment (ROI) through campaigns and programmemes:** To ensure sustained competitive performance, CLLP prioritized delivering maximum ROI from all brand campaigns and programmemes. Every initiative was designed to yield exceptional results, benefiting the Company, its business partners, and end consumers alike.

Through a sustained focus on industry trends, rising partner engagement, and executing data-driven strategies, CLLP has strengthened its market leadership. Its nimble and consumer-centric approach continues to drive resilience, growth, and competitiveness in an evolving industry environment.

## Strategic partnerships

In order to enhance its industry leadership and expand market share, CLLP has been aggressively forging major partnerships that enhance greater accessibility, customer convenience, and business growth. Through such strategic alliances, the Company has been able to leverage digital distribution, multi-brand retail growth, and original equipment manufacturer (OEM) partnerships, strengthening its competitive position.

- E-Commerce expansion with Daraz:** CLLP partnered with Sri Lanka's first e-commerce hub, Daraz, to launch

a flagship store, extending beyond conventional distribution channels for greater exposure. This initiative provided customers with online purchasing access, frequent discounts, such as free shipping, and exclusive online promotions, making shopping easy and convenient. Leveraging Daraz's island-wide distribution network enabled CLLP to strengthen its online presence by making Caltex products easily accessible for purchase at any location in the country.

- OEM partnership with Sterling**

**Automobiles:** One notable strategic initiative was CLLP's agreement with Sterling Automobiles, an industry-leading OEM partner. Caltex exploited the strength of its brand as well as technological competence to make premium lubrication solutions and uncompromising standards of service accessible to Sterling consumers. Through an understanding of consumer engine performance as well as durability, this cooperation helped to emphasize Caltex's image of delivering best-in-class automotive solutions along with shaping future business growth opportunities.



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Technical training session for Sterling Service advisors and Mechanics

- Uber partnership:** In the fourth quarter of 2024, CLLP collaborated with Uber Sri Lanka in offering lubricants at concessionary prices to Uber drivers and delivery partners. The programme promoted 10,000-kilometre drain intervals, with longer mileage, improved engine defense, and lower maintenance costs—a critical advantage for high-mileage drivers. Having recognized Uber drivers as major proponents of Sri Lanka's mobility and gig economy, CLLP sought to support their living standards by enhancing vehicle efficiency and boosting their earning capacity.



Launch event of Caltex and Uber partnership

Through such strategic alliances, CLLP has reinforced its position for leadership and strengthened its engagement with primary stakeholders. This alignment with retail, e-commerce, and OEM partners has enabled the Company to expand its reach, create brand value, and promote long-term business development and customer satisfaction.

## Product technology

Product technology is a core pillar of CLLP's commitment to delivering high-performance solutions of global standard and aligning with local market requirements. The past year has seen significant strides in the Company's product portfolio, brand positioning, and customer engagement—placing CLLP at the forefront of innovation in the lubricant business.

## Innovating for performance and global alignment

CLLP continuously works on improving product technology to remain in sync with evolving market demands, while ensuring compatibility and compliance with international standards. In 2024, CLLP introduced Marfak EP 2 and Marfak EP 3, two performance greases that are well-suited for both automotive and industrial applications. These products were introduced to support the alignment between the product's value proposition and the needs of its target customers.

In addition to launching new products, CLLP has extended its product offering under the "Regal circulating oil" brand name as part of a global industrial lubricants portfolio review. As a result, popular local brands, Canopus and Texatherm have been extended with the 'Regal' family of brands. The action brings consistency in product identity across geographical regions, simplifying customers' experiences while capitalizing on the same proven formulations. Importantly, CLLP achieved these enhancements without discontinuing any existing products, ensuring ongoing support to customers.

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## Strengthening communication and customer engagement

Seamless product introduction is facilitated by proper communication. CLLP engaged customers in 2024 by keeping them informed through market communication letters and comprehensive product data sheets that provided the required technical details and application/service considerations for a smooth implementation.

To further enhance technical support, extending to commercial and industrial customers, CLLP has started developing a technical team member, as an in-country 'Technical Solution Specialist', through required competency development programmes as set out by the Chevron Regional Technical Solutions/Learning and Development teams. This is a key role in helping customers optimize lubricant usage and reduce total cost of ownership. The Company's technical manager received specialized training in asset management and reliability-centered maintenance in Cairo, Egypt, and is now best positioned to provide advanced technical support.

CLLP also focused on knowledge transfer through trainings of lubricant awareness programmes for area sales managers and the distributor sales staff, covering the entire island, while making visits to customer sites to support front line sales teams as required. As part of external training, the Company shared its expertise with the next generation of automotive mechanics at the Ceylon German Technical Training Institute, teaching students the role of lubricants in automotive related applications.

## IT and digitalization

### Embracing digital transformation

In 2024, Chevron Lubricants Lanka PLC (CLLP) introduced a new Distributor Management System (DMS) and Sales Force Automation (SFA) system, making significant strides in its sales digitalization journey. CLLP partnered with Accenture, a leading global consulting firm to drive this implementation. This initiative equips Chevron and its distributors with an integrated route-to-market solution, enabling CLLP to uncover customer insights, enhance distribution coverage, and optimize distributor sales force operations.

To ensure a smooth transition, the system implementation was accompanied by extensive trainings and well-planned system rollouts. This best-in-class sales and distribution solution is a powerful offering that delivers order-to-cash, invoicing, route planning, inventory management, target setting, sales promotions, discount administration, credit control, and provides dashboards and reports—all within a single, integrated platform.

Thanks to the new digital framework based on cloud architecture, the new DMS/SFA addresses the limitations of the previous system, such as the lack of real-time data accessibility and visibility. The sales force now has instant access to customer information, purchase history, promotional campaigns, sales planning tools, collaboration features, performance monitoring, and target tracking—all at their fingertips. This enhancement significantly improves sales execution and the go-to-market strategy.

The ability to collect and analyze real-time data drives performance improvements and contributes to profitable volume growth. Additionally, the establishment of strong, technology-driven distribution networks has reinforced CLLP's position as the leader in the Sri Lanka lubricant market.

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## Our people

2024 was a solid year for the business in many aspects. Inspired by our theme for the year - 'Outperform as One', our teams made a head start in almost every function tapping on opportunities in the industry. While macro factors in the economy continued to be sluggish, with uncertainty on governance and policy reforms, our teams remained resilient and focused on deliverables, charting our own path to success, epitomized by our performance in 2024. From executing consumer and trade driven market campaigns, to the use of cutting-edge technology to improve efficiency, launching of new product offerings to upskilling our trade partners and workforce, there were many successful efforts across the organization to innovate and deliver value to our shareholders.

## Employee networking and engagement

The company calendar was dotted with multiple employment engagement activities during the year. 2024 commenced with an employee townhall on 2 January, where employees took part in the launching of our new theme for the year - 'Outperform as One'. With the objective of outperforming our own leadership position in the Sri Lankan lubricant market, the theme was aimed at elevating our own standards to achieve winning performance in the industry. Also in January, CLLP had the privilege of hosting over 150 Chevron leaders from around the EAMESA business cluster for a 2-day extended leadership forum which provided our management team members valuable opportunity for dialogue and recognition, in addition to showcasing Sri Lanka to our regional and global colleagues.

Chevron Sri Lanka Women's Employee Network (SWEN) hosted a series of networking events for the employees in 2024. A highlight was a series of fireside chats titled 'Women in Management' featuring senior female leaders in selected global business units such as Sales, Marketing, Marine and Health Safety Environment (HSE). The leaders inspired the audience with their career journeys leaving a deep-seated call to grow careers

both laterally and vertically. SWEN was also the only international network to be showcased in Chevron's International Women's Day podcast released in March. SWEN also hosted a session to support our workforce to update their Talent Cards, a tool used by Chevron for internal hiring and promotion along with a grooming and etiquette session conducted by a renowned image consultant. Active involvement in CSR campaigns, aimed at supporting the livelihood of communities and female entrepreneurs, was a valuable addition to the SWEN calendar in 2024. The network was also part of 'Abhimani', a company led CSR initiative to recognize female owned and operated exclusive Caltex dealerships across the island.

An outbound training programme was held for the entire team at MAS Athena Park, Thulhiriya, in August. Team based activities, scavenger hunts and numerous other team-based challenges helped build morale, camaraderie and leadership among the team in a setting outside our natural office habitat. The programme was enjoyed by the team and supported with cross functional teaming and relationship building.

## Career development and recognition

The company completed over 1750 hours of online and in person training during the year which was a 20 percent increase from year 2023. CLLP partnered with the Colombo Toastmasters Club to conduct a three-month Speech Craft Programme for our workforce. The programme was extremely popular and sign-ups exceeded capacity. It provided early career professionals with skills to level-up their communication skills through topics such as building up their message, storytelling, impromptu speaking, hand gestures, voice modulation, expansion of vocabulary and above all, boost confidence to speak to an audience. The programme culminated in a certification awarding ceremony where the participants showcased their skills through prepared and round robin speeches. Each participant was awarded a certificate from Toastmasters USA.

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One of our c-suite leaders attended the INSEAD: Eurasia Leadership Development Programme (ELDP) in Singapore and a functional leader attended the Emerging Leaders Programme (ELP) in Houston.

Approximately 16 percent of our workforce were promoted through the annual Career Ladder promotion cycle and job evaluation exercises. In a first for the country, CLLP was also inducted into the Chevron Global Career Ladder 137 for plant operators, providing plant-based supervisors an opportunity to be included in a competency-based growth framework that allows future development opportunities.

Recognition of exemplary performance and behaviours is a key facet of the Chevron Way culture. Our company-wide recognition programmes; Star Awards, Service Awards and Performance Awards programme speak to the stellar work performed by our employees in meeting goals. Our online recognition and award tool presented approximately LKR 2 million in cash awards to employees for their contributions, which employees redeem at their discretion throughout the year.

## Talent management and benchmarking

Many parts of the economy saw double-digit labor attrition owing to labor migration to more affluent global markets. With concepts such as shift working and remote working gaining popularity in these markets coupled with good standards of living, talent continued to migrate overseas leaving somewhat of a vacuum among professionals in mid-career and even at senior levels.

CLLP recorded an annual attrition rate of 7 percent, which was significantly lower than industry norms. However, during fourth quarter we continued to see an uptake of attrition linked to migration, particularly in the Engineering disciplines, which continue to be in demand in the aforementioned markets. The company remains focused on strengthening our talent pipeline through development, job rotations and internally managed promotions.

CLLP continued the annual Pay and Benefits benchmarking exercise in 2024 supported by the Chevron Total Remuneration (TR) group. Revisions proposed by the Rewards Study conducted in 2023 continued to pay dividends to the workforce in 2024 with utilization of enhanced medical insurance cover, paternity leave and transportation benefits.

## Supply chain management

In 2024, CLLP implemented several key initiatives to enhance the efficiency, reliability, in keeping occupational health and safety, and sustainability at its supply chain. It focused on developing stronger supplier relationships, operational excellence, cost effectiveness, and value chain excellence.

CLLP procures its raw materials, packing materials, and machine parts through a procurement process that includes global tendering for better collective bargaining. Other materials and services are sourced locally, with procurement category involvement to ensure better pricing and services. The firm also has strategic alliances with external suppliers, including those for packing materials, to provide quality raw materials and benefit from competitive global prices. Request for Quotations (RFQs) were issued on expiring contracts and also where the opportunities were observed for better pricing and service level improvements.

From a customer service perspective, CLLP recorded 99 percent of On-Time-In-Full (OTIF) to remain as a reliable supplier.

In response to market dynamics, CLLP was able to remain agile to meet small orders supported by business rationale, in addition to its regular orders where minimum order quantities were redefined while being cost efficient.

Operational enhancements were the key to establishing supply chain resilience. Warehouse capacity was expanded in the same footprint to increase stock range and quantum based on business

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requirement. Blending efficiency was enhanced, and waste generation has been minimized through various technical and operating process improvements. Linear materials movement supported optimized contractor resources to attain flexibility and efficiency in operating costs. The automated maintenance scheduling and execution helped keep machine availability high and achieve overall equipment effectiveness at elevated levels, which reduced unplanned breakdowns at production execution.

Through these strategic initiatives, Chevron Lubricants Lanka PLC reinforced supply chain excellence in order to build efficiency, cost savings, and long-term operating stability.

CLLP continued to leverage on energy efficiency and resource conservation. The organization drew 10 percent of its energy from solar energy, reducing reliance on non-renewable sources. As an initiative to help reduce CLLP's carbon footprint in supply chain, waste management also took a top priority, following reduce, reuse, and recycle principles to minimize waste and maximize resource utilization. Waste oil was utilized as boiler substitute fuel to reduce fuel intake. Recycling programmes for certain packaging material were also continued in an effort to help minimize CLLP's carbon footprint.

As part of its continuous improvement effort, CLLP reviewed 2024 performance metrics to fine-tune supply chain targets for 2025. The emphasis continues to be on building stronger supplier partnerships, using digital technologies for productivity, and continuing to build on operational excellence.

## External recognition

Chevron Lubricants Lanka PLC's unwavering commitment to excellence, innovation, and market leadership was recognized through prestigious awards in 2024, solidifying its formidable market presence and robust financial performance.

In a testament to its industry dominance, CLLP was acclaimed as the 'Most Respected Entity' in Sri Lanka within the oil and lubricant sector by LMD, underscoring the Company's exceptional credibility, trust, and influence in the industry.

The Company also secured special rankings in the LMD 100, demonstrating its financial strength and operational efficiency:

- No. 5 in Asset Utilisation, for CLLP's ability to optimise the utilisation of its assets.
- No. 8 in Return on Equity (ROE), reflecting healthy profitability and value generation for its shareholders.
- No. 12 in Shareholder Funds, underlining its strong financial standing.

In addition to maintaining its strong industry ranking, CLLP proudly secured a place among Sri Lanka's Top 40 Companies by Business Today. This accolade is a testament to CLLP's unwavering excellence in performance, strategic growth, and its unrelenting commitment to delivering unparalleled value.

These prestigious recognitions underscore CLLP's commanding leadership in the lubricants sector, highlighting its reputation as a dependable and high-performing business enterprise in Sri Lanka.



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# CORPORATE SOCIAL RESPONSIBILITY



In 2024, Chevron Lubricants Lanka PLC (CLLP) demonstrated its strong commitment to Corporate Social Responsibility (CSR) through impactful initiatives focused on women's empowerment, disaster relief, and road safety awareness. These efforts underscored CLLP's dedication to fostering social well-being and community development in Sri Lanka.

• **Empowering female entrepreneurs in the Lubricant Industry:**

CLLP took a major step towards promoting women's economic independence as it empowered 81 women who own and operate their own Caltex authorised dealerships and Caltex Xpress Lube service stations. To further support their journey, CLLP conducted knowledge-enhancing sessions on health, wellbeing, and financial management under the Caltex Abhimani CSR pillar. These sessions were meticulously designed to provide comprehensive guidance and skills necessary for their personal and professional growth. In addition, CLLP provided a health screening package that covered 11 essential health tests important for women, ensuring their wellbeing was thoroughly addressed. All these initiatives were conducted under the theme of 'Inspire Inclusion' in commemoration of International Women's Day.



*Caltex Abimani event celebrating female owned Caltex authorized dealerships*

• **Disaster relief and community support:**

Recognising the devastating impact of the floods in Sri Lanka, Chevron Corporation contributed USD 35,000 to the Red Cross to aid disaster relief efforts. The funds were directed toward well-cleaning activities and other essential recovery efforts, allowing affected communities to return to clean water and safe living.



*Chevron donates \$35,000 to Sri Lanka Red Cross society flood relief initiatives*

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• **Road safety awareness programme:**

CLLP partnered with the Sri Lanka Red Cross alongside the Sri Lanka Traffic police to launch a transformative road safety awareness programme addressing critical traffic safety issues throughout the country.



*Chevron partners with Sri Lanka Red cross society in collaboration with Sri Lanka Traffic Police to launch a comprehensive road safety program*

• **This initiative targeted three main areas:**

- Educating school children:  
Our engaging sessions are aimed to equip young minds with essential road safety practices, empowering them to navigate roads securely and confidently.
- Promoting road safety practices:  
Through extensive outreach, we sought to instill vital road safety knowledge among pedestrians, cyclists, and motorists, fostering a culture of safety and responsibility.
- Enhancing emergency response:  
We conducted specialized first aid training for police officers, significantly boosting their capacity to respond swiftly and effectively to road emergencies.



*First aid training program conducted to enhance emergency preparedness of Sri Lanka traffic police officers*

These impactful CSR efforts underscore CLLP's unwavering commitment to economic empowerment and women's inclusion in the lubricant industry, disaster resilience, and road safety advancement. By addressing these crucial areas, CLLP continues to create positive, lasting changes in the lives of Sri Lankans, demonstrating our dedication to social responsibility and community well-being.

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# FINANCIAL REVIEW





## Growth, profitability and efficiency

### Revenue

The Company recorded a revenue of Rs. 22.96 bn during the period under review which was a 1% YOY decline in comparison to Rs. 23.25 bn recorded in 2023. The decline in revenue stemmed primarily due to the lower revenue per liter (average sales price) recorded, which was partly neutralized by the favourable impact stemming from higher sales volumes generated in comparison to 2023. The Revenue decline on account of lower revenue per liter (average sales price) was approximately Rs. 484 mn, partially offset by an increase in revenue of approximately Rs. 195 mn due to higher sales volumes compared to 2023.

The higher volumes recorded in 2024 in comparison to 2023 were primarily due to the growth in the domestic retail channel which accounted for the larger proportion of the Company's total volumes. Despite the adverse effects of compressed disposable income of consumers due to increased personal income tax rates, reduced tax-free thresholds/tax-free allowances which took effect from 2023, compounded by the adverse effect on real income due to an increase in indirect tax (in the form of VAT rate increase) at the commencement of the year, overall demand for lubricants was favourably impacted. The tailwinds were led by the rebound in construction industry, growth in tourism and its impact on transportation activities and ancillary industries, whilst the relative reduction in commodity prices and the decline in cost of utilities including fuel contributed towards the decline in inflation which spurred the growth in demand in certain segments during the year. The Company was also able to leverage on the favourable foreign exchange effects of local currency Sri Lanka Rupee (LKR) appreciation against the United States Dollar (USD) and the relative reduction in

commodity prices, to offer well-structured trade promotional schemes and incentive programs for channel partners to drive sales volumes whilst managing a balanced sales portfolio, enhanced sales reach and effective marketing strategies.

The domestic commercial & industrial channel recorded a de-growth in volumes during the year primarily due to the compressed volumes from the rubber industry owing to the global economic slowdown experienced in the USA and Europe, whilst demand for lubricants from power generation sector also declined due to lower thermal power generation. The Company continued to secure volumes through some of the large-scale government tenders that were won by CLLP during the year in review. The Original Equipment Manufacturers (OEM) segment also recorded a de-growth in volumes, while sales through the toll blending operation re-commenced during the year to record a growth.

Export sales volumes to Bangladesh declined compared to 2023. The combination of political and economic turmoil in Bangladesh, and the transition of CLLP's distributor in Bangladesh stifled exports to the country.

Export volumes to Maldives recorded a growth with increased demand from the resorts segment. The growth in volumes were noteworthy, despite the economic constraints vis-à-vis foreign currency scarcity encountered by Maldives.

The continued export of certain lubricant and coolant products to a few inter companies recorded a volume growth which also contributed towards the revenue growth from related parties during the year vs 2023.

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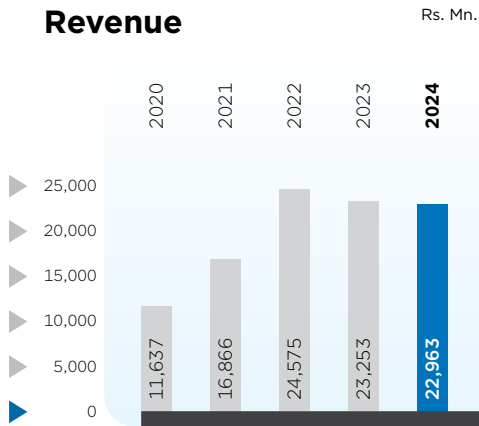
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## Revenue



year due to timing effects on depletion of cash reserves vis-a-vis settlement of trade and other liabilities. The interest cost on lease liabilities increased in 2024 compared to 2023.

Profit for the year was Rs. 3,855 mn compared to Rs. 3,603 mn in 2023. Total comprehensive income increased by 6% YOY to Rs. 3,836 mn, which included a net other comprehensive loss after tax of Rs. 19.8 mn pertaining to an actuarial loss on retirement benefit obligation.

## Profit after tax

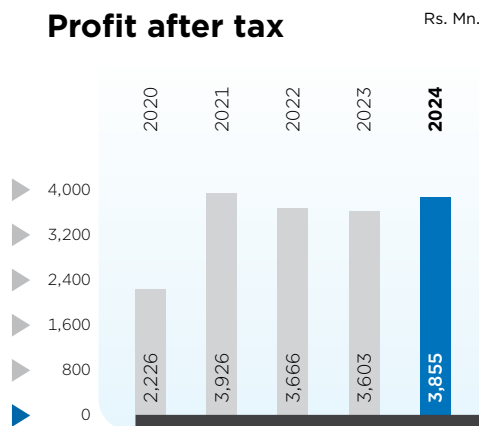
Profit After Tax increased by 7% YOY to Rs. 3,855 mn compared to Rs. 3,603 mn recorded in 2023. The gross profit margin increased to 35% from 32% in 2023. The company maneuvered its trade discount and promotional schemes and programs to incentivize channel partners and consumers by leveraging on the favourable effects of the LKR appreciating against the USD. Whilst import tariffs on base oil imports remained high, commodity prices softened and were less volatile during the year compared to 2023, which provided relative stability in product cost and pricing.

Despite the increase in administrative & distribution combined expenditure compared to 2023, operating profit increased by 10% in 2024 mainly due to the increase in gross profit, as cost of sales softened due to local currency appreciation and relatively lower base oil prices.

Profit Before Tax increased to Rs. 5,532 mn in 2024 from Rs. 5,144 mn in 2023.

A decline in net finance income was recorded for 2024 due to lower net foreign exchange gains that were recorded as a result of LKR appreciation against the USD, in comparison to the higher net foreign exchange gain recorded during 2023. Interest income increased during the

## Profit after tax



## Income tax

Income Tax expense for the year was Rs. 1,676 mn, which translates to an effective tax rate of 30% parallel with the 30% recorded last year. In reference to the Inland Revenue (Amendment) Act No. 45 of 2022, the Company computed its business income and investment income at 30% standard rate for 2024 and for the comparative period in 2023.

A net deferred tax credit was recorded during the year, which primarily stemmed from the timing effects of accounting written down value compared with the tax written down value of the property, plant and equipment of the company. Secondly due to the lease liability and right of use assets. Total income tax expense amounted to Rs. 1,668 mn which included a deferred tax credit on other comprehensive loss for the year.

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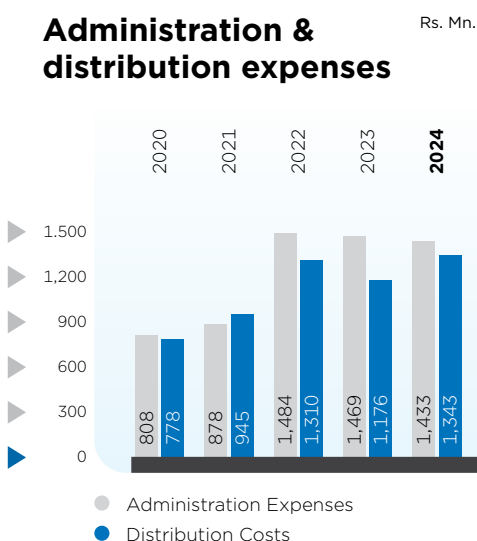
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## Distribution and administration expenses

Distribution expenses increased by 14% to Rs. 1,343 mn from Rs. 1,176 mn recorded in 2023. The increase in distribution expenses was mainly attributed to the relatively higher advertising, sales and promotions costs, and the incurrence of expenditure on corporate social responsibility initiatives after the lapse of many years, and higher employee related costs during the year. During the comparative period in 2023, advertising and sales promotion expenditure was rationalized vis-à-vis sales volumes and managing earnings. Administration expenses amounted to Rs. 1,433 mn, reflecting a decline of 2% compared to Rs. 1,469 mn in 2023. The decline largely stemmed from the USD denominated intercompany service charges incurred, due to the LKR appreciation against the USD experienced during the year, despite an increase in USD denominated charge (4% increase vs 2023). The favourable effects of the lower intercompany service charge expenses on account of local currency appreciation were partly offset by the increase in employee related expenses.

### Administration & distribution expenses



## Liquidity

### Working capital

Total inventory increased by Rs. 1,313 mn, due to an increase in raw materials inventory and an increase in finished goods. The raw material inventory increased by Rs. 912 mn due to the timing effects of the procurement cycle. Finished goods inventory increased by Rs. 401 mn to Rs. 1,577 mn compared to the Rs. 1,176 mn recorded in 2023 reflecting a relatively weak demand experienced during the fourth quarter of 2024, which resulted in lower depletion of finished goods inventory in contrast to the comparative period.

Trade receivables increased compared to 2023 by Rs. 732 mn with the number of "days sales outstanding" (DSO – Company formulated metric) amounted to 36 days in 2024 (36 days in 2023). Whilst the Company, retained its tight credit control policy and collection efficiency to ensure the strong commitment towards efficiency in managing its working capital cycle, despite the relatively loose credit policies seen in the market to push sales in a highly competitive environment, we were compelled to extend deferred payment terms to some of our business partners to help them navigate through their cash flow and investment challenges during certain months of the year. The Company remained cautious in extending credit to sectors predisposed to liquidity constraints and remained vigilant to market and economic developments through robust credit controls.

The company maintained a healthy liquidity position by recording a current ratio of 3.4 (2023: 3.8) and a quick asset ratio of 1.5 in 2024 (2023: 2.0) to meet working capital requirements. The lower current ratio compared to 2023 was largely attributable to the decrease in trade and other receivables. A decline in the trade & other receivables in 2024 was due to the relatively lower third party sales during the last two months of the year.

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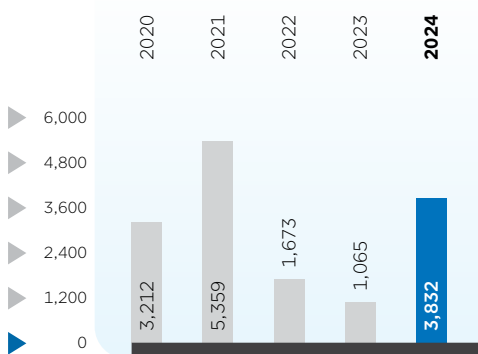
## Cash flow

Cash generated from operating activities increased to Rs. 5.5 bn compared to Rs. 2.6 bn in 2023, whilst the net cash flow from operating activities increased to Rs. 3.8 bn from Rs. 1.1 bn recorded during 2023. The Company generated a free cash flow of Rs. 3.7 bn (2023: Rs. 0.9 bn). The net cash generated from investing activities, improved YoY due to lower capital expenditure incurred. The comparatively higher free cash flow generated in 2024 is mainly attributed to the increase in trade and other payables, compared to the settlement of long outstanding foreign currency denominated liabilities in 2023 which depleted cash reserves.

Two interim dividends amounting to Rs. 1,680 mn was declared during the year. The cash payout was Rs. 3,600 mn during the year, which included the third interim dividend of Rs. 1,920 mn pertaining to 2023 earnings. The third interim dividend of Rs.1,920 mn pertaining to 2024 was paid during March 2025. Cash and cash equivalents at year end decreased marginally relative to 2023.

## Net cash flow from operating activities

Rs. Mn.

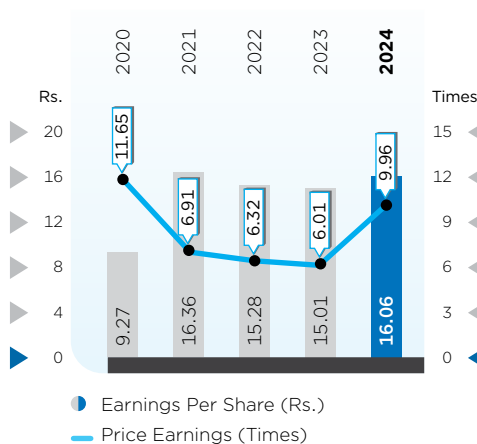


## Stability and investor return

### Financial stability

The Company recorded a return on equity of 46% in 2024 (50% in 2023). Earnings per share increased by 7% to Rs. 16.06 in 2024 compared to Rs. 15.01 in 2023.

### Earnings per share & price earnings



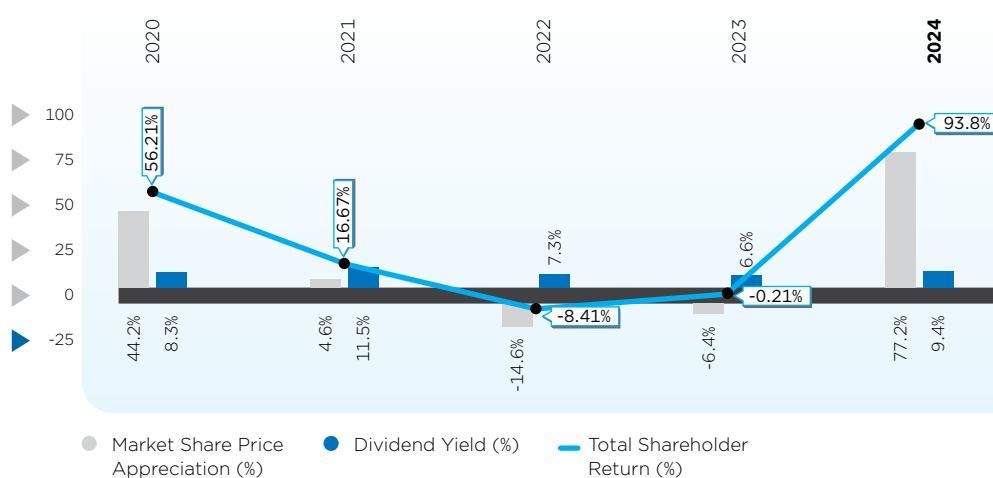
### Investor return

Dividend per share amounted to Rs. 15.00 which translates to a dividend yield of 9.4% based on the share price recorded as at end December 2024 compared to 6.6% recorded in 2023, whilst capital growth increased via a rebound in market share price by 77.2% in comparison to a decrease reported in 2023 of 6.4%.

Total Shareholder Return also was 93.8% in 2024 in comparison to a decrease reported in 2023 of -0.21%.

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## Market Share Price Appreciation, Dividend Yield and Total Shareholder Return (TSR)



## Quarterly results

A summary of the quarterly results for 2024 and 2023 based on the quarterly financial statements submitted to the Colombo Stock Exchange are tabulated below.

Interim Financial Statements Submitted to the Colombo Stock Exchange

	2024 1Q Rs. Mn.	2024 2Q Rs. Mn.	2024 3Q Rs. Mn.	2024 4Q Rs. Mn.	2024 Total Rs. Mn.	2023 1Q Rs. Mn.	2023 2Q Rs. Mn.	2023 3Q Rs. Mn.	2023 4Q Rs. Mn.	2023 Total Rs. Mn.
Turnover	7,061	5,285	5,994	4,622	22,962	6,251	5,327	6,149	5,526	23,253
Gross Profit	2,591	1,720	2,113	1,633	8,057	2,081	1,616	1,973	1,754	7,424
Operating Profit	1,889	1,043	1,429	928	5,289	1,457	1,009	1,334	990	4,790
Finance Income/ (Cost) - Net	111	32	48	52	243	214	132	(20)	28	354
Profit Before tax	2,000	1,074	1,477	980	5,531	1,671	1,142	1,313	1,018	5,144
Profit After Tax	1,402	748	1,031	674	3,855	1,165	794	903	733	3,595

### Note:

These results may not add up to the final results disclosed in the Audited Annual Accounts due to changes in presentation, classification, other adjustments and rounding-off.

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# CORPORATE GOVERNANCE

The Board of Directors of Chevron directs the affairs of the Company and is committed to sound principles of corporate governance.

## Board of Directors

The Board consists of 6 Directors, including 2 Independent Non-Executive Directors. As per the Board charter, the Board is responsible for the setting the overall direction, financial objectives and operational goals, reviewing and approving the annual plan, monitoring of performance against the objectives and goals, approval of quarterly and annual financial statements and major transactions. It monitors overall performance, risk management systems, the integrity of the Company's financial controls and the effectiveness of compliance program.

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

Two non-executive directors out of the four non-executive directors are considered independent in terms of the guidelines issued by the Securities and Exchange Commission of Sri Lanka. As such, the following independent non-executive directors have declared their independence as per CSE corporate

governance rule 9.8.5.(a) and as per CSE rule 9.8.5.(b) it is disclosed that the board of directors have determined the "independence" of the following independent non-executive directors' as per the declarations received.

* Asite Talwatte Independent Non-Executive Director	Determined as Independent
Harsha Cabral Independent Non-Executive Director	Determined as Independent
** Averil Ludowyke Independent Non-Executive Director	Determined as Independent

\* Asite Talwatte  
(Resigned from the Board w.e.f. 01st May 2025)  
\*\* Averil Ludowyke  
(Appointed to the Board w.e.f. 01st May 2025)

Appointment of non-executive directors is based on the nominations made by the nominations and governance committee and the collective decision of the Board.

As per Article 84 of the Articles of Association one third of the directors of the Board have to retire by rotation at every Annual General Meeting. The Chairperson and Executive Directors are excluded in determining the Directors to retire. The person who has served for the longest period has to retire but is eligible for re-appointment.

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The Board met four times during 2024 and the attendance is given below;

	Attended
Najam Shamsuddin NED	3/3
Danielle Lincoln NED	1/1
Bertram Paul ED	4/4
Erande De Silva ED	4/4
Haider Manasawala NED	4/4
Asite Talwatte NED/IND	4/4
Harsha Cabral NED/IND	4/4

NED = Non-Executive Director  
ED = Executive Director  
IND = Independent Director

## Audit Committee

This Committee functions under a written charter, and consists of two non-executive independent directors namely Mr. Asite Talwatte (Chairperson), Mr. Harsha Cabral and one non-executive director Mr. Haider Manasawala. The CEO/Managing Director and CFO/Director attend the meeting as per CSE listing rule requirement 9.13.3. (5).

The primary function as per the charter is to assist the Board in fulfilling its responsibilities by reviewing the financial information which is provided to shareholders, the systems of internal controls which management and board of directors have established, compliance with laws, regulations and ethics, risk management, performance, qualifications and independence of the external auditors and the performance of the internal audit. Both the internal auditors and external auditors have direct access to the Audit Committee.

The Board Audit Committee met five times during 2024 and the attendance is given below.

	Attended
Asite Talwatte*	5/5
Harsha Cabral	5/5
Haider Manasawala (appointed w.e.f. 30.07.2024)	2/2

\* Chairperson of Audit Committee

Mr. Bertram Paul – in the capacity of CEO/ Managing Director and Mr. Erande De Silva – CFO/Director attended all five audit committee meetings by invitation as per CSE listing rule requirement 9.13.3. (5)

## Remuneration Committee

The remuneration committee consists of three non-executive directors. This Committee reviews the salary and benefits programs of executive employees, including the executive directors.

	Attended
Harsha Cabral*	1/1
Asite Talwatte	1/1
Haider Manasawala	1/1

\* Chairperson of the Committee

## Directors Remuneration

Total remuneration paid to executive and non-executive directors are given in page 113 and the report of the Remuneration Committee is given in page 79.

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## Related Party Transactions Review Committee

The Committee consists of three non-executive directors. The scope of the committee would be to provide independent review, approval and oversight of related party transactions on the terms set forth in greater detail in the Committee Charter.

The Committee met four times during the year;

	Attended
Asite Talwatte*	4/4
Harsha Cabral	4/4
Haider Manasawala	4/4

\* Chairperson of the Committee

Mr. Erande De Silva Director/CFO attended all four related party transaction review committee meetings by invitation of the Committee.

## Nominations and Governance Committee

This Committee functions under a written charter, and consists of two independent non-executive directors namely Mr. Harsha Cabral (Chairperson), Mr. Asite Talwatte and one non-executive director Ms. Danielle Lincoln.

The scope and object of the committee includes formulation of policies that provide the framework for the nomination, appointment, election and/or re-election of Directors to the Board and the appointment of members to Board committees, formulation of policies that set out the framework for governance of the Company including corporate governance policies and compliance manuals, evaluating the fitness and propriety of persons for appointment, election and/or re-election as Directors to the Board and making recommendations to Board, overseeing and evaluating the compliance by the Company with the governance framework.

The Board Nominations and Governance Committee met once during 2024 and the attendance is given below:

	Attended
Harsha Cabral*	1/1
Asite Talwatte	1/1
Danielle Lincoln	1/1

\* Chairperson of the Committee

## Corporate Governance Policies

The company has established, implemented and maintains the following corporate governance policies pertaining to CSE Rule 9.2.1 and such policies have been made available on its website.

- Policy on the matters relating to the Board of Directors
- Policy on Board Committees
- Policy on Corporate Governance, Nominations and Re-election
- Policy on Remuneration
- Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities
- Policy on Risk management and Internal controls
- Policy on Relations with Shareholders and Investors
- Policy on Environmental, Social and Governance Sustainability
- Policy on Control and Management of Company Assets and Shareholder Investments Policy on Corporate Disclosures
- Policy on Whistleblowing
- Policy on Anti-Bribery and Corruption

No changes were made to the above mentioned corporate governance policies, since its adoption on 01st October 2024. The company is compliant with the content of each of the above mentioned policies.

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## Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Entity's listed securities

Our corporate values outlined in the Chevron Way serve as the foundation of the Business Conduct and Ethics Code (BCEC). It is about 'getting the results the right way'.

Diversity and inclusion, high performance, integrity and trust, partnership, and protection of people and the environment are the core values that we embrace.

Employees at all levels are required to undergo mandatory training of the code and there is a robust compliance monitoring and reporting process in place.

Reference to Section 9.2.2 of the listing rules, no waivers or exemptions have been granted from compliance with the Internal Code of business conduct and ethics.

## Policy on matters relating to the Board of Directors

The Board of Directors confirms in reference to Section 9.5.2 of the listing rules, compliance with the requirements of the policy on matters relating to the Board of Directors.

## Investor Relations

Annual Report of the Company, quarterly reports and the Annual General Meetings are the principal means of communication with the shareholders. The Board is ready to answer any questions raised at the Annual General Meetings. Shareholders may direct any questions or seek clarifications request for publicly available information by contacting the Company

Secretary. The Company Secretary shall direct such concerns/requests to the Board and the Board shall release such information so requested or address queries raised after careful consideration of relevant factors including the nature and sensitivity of the information requested. However, any information that must be mandatorily disclosed to a Shareholder by law/is in public domain, shall be disclosed without further consideration.

## Protection of People and the Environment

We strive for world-class performance by implementing a rigorous system (Operational Excellence Management System) for managing risks to our employees, contractors, the public and the environment from our operations and products. Under the product stewardship, we manage risks of our products with everyone involved throughout the products' life cycle.

## Compliance with the Corporate Governance Rules of Colombo Stock Exchange

Reference to CSE Rule 9.1.3 the Board of Directors confirms compliance with the Corporate Governance Rules of the Colombo Stock Exchange as the date of this Annual Report.

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## Compliance with the Section 9 Rules of the Colombo Stock Exchange on Corporate Governance

Rule No.	Subject	Criteria	Compliance Status	Details
9.1.3	Applicability of Corporate Governance Rules	All Listed Entities shall publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity	Compliant	Please refer to page 55 of the Corporate Governance Report.
9.2.3 (i)	Policies	Listed Entities shall disclose in its Annual Report the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website	Compliant	Please refer to page 54 of the Corporate Governance Report.
9.2.3 (ii)	Policies	Listed Entities shall disclose in its Annual Report details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above	Compliant	Please refer to page 54 of the Corporate Governance Report.
9.3.1	Board Committees	Listed Entities shall ensure that the following Board committees are established and maintained at a minimum and are functioning effectively. (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transactions Review Committee.	Compliant	Please refer to pages 53 and 54 of the Corporate Governance Report.
9.3.2	Board Committees	Listed Entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board committees as set out in these Rules.	Compliant	Please refer to pages 53 and 54 of the Corporate Governance Report.
9.3.3	Board Committees	The Chairperson of the Board of Directors of the Listed Entity shall not be the Chairperson of the Board Committees referred to in Rule 9.3.1 above	Compliant	Please refer to pages 52 to 54 of the Corporate Governance Report.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.4.1	Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with shareholders	Listed Entities shall maintain records of all resolutions and information pertaining to its adoption	Compliant	The Company Secretary maintains records of all resolutions and requisite information. The Company Secretary could provide extracts of such resolutions to the SEC and CSE if required.
9.4.2	Communication and relations with shareholders and investors	(a) Listed Entities shall have a policy on effective communication and relations with shareholders and investors and disclose the existence of the same in the Annual Report and the website of the Listed Entity	Compliant	Please refer to page pages 54 and 55 of the Corporate Governance Report.
		(b) Listed Entities shall disclose the contact person for such communication.	Compliant	Please refer to page 55 of the Corporate Governance Report.
		(c) The policy on relations with shareholders and investors shall include a process to make all Directors aware of major issues and concerns of shareholders, and such process shall be disclosed by the Entity in the Annual Report and the website of the Entity.	Compliant	Please refer to pages 54 and 55 of the Corporate Governance Report.
		(d) Listed Entities that intend to conduct any shareholder meetings through virtual or hybrid means shall comply with the Guidelines issued by the Exchange in relation to same and published on the website of the Exchange.	Compliant	Please refer to pages 54 and 55 of the Corporate Governance Report. The Policy on Relations with Shareholders and Investors captures the content and is published on the company website.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.5.1 and 9.5.2	Policy on matters relating to the Board of Directors	Compliance with the requirements of the policy referred to in rule 9.5.1. and provide explanations for any non-compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action.	Compliant	Please refer to page 55 of the Corporate Governance Report. The company has disclosed its compliance with the policy.
9.6.1	Chairperson and CEO	The Chairperson of every Listed Entity shall be a Non-Executive Director and the positions of the Chairperson and CEO shall not be held by the same individual	Compliant	Please refer to page 53 of the Corporate Governance Report and the Directors profiles on pages 15 to 23.
9.6.2	Chairperson and CEO	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement	Not Applicable	Chairperson is an Non-Executive Director. The role of Managing Director/CEO is held by a separate individual.
9.6.3 and 9.6.4	The Requirement for a SID	The Requirement for a SID	Not Applicable	N/A
9.7.1/ 9.7.2 and 9.7.3	Fitness of Directors & CEOs	"Fit and Proper Assessment Criteria" as per rule 9.7.3.	Compliant	All Directors including the CEO, met the "Fit and Proper Assessment Criteria" as per rule 9.7.3. The persons nominated by the nominations and governance committee as directors have been assessed to be fit and proper as required in terms of rule 9.7.3, before such nominations were placed before the shareholder's meetings or appointments were made.
9.7.5 (a)	Fitness of Directors & CEOs	Fit and Proper assessment criteria for Directors and CEOs as per rule 9.7.3.	Compliant	As at 01st April 2025, All Directors inclusive of the CEO met the fit and proper assessment criteria stipulated in the listing rules of the CSE.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.7.5 (b)	Fitness of Directors & CEOs (Disclosures in the Annual Report of Listed Entities)	Any non-compliance/s by a Director and/or the CEO of the Listed Entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed Entity to rectify such non-compliance/s.	Not Applicable	As 9.7.5.(a) was compliant.
9.8.1	Board Composition	The Board of Directors of a Listed Entity shall, at a minimum, consist of five (05) Directors	Compliant	Please refer to the Annual Report of the Directors on page 73
9.8.2	Minimum Number of Independent Directors	Two or one third of the Non-Executive Directors, whichever is higher should be independent	Compliant	As at the conclusion of the last AGM and throughout the financial year there were 2 Independent Directors.
9.8.3	Criteria for defining independence	As per defined criteria of the CSE listing rules	Compliant	Both Independent Directors met the criteria.
9.8.5 (a)	Independent Directors	Non Executive Directors should submit an annual declaration of his/her independence/non independence against specified criteria	Compliant	Please refer to page 52 of the Corporate Governance Report.
9.8.5 (b)	Disclosure relating to Directors	The Board shall make a determination annually as to the independence or non-independence of each Non-Executive Director. Names of the Directors determined to be independent to be disclosed in the Annual Report.	Compliant	The Board made a determination against the criteria given in rule 9.8.3. Please refer to page 52 of the Corporate Governance Report of the names of the directors determined as independent.
9.8.5 (c)	Disclosure relating to Directors	If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	Not Applicable	No such disclosure was required, as the Independent Directors met the criteria for "independence" throughout the reporting period to the date of this annual report.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.9	Alternate Directors	Rules 9.9 (a), (b), (c), (d), (e) and relevant Disclosures pertaining to Alternate Directors	Not Applicable	No Alternate Directors were appointed throughout the reporting period to the date of this annual report.
9.10.1		Listed Entities shall disclose its policy on the maximum number of directorships it's Board members shall be permitted to hold in the manner specified in Rule 9.5.1. In the event such number is exceeded by a Director(s), the Entity shall provide an explanation for such non-compliance in the manner specified in Rule 9.5.2	Compliant	The maximum number of directorships (25 other Companies) is captured in the policy on matters relating to the Board of Directors. None of the board members exceeded this maximum limit.
9.10.2	Disclosure relating to Directors	Listed Entities shall, upon the appointment of a new Director to its Board, make an immediate Market Announcement	Compliant	The Company made immediate market announcements of new appointments of directors during the year and as at this date.
9.10.3	Disclosure relating to Directors	Listed Entities shall make an immediate Market Announcement regarding any changes to the composition of the Board and Board Committees	Compliant	The Company made immediate market announcements of new appointments of directors, changes/reconstitution of board committees during the year and as at this date.
9.10.4 (a)/ 9.10.4 (b)	Disclosure relating to Directors	Company shall publish a brief resume in the Annual Report including expertise in relevant functional areas of each Director	Compliant	Please refer to pages 15 to 23.
9.10.4 (c)	Disclosure relating to Directors	Whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed Entity	Compliant	As at the conclusion of the last AGM and throughout the financial year, none of the directors or close family members have had any material business relationship with other directors of Chevron Lubricants Lanka PLC.
9.10.4 (d)	Disclosure relating to Directors	Whether Executive, Non-Executive and/or independent Director;	Compliant	Please refer to page 53 of the Corporate Governance Report.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.10.4 (e)	Disclosure relating to Directors	The total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity	Compliant	Please refer to pages 15 to 23 of Directors Profiles.
9.10.4 (f)	Disclosure relating to Directors	Number of Board meetings of the Listed Entity attended during the year	Compliant	Please refer to page 53 of the Corporate Governance Report.
9.10.4 (g)	Disclosure relating to Directors	Names of Board Committees in which the Director serves as Chairperson or a member	Compliant	Please refer to pages 54 to 55 of the Corporate Governance Report.
9.10.4 (h)	Disclosure relating to Directors	Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member	Compliant	Please refer to pages 54 to 55 of the Corporate Governance Report.
9.10.4 (i)	Disclosure relating to Directors	The terms of reference and powers of the SID	Not Applicable	Not applicable as the Company did not have a requirement for a SID.
9.11.1	Nominations and Governance Committee	Listed Entities shall have a Nominations and Governance Committee that conforms to the requirements set out in Rule 9.11	Compliant	Please refer to the Nominations & Governance Committee report on pages 82 to 84 and Corporate Governance on page 55.
9.11.2	Nominations and Governance Committee	Listed Entities 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.	Compliant	Captured in the Nominations and Governance Committee Terms of Reference/ Charter.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.11.3	Nominations and Governance Committee	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.	Compliant	Captured in the Nominations and Governance Committee Terms of Reference/ Charter.
9.11.4 (1)	Nominations and Governance Committee Composition	The members of the Nominations and Governance Committee shall; (a) 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. (b) not comprise of Executive Directors of the Listed Entity.	Compliant	Please refer to the Nominations & Governance Committee report on page 82.
9.11.4 (2)	Nominations and Governance Committee Composition	An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors.	Compliant	Please refer to the Nominations & Governance Committee report on page 82.
9.11.4 (3)	Nominations and Governance Committee Composition	The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity	Compliant	Please refer to the Nominations & Governance Committee report on page 82.
9.11.5	Functions of the Nominations and Governance Committee	Functions 9.11.5 (i) to (x)	Compliant	Captured in the Nominations and Governance Committee Terms of Reference/ Charter.
9.11.6	Nominations and Governance Committee Disclosures in the Annual Report	Disclosures 9.11.6 (a) to (m) to be included in the Nominations and Governance Committee Report	Compliant	Please refer to the Nominations & Governance Committee report on pages 83 and 84.
9.12.2/ 9.12.3/ 9.12.4/ 9.12.5	Remuneration Committee	A listed entity shall have a Remuneration Committee	Compliant	Please refer to the Remuneration Committee report on page 79 and Corporate Governance on page 54.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.12.6 (1)	Composition of Remuneration Committee	Remuneration Committee (RC) shall comprise: (a) 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. (b) not comprise of Executive Directors of the Listed Entity	Compliant	Out of the three members of the Remuneration Committee two are Independent Non-Executive Directors and one is a Non-Executive Director. None of the members of the Committee are Executive Directors.
9.12.6 (2)	Composition of Remuneration Committee	An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors.	Compliant	Please refer to the report of the Remuneration Committee appearing on page 79.
9.12.7	Functions of the Remuneration Committee	The RC shall recommend the remuneration payable to the Executive Directors/and Chief Executive Officer to the Board which will make the final determination. The Remuneration Committee may engage any external consultant or expertise that may be considered necessary to ascertain or assess the relevance of the remuneration levels applicable to Directors and CEO	Compliant	Please refer to the report of the Remuneration Committee appearing on page 79.
9.12.8 (a)/ 9.12.8 (b)/ 9.12.8 (c)	Disclosure relating to Remuneration Committee	Annual report shall set out the names of Directors in the RC, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors	Compliant	Please refer to the report of the Remuneration Committee appearing on page 79.
9.13.1 and 9.13.2	Audit Committee	The Company shall have an Audit Committee. Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13 of these Rules	Compliant	Please refer to the Audit Committee Report given on pages 77 to 78.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.13.3 (1)	Composition of the Audit Committee	The members of the Audit Committee shall; (a) 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. (b) not comprise of Executive Directors of the Listed Entity.	Compliant	Please refer to the Audit Committee Report given on page 77. (The Audit Committee was reconstituted on 30/07/2024 to meet the minimum of 3 Directors)
9.13.3 (2)/(3)/(4)	Composition of the Audit Committee	The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be independent directors.  The Audit Committee may meet as often as required provided that the Audit Committee compulsorily meets on a quarterly basis prior to recommending the financials to be released to the market.  An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors.	Compliant	Please refer to the Audit Committee Report given on page 77.
9.13.3 (5)	Composition of the Audit Committee	CEO and CFO shall attend all Audit Committee Meetings by invitation	Compliant	Chief Executive Officer and Chief Financial Officer attended all Audit Committee meetings by invitation.
9.13.3 (6)	Composition of the Audit Committee	The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.	Compliant	The Chairman of the Audit Committee is a Fellow member of the Institute of Chartered Accountants of Sri Lanka.
9.13.4	Functions of the Audit Committee	Should be as outlined in the 9.13.4 of the listing rules to be effective from 01st October 2024.	Compliant	Please refer to the Audit Committee report given on pages 77 to 78 and the Corporate Governance Report on page 54.

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Rule No.	Subject	Criteria	Compliance Status	Details	
9.13.5 (1)	Disclosures in the Annual Report relating to Audit Committee.	The Audit Committee shall also prepare an Audit Committee Report which shall be included in the Annual Report of the Listed Entity	Compliant	Please refer to the Audit Committee report given on pages 77 and 78.	
9.13.5 (2)	Disclosures in the Annual Report relating to Audit Committee.	The Audit Committee Report disclosures	Compliant	Please refer to the Audit Committee report given on pages 77 and 78.	
9.14.1	Related Party Transactions Review Committee	Listed Entities shall have a Related Party Transactions Review Committee that conforms to the requirements set out in Rule 9.14 of these Rules	Compliant	Please refer to the report of the Related Party Transaction Review Committee appearing on pages 80 to 81. Please refer to page 54 of the Corporate Governance Report.	
9.14.2 (1)	Composition of the RPTRC	The Related Party Transactions Review Committee shall comprise of a minimum of three (03) Directors of the Listed Entity, out of which two (02) members shall be Independent Directors of the Listed Entity	Compliant	Please refer to the report of the Related Party Transaction Review Committee appearing on pages 80 to 81.	4-5 Corporate Overview
	Composition of the RPTRC	An Independent Director shall be appointed as the Chairperson of the Committee	Compliant	Please refer to the report of the Related Party Transaction Review Committee appearing on pages 80 to 81.	6-25 Leadership
9.14.3 and 9.14.5	Functions of Related Party Transactions Review Committee	All relevant Related Party Transactions should be reviewed by the Related Party Transactions Review Committee (RPTRC)	Compliant	Please refer to the report of the Related Party Transaction Review Committee appearing on pages 80 to 81.	26-41 Management Discussion and Analysis
9.14.4 (1)	Frequency of meetings	The Committee shall meet at least once a calendar quarter. The Committee shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	Compliant	Please refer to the Corporate Governance report appearing on page 54.	42-44 Corporate Social Responsibility
9.14.8 (1)/ 9.14.8 (2)	Disclosures in the Annual Report relating to Related Party Transactions	Disclosure of Non-Recurrent Related Party Transactions & Recurrent Related Party Transactions exceeding specified threshold criteria.	Compliant	Please refer to the Corporate Governance report appearing on page 67.	45-50 Financial Review
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Rule No.	Subject	Criteria	Compliance Status	Details
9.14.8 (3)	Disclosures in the Annual Report relating to RPTRC	Names of the Directors comprising the Committee	Compliant	Please refer to the report of the Related Party Transaction Review Committee appearing on pages 80 to 81.
		A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated the comments/Observations to the Board of Directors	Compliant	Please refer to the report of the Related Party Transaction Review Committee appearing on pages 80 to 81.
		The Policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	Compliant	Please refer to the report of the Related Party Transaction Review Committee appearing on pages 80 to 81.
9.14.8 (4)	Declaration by Board of Directors	A declaration by the Board of Directors in the Annual Report as an affirmative statement of the compliance with these Rules pertaining to Related Party Transactions	Compliant	Report of the Directors on page 74 & Related Party Transaction Review Committee Report on pages 80 to 81.
9.16 (i)	Additional Disclosures	A declaration by the Board of Directors that they have declared all material interests in contracts involving in the Entity and whether they have refrained from voting on matters in which they were materially interested	Compliant	Please refer to the Annual Report of the Directors on page 74.
9.16 (ii)	Additional Disclosures	A declaration by the Board of Directors that they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith	Compliant	Please refer to the Annual Report of the Directors on page 74.

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Rule No.	Subject	Criteria	Compliance Status	Details
9.16 (iii)	Additional Disclosures	A declaration by the Board of Directors that they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions	Compliant	Please refer to the Annual Report of the Directors on page 75.
9.16 (iv)	Additional Disclosures	A disclosure by the Board of Directors of relevant areas of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Entity has operations	Compliant	Nil Disclosure. Please refer to the Annual Report of the Directors on page 75.

### Compliance with the section 9.14.8.(2) of Listing rules of the Colombo Stock Exchange Recurrent Related Party Transactions

Name of the Related Party	Relationship	Nature of the Transaction	Aggregate value of the related Party Transactions entered in to during the Financial Year (LKR)	Aggregate value of the related Party Transactions as % of Net Revenue	Terms and Conditions of Related Party Transactions
Chevron Singapore Pte Limited	Subsidiary of the ultimate parent	Purchase of Raw Materials for Blending of Lubricants	5,295,610,096	23%	As per the Purchase Agreement between the two entities, on commercial terms.
Chevron Singapore Pte Limited	Subsidiary of the ultimate parent	Services obtained for Lubricant Business, Procurement, HES, Legal, IT, HR.	964,176,632	4%	As per the Service Level Agreement between the two entities.
			6,259,786,728	27%	

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# RISK MANAGEMENT

The Company encounters varied risks that originate from the micro and macro environment, which would impact the value creation and preservation process. The Company's risk management process involves setting corporate objectives, identification of risks, assessing their likelihood and severity, risk response, information and communication and periodic monitoring. The key risks faced by the Company are mapped in a detailed risk register, assessed and profiled based on its potential impact and likelihood and are managed through risk response strategies.



(Risk Management Process)

The audit committee spearheads the risk management process through periodic assessment and monitoring and cascades to the management committee for implementation and execution. Risk management is deeply rooted and embedded in our corporate culture.

## Internal Control Framework

Our policy is to conduct our business in accordance with the highest standards of integrity and ethics, and in compliance with all applicable laws. The Company

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## Business Risk

### Loss of Volumes/ Market Share

The Company faces the risk of losing volumes due to negative market growth, intense competition from existing players, new entrants and unlicensed operators in the market who sell adulterated products. A more effective regulatory mechanism is required to curb such illegal activities that affect the industry. The export volumes may be affected by macro-economic developments, political unrest, fiscal policies of the respective geographies.

### Risk Response

The Company manages these risks through customer and channel partner education, marketing communication on product value propositions, creating awareness among the relevant stakeholders and leveraging on the brand equity. We also have regular dialogue and interaction with the Public Utility Commission of Sri Lanka, Ministry of Energy and other relevant authorities to offer constructive suggestions to regulate the industry and protect the interests of the customers and maintain high product standards.

### Dependence on Business Partners

Some of the critical operations of the Company, such as handling warehouse operations, transportation & distribution have been outsourced. Any business disruption in the operations of such business partners may affect the Company's operations.

### Risk response

The Company conducts regular supplier evaluations and benchmarking of such activities to re-validate the decision parameters of outsourcing. We believe that we maintain excellent relationships with our business partners and we share best practices with them. In addition, the Company has developed contingency plans to face any disruptions in critical outsourced activities.

### Health, Environment and Safety Risk

These risks relate to incidents and events that could cause injuries to employees and disrupt day to day business operations and cause damage to the environment. Damages to the environment could lead to legal claims and reputational risk.

### Risk response

Protecting people and the environment is one of the core values advocated in the "Chevron Way," which defines who we are, what we do, what we believe and what we plan to accomplish. The underlying principles and expectations are safety and incident free operations, advocacy, compliance assurance, conservation, product stewardship, pollution prevention, and emergency management. Chevron Operation Excellence (OE) provides for the overarching systematic management of safety, health and environment, reliability and efficiency to achieve world class performance.

### Operational Risk

These are risks that could arise due to systems and procedure failures, human error, fraud, lack of internal control and corporate governance practices. The occurrence of any of these may have an adverse impact on profitability, competitiveness, reputation and conducting overall business operations.

### Risk response

The Company has deployed policies, processes and procedures to ensure integrity of transactions, whilst also adopting controls mandated by Sarbanes-Oxley Act (SOX). Any deviations or gaps identified are reported, investigated and corrective action taken. The value chain activities from supply chain to distribution cum sales and marketing have been integrated on a central ERP system, supplemented with standardized processes. Further, these processes, systems and controls are subjected to periodic review by internal auditors and BSI auditors.

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## Financial Risk

### Foreign Exchange Risk

As most of the raw materials are imported, the depreciation of the LKR against the US dollar adversely affects our product acquisition costs.

### Risk response

The Company consistently monitors foreign exchange movement and related economic indicators. Best possible rates are negotiated with banks for settlements of bills, whilst flexible settlement terms are negotiated with key suppliers. Hedging techniques such as forward contracts and matching assets against liabilities denominated in foreign currency to a certain extent is within the Company's framework of response strategies to manage a currency volatility to a certain degree and foreign exchange risk.

However, foreign exchange volatility at exceptional levels and acute foreign exchange (USD) liquidity shortage in the Sri Lanka Banking system, would certainly challenge the Company's efforts in effectively responding to the risk.

### Credit Risk

The Company grants unsecured credit for some of our customers which could lead to bad debts. However, a major proportion of the credit granted is fully secured.

### Risk response

Stringent credit controls are in place to limit and monitor the exposures on unsecured credit.

### Cybersecurity Risk

The potential loss resulting from a cyber-attack or data breach on the organization or the company's technical infrastructure.

### Risk response

Chevron Lubricants Lanka PLC practices a systematic approach to Cybersecurity Risk for all of its business units and subsidiaries. The Cybersecurity Risk management life cycle is based on and follows the National Institute of Standards and Technology (NIST) Cybersecurity Framework. This framework provides the structure for our Cyber Risk Management policies, procedures and guidance.

### Pandemic Risk

Risk of a contagious disease spreading amongst Company employees/contract staff, impacting staff and operations of key business partners and customers of the Company

### Risk response

Activate the business continuity plan (BCP)/emergency response plan (ERP) during a potential pandemic situation. Adapt to global/national health and safety requirements as the pandemic unfolds. The Company's designated Crisis Management Team (CMT) to lead planning and execution of BCP and ERP during a pandemic.

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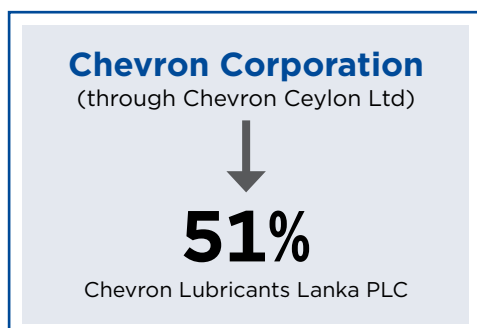
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# ANNUAL REPORT OF THE DIRECTORS

The Directors of Chevron Lubricants Lanka Plc are pleased to present their report together with the audited financial statements for the year ended 31st December 2024.

## Structure and Nature of the Business



The core business activity of the company is the import, manufacturing/blending, distribution and marketing of lubricant products, greases, brake fluid, specialty products for domestic and certain export markets. The review of business activities for the year 2024 and the likely future developments are covered in detail under the Managing Director's review, and management discussion and analysis.

## Review of Business Performance

A review of the financial and operational performance of the business is given in the Chairperson's review, Managing Directors review, Management discussion and analysis, Financial review and the Financial Statements.

## Financial Statements

The financial statements prepared in accordance with Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka are given on pages 87 to 130.

## Accounting Policies

All the significant accounting policies adopted by the Company are given in note 2 to the financial statements. There were no changes in the accounting policies adopted by the Company during the year.

## Profits and Appropriations

The profit after tax was Rs. 3,855 million (2023: 3,603 million) and total comprehensive income for the period amounted to Rs. 3,836 million (2023: 3,607 million).

Information on Dividends and Reserves are given below.

First interim dividend paid on 2nd July 2024 at Rs. 4.00 per share

Second interim dividend paid on 28th August 2024 at Rs. 3.00 per share

Third interim dividend paid on 27th March 2025 at Rs. 8.00 per share

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For the year ended 31 December 2024	(Rs. Million)
Profit after tax	3,855
Balance brought from previous year	7,732
Third Interim Dividend of FY 2023 of Rs. 8.00 per share paid on 28th March 2024	(1,920)
First Interim Dividend of Rs. 4.00 per share paid on 2nd July 2024	(960)
Second Interim Dividend of Rs. 3.00 per share paid on 28th August 2024	(720)
Unclaimed Dividend transferred to Retained Earnings	6
Re-measurement of defined benefit obligations	(20)
Balance carried forward to 2025	7,973

No final dividend has been proposed by the Board.

## Property, Plant & Equipment

Capital expenditure incurred during 2024 including work-in-progress amounted Rs. 173,535,398 (2023: Rs. 212,439,343). The movements in Property, Plant & Equipment are given in Note 13 to the Accounts.

## Donations

No donations were made by the Company during the year (2023: Nil). However, the Company incurred Rs. 17,963,630 on social responsibility programs during the year (2023: Nil). The details of the social responsibility programs are given in the corporate social responsibility report.

## Directorate

The following served as Directors of the Company during the year 2024:

Najam Shamsuddin  
(resigned w.e.f. 31.07.2024)

Danielle Lincoln  
(appointed w.e.f. 31.07.2024)

Bertram Paul

Erande De Silva

Asite Talwatte  
(resigned w.e.f. 01/05/2025)

Haider Manasawala

Harsha Cabral

\*Averil Ludowyke is appointed to the board with effect from 01.05.2025.

Ms. Danielle Lincoln who was appointed by the Board since the last Annual General Meeting, retires at the forthcoming Annual General Meeting and is eligible for re-election in terms of article 91 of Articles of Association of the Company.

Ms. Averil Anne Ludowyke who was appointed by the Board since the last Annual General Meeting, retires at the forthcoming Annual General Meeting and is eligible for re-election in terms of article 91 of Articles of Association of the Company.

In terms of Article 85 of Articles of Association of the Company Mr. Liyanamohottige Joseph Sri Harsha Cabral retires by rotation at the Annual General Meeting and is eligible for re-election.

## Director's Shareholdings

Shareholdings of the Directors including alternates and spouses are detailed below:

None of the Directors hold shares in the Company.

## Director's Independence

Asite Talwatte and Harsha Cabral functioned as independent directors of the Company. Asite Talwatte resigned from the board with effect from 01.05.2025. Averil Ludowyke is appointed to the board as an independent director with effect from 01.05.2025.

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As per the rules on corporate governance (section 9.18.2.b) stipulated by the Colombo Stock Exchange each of the above directors have made written declarations. Accordingly, Asite Talwatte and Harsha Cabral met all the criteria of independence until 01.05.2025. Harsha Cabral and Averil Ludowyke meet all the criteria of independence from 01.05.2025 onwards.

Information on Company's compliance with other rules on corporate governance are given in corporate governance report in page 55.

## Remuneration and other benefits of Directors

The remuneration and the value of other benefits received by the Directors are given in page 129.

## Directors Interests in Contracts

Directors' interests in contracts are disclosed in Note 26 to the accounts and have been declared at the meeting of the Directors.

The relevant Directors have refrained from voting on matters in which they were materially interested.

## Other Directorships held by the Directors

Other directorships held by the Directors have been disclosed with the Directors profiles on pages 15 to 23. These have been entered in the Interest Register.

## Related Party Transactions

The company procures most of the raw materials from Chevron group companies in the ordinary course of business. In addition, the Company obtains and pays for various services provided by the group. The details of such transactions are given in note 26 to the Financial statements. The Directors believe that the Company has fully complied with the rules of the Colombo Stock Exchange relating to related party transactions. Report of the related party transactions review committee is given on pages 80 to 81.

## Share Information

Information relating to market value of shares, public shareholding and top 20 shareholders are given in page 135.

## Post Balance Sheet Events

The third interim dividend for 2024 of LKR 8.00 per share amounting to LKR 1,920,000,000.00 was declared on 25 February 2025 and paid on 14 March and 27 March 2025.

Reference to Note 27 to the financial statements in page 130, other than the note disclosed in Note 27 (a), there have been no other events subsequent to the Balance Sheet date which would have material effect on the company or require disclosure or adjustment to the Financial Statements.

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## Internal Controls

Directors are responsible for devising proper internal controls to ensure that the proper books of accounts are maintained, the integrity of financial statements, assets are safeguarded, transactions are executed by those who have appropriate authority and there is proper segregation of duties. The Board Audit committee reviews the internal audit reports to ensure established controls are adhered and any deviations reported and remediated. A whistle blowing mechanism is in place to report any violations of internal controls and Business conduct and ethics code. Based on the internal control framework described above the Board is satisfied with the effectiveness of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith for the period under review.

## Laws, Rules and Regulations

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

The Board of Directors have no disclosures to be made of any material non-compliance with law or regulation and any fines, which are material, imposed by any government or regulatory authority in any jurisdiction where the Chevron Lubricants Lanka PLC has operations.

## Statutory Payments

The Board of Directors confirms that to the best of their knowledge all statutory payments for the financial year have been paid or where relevant provided for.

## Auditors

The financial statements for the year have been audited by Messrs Deloitte Partners (chartered accountants). They were paid Rs. 4,782,997 (2023: Rs. 4,153,686) as audit fees and Rs. 112,750 (2023: Rs. 110,000) for issue of solvency certificates.

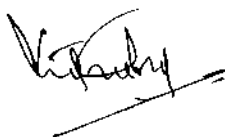
A resolution proposing their re-appointment as Auditors of the Company will be tabled at the Annual General Meeting.

The Auditors have confirmed that they do not have any relationship with or interests in the Company other than that of an auditor.

## Annual General Meeting

The Board of Directors have decided the 32nd Annual General Meeting will be held on Thursday 29th May 2025 at 4.00p.m. at Level 6, Public Forum, The Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 07.

By order of the Board of Directors



**Bertram Paul**

Managing Director/CEO



**Erande De Silva**

Director/CFO/Company Secretary

30 April 2025

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# STATEMENT OF DIRECTORS' RESPONSIBILITIES

Companies Act 07 of 2007 stipulates that Directors are responsible for the preparation of financial statements for each financial year and place before a general meeting financial statements, comprising of a Statement of Comprehensive Income and a Statement of Financial Position which presents a true and fair state of the Company as at the end of the financial year and which comply with the requirements of the above Act. The financial statements have been prepared and presented in accordance with all relevant Sri Lanka Financial Reporting Standards and Accounting Standards. The financial statements include amounts that are based on management's best estimates and judgments.

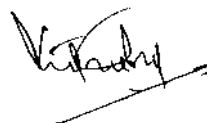
As per the Section 148 of the Act the Directors are also required to maintain sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to ensure that the financial statements presented comply with the requirements of the Companies Act.

The directors are also responsible for devising proper internal controls for safeguarding the assets of the company against unauthorized use or disposition and prevention and detection of fraud and for reliability of financial information used within the business or publication.

The Board of Directors is of the opinion that Board has discharged their responsibilities as set out above.

The company's financial statements have been audited by Deloitte Partners, independent auditors approved by the shareholders. Management has made available to Deloitte Partners all the Company's financial records and data, as well as the minutes of directors' meetings.

The Board of Directors also confirms that having reviewed the financial position and strategies for managing risks faced by the Company, the company could continue in operation and has adopted the going concern basis in preparing the financial statements.



**Bertram Paul**  
Managing Director/CEO



**Erande De Silva**  
Director/CFO

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# AUDIT COMMITTEE REPORT

## Composition

The Audit Committee composition complied with the requirements of the SEC. The composition of the Audit Committee during the year is indicated below.

Name and Details of Director	Directorship Status at CLLP
Asite Talwatte FCA	Independent Non-Executive Director (Chairperson of the Committee)
Harsha Cabral PC	Independent Non-Executive Director
Haider Manasawala	Non-Executive Director * (Appointed w.e.f. 30/07/2024)

\* Indicates the effective date on which the respective officer was appointed to the Committee.

## Terms of Reference

Chevron Lubricants Lanka PLC has an Audit Committee Charter which includes The Audit Committee Terms of Reference (TOR) adopted by the Company in line with Chevron, US SEC and Sri Lanka SEC, CSE requirements and best practice, defines its responsibilities and work.

Ensuring financial statement integrity, effectiveness of internal controls over financial reporting, compliance with laws and regulations, recommend to the board pertaining to the appointment/reappointment/removal of external auditors and to approve their remuneration and terms of engagement, and the independence of the external auditors Deloitte Partners, was the primary responsibility of the Committee. TOR also requires the Committee to evaluate the performance of the internal audit function and of the external auditors and oversee the business risk identification, management and monitoring process.

## 1. Meeting the Goals

The Committee met on five occasions during the financial year 2024 and the members' attendance record is indicated in page 53 of corporate governance report.

The Committee also met with the external auditors to agree the audit plan, to consider the key interim audit findings and to discuss the final audit findings and management letter. It held a private meeting with the auditors to ensure that they have had unimpeded access to records, other audit evidence and personnel and have not been imposed with any restrictions on scope or on reporting.

The reports issued by local internal audit and by the external auditors were reviewed, the implications of the matters reported were assessed and the relevant risk handling and mitigation procedures implemented or to be implemented were discussed with the management to

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ensure that they were adequate to protect the company from reported risks. The Committee has also received assurance from the CEO and CFO of the seamless function of the entity's operations and management of finances.

The Committee also made relevant recommendations on the re-appointment of external auditors and in approving their remuneration and terms of engagement.

The Committee examined written assurance provided by SEC approved external auditor Deloitte Partners and was satisfied with the independence of the external auditor throughout the conduct of the audit engagement. The partner of the external auditor has been engaged in the audit of the Company for four years, since 2021. The auditors have confirmed that they do not have any relationship with or interest in the Company other than that of an auditor.

The Committee also reviewed the year-end financial statements and the unaudited interim financial statements released to the Colombo Stock Exchange quarterly prepared by the management in conformity with the requirements of the Companies Act No 7 of 2007 and the Sri Lanka Accounting Standards. The Committee is of the view that the information disclosure and reporting is also in compliance with CSE listing rules, Security Commission Act, and other financial reporting related regulations and requirements. The review included a year end discussion with the external

auditors and discussions with the executive Directors of the movements in key account balances, the reasons for fluctuations from budget and previous year financial data to ensure that the reported results and financial position at the balance sheet date were consistent with the Committee's understanding of the operating environment, industry dynamics, results, strategic plans and budget of the company.

Business risk reviews and presentation of their results to the Board of Directors were made in the presence of all members of the Audit Committee who ensured that the risk management function overall was effective in design and in operation. The risk management activity is closely linked to strategic planning and the Committee was satisfied with the business risk review and management process.

## Appreciation

The contribution made by the Managing Director, Finance Director and other Directors in fulfilling the obligations of the Audit Committee is recognized with appreciation.

Sgd,  
**Asite Talwatte**  
Chairperson  
Audit Committee  
30 April 2025

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# REMUNERATION COMMITTEE REPORT

## Committee Composition

The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director. The composition of the Committee fulfilled the requirements of the Listing Rule No. 9.12.8 (a) of the Colombo Stock Exchange, throughout the financial year. The composition of the Remuneration Committee during the year is indicated below.

Name of Director	Directorship Status at CLLP
Harsha Cabral	Independent Non-Executive Director or (Chairperson of the Committee)
Asite Talwatte	Independent Non-Executive Director
Haider Manasawala	Non-Executive Director

## Remuneration Policy

Chevron Lubricants Lanka PLC (CLLP) provides a remuneration package to its employees in conformity with Chevron's worldwide remuneration policy. The framework to determine the compensation and benefits package which links the remuneration to enterprise and individual performance is provided by Chevron Total Remuneration (TR) Group after discussion with the Remuneration Committee. The local HR team assists the process by providing the Chevron TR Group with market data obtained via benchmarking exercises to determine the annual pay structures and the Chevron TR Group proposes the maximum annual pay increases for each grade of employees.

Supervisors are responsible for evaluating performance of each individual employee, who are then assigned a performance ranking based on the supervisor's assessment. The performance ranking together with the maximum annual pay recommended by Chevron TR Group forms the annual pay increase for each employee.

The Annual Benchmarking Survey was commissioned in 2024 to assess the prevailing pay and benefit structure within the company, the findings of which were considered and reviewed by the Committee. The Committee is satisfied with the salary review process in place. The Committee is also of the view that with the periodic increments made over the last few years for the employees of the Company are commensurate with local market conditions and the Company Policy.

The aggregate remuneration paid to Executive and Non-Executive Directors is given on page 113.

I would like to acknowledge the active contributions of the fellow Board Members on the Remuneration Committee in matters pertaining to employee remuneration. Finally I thank the relevant Chevron subject matter experts in providing relevant data support and recommendations for consideration of the Remuneration Committee.

Sgd.

**Harsha Cabral**

Chairperson, Remuneration Committee

30 April 2025

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# RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

## Committee Composition

The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director. The composition of the Committee fulfilled the requirements of the Listing Rule No. 9.14.2 (1) of the Colombo Stock Exchange, throughout the financial year. The composition of the Related Party Transactions Review Committee during the year is indicated below.

Name of Director	Directorship Status at CLLP
Asite Talwatte	Independent Non-Executive Director (Chairperson of the Committee)
Harsha Cabral	Independent Non-Executive Director
Haider Manasawala	Non-Executive Director

## Terms of Reference

The Terms of Reference of the Related Party Transactions Review Committee deals with its authority and responsibilities. The TOR encompass matters prescribed in the Listing Rules of the Colombo Stock Exchange and include the following:

- Review in advance all proposed Related Party Transactions of the Company except those explicitly exempted by section 9.14.10 of the CSE rules.
- Determine whether Related Party Transactions that are to be entered into by the Company require the prior approval of the Board or shareholders of the Company or require immediate market disclosure.
- Ensure that no Director of the Company shall participate in any discussion of a proposed Related Party Transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the Related Party Transaction to the Committee in its ongoing dealings with the relevant related party.

- Where necessary, the Committee shall seek the approval of the Board of Directors for Related Party Transactions, which are under review by the Committee. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction.
- In the event a Related Party Transaction will be ongoing (a Recurrent Related Party Transaction), the Related Party Transactions Review Committee may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the Related Party Transaction remains appropriate.

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## Policies and Procedures

Sri Lanka Accounting Standards define Related Party Transactions. This definition is consistent with Section 9.14 of the listing rules of CSE. Under these the members of the Board of Directors of the Company have been identified as Key Management Personnel. In accordance with the Related Party Transaction Policy, declarations are obtained from each Key Management Personnel of the Company for the purpose of identifying parties related to them. Based on the information furnished in these declarations, the Company retrieves data on related party transactions from the data base of the Company.

## Meetings

The Committee met on four occasions during the financial year 2024 and the members' attendance record is indicated in page 54 of corporate governance report.

## Related Party Transactions during the Year

The activities and observations of the Committee were communicated to the Board of Directors quarterly through oral briefings and by tabling the minutes of the Committee's meetings for ratification by the board. During the year there were no Non-Recurrent Related Party Transactions that exceeded the respective thresholds mentioned in the Listing Rules. The Committee reviewed the recurrent related party transactions on a quarterly basis at each meeting, which included the transactions for the specific quarter and the cumulative amounts for the reporting period. Details of Recurrent Related Party Transactions entered into by the Company during the year are disclosed in Note 26 to the Financial Statements.

## Disclosures in the Annual Report

The Company has also made the following disclosures as mandated by the CSE listing rules.

Recurrent Related Party Transactions are disclosed in page 67 of the annual report in compliance with Section 9.14.8 (2) of the listing rules of CSE.

During the year there were no Non-Recurrent Related Party Transactions that exceeded the respective thresholds, which require disclosure as per Section 9.14.8 (1) of the listing rules of CSE.

The Company has made relevant disclosures on related party transactions as required by LKAS 24 in Note 26 to the financial statements. Purchase of goods and services from related parties are on "arm's length basis". These disclosures are on page 127 to page 130.

The Company has appointed an approved accountant to carry out a review of the Company's transactions with associated enterprises on an annual basis and their reports are presented to the Related Party Transaction Review Committee.

The Company has also filed the Transfer Pricing Disclosure Form with the Department of Inland Revenue for Year of Assessment 2023/24 in terms of paragraph (d) of regulation 6 of Gazette Extraordinary Notification - 2104/4 issued under section 76, 77 and 194 of the Inland Revenue Act, No. 24 of 2017, the Inland Revenue (Amendment) Act, No.10 of 2021 and the Inland Revenue (Amendment) Act, No.45 of 2022

## Declaration

The declaration by the Board of Directors confirming that the Company has complied with the requirements of the listing rules of the CSE on related party transactions for the financial year 2024 is given on page 74, in the 'Annual Report of the Directors'.

Sgd,  
**Asite Talwatte**  
Chairperson  
Related Party Transaction  
Review Committee  
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# NOMINATIONS AND GOVERNANCE COMMITTEE REPORT

The Nominations and Governance Committee of the Company was established on 01st October 2024 pursuant to the requirements of Section 9 Corporate Governance of the Listing Rules of the Colombo Stock Exchange. The Committee conforms to the requirements of Rule 9.11 of the Listing Rules.

## Committee Composition

The Committee comprises two Independent Non-Executive Directors and one Non-Executive Director. The composition of the Committee fulfilled the requirements of the Listing Rule No. 9.11.4 of the Colombo Stock Exchange, since it was constituted on 01st October 2024. The composition of the Nominations and Governance Committee during the period is indicated below.

Name of Director	Directorship Status at CLLP
Harsha Cabral	Independent Non-Executive Director (Chairperson of the Committee) * (Appointed w.e.f. 01/10/2024)
Asite Talwatte	Independent Non-Executive Director * (Appointed w.e.f. 01/10/2024)
Danielle Lincoln	Non-Executive Director * (Appointed w.e.f. 01/10/2024)

\* Indicates the effective date on which the respective directors were appointed to the Committee.

## The scope and object of the Committee include the following:

- formulation of policies that provide the framework for the nomination, appointment, election and/or re-election of Directors to the Board and the appointment of members to Board committees.
- formulation of policies that set out the framework for governance of the Company including corporate governance policies and compliance manuals.
- evaluating the fitness and propriety of persons for appointment, election and/or re-election as Directors to the Board and making recommendations to Board.
- overseeing and evaluating the compliance by the Company with the governance framework.

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The Duties and Responsibilities of the Committee are summarized as follows:

- Set out, review and implement the framework for nomination, appointment, election and/or re-election of Directors to the Board.
- Set out, review and implement the framework for appointment of Directors to Board committees.
- Set out, review and implement the framework for appointment and assessment of the Managing Director/ CEO and other Key Management Personnel:
- Set out, review and implement the framework for governance of the Company.
- The Chairperson or in his absence, another member of the Committee shall attend the Annual General Meeting of the Company and be prepared to respond to questions at the meeting on the Committee's work and responsibilities.

## Meetings

The Committee met once during the financial year 2024 and the members' attendance record is indicated on page 54 of the corporate governance report.

## Disclosures in the Annual Report

The following disclosures are made by the Nominations and Governance Committee with regard to the Listing Rule No. 9.11.6 of the Colombo Stock Exchange.

- A Documented policy and processes are in place when nominating Directors.
- Directors are required to submit themselves for re-election at regular intervals and at least once in every three (3) years and in accordance with the Articles of Association of the Company.
- The Committee is of the view that the Board comprises of appropriate diversity in the range of experience, skills, age, and gender for effective Board performance.

- The committee has reviewed and nominated directors for appointments to fill casual vacancies of the board and the appointment of members to Board committees, the re-appointment of directors that stand for re-election in accordance with the Articles of Association of the Company. The Committee has been guided by the set policies, processes, and framework for the nomination, appointment, election and/or re-election of Directors to the Board and the appointment of members to Board committees.
- A suitable process is in place for the periodic evaluation of the performance of the Board of Directors and the CEO of the Entity to ensure that their responsibilities are satisfactorily discharged. Periodic evaluations have been conducted.
- The Company has processes in place to inform the Independent Directors of major issues relating to the Entity. The processes in place include reporting and informing Independent Directors during quarterly board meetings and scheduled board committee meetings.
- The Company organizes induction programs/orientation programs for newly appointed Directors by sharing relevant documentation and information on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations pertaining to the Company's operation.
- Annual update is given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations pertaining to the Company's operation.
- The Directors of the Company meet the criteria for determining independence.
- Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met.

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Disclosure required as per Section 9.11.6 (g) of the Listing Rules of CSE

Name of Director	Re-Elected/ Proposed for Re-Election as Director	Board Committees Served	Member/ Chairperson	Date of first appointment as a Director	Date of last re-appointment as a Director	Directorships or Chairpersonships and other principal commitments both present and those held over the preceding three years in other Listed Entities	Any relationships including close family relationships between the candidate and the directors, the Listed Entity or its shareholders holding more than ten per-centum (10%) of the shares of the Listed Entity
Danielle Lincoln	Proposed for Re-Election as Director	Nominations and Governance Committee	Member	31/07/2024	Not Applicable	None	None
Harsha Cabral	Proposed for Re-Election as Director	Nominations and Governance Committee	Chairperson	4/10/2022	30/05/2023	Refer to content disclosed in Directors Profiles for Harsha Cabral on page pages 22 to 23, of this Annual Report	None
		Remuneration Committee	Chairperson				
		Audit Committee	Member				
		Related Party Transaction Committee	Member				
Averil Ludowyke	Proposed for Re-Election as Director	Nominations and Governance Committee (Appointment w.e.f. 01/05/2025)	Member	1/5/2025	Not Applicable	Directorships held at present: Seylan Bank PLC - Independent Non-Executive Director (INED) Bogala Graphite PLC - Independent Non-Executive Director (INED) Ceylinco Life Insurance Ltd - Independent Non-Executive Director (INED) Tokyo Cement Company (Lanka) PLC - Independent Non-Executive Director (INED)	None
		Remuneration Committee (Appointment w.e.f. 01/05/2025)	Member				
		Audit Committee (Appointment w.e.f. 01/05/2025)	Chairperson				
		Related Party Transaction Committee (Appointment w.e.f. 01/05/2025)	Chairperson				

## Appreciation

I would like to acknowledge the active contributions of the fellow Board Members on the Nominations and Governance Committee in matters pertaining to the committee.

Sgd.

**Harsha Cabral**

Chairperson,  
Nominations and Governance Committee

30 April 2025

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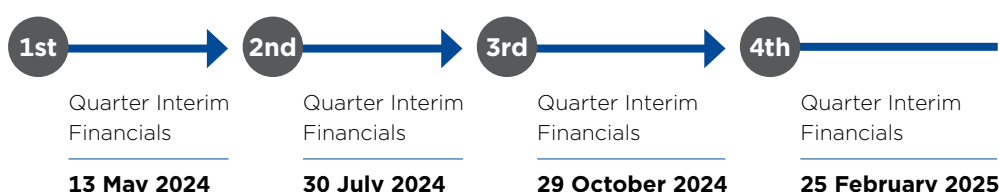
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# FINANCIAL CALENDAR 2024

## Interim Financials



## Dividends Paid Dates

### First Interim

Dividend paid  
on 02 July 2024 at

**Rs. 4 per share**

### Second Interim

Dividend paid  
on 28 August 2024 at

**Rs. 3 per share**

### Third Interim

Dividend paid  
on 27 March 2025 at

**Rs. 8 per share**

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# INDEPENDENT AUDITOR'S REPORT



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## To the Shareholders of Chevron Lubricants Lanka PLC

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Chevron Lubricants Lanka PLC (the Company) which comprise the statement of financial position as at 31 December 2024, and the statement of 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 policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, 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 the Institute of Chartered Accountants of Sri Lanka ("CA Sri Lanka Code of Ethics") and we have fulfilled our other ethical responsibilities in accordance with the CA Sri Lanka 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.

C S Manoharan FCA, T U Jayasinghe FCA, M D B Boyagoda FCA, H A C H Gunaratne FCA, M P M T Gunasekara FCA, N R Gunasekera FCA, M S J Henry FCA, M M R Hilmy FCA, H P V Lakdeva FCA, K M D R P Manatunga ACA, M M M Manzeer FCA, W D A S U Perera ACA, L A C Tillekeratne ACA, D C A J Yapa ACA



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Chevron Lubricants Lanka PLC (Contd)  
Report on the Audit of the Financial Statements (Contd)  
Key Audit Matters (Contd)

Key audit matter	How our audit addressed the Key audit matter
<p><b><i>Performance incentives and discounts to customers</i></b></p> <p>The Company offers several incentives and discounts to distributors and some retailers through their distributors ("customers").</p> <p>At the point of invoicing, the incentives and discounts are estimated based on historical sales trends of each customer to arrive at the sales amount to be included in the invoices.</p> <p>Incentives and discounts are adjusted at month end based on actual redistribution sales information.</p> <p>Sales of LKR 22.96 billion for year ended 31 December 2024 disclosed in Note 5 to the financial statements is stated net of customer incentives and discounts amounting to LKR 4.36 billion.</p> <p>The customer incentives and discounts are material to the financial statements and are estimated and adjusted subsequently based on complex calculations with significant manual intervention, and therefore considered as a key audit matter.</p>	<p>Our audit procedures included test of controls and substantive audit procedures covering the following:</p> <ol style="list-style-type: none"> <li>We obtained a list of customers with whom the Company has entered into sales agreements/contracts that included terms and conditions on eligibility of incentives and discounts. From this list we selected those customers whose sales have been recorded net of significant sales incentives and discounts. The sales agreements/contracts with the selected customers were examined and the terms and conditions related to customer incentives and discounts were discussed and confirmed with management.</li> <li>We obtained a detailed listing of sales incentives and discounts recorded in the general ledger for the year and traced a selected sample of sales incentives and discounts to the corresponding sales invoices.</li> <li>We checked whether the financial year end provision for discounts and incentive had been duly approved. For a selected sample of customers, we recomputed the provision for sales incentives and discounts, based on the contractual terms in the related customer sales agreements/contracts using the actual redistribution sales details of those customers. The actual redistribution sales details were extracted from the 'Distribution Management System' of the Company, for which we had obtained reliance from our IT and systems audit specialist team.</li> </ol>

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Chevron Lubricants Lanka PLC (Contd)

Report on the Audit of the Financial Statements (Contd)

Key Audit Matters (Contd)

Key audit matter	How our audit addressed the Key audit matter
	<p>d) We checked the approvals from the relevant personnel of the Company for a sample of the debit/credit notes raised for adjustment of sales incentives and discounts for the month, for differences between sales incentives and discounts originally estimated at the time of sales invoicing and sales incentives and discounts recomputed based on actual sales extracted from the "Distribution Management System".</p> <p>e) We checked the incentive and discounts adjustments made after the reporting date to arrive at the actual amount of incentives and discounts at the year end to assess the reasonability of the provision made at the financial year-end.</p> <p>f) We checked whether monthly stock verifications were performed at distributor locations and variances, if any identified thereon had been adjusted in the performance incentives and discounts calculation.</p> <p>Based on the procedures above, we found that the calculations to estimate and compute performance incentives and discounts to be reasonable and the related manual interventions to be appropriate.</p>



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Chevron Lubricants Lanka PLC (Contd)  
Report on the Audit of the Financial Statements (Contd)

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 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 judgement and maintain professional scepticism 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.



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Chevron Lubricants Lanka PLC (Contd)

Report on the Audit of the Financial Statements (Contd)

Auditor's Responsibilities for the Audit of the Financial Statements (Contd)

- 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.

**INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of Chevron Lubricants Lanka PLC (Contd)

**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 4084.

A handwritten signature in black ink that reads "Deloitte Partners".

**CHARTERED ACCOUNTANTS**

COLOMBO


30 April 2025



# STATEMENT OF FINANCIAL POSITION

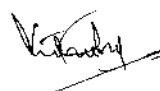
(all amounts in Sri Lanka Rupees)		As at 31 December	
	Notes	2024	2023
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	1,584,345,308	1,611,884,401
Right-of-use assets	14	499,690,698	431,656,724
Trade and other receivables	15	74,317,360	58,676,818
		<b>2,158,353,366</b>	<b>2,102,217,943</b>
<b>Current assets</b>			
Inventories	18	5,786,162,368	4,473,447,962
Trade and other receivables	15	1,480,246,048	2,112,669,058
Cash and cash equivalents	19	3,249,955,449	3,256,784,430
		<b>10,516,363,865</b>	<b>9,842,901,450</b>
<b>Total assets</b>		<b>12,674,717,231</b>	<b>11,945,119,393</b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Stated capital	20	600,000,000	600,000,000
Retained earnings		7,973,615,517	7,732,330,148
		<b>8,573,615,517</b>	<b>8,332,330,148</b>
<b>Non-current liabilities</b>			
Employee benefit obligations	21	357,749,806	329,380,372
Deferred tax liabilities	17	162,228,738	207,469,887
Lease liabilities	14	527,896,007	465,150,829
		<b>1,047,874,551</b>	<b>1,002,001,088</b>
<b>Current liabilities</b>			
Trade and other payables	22	2,011,687,725	1,632,293,961
Current income tax liabilities		971,897,519	943,559,158
Lease liabilities	14	69,641,919	34,935,038
		<b>3,053,227,163</b>	<b>2,610,788,157</b>
<b>Total liabilities</b>		<b>4,101,101,714</b>	<b>3,612,789,245</b>
<b>Total equity and liabilities</b>		<b>12,674,717,231</b>	<b>11,945,119,393</b>

I certify that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.



**Nishshanka Dissanayaka**  
Financial Controller

The Board of Directors is responsible for the preparation and presentation of these financial statements.  
The financial statements were authorised for issue by Board of Directors on 30 April 2025.  
Signed on behalf of the Board on 30 April 2025.



**Bertram Paul**  
Managing Director/Chief Executive Officer



**Erande De Silva**  
Director/Chief Financial Officer

Notes on pages 98 to 130 form an integral part of these financial statements.  
Report of the independent auditors' on pages 87 to 92.

# STATEMENT OF COMPREHENSIVE INCOME

## INCOME STATEMENT

(all amounts in Sri Lanka Rupees)		Notes	Year ended 31 December	
			2024	2023
Sales	5		22,963,023,370	23,252,502,611
Cost of sales	6		(14,905,427,252)	(15,829,149,407)
<b>Gross profit</b>			<b>8,057,596,118</b>	<b>7,423,353,204</b>
Other income	8		6,933,904	12,346,870
Distribution expenses	6		(1,342,876,302)	(1,176,140,798)
Administrative expenses	6		(1,432,767,649)	(1,469,373,428)
<b>Operating profit</b>			<b>5,288,886,071</b>	<b>4,790,185,848</b>
Finance income	9		335,964,971	425,307,078
Finance costs	9		(93,027,975)	(70,989,482)
Finance income - net	9		242,936,996	354,317,596
Profit before tax			5,531,823,067	5,144,503,444
Income tax expenses	10		(1,676,377,662)	(1,541,490,145)
<b>Profit for the year</b>			<b>3,855,445,405</b>	<b>3,603,013,299</b>
Earnings per share attributable to the ordinary equity holders of the Company				
Basic/diluted earnings per share	11		16.06	15.01

Notes on pages 98 to 130 form an integral part of these financial statements.

Report of the independent auditors' on pages 87 to 92.

# STATEMENT OF COMPREHENSIVE INCOME

## OTHER COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees)		Year ended 31 December	
		2024	2023
Profit for the year		<b>3,855,445,405</b>	<b>3,603,013,299</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of employee benefit obligations	21	<b>(28,331,469)</b>	6,265,574
Deferred tax attributable to remeasurement of employee benefit obligations	17	<b>8,499,441</b>	(1,879,672)
<b>Other comprehensive (loss)/income for the year, net of tax</b>		<b>(19,832,028)</b>	<b>4,385,902</b>
<b>Total comprehensive income for the year</b>		<b>3,835,613,377</b>	<b>3,607,399,201</b>

Notes on pages 98 to 130 form an integral part of these financial statements.

Report of the independent auditors' on pages 87 to 92.

## STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lanka Rupees)	Notes	Stated capital	Retained earnings	Total
Balance at 1 January 2023		600,000,000	5,559,130,717	6,159,130,717
Profit for the year		Nil	3,603,013,299	3,603,013,299
Other comprehensive income for the year, net of tax		Nil	4,385,902	4,385,902
Total comprehensive income for the year		Nil	3,607,399,201	3,607,399,201
Transactions with owners - Dividends	12	Nil	(1,440,000,000)	(1,440,000,000)
Unclaimed dividends transfer to retained earnings		Nil	5,800,230	5,800,230
<b>Balance at 31 December 2023</b>		<b>600,000,000</b>	<b>7,732,330,148</b>	<b>8,332,330,148</b>
Balance at 1 January 2024		600,000,000	7,732,330,148	8,332,330,148
Profit for the year		Nil	3,855,445,405	3,855,445,405
Other comprehensive income for the year, net of tax		Nil	(19,832,028)	(19,832,028)
<b>Total comprehensive income for the year</b>		<b>Nil</b>	<b>3,835,613,377</b>	<b>3,835,613,377</b>
Transactions with owners - Dividends		Nil	(3,600,000,000)	(3,600,000,000)
Unclaimed dividends transfer to retained earnings		Nil	5,671,992	5,671,992
<b>Balance at 31 December 2024</b>		<b>600,000,000</b>	<b>7,973,615,517</b>	<b>8,573,615,517</b>

Notes on pages 98 to 130 form an integral part of these financial statements.

Report of the independent auditors' on pages 87 to 92.

# STATEMENT OF CASH FLOWS

(all amounts in Sri Lanka Rupees)		Year ended 31 December	
		2024	2023
<b>Cash flows from operating activities</b>			
Cash generated from operations	25	5,516,249,273	2,561,365,255
Interest paid		(93,027,975)	(70,989,482)
Employee benefits obligations paid	21	(67,166,862)	(13,615,346)
Interest received		160,580,656	139,468,220
Income tax paid		(1,684,781,010)	(1,551,189,644)
<b>Net cash generated from operating activities</b>		<b>3,831,854,082</b>	<b>1,065,039,003</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	13	(173,535,398)	(212,439,345)
Proceeds from disposal of property, plant and equipment		380,531	12,151,508
<b>Net cash used in investing activities</b>		<b>(173,154,867)</b>	<b>(200,287,837)</b>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments	14	(65,528,196)	(44,256,485)
Dividends paid	12	(3,600,000,000)	(1,440,000,000)
<b>Net cash used in financing activities</b>		<b>(3,665,528,196)</b>	<b>(1,484,256,485)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(6,828,981)</b>	<b>(619,505,319)</b>
<b>Movement in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		3,256,784,430	3,876,289,749
Net decrease in cash and cash equivalents		(6,828,981)	(619,505,319)
<b>Cash and cash equivalents at end of year</b>	19	<b>3,249,955,449</b>	<b>3,256,784,430</b>

Notes on pages 98 to 130 form an integral part of these financial statements.

Report of the independent auditors' on pages 87 to 92.

# NOTES TO THE FINANCIAL STATEMENTS

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

## 1. General information

Chevron Lubricants Lanka PLC carries on the business of importing, blending, distributing and marketing of lubricant oils and greases. The Company is a public limited liability company incorporated and domiciled in Sri Lanka. The address of its registered office is Chevron Lubricants Lanka PLC, Level 16, MAGA ONE, No.200, Nawala Road, Narahenpita, Colombo 5.

The Company has its primary listing on the Colombo Stock Exchange. The ultimate parent of the Company is Chevron Corporation Inc., incorporated in San Ramon - USA.

These financial statements have been approved for issue by the Board of Directors on 30 April 2025.

## 2. Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), relevant interpretations of the Standing Interpretations Committee ("SIC") and International Financial Reporting Interpretations Committee ("IFRIC"). Sri Lanka Accounting Standards further comprises of Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka. These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the

Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's financial statements are disclosed in Note 04 to the financial statements.

### 2.2 Changes in accounting policies and disclosures

The following amendments to the Sri Lanka Accounting Standards that are relevant for the preparation of the Company's financial statements have been adopted by the Company (a) new and amended standards that are effective for the first time during the current year and (b) new and revised standards in issue but not yet effective.

#### (a) New and amended accounting standards that are effective for the first time during the current year

In the current year, the Company has applied a number of amendments to Sri Lanka Accounting Standards issued by the CA Sri Lanka that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

#### (i) Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements

The Company has adopted the amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures on Supplier Finance Arrangements for the first time in the current year.

The amendments add a disclosure objective to LKAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, SLFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.



**(ii) Amendments to LKAS 1 Classification of Liabilities as Current or Non-current**

The Company has adopted the amendments to LKAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

**(iii) Amendments to LKAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants**

The Company has adopted the amendments to LKAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

It also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant

after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

**(iv) Amendments to SLFRS 16 Leases — Lease Liability in a Sale and Leaseback**

The Company has adopted the amendments to SLFRS 16 for the first time in the current year.

The amendments to SLFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in SLFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in SLFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied SLFRS 16.

**(b) New and revised accounting standards in issue but not yet effective**

The following new accounting standards and interpretations are issued by IASB but not yet adopted by CA Sri Lanka.

**(i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability**

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

An entity assesses whether a currency is exchangeable into another currency at a measurement date and for a specified purpose. If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.

The assessment of whether a currency is exchangeable into another currency depends on an entity's ability to obtain the other currency and not on its intention or decision to do so.

When a currency is not exchangeable into another currency at a measurement date, an entity is required to estimate the spot exchange rate at that date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.

The amendments do not specify how an entity estimates the spot exchange rate to meet that objective. An entity can use an observable exchange rate without adjustment or another estimation technique.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

The directors of the Company anticipate that the application of these amendments may have/not have an impact on the Company's financial statements in future periods.

**(ii) Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments**

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These amendments further clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.

These amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with earlier application permitted.

The directors of the Company anticipate that the application of these amendments may not have an impact on the Company's financial statements in future periods.

**(iii) IFRS 18 Presentation and Disclosures in Financial Statements**

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

#### (iv) Annual improvements to IFRS – Volume 11

Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

IFRS 1 First-time Adoption of International Financial Reporting Standards;

IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;

IFRS 9 Financial Instruments;

IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.

These annual improvements are effective for annual periods beginning on or after 1 January 2026 with earlier application permitted.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

## 2.3.1 Foreign currency translation

### (a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sri Lanka Rupees, which is the Company's presentation currency.

Foreign exchange gains and losses are presented in the income statement within 'net finance income'.

### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in the statement of comprehensive income.

## 2.3.2 Going Concern

The management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, 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 the going concern basis.

## 2.4 Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of self-constructed assets include the cost of materials, direct labour and appropriate proportion of production overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Capital work in progress represents all amounts paid on work undertaken, and still in an unfinished state as at the end of the year.

Depreciation is calculated on the straight line method to allocate the cost of each asset, to their residual values over their estimated useful lives commencing from date of availability for use. On disposal of assets, depreciation ceases on the date that the asset is derecognised.

The principal annual rates used for this purpose are:

	%
Land improvements	3.57-10
Improvements on leasehold buildings	2.27-20
Storage tanks and pipe lines	6.25-20
Plant and machinery	5-33.33
Office furniture and equipment	10-50
Motor vehicles	10-25
Computers	12.5-50

Leasehold improvements are depreciated over the lesser of useful economic life and lease period.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in the statement of comprehensive income.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

## 2.5 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.6 Accounting for leases - where the Company is the lessee

The Company leases various lands, buildings and motor vehicles.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- variable lease payment that are based on an index or a rate.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

## 2.7 Financial assets

### (a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

**(c) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**(d) Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is

derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

**Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**(e) Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by SLFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.



## 2.8 Financial liabilities

### 2.8.1 Classification and initial recognition

Financial liabilities are initially recognised at fair value, net of transaction costs.

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

### 2.8.2 Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using effective interest method.

### 2.8.3 Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

### 2.8.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legal enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

## 2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expenses. Fixed production overheads are allocated to inventories based on normal operating capacity. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

## 2.10 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Company applies the SLFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 or 1 January 2024 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables and accordingly adjusts the historical loss rates based on expected changes.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

## 2.11 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

## 2.12 Stated capital

Ordinary shares are classified as equity.

## 2.13 Employee benefits

### (a) Defined contribution plans

Defined contribution plan is a plan under which the Company pays a fixed contribution into a separate entity. All employees of the Company in Sri Lanka are members of the Employees' Provident Fund and Employees' Trust Fund, to which the Company

## 2. Summary of material accounting policies (Contd.)

## 2.13 Employee benefits (Contd.)

## (a) Defined contribution plans (Contd.)

contributes 15% and 3% respectively, of employees' basic or consolidated wage or salary. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

**(b) Defined benefit obligation**

A defined benefit plan is a plan that is not a defined contribution plan. Defined benefit plan defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Company pays gratuity to its eligible employees computed at one month's salary for each completed year of service, which exceeds the amount stipulated by the Gratuity Act, No. 12 of 1983, which is a defined benefit plan.

The liability recognised in the statement of financial position in respect of gratuity is the present value of the defined benefit obligation at the statement of financial position date together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds, as there is no deep market on high quality corporate bonds, by the actuarial valuer.

Past service costs are recognised immediately as an expense in the statement of comprehensive income, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are recognised under other comprehensive income of the statement of comprehensive income.

The assumptions based on which the results of the actuarial valuation was determined, are included in Note 21 to the financial statements.

**2.14 Current and deferred income tax**

The tax expense for the period comprises current and deferred tax.

The provision for current income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the tax laws enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax is recognised using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The principal temporary differences arise from depreciation on property, plant and equipment, defined benefit obligations, lease liabilities and right-of-use assets.

**2.15 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.16 Revenue recognition

Sales are recognised when the performance obligation is satisfied, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Goods and services deliverable under contracts with customers are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own or together with other resources that are readily available to the customer and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified.

The Company determines the transaction price to which it expects to be entitled to in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Company would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis. Where the Company does

not sell equivalent goods or services in similar circumstances on a standalone basis it is necessary to estimate the standalone price. When estimating the standalone price, the Company maximises the use of external input; observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach. Payment of the transaction price is due immediately when the customer purchases the lubricants and takes delivery.

### (a) Sale of goods

Sale of goods are recognised on delivery of products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

### (b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method unless collectability is in doubt.

## 2.17 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of Chevron Lubricants Lanka PLC assesses the financial performance and position of the Company, and makes strategic decisions. Accordingly, such management, has been identified as being the chief operating decision maker. Authority is delegated down by the board to management consisting of the chief executive officer, chief financial officer and few other managers designated in the management team.

There are no significant separate operating segments within the Company.

## 3. Financial risk management

### 3.1 Financial risk

#### 3.1.1 Financial risk factors

The Company's activities expose it to a variety of financial risks. Market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial risks and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is performed by the management under policies approved by the board of directors. The board provides guidance for overall risk management.

The principal financial instruments of the Company comprise of short term deposits, money market investments, and cash. The main purpose of these financial instruments is to raise and maintain liquidity for the Company's operations, and maximise returns on the Company's financial reserves. The Company has various other financial instruments such as trade receivables and trade payables which arise directly from its business activities.

#### (a) Market risk

##### (i) Foreign exchange risk

The Company is principally exposed to fluctuations in the value of the US Dollar (USD) against the Sri Lankan Rupee (LKR). The Company's functional currency is LKR in which most of the transactions are denominated, and all other currencies are considered foreign currencies for reporting purposes. Certain bank balances, trade receivables, and trade payables are denominated in foreign currencies.

The Company's financial statements which are presented in LKR, are affected by foreign exchange fluctuations through both translation risk and transaction risk. Changes in foreign currency exchange rates may affect the Company's cost of materials purchased and services obtained from related companies in foreign currencies. In particular, depreciation of the LKR against the USD can impact the Company's operating results through its impact on cost of imported raw materials.

The Company's exposure to foreign currency risk at the end of the reporting period, in USD denominated currency was as follows:

	2024	2023
Trade and other receivables (Note 15)	33,668,892	262,991,086
Trade and other payable (Note 22)	(240,139,719)	(56,011,251)
Amounts due from related parties (Note 15)	62,258,768	28,468,857
Amounts due to related parties (Note 22)	(582,747,583)	(334,004,217)
Cash and cash equivalents (Note 19)	86,623,069	125,954,912
<b>Total foreign currency exposure</b>	<b>(640,336,573)</b>	<b>27,399,387</b>

#### Sensitivity analysis

As at 31 December 2024, a net foreign exchange loss of LKR 6,403,366 (2023 - net foreign exchange gain LKR 273,994) would have resulted with each 1% weakening of LKR against USD with all other variables held constant on translation of year end foreign currency denominated balances.

During the year ended 31 December 2024, the Company recorded a net foreign exchange gain of LKR 175,985,964 (2023 - net foreign exchange gain LKR 281,182,266) on transaction and translation of USD balances.

**(b) Credit risk**

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

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

**Trade receivables**

The Company is responsible for managing and analysing the credit risk for each of their new customers before standard payment and delivery terms and conditions are offered. The management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Management does not expect any losses from non-performance by these counterparties.

**Cash and cash equivalents**

The Company invests in government security and rated banks. The Company limits the concentration of financial exposure to any single financial institution.

**Risk exposure**

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. Following table shows the maximum risk positions.

As at 31 December 2024	Cash at bank	Trade and other receivables	Amounts due from related parties	Total
<b>Risk Exposure</b>				
Trade and other receivables (excluding prepayments, statutory receivables and marketing support fee paid to service centre operators)	Nil	1,411,343,955	Nil	1,411,343,955
Amounts due from related parties (Note 15)	Nil	Nil	62,258,768	62,258,768
Cash and cash equivalents (Note 19)	3,249,955,449	Nil	Nil	3,249,955,449
<b>Total credit risk exposure</b>	<b>3,249,955,449</b>	<b>1,411,343,955</b>	<b>62,258,768</b>	<b>4,723,558,172</b>

As at 31 December 2023	Cash in hand and at bank	Trade and other receivables	Amounts due from related parties	Total
<b>Risk Exposure</b>				
Trade and other receivables (excluding prepayments and marketing support fee paid to service centre operators)	Nil	2,119,239,306	Nil	2,119,239,306
Amounts due from related parties (Note 15)	Nil	Nil	28,468,857	28,468,857
Cash and cash equivalents (Note 19)	3,256,784,430	Nil	Nil	3,256,784,430
<b>Total credit risk exposure</b>	<b>3,256,784,430</b>	<b>2,119,239,306</b>	<b>28,468,857</b>	<b>5,404,492,593</b>

**(c) Liquidity risk**

In the management of liquidity risk, the Company monitors and maintains a level of cash in hand at bank deemed adequate by the management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of available bank facilities. Access to source of funding is sufficiently available.

Surplus cash held over and above the amount required for working capital management is invested in interest bearing savings accounts, treasury bills and repurchase agreements, time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room. At the reporting date, the Company held liquid assets of LKR 4,562,000,485 (2023 - LKR 5,300,636,657) that are expected to readily generate cash inflows for managing liquidity risk.

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

As at 31 December 2024	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>Liabilities</b>					
Trade and other payables (excluding statutory payables)	1,406,706,165	Nil	Nil	Nil	Nil
Amounts due to related parties (Note 22)	404,754,501	177,993,082	Nil	Nil	Nil
Lease liabilities	30,048,841	116,405,718	134,626,079	282,984,538	470,598,644
<b>Total liabilities</b>	<b>1,841,509,507</b>	<b>294,398,800</b>	<b>134,626,079</b>	<b>282,984,538</b>	<b>470,598,644</b>

As at 31 December 2023	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>Liabilities</b>					
Trade and other payables (excluding statutory payables)	1,159,777,793	Nil	Nil	Nil	Nil
Amounts due to related parties (Note 22)	334,004,217	Nil	Nil	Nil	Nil
Lease liabilities	22,526,394	81,029,254	100,482,497	253,708,286	530,818,433
<b>Total liabilities</b>	<b>1,516,308,404</b>	<b>81,029,254</b>	<b>100,482,497</b>	<b>253,708,286</b>	<b>530,818,433</b>

**(d) Price risk**

The Company is exposed to the commodity price risk pertaining to base oils.

The Company monitors price of base oils on a dynamic basis and manages procurement accordingly.

**(e) Interest rate risk**

The Company has cash and bank balances including deposits placed with government and creditworthy banks. The Company monitors interest rate risk by actively monitoring the yield curve trends and interest rate movements.



### 3.2 Fair value estimation

The Company's financial assets and liabilities include receivables, cash in hand and at bank, and payables. Due to the short-term nature of the current receivables and payables, their carrying amount is considered to be the same as their fair value.

### 3.3 Capital risk management

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

The capital structure of the Company represents equity attributable to owners of the Company, comprising issued stated capital and retained earnings. Additional information is disclosed in Note 20.

The Company has not obtained any borrowings to finance operations over the past 5 years except lease liabilities.

## 4. Critical accounting estimates and judgements

### 4.1 Critical accounting estimates and assumptions

The Company makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

#### (a) Estimated useful lives of property, plant and equipment (PPE)

The Company reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

#### (b) Defined benefit obligations

The present value of the gratuity obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for gratuity include the discount rate. Any changes in these assumptions will impact the carrying amount of gratuity obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the gratuity obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for defined benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 21.

#### (c) Impairment of trade receivables

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the trade receivable.

#### (d) Estimated impairment of non-current assets

The Company reviews for impairment of property, plant and equipment in accordance with the Accounting Policy in Note 2.5. The recoverable amount of these assets have been determined based on higher of the assets' fair value less cost to sell and value in use. These calculations require the use of estimates and judgements.

Management believes that any reasonably possible change in the estimated future cash flows of the operations on which the recoverable amounts of the cash-generating units is based would not cause the cash-generating units' carrying amount to exceed its recoverable amount.

**(e) Estimate on performance incentives and discounts**

The Company offers several incentives and discounts to distributors and some retailers through their distributors. At the point of invoicing, the incentives and discounts are computed to arrive at the amount to be invoiced based on historical sales trends of each customer and such invoiced sales recorded are subsequently adjusted based on actual redistribution sales information received.

**4.2 Critical judgements in applying the entity's accounting policies****SLFRS 16***Critical judgements in determining the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of buildings and motor vehicles, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate);

- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate), and
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset;

Most extension options in buildings and motor vehicles leases have not been included in the lease liability, because the Company could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**5. Sales**

Sales are made up as follows:

	2024	2023
Third party sales	22,673,800,362	23,072,326,606
Related party sales [Note 26 (a)]	289,223,008	180,176,005
	<b>22,963,023,370</b>	<b>23,252,502,611</b>

Sales are recorded net of customer incentives and discounts of LKR 4,357,754,370 (2023 – LKR 3,283,393,478).

In the current year, the presentation of sales has been changed to more appropriately reflect the way sales are generated. Accordingly, the comparative amounts have also been aligned for consistency with the current year presentation.

## 6. Expenses by nature

	2024	2023
Directors' emoluments		
- executive	77,945,286	68,085,510
- non executive	5,808,000	5,808,000
	83,753,286	73,893,510
Auditors' remuneration		
- audit	4,782,997	4,153,686
- non audit	112,750	110,000
	4,895,747	4,263,686
Depreciation on property, plant and equipment (Note 13)	200,551,267	186,582,042
Depreciation on right-of-use assets (Note 14)	99,599,245	61,154,191
Amortisation of marketing support fee paid [Note 15 (d)]	14,704,967	20,115,478
Write off of property, plant and equipment (Note 13)	473,464	Nil
Repair and maintenance expenditure	32,442,059	73,152,514
Cost of inventories sold (Note 18)	13,852,181,413	15,298,854,796
Employee benefit expenses (Note 7)	540,946,091	522,460,043

## 7. Employee benefit expenses

	2024	2023
Salaries, wages and other fringe benefits	416,823,353	406,253,443
Contribution to defined contribution plans	56,917,911	49,732,326
Defined benefit obligations (Note 21)	67,204,827	66,474,274
	540,946,091	522,460,043
Monthly average number of persons employed by the Company during the year:		
Permanent employees	73	74

## 8. Other income

	2024	2023
Scrap sales	869,010	507,799
Write-back of creditors	Nil	288,982
Profit on disposal of property, plant and equipment	330,772	9,311,945
Empty drum sales	1,081,159	2,238,144
Lease liability write-back from early termination	4,652,963	Nil
	6,933,904	12,346,870

## 9. Finance income and costs

	2024	2023
<b>Finance income:</b>		
Interest income on short term deposits	159,712,557	143,936,786
Interest income on employee loans	266,450	188,026
Foreign exchange transaction and translation gains	175,985,964	281,182,266
	<b>335,964,971</b>	<b>425,307,078</b>
<b>Finance costs:</b>		
Interest charge on lease liabilities (Note 14)	(93,027,975)	(62,298,877)
Interest expense on bank overdraft	Nil	(12,746)
Interest expense on overdue trade liabilities	Nil	(8,677,859)
	<b>(93,027,975)</b>	<b>(70,989,482)</b>
<b>Finance income - net</b>	<b>242,936,996</b>	<b>354,317,596</b>

## 10. Income tax expense

	2024	2023
<b>Current tax:</b>		
Current tax on profits for the year [refer (a) below]	1,713,119,370	1,557,892,072
Under provision for income tax in respect of previous years	Nil	12,204,995
	<b>1,713,119,370</b>	<b>1,570,097,067</b>
<b>Deferred tax :</b>		
Origination of temporary differences (Note 17)	(36,741,708)	(28,606,922)
<b>Income tax expense</b>	<b>1,676,377,662</b>	<b>1,541,490,145</b>
Deferred tax (credited)/charged to other comprehensive income (Note 17)	(8,499,441)	1,879,672
	<b>1,667,878,221</b>	<b>1,543,369,817</b>

(a) In reference to the Inland Revenue (Amendment) Act, No. 45 of 2022, the Company has computed its Business Income & Investment Income applying the standard rate of 30% for the current financial year.

The tax on the Company's profit before tax differs from theoretical amount that would arise using the basic tax rate of the Company as follows:

	2024	2023
<b>Profit before tax</b>	<b>5,531,823,067</b>	5,144,503,444
Tax calculated at a tax rate of 30% (2023 - 30%)	<b>1,659,546,920</b>	1,543,351,033
<b>Tax effects of:</b>		
- Income not subject to tax	<b>(6,263,802)</b>	(13,267,752)
- Expenses not deductible for tax purposes	<b>23,545,851</b>	2,449,798
- (Loss)/profit on sale of fixed assets	<b>42,807</b>	(2,793,584)
- Tax loss on retirement/disposal of fixed assets	<b>(494,114)</b>	(454,345)
Under provision for income tax in respect of previous years	<b>Nil</b>	12,204,995
<b>Tax charge</b>	<b>1,676,377,662</b>	<b>1,541,490,145</b>

Further information about deferred tax is provided in Note 17.

## 11. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year:

	2024	2023
Profit attributable to shareholders	<b>3,855,445,405</b>	3,603,013,299
Number of ordinary shares in issue at 31 December (Note 20)	<b>240,000,000</b>	240,000,000
Basic/diluted earnings per share	<b>16.06</b>	15.01

## 12. Dividends

	2024	2023
Proposed and paid interim dividend of LKR 15.00 per share (2023 - LKR 6.00 per share)	<b>3,600,000,000</b>	1,440,000,000

The third interim dividend for 2024 of LKR 8.00 per share amounting to LKR 1,920,000,000 was declared on 25 February 2025 and paid on 14 and 27 March 2025.

## 13. Property, plant and equipment

	Land Improvements	Improvements on leasehold buildings	Storage tanks and pipe lines	Plant and machinery	Office furniture and equipment	Motor vehicles	Computers	Capital work in progress	Total
<b>Year ended 31 December 2023</b>									
Opening net book amount	157,674,139	848,524,976	192,135,031	197,706,228	46,694,304	30,940,295	24,559,726	90,631,964	1,588,866,663
Additions	Nil	15,743,114	Nil	44,168,888	3,239,274	585,730	74,264,642	75,899,895	213,901,543
Transferred from capital work-in-progress	Nil	17,644,142	10,122,002	25,292,504	6,783,265	Nil	29,327,852	(89,169,765)	Nil
Reversal from capital WIP	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(1,462,200)	(1,462,200)
Disposals – cost	Nil	Nil	Nil	Nil	(64,917)	(10,679,500)	(15,223,668)	Nil	(25,968,085)
– accumulated depreciation	Nil	Nil	Nil	Nil	56,815	7,848,039	15,223,668	Nil	23,128,522
Depreciation charge (Note 6)	(15,096,518)	(38,891,144)	(25,388,890)	(62,248,827)	(15,492,845)	(7,137,514)	(22,326,304)	Nil	(186,582,042)
<b>Closing net book amount</b>	<b>142,577,621</b>	<b>843,021,088</b>	<b>176,868,143</b>	<b>204,918,793</b>	<b>41,215,896</b>	<b>21,557,050</b>	<b>105,825,916</b>	<b>75,899,894</b>	<b>1,611,884,401</b>
<b>At 31 December 2023</b>									
Cost	236,031,679	1,209,411,860	437,068,886	831,458,633	167,376,143	51,916,211	231,106,661	75,899,894	3,240,269,967
Accumulated depreciation	(93,454,058)	(366,390,772)	(260,200,743)	(626,539,840)	(126,160,247)	(30,359,161)	(125,280,745)	Nil	(1,628,385,566)
<b>Net book amount</b>	<b>142,577,621</b>	<b>843,021,088</b>	<b>176,868,143</b>	<b>204,918,793</b>	<b>41,215,896</b>	<b>21,557,050</b>	<b>105,825,916</b>	<b>75,899,894</b>	<b>1,611,884,401</b>
<b>Year ended 31 December 2024</b>									
Opening net book amount	142,577,621	843,021,088	176,868,143	204,918,793	41,215,896	21,557,050	105,825,916	75,899,894	1,611,884,401
Additions	Nil	Nil	Nil	30,004,998	7,333,493	Nil	16,787,759	119,793,451	173,919,701
Transferred from capital work-in-progress	Nil	Nil	Nil	66,262,593	9,253,000	Nil	Nil	(75,515,593)	Nil
Reversal from capital WIP	Nil	Nil	Nil	Nil	Nil	Nil	Nil	(384,303)	(384,303)
Write offs – cost (Note 6)	Nil	Nil	Nil	(2,605,967)	(954,493)	Nil	(1,758,410)	Nil	(5,318,870)
– accumulated depreciation	Nil	Nil	Nil	2,605,967	923,256	Nil	1,316,183	Nil	4,845,406
Disposals – cost	Nil	Nil	Nil	Nil	(1,284,908)	Nil	(13,825,989)	Nil	(15,110,897)
– accumulated depreciation	Nil	Nil	Nil	Nil	1,257,023	Nil	13,804,114	Nil	15,061,137
Depreciation charge (Note 6)	(15,079,724)	(41,449,564)	(24,902,638)	(64,416,453)	(14,230,310)	(6,148,933)	(34,323,645)	Nil	(200,551,267)
<b>Closing net book amount</b>	<b>127,497,897</b>	<b>801,571,524</b>	<b>151,965,505</b>	<b>236,769,931</b>	<b>43,512,957</b>	<b>15,408,117</b>	<b>87,825,928</b>	<b>119,793,449</b>	<b>1,584,345,308</b>
<b>At 31 December 2024</b>									
Cost	236,031,679	1,209,411,860	437,068,886	925,120,257	181,723,235	51,916,211	232,310,021	119,793,449	3,393,375,598
Accumulated depreciation	(108,533,782)	(407,840,336)	(285,103,381)	(688,350,326)	(138,210,278)	(36,508,094)	(144,484,093)	Nil	(1,809,030,290)
<b>Net book amount</b>	<b>127,497,897</b>	<b>801,571,524</b>	<b>151,965,505</b>	<b>236,769,931</b>	<b>43,512,957</b>	<b>15,408,117</b>	<b>87,825,928</b>	<b>119,793,449</b>	<b>1,584,345,308</b>

(a) Property, plant and equipment include fully depreciated assets still in books, the cost of which at 31 December 2024 amounted to LKR 796,745,862 (2023 - LKR 381,149,743).

(b) Depreciation expense of LKR 151,757,530 (2023 - LKR 145,264,741) has been charged in cost of goods sold, LKR 24,329,755 (2023 - LKR 20,816,912) as administrative expenses and LKR 24,463,982 (2023 - LKR 20,500,389) as selling and distribution expenses.



## 14. Leases

This note provides information for leases where the Company is the lessee.

### (a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2024	2023
<b>Right-of-use assets</b>		
Land and buildings	366,176,763	291,633,560
Motor vehicles	133,513,935	140,023,164
	<b>499,690,698</b>	<b>431,656,724</b>

	2024	2023
<b>Lease liabilities</b>		
Current lease liabilities	69,641,919	34,935,038
Non-current lease liabilities	527,896,007	465,150,829
	<b>597,537,926</b>	<b>500,085,867</b>

Additions to the right-of-use assets during the financial year ended 31 December 2024 were LKR 167,633,219 (2023 - LKR 151,279,296).

Movement relating to leases:

	2024	2023
<b>Right-of use assets</b>		
Right-of-use asset recognised as at 1 January - Land and buildings	291,633,560	313,069,724
Right-of-use asset recognised as at 1 January - Motor vehicles	140,023,164	28,461,895
Additions made during the year - Buildings	112,309,219	6,489,338
Additions made during the year - Motor vehicles	55,324,000	144,789,958
Depreciation charged during the year - Land and buildings (Note 6)	(37,766,016)	(27,925,502)
Depreciation charged during the year - Motor vehicles (Note 6)	(61,833,229)	(33,228,689)
	<b>(99,599,245)</b>	<b>(61,154,191)</b>
<b>Right-of-use asset recognised as at 31 December</b>	<b>499,690,698</b>	<b>431,656,724</b>

	2024	2023
<b>Lease liabilities</b>		
Lease liability recognised as at 1 January - Land and buildings	344,898,751	362,387,365
Lease liability recognised as at 1 January - Motor vehicles	155,187,116	30,675,691
Additions made during the year - Buildings	112,309,219	6,489,338
Additions made during the year - Motor vehicles	55,324,000	144,789,958
Interest charged during the year (Note 9)	93,027,975	62,298,877
Rentals paid during the year	(158,556,171)	(106,555,362)
Lease liability write-back from early termination	(4,652,963)	Nil
<b>Lease liability recognised as at 31 December</b>	<b>597,537,927</b>	<b>500,085,867</b>

## 14. Leases (Contd.)

## (b) Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2024	2023
<b>Depreciation charge of right-of-use assets</b>		
Land and buildings (Note 6)	(37,766,016)	27,925,502
Motor vehicles (Note 6)	(61,833,229)	33,228,689
	<b>(99,599,245)</b>	<b>61,154,191</b>
Interest charge on lease liabilities (Note 9)	<b>93,027,975</b>	<b>62,298,877</b>
Lease liability write-back from early termination (Note 9)	<b>4,652,963</b>	<b>Nil</b>

(c) The total cash outflow for leases for the financial year ended 31 December 2024 was LKR 158,556,171 (2023 - LKR 106,555,363).

## 15. Trade and other receivables

	2024	2023
Trade receivables	<b>1,312,279,009</b>	2,043,852,224
Less: provision for impairment of trade receivables [refer (a) below]	<b>Nil</b>	Nil
Trade receivables - net	<b>1,312,279,009</b>	2,043,852,224
Prepayments	<b>8,347,542</b>	9,197,861
Deposits	<b>50,155,968</b>	45,837,723
Staff loans [refer (c) below]	<b>22,516,919</b>	11,774,325
Marketing support fee paid to service centre operators [refer (d) below]	<b>17,975,163</b>	14,439,852
Statutory receivables [refer (f) below]	<b>54,637,980</b>	Nil
Other receivables	<b>26,392,059</b>	17,775,034
	<b>1,492,304,640</b>	2,142,877,019
Receivables from related parties [Note 26 (c) (i)]	<b>62,258,768</b>	28,468,857
<b>Total trade and other receivables</b>	<b>1,554,563,408</b>	<b>2,171,345,876</b>
<b>Less: non-current portion</b>		
Staff loans	<b>17,099,451</b>	7,769,487
Marketing support fee paid to service centre operators	<b>7,061,941</b>	5,069,608
Deposits	<b>50,155,968</b>	45,837,723
<b>Total non-current portion</b>	<b>74,317,360</b>	58,676,818
<b>Current portion</b>	<b>1,480,246,048</b>	<b>2,112,669,058</b>

## (a) Impairment of trade receivables;

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

## Notes to the financial statements

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

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The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 or 1 January 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes.

On that basis, the loss allowance as at 31 December 2024 and 1 January 2024 was determined as follows for both trade receivables:

	2024	2023
Loss allowance	Nil	Nil

The closing loss allowances for trade receivables as at 31 December 2024 reconcile to the opening loss allowances as follows:

	2024	2023
Opening loss allowance as at 1 January	Nil	Nil
Loss allowance on trade receivables	Nil	Nil
<b>Closing balance</b>	<b>Nil</b>	<b>Nil</b>

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company and a failure to make contractual payments.

(b) The carrying amounts of trade and other receivables are denominated in following currencies:

	2024	2023
US Dollars	95,927,660	291,459,943
Sri Lankan Rupees	1,458,635,748	1,879,885,933
	<b>1,554,563,408</b>	<b>2,171,345,876</b>

(c) Staff loans due at the financial position date represent loans given to staff on fixed repayment terms and are unsecured. These loans are largely given at a concessionary rate of 4.2% per annum (2023 - 4.2%). The effective market interest rates on non-current receivables (staff loans) as at 31 December 2024 were 14% per annum (2023 - 19%). The effect of discounting is not considered to be material.

(d) Marketing support fee is an advance payment made to the service station operators under which a bulk payment is made at the beginning of the contract period to meet the marketing expenses over the contract period. Service station operator should guarantee a minimum volume over the contract period to meet his obligations under the contract. If the terms are not met, service station operator is required to refund to the Company a proportionate amount of the bulk payment. The marketing support payment is amortised over the contract period and amortisation charge of LKR 14,704,967 (2023 - LKR 20,115,478) is recognised in the statement of comprehensive income (Note 6).

(e) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. However, the Company does hold collateral security for a large proportion of its trade receivables.

(f) Other receivables consisted of VAT receivable of LKR 54,637,980 (2023 - LKR Nil).

## 16. Financial instruments by category

### (a) 31 December 2024

	Financial assets – measured at amortised cost	Total
Trade and other receivables (excluding prepayments, statutory receivables and marketing support fee paid to service centre operators)	1,411,343,955	1,411,343,955
Amounts due from related parties [Note 26 (c) (i)]	62,258,768	62,258,768
Cash and cash equivalents (Note 19)	3,249,955,449	3,249,955,449
	<b>4,723,558,172</b>	<b>4,723,558,172</b>

### (b) 31 December 2024

	Other financial liabilities	Total
<b>Financial liabilities – measured at amortised cost</b>		
Trade and other payables (excluding statutory liabilities)	1,406,706,165	1,406,706,165
Amounts due to related parties [Note 26 (c) (ii)]	582,747,583	582,747,583
Lease liabilities (Note 14)	597,537,927	597,537,927
	<b>2,586,991,675</b>	<b>2,586,991,675</b>

### (c) 31 December 2023

	Financial assets – measured at amortised cost	Total
Trade and other receivables (excluding prepayments and marketing support fee paid to service centre operators)	2,119,239,306	2,119,239,306
Amounts due from related parties [Note 26 (c) (i)]	28,468,857	28,468,857
Cash and cash equivalents (Note 19)	3,256,784,430	3,256,784,430
	<b>5,404,492,593</b>	<b>5,404,492,593</b>

### (d) 31 December 2023

	Other financial liabilities	Total
<b>Financial liabilities – measured at amortised cost</b>		
Trade and other payables (excluding statutory liabilities)	1,159,777,793	1,159,777,793
Amounts due to related parties [Note 26 (c) (ii)]	334,004,217	334,004,217
Lease liabilities (Note 14)	500,085,867	500,085,867
	<b>1,993,867,877</b>	<b>1,993,867,877</b>

**(e) Credit quality of financial assets that are not impaired can be assessed by reference to historical information.**

	2024	2023
<b>Trade receivables</b>		
Distributors	913,526,123	1,255,572,226
Commercial/industrial and others	398,752,886	613,641,227
Export customers/overseas	Nil	174,638,771
	<b>1,312,279,009</b>	<b>2,043,852,224</b>

Counterparties without external credit rating:

	2024	2023
Group 1	1,308,624,024	2,041,597,717
Group 2	3,654,985	2,254,507
Group 3	Nil	Nil
<b>Total unimpaired trade and related party receivables</b>	<b>1,312,279,009</b>	<b>2,043,852,224</b>

Group 1 – customers with outstanding amounts (less than 3 months).

Group 2 – customers with outstanding amounts (more than 3 months) with no defaults in the past.

Group 3 – customers with outstanding amounts (more than 3 months) with some defaults in the past.

All defaults were fully recovered.

	2024	2023
<b>Cash and cash equivalents</b>		
Cash at banks with AAA to A ratings	3,249,955,449	3,256,784,430
Cash in hand	Nil	Nil
	<b>3,249,955,449</b>	<b>3,256,784,430</b>

**17. Deferred tax liabilities**

Deferred tax is calculated on all temporary differences under the liability method using an effective tax rate of 30% (2023 – 30%).

The gross movement on the deferred income tax account is as follows:

	2024	2023
At beginning of year	207,469,887	234,197,137
Credited to income statement (Note 10)	(36,741,708)	(28,606,922)
(Credited)/charged to other comprehensive income (Note 10)	(8,499,441)	1,879,672
<b>At end of year</b>	<b>162,228,738</b>	<b>207,469,887</b>

## 17. Deferred tax liabilities (Contd.)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2024	2023
<b>Deferred tax assets</b>		
- Deferred tax assets to be recovered after more than 12 months	(260,965,938)	(222,069,329)
- Deferred tax assets to be recovered within 12 months	(25,620,382)	(26,770,543)
	<b>(286,586,320)</b>	<b>(248,839,872)</b>
<b>Deferred tax liabilities</b>		
- Deferred tax liability to be recovered after more than 12 months	448,815,058	456,309,759
<b>Deferred tax liabilities - net</b>	<b>162,228,738</b>	<b>207,469,887</b>

	Accelerated tax depreciation	Right of use Assets	Total
<b>Deferred tax liabilities</b>			
At 1 January 2023	319,033,242	Nil	319,033,242
Charged to income statement	7,779,500	129,497,017	137,276,517
At 31 December 2023	326,812,742	129,497,017	456,309,759
(Credited)/charged to income statement	(27,904,894)	20,410,193	(7,494,701)
<b>At 31 December 2024</b>	<b>298,907,848</b>	<b>149,907,210</b>	<b>448,815,058</b>

	Defined benefit obligations	Lease Liability	Total
<b>Deferred tax assets</b>			
At 1 January 2023	(84,836,105)	Nil	(84,836,105)
Credited to income statement	(15,857,679)	(150,025,760)	(165,883,439)
Charged to other comprehensive income (Note 10)	1,879,672	Nil	1,879,672
At 31 December 2023	(98,814,112)	(150,025,760)	(248,839,872)
(Credited) to income statement	(11,389)	(29,235,618)	(29,247,007)
(Credited) to other comprehensive income (Note 10)	(8,499,441)	Nil	(8,499,441)
<b>At 31 December 2024</b>	<b>(107,324,942)</b>	<b>(179,261,378)</b>	<b>(286,586,320)</b>

## 18. Inventories

	2024	2023
Raw materials and consumables	4,208,994,598	3,297,229,036
Finished goods	1,577,167,770	1,176,218,926
	<b>5,786,162,368</b>	<b>4,473,447,962</b>

(a) Raw material and consumables and finished goods include goods in transit amounting to LKR 233,439,168 (2023 - LKR 163,100,185).

(b) The cost of inventories consumed and included in cost of sales amounted to LKR 13,852,181,413 (2023 - LKR 15,298,854,796).



## 19. Cash and cash equivalents

	2024	2023
Cash and bank balances	1,749,955,449	2,356,784,430
Short term deposits	1,500,000,000	900,000,000
	<b>3,249,955,449</b>	<b>3,256,784,430</b>

Short term deposits mainly consisted of repos with a tenure of 1 to 3 months.

**The weighted average annual effective interest rate on short term deposits was 8.60% (2023 – 11.4%).**

The cash and cash equivalents are denominated in following currencies:

	2024	2023
US Dollars	86,623,069	125,954,912
Sri Lankan Rupees	3,163,332,380	3,130,829,518
	<b>3,249,955,449</b>	<b>3,256,784,430</b>

For the purpose of cash flow statement, the year end cash and cash equivalents comprise of the following:

	2024	2023
Cash and bank balances	1,749,955,449	2,356,784,430
Short term deposits	1,500,000,000	900,000,000
	<b>3,249,955,449</b>	<b>3,256,784,430</b>

## 20. Stated capital

	Ordinary shares	
	Number of shares	Value of shares
At 31 December 2023	240,000,000	600,000,000
At 31 December 2024	240,000,000	600,000,000

All issued shares are fully paid and do not have a par value.

## 21. Employee benefit obligations

	2024	2023
<i>Statement of financial position obligations for:</i>		
Gratuity benefits	357,749,806	329,380,372
<i>Income statement charge:</i>		
Gratuity benefits (Note 7)	67,204,827	66,474,274
<i>Other comprehensive income:</i>		
Remeasurement losses/(gains)	28,331,469	(6,265,574)

## 21. Employee benefit obligations (Contd.)

The movement in the defined benefit obligation over the year is as follows:

	2024	2023
At 1 January	329,380,372	282,787,018
Current service cost	24,385,379	26,884,092
Interest cost	42,819,448	39,590,182
Remeasurement losses/(gains)	28,331,469	(6,265,574)
Benefits paid	(67,166,862)	(13,615,346)
<b>At 31 December</b>	<b>357,749,806</b>	<b>329,380,372</b>

The amounts recognised in the statement of comprehensive income are as follows:

	2024	2023
Current service cost	24,385,379	26,884,092
Interest cost	42,819,448	39,590,182
<b>Total included in the employee benefit costs (Note 7)</b>	<b>67,204,827</b>	<b>66,474,274</b>

The provision is not externally funded, but actuarially valued and the valuation was carried out by Actuarial & Management Consultants (Private) Limited, an independent actuary, on 31 December 2024 using the Projected Unit Credit Method. The principal actuarial assumptions used were as follows:

	2024	2023
Discount rate	11.30% compounded annually	13% compounded annually
Estimated salary increment rate	12% per year	12.3% per year
Withdrawal rate	6% per annum up to age 54 and 0% thereafter	5% per annum up to age 54 and 0% thereafter

The present value of the defined benefit obligation for the year ended 31 December 2024 has been determined by discounting the estimated future cash outflows using the interest rate of government bond, as there is no deep market on high quality corporate bonds, by the actuarial valuer.

Assumptions regarding future mortality experience are set in accordance with A 1967/70 Mortality Table.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions as follows:

	Change in assumption	Increase in assumption		Decrease in assumption	
		2024	2023	2024	2023
Discount rate	1.00%	Decrease by 6.75%	Decrease by 5.87%	Increase by 7.61%	Increase by 6.61%
Future salary growth rate	1.00%	Increase by 7.86%	Increase by 6.99%	Decrease by 6.31%	Decrease by 7.09%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

## Notes to the financial statements

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Maturity profile of the defined benefit obligations:

The expected maturity analysis of undiscounted pension and post-employment medical benefits is as follows:

	2024	2023
Less than 1 year	16,689,292	56,428,265
Between 1 - 2 years	16,623,221	36,985,317
Between 2 - 5 years	164,804,143	149,504,276
Over 5 years	873,319,049	872,827,904
	<b>1,071,435,705</b>	<b>1,115,745,762</b>

## 22. Trade and other payables

	2024	2023
Trade payables	736,169,893	616,526,577
Accrued expenses [see Note (a) below]	626,268,928	486,471,408
Statutory payables	22,233,977	138,511,951
Other payables [see Note (b) below]	44,267,344	56,779,808
	<b>1,428,940,142</b>	<b>1,298,289,744</b>
Payable to related companies – Trade [Note 26 (c) (ii)]	582,747,583	334,004,217
	<b>2,011,687,725</b>	<b>1,632,293,961</b>

(a) Accrued expenses include payable for trade discounts and incentives of LKR 244,719,887 (2023 - LKR 57,383,117) payable for advertising and sales promotional expenditure of LKR 130,856,141 (2023 - LKR 129,970,901), lubricant license fee of LKR 87,830,273 (2023 - LKR 92,958,881), employee related payables amounting to LKR 47,471,495 (2023 - LKR 57,079,786) and import fees payable of LKR 25,202,588 (2023 - LKR 18,090,700).

(b) Other payables mainly consist of unclaimed dividends by shareholders other than parent company of LKR 43,895,655 (2023 - LKR 39,808,835).

(c) The carrying amounts of trade and other payables are denominated in following currencies:

	2024	2023
US Dollars	822,887,302	390,015,468
Sri Lankan Rupees	1,188,800,423	1,242,278,493
	<b>2,011,687,725</b>	<b>1,632,293,961</b>

## 23. Contingent liabilities

There were no material contingent liabilities existing at the date of the statement of financial position.

## 24. Commitments

### Capital commitments

Capital commitments in respect of office furniture and equipment contracted, but not incurred (not received nor shipped) as at the financial year end amount to LKR 12,961,835. (In 2023 Capital commitments were for plant and machinery LKR 4,518,752 and computers LKR 3,443,059 respectively.)

### Financial commitments

There were no material financial commitments outstanding at the statement of financial position date.

## 25. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	2024	2023
Profit before tax	5,531,823,067	5,144,503,444
<b>Adjustments for:</b>		
Depreciation on property, plant and equipment (Note 13)	200,551,267	186,582,042
Depreciation on right-of-use assets [Note 14 (b)]	99,599,245	61,154,191
Lease liability write-back from early termination [Note 14 (b)]	(4,652,963)	Nil
Amortisation of marketing support fee paid (Note 6)	14,704,967	20,115,478
Write off of property, plant and equipment (Note 6)	473,464	Nil
Profit on disposal of property, plant and equipment (Note 8)	(330,772)	(9,311,945)
Interest income (Note 9)	(159,979,007)	(144,124,812)
Interest expense (Note 9)	93,027,975	70,989,482
Defined benefit obligations (Note 21)	67,204,827	66,474,274
<b>Changes in working capital</b>		
- trade and other receivables	601,475,853	(138,214,108)
- inventories	(1,312,714,406)	704,970,028
- payables	385,065,756	(3,401,772,819)
<b>Cash generated from operations</b>	<b>5,516,249,273</b>	<b>2,561,365,255</b>

## 26. Directors' interest in contracts and related party transactions with the Company

Chevron Ceylon Limited is the immediate holding company of Chevron Lubricants Lanka PLC. The Chevron entities disclosed in this note, are related parties through Chevron Lubricants Lanka PLC's ultimate parent, Chevron Corporation Inc.

None of the directors of the Company had any direct or indirect interests in any contracts with the Company other than those stated below:

Ms Danielle Lincoln, Mr Bertram Paul and Mr Erande De Silva, directors of the Company, are also directors of Chevron Ceylon Limited, which is the immediate holding company. Ms Danielle Lincoln is also a director of Chevron Lubricants Holdings Pte Ltd, Chevron Afrika-Pakistan Services (Pty) Ltd, Chevron Brands International LLC, Arteco N.V. and Chevron Marine Products LLC. Mr Haider Manasawala is a director of Chevron Lubricants Holdings Pte Ltd, EPPCO International Ltd, EPPCO Projects LLC, Chevron Lubricants India Private Limited and Arteco N.V.

The following transactions were carried out with the related parties.

### (i) Reimbursable expenses incurred by Chevron Lubricants Lanka PLC

	2024	2023
Chevron Ceylon Limited	15,222	23,305
Chevron Singapore Pte Ltd	32,775,563	40,929,233
Chevron Corporation	1,086,027	Nil
	<b>33,876,812</b>	<b>40,952,538</b>

### (ii) Other related party transactions

The Company is controlled by Chevron Ceylon Limited which owns 51% of the Company's shares. The remaining 49% of the shares are widely held. The ultimate parent of the Company is Chevron Corporation Inc, incorporated in San Ramon – USA. All the related entities disclosed below with which the Company had transactions during the year are related through the ultimate parent company.

### (a) Sale of goods and services (Note 5)

	2024	2023
<b>Sale of goods:</b>		
Chevron (Thailand) Limited	17,534,092	4,721,702
Chevron Marine Products LLC	125,985,908	57,294,458
Chevron Pakistan Lubricants Private Limited	145,703,008	118,159,845
	<b>289,223,008</b>	<b>180,176,005</b>

Goods are sold based on the price list in force and terms that would be available to third parties. The Company has not received any guarantees pertinent to related party transactions.

**(b) Purchases of goods and services**

	2024	2023
<b>Purchase of goods:</b>		
Chevron Singapore Pte Ltd	5,295,610,096	5,152,374,872
Chevron Asia Pacific Holdings Ltd (Chevron Alkhalij)	1,372,654	Nil
Chevron (Thailand) Limited	119,151,098	201,996,352
Chevron Oronite Pte Ltd	1,757,977,712	1,551,058,172
Chevron Belgium BV.	14,866,873	9,755,706
Chevron Lubricants Vietnam Limited	Nil	76,753,091
Chevron Pakistan Lubricants Private Limited	1,116,272	Nil
Chevron (Tianjin) Lubricants	9,109,011	Nil
Chevron Marine Products LLC	196,794	Nil
	<b>7,199,400,510</b>	<b>6,991,938,193</b>

	2024	2023
<b>Purchases of services:</b>		
Chevron USA Inc. (Chevron Products Company)	259,915,350	237,145,464
Chevron Singapore Pte Ltd	964,176,632	1,001,771,202
Chevron International Services Ltd	Nil	425,433
Chevron Services Company	Nil	213,732
Chevron Pakistan Lubricants Private Limited	Nil	17,277
Chevron Marine Products LLC	97,010	189,569
	<b>1,224,188,992</b>	<b>1,239,762,677</b>

The Company procures most of its raw materials (base oils and additives) from related parties on commercial terms and conditions.

The Company receives services from Chevron Group Companies (CGCs) for which payments are made by the Company. These services include Original Equipment Manufacturers (OEM) endorsement and identification and acquisition, product life cycle management, regional marketing, global supply chain planning and operations, operational excellence and enterprise resources planning, human resources management services, legal services and IT services. The Company has entered into service level agreements with relevant Chevron affiliates, setting out the methodology, terms and conditions for the service charges among Group Companies.

Purchases of goods and services during the year from related parties amounts to 98% (2023 – 99%) of net assets and 66% (2023 – 69%) of total assets at the end of the financial year.

## Notes to the financial statements

(All amounts in notes are shown in Sri Lanka Rupees unless otherwise stated)

Key management consists the members of the Board. The compensation paid or payable to key management personnel is shown below:

	2024	2023
Salaries and other short-term employee benefits	92,231,129	80,977,368
	<b>92,231,129</b>	<b>80,977,368</b>

Purchase of goods and services from related parties are on “arm's length basis”.

The Company has not provided security for such related party transactions, while the nature of consideration provided in settlement was cash. The Company has not given any guarantees pertinent to related party transactions.

**(c) Outstanding balances arising from sale/purchase of goods/services**

(i) Receivable from related parties:

	2024	2023
Chevron Marine Products LLC	31,149,355	12,633,313
Chevron Pakistan Lubricants Private Limited	20,559,460	4,450,641
Chevron (Thailand) Limited	6,232,191	Nil
Chevron Singapore Pte Ltd	4,039,172	11,384,903
Chevron Corporation	278,590	Nil
	<b>62,258,768</b>	<b>28,468,857</b>

The Company had Nil provisions for doubtful debts applicable to the amount of outstanding balances from related parties, neither did the Company recognize bad debts during the period stemming from related parties.

(ii) Payable to related parties:

	2024	2023
Chevron Singapore Pte Ltd	425,947,720	114,320,232
Chevron Oronite Pte Ltd	125,788,765	100,182,959
Chevron (Thailand) Limited	9,079,162	7,874,354
Chevron Pakistan Lubricants Private Limited	Nil	72,792,469
Chevron USA Inc. (Chevron Products Company)	21,931,936	21,980,740
Chevron Lubricants Vietnam Limited	Nil	9,800,234
Chevron International Services Ltd	Nil	7,053,229
	<b>582,747,583</b>	<b>334,004,217</b>



(d) Mr. Asite Talwatte is an Independent Non Executive Director of Diesel and Motor Engineering PLC, Cargills (Ceylon) PLC, Central Finance Company PLC. Dr. Harsha Cabral is an Independent Non Executive Director of Diesel & Motor Engineering PLC, Hayleys PLC, Sri Lankan Airlines Limited. The Company had following receivable and payable balances as at the statement of financial position.

	2024	2023
Receivable from Diesel & Motor Engineering PLC [refer (a)]	7,597,370	55,453
Receivable from Sri Lankan Airlines Limited [refer (a)]	7,074,197	Nil

(a) Chevron Lubricants Lanka PLC had the following transactions during the period from 01 January 2024 to 31 December 2024.

Name of Company/entity	Name of the related person/entity	Brief description of the transaction	Value of Transaction (Taxes included)
Diesel & Motor Engineering PLC	Mr. Asite Talwatte & Dr. Harsha Cabral	Sale of Lubricants to DIMO	38,533,036
Central Finance PLC	Mr. Asite Talwatte	Hire charges to Central Finance	90,975,273
Hayleys Fabric PLC	Dr. Harsha Cabral	Sale of Lubricants to Hayleys	748,320
Sri Lankan Airlines Limited	Dr. Harsha Cabral	Sale of Lubricants to Sri Lankan Airlines	46,973,377
Cargills Foods Company Pvt Ltd	Mr. Asite Talwatte	Purchase of Gift Vouchers	46,539,475

## 27. Events after the end of reporting period

Other than disclosed below, no events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, the financial statements.

(a) The third interim dividend for 2024 of LKR 8.00 per share amounting to LKR 1,920,000,000.00 was declared on 25 February 2025 and paid on 14 and 27 March 2025.

# TEN-YEAR FINANCIAL SUMMARY

(In Rupees '000)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Trading Results</b>										
Turnover	22,963,023	23,252,503	24,574,730	16,866,311	11,637,381	11,856,057	10,861,044	11,052,496	12,089,111	11,563,854
Profit Before Tax & OCI	5,531,823	5,144,503	4,999,632	4,332,714	3,099,247	2,943,233	2,760,085	3,495,785	4,702,671	4,318,544
Taxation	1,676,378	1,541,490	1,333,578	406,604	873,519	843,826	768,257	930,565	1,222,261	1,226,709
<b>Profit After Tax</b>	<b>3,855,445</b>	<b>3,603,013</b>	<b>3,666,055</b>	<b>3,926,109</b>	<b>2,225,729</b>	<b>2,099,408</b>	<b>1,991,829</b>	<b>2,565,220</b>	<b>3,480,410</b>	<b>3,091,835</b>
<b>Balance Sheet</b>										
Share Capital	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Reserves	7,973,616	7,732,330	5,559,131	4,398,615	3,580,188	3,536,297	3,314,473	3,406,914	3,260,623	4,087,029
Shareholders funds	8,573,616	8,332,330	6,159,131	4,998,615	4,180,188	4,136,297	3,914,473	4,006,914	3,860,623	4,687,029
Property, Plant & Equipment	1,584,345	1,611,884	1,588,867	1,661,480	1,758,141	1,883,219	1,963,377	2,066,551	2,132,858	2,195,826
Current & Non Current Assets excluding PPE	11,090,372	10,333,235	11,444,830	9,331,713	6,093,512	4,352,287	4,104,459	3,529,369	4,913,648	4,849,178
Current Liabilities	3,053,227	2,610,788	5,999,396	5,322,385	2,900,424	1,327,455	1,756,220	1,181,061	2,820,069	2,058,777
Non Current Liabilities	1,047,875	1,002,001	875,170	672,193	771,042	771,754	397,143	407,945	365,814	299,198
<b>Net Assets</b>	<b>8,573,616</b>	<b>8,332,330</b>	<b>6,159,131</b>	<b>4,998,615</b>	<b>4,180,188</b>	<b>4,136,297</b>	<b>3,914,473</b>	<b>4,006,914</b>	<b>3,860,623</b>	<b>4,687,029</b>
<b>Key Indicators</b>										
Gross Dividends (Rs. '000)	3,600,000	1,440,000	1,680,000	3,120,000	2,160,000	1,860,000	2,100,000	2,400,000	4,320,000	2,760,000
Dividend per Share (Rs.)	15.00	6.00	7.00	13.00	9.00	7.75	8.75	10.00	18.00	11.50
Price Earnings Ratio (Times)	9.96	6.01	6.32	6.91	11.65	8.56	8.77	11.13	10.83	13.35
Market value per share as at 31st December (Rs.)	160.00	90.30	96.50	113.00	108.00	74.90	72.80	119.00	157.10	344.00
Return on Equity (%)	46	50	66	86	54	52	50	65	81	63
Net Assets per share (Rs.)	35.72	34.72	25.66	20.83	17.42	17.23	16.31	16.70	16.09	19.53
Net Income to Turnover (%)	17	15	15	23	19	18	18	23	29	27
Earnings per Share (Rs.)	16.06	15.01	15.28	16.36	9.27	8.75	8.30	10.69	14.50	12.88

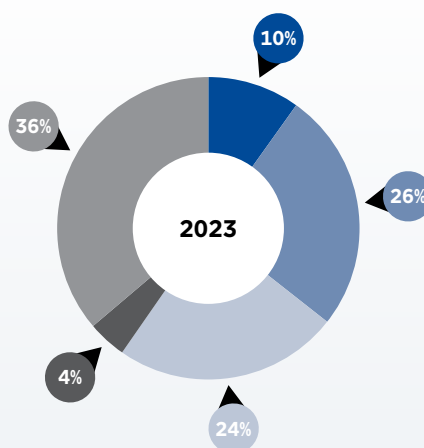
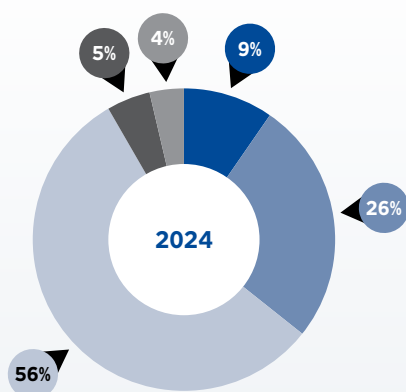
## Note :

The Company effected an increase of the Company's shares by way of a subdivision of each ordinary share into two ordinary shares thus increasing the number of shares from 120,000,000 ordinary shares to 240,000,000 effective 7th June 2016. Therefore Basic EPS/ DPS/Net Asset per share for prior years have been restated for comparative purpose. However PE ratio has been retained unadjusted to reflect historical records.

## STATEMENT OF VALUE ADDED

	2024 Rs. Mn.	2023 Rs. Mn.
<b>Value addition</b>		
Turn Over	22,963	23,253
Finance Income	336	425
Less: Materials and services purchased	16,868	17,691
<b>Value created</b>	<b>6,431</b>	<b>5,987</b>
<b>Distribution of Value addition</b>		
To employees as salaries	619	591
To state by way of taxes	1,676	1,541
To shareholders as dividends	3,600	1,440
Retained in the business – Depreciation	300	248
Retained in the business – Earnings	236	2,167
	<b>6,431</b>	<b>5,987</b>

### Distribution of Value addition



- To employees as salaries
- To state by way of taxes
- To shareholders as dividends

- Retained in the business – Depreciation
- Retained in the business – Earnings

## SHAREHOLDER INFORMATION

Analysis of Shareholders summary report as at 31 December 2024

Shareholdings	No of shareholders	No of shareholders %	Total Holdings	Total Holdings %
1 - 1,000	5,404	64.99	1,402,409	0.58
1,001 - 10,000	2,078	24.99	7,825,012	3.26
10,001 - 100,000	683	8.21	20,721,534	8.63
100,001 - 1,000,000	130	1.56	37,337,480	15.56
1,000,001 & over	20	0.24	172,713,565	71.96
<b>Total</b>	<b>8,315</b>	<b>100.00</b>	<b>240,000,000</b>	<b>100.00</b>

Shareholders categorised summary report as at 31 December 2024

Share Information	No of shareholders	No of shareholders %	Total Holdings	Total Holdings %
Individual	7,996	96.16	53,988,351	22.50
Institutional	319	3.84	186,011,649	77.50
<b>Total</b>	<b>8,315</b>	<b>100.00</b>	<b>240,000,000</b>	<b>100.00</b>
Resident	8,209	98.73	214,318,661	89.30
Non- Resident	106	1.27	25,681,339	10.70
<b>Total</b>	<b>8,315</b>	<b>100.00</b>	<b>240,000,000</b>	<b>100.00</b>
Public Holding	8,314		117,600,000	49.00

Share Information	2024	2023
Net Assets Per Share (Rs.)	35.72	34.72
Closing Price Per Share (Rs.)	160.00	90.30
Highest Price during the year (Rs.)	162.00	109.25
Lowest Price During the year (Rs.)	90.30	78.00
Public Share Holding (%)	49	49
Number of Public Share Holders	8,314	9,496
Compliant with CSE Rule 7.13.1 (i) (a) under option 1 - Float Adjusted Market Capitalization (Rs.)	18,816,000,000	11,348,400,000

Share price movements	Closing Rs.	Highest Rs.	Lowest Rs.
Market value of share in 1996	50.00	50.00	40.00
Market value of share in 1997	46.00	64.50	35.00
Market value of share in 1998	62.75	70.00	57.00
Market value of share in 1999	75.00	75.00	55.25
Market value of share in 2000	50.00	68.00	45.00
Market value of share in 2001	75.00	88.00	54.50
Market value of share in 2002	120.50	124.00	72.00
Market value of share in 2003	71.50	227.00	69.00
Market value of share in 2004	63.75	110.00	54.50
Market value of share in 2005	58.00	74.00	52.25
Market value of share in 2006	85.00	90.50	56.00
Market value of share in 2007	85.25	97.50	76.00
Market value of share in 2008	92.00	118.25	81.75
Market value of share in 2009	141.75	233.00	93.00
Market value of share in 2010	159.50	193.75	141.00
Market value of share in 2011	170.00	183.50	152.00
Market value of share in 2012	202.00	205.20	160.00
Market value of share in 2013	267.80	375.00	202.00
Market value of share in 2014	399.60	400.00	263.00
Market value of share in 2015	344.00	460.00	342.10
Market value of share in 2016	157.10	350.00	149.00
Market value of share in 2017	119.00	179.90	109.00
Market value of share in 2018	72.80	77.70	64.80
Market value of share in 2019	74.90	83.00	50.00
Market value of share in 2020	108.00	112.00	46.00
Market value of share in 2021	113.00	121.00	86.60
Market value of share in 2022	96.50	137.00	60.00
Market value of share in 2023	90.30	109.25	78.00
Market value of share in 2024	160.00	162.00	90.30

Names and the Number of Shares held by the Largest 20 shareholders as at 31st December 2024

	Number of Shares 2024	%	Number of Shares 2023	%
Chevron Ceylon Limited	122,400,000	51.00	122,400,000	51.00
BNYM RE-BARCA GLOBAL MASTER FUND LP	12,931,372	5.39	12,931,372	5.39
Renuka Hotels Limited	5,201,918	2.17	5,201,918	2.17
SSBT-Change Global Frontier Markets, LP	4,930,007	2.05	4,930,007	2.05
CARGO BOAT DEVELOPMENT COMPANY PLC	3,417,818	1.42	3,417,818	1.42
Sri Lanka Insurance Corporation LTD - LIFE FUND	3,300,000	1.38	3,400,000	1.42
J.B. COCOSHELL (PVT) LTD	2,644,409	1.10	2,262,973	0.94
CRESCENT LAUNDERERS AND DRY CLEANERS PVT LIMITED	2,000,000	0.83	2,000,000	0.83
MRS. A. SELLIAH	1,700,000	0.71	1,700,000	0.71
UNION ASSURANCE PLC - UNIVERSAL LIFE FUND	1,606,393	0.67		
BNYM RE-PIONEER MULTI-ASSET INCOME FUND	1,552,813	0.65	1,752,813	0.73
MR. L.E. BADER	1,499,090	0.62	932,642	0.39
LYNEAR WEALTH MANAGEMENT/MR. HANIF YUSOOF	1,423,550	0.59		
INVENCO CAPITAL PRIVATE LIMITED	1,280,110	0.53		
EMPLOYEE'S PROVIDENT FUND	1,238,803	0.52	1,015,916	0.42
MR. A.P. SOMASIRI	1,200,000	0.50	1,200,000	0.50
MRS. A. KAILASAPILLAI	1,150,000	0.48	1,150,000	0.48
MR. M.M.C. COORAY	1,125,000	0.47	1,115,000	0.46
DR. S.P. JAYAWARDENA	1,065,005	0.44	900,399	0.38
SEYLAN BANK PLC/CHANNA NALIN RAJAHMONEY	1,047,277	0.44		
Subtotal	172,713,565	71.96	166,310,858	69.29
Others	67,286,435	28.04	73,689,142	28.69
<b>Total</b>	<b>240,000,000</b>	<b>100.00</b>	<b>240,000,000</b>	<b>100.00</b>

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirty Second Annual General Meeting of Chevron Lubricants Lanka PLC (the "Company") will be held on 29th May 2025 at 4.00 p.m at Level 6, Public Forum, The Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 07 for the following purposes.

Capitalized terms not defined in this notice shall have the meanings given to them in the Company's Articles of Association.

- To receive and consider the Report of the Directors with the statement of accounts for the year ended 31.12.2024 and the Report of the Auditors thereon.
- To re-elect as Director, Ms. Danielle Lincoln who retires in terms of Article 91 of the Articles of Association of the Company.
- To re-elect as Director, Ms. Averil Anne Ludowyke who retires in terms of Article 91 of the Articles of Association of the Company
- To re-elect as Director, Mr. Liyanamohottige Joseph Sri Harsha Cabral who retires by rotation in terms of Article 85 of the Articles of Association of the Company.
- To reappoint Messrs. Deloitte Partners as auditors and to authorize the Directors to determine their remuneration.
- To authorize the Directors to determine and make donations.
- A Special Resolution to amend Article 74 (1) of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules):  
"The Directors shall not be less than five or more than seven in number. Subject to the provisions of the Act and these presents, the Company may from time to time, by Ordinary Resolution, increase or reduce the number of Directors."
- A Special Resolution to amend Article 103 (1) of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules):  
"Any Director may at any time in exceptional circumstances, by notice in writing left at the Office appoint any person approved by the Board to be an Alternate Director of the Company to act in his place and the following provisions of this Article shall apply to any person so appointed:
  - (a) If an Alternate Director is appointed as a Non-Executive Director such alternate should not be an executive of the Company.
  - (b) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in the Listing Rules and the Company shall satisfy the requirements relating to the minimum number of Independent Directors specified in the Listing Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made.
  - (c) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum."
- A Special Resolution to amend the opening paragraph of Article 103 (4) of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules):  
"An Alternate Director may be appointed for a specified period or until the happening of a specified event, in either circumstance the appointment should not exceed one year from the date of appointment. But he shall ipso facto cease to be an Alternate Director in any of the following events, that is to say:-"
- A Special Resolution to amend Article 53 of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules):  
"No business shall be transacted at any General Meetings unless a quorum is present when the meeting proceeds to business. Three Members present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by proxy or attorney or (in the case of a corporation) by an authorized representative, shall be a quorum for all purposes.



- A Special Resolution to amend Article 57(ii) and Article 57 (iii) of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules):

“(ii) Not less than five persons present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by attorney or representative or by proxy and entitled to vote; or

(iii) A Member or Members present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by attorney or representative or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting.”

- A Special Resolution to amend Article 62 of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules):  
“Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every Member who being an individual is present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by proxy or attorney who is not a member or (being a corporation) is present by a representative or proxy or attorney who is not a member, shall have one vote. Subject as aforesaid upon a poll every member who is

present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by proxy or by attorney or by representative shall be entitled to one vote for each share held by him.”

- To consider any other business of which due notice has been given.

By Order of the Board



**Erande De Silva**

Secretary  
Colombo

30 April 2025

**Note:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to participate and vote instead of him.
2. A proxy holder need not be a member of the Company. The form of proxy is attached herewith for your completion.
3. The completed form of proxy should be deposited at the Registered Office of the Company at Level 16, MAGA ONE, No. 200, Nawala Road, Narahenpita, Colombo 05 not less than 48 hours before the time appointed for the holding of the meeting (not later than 4.00pm on Tuesday, 27th May 2025).

## NOTES

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# FORM OF PROXY

I/We the undersigned (please print) .....

..... of

..... being member/s of

Chevron Lubricants Lanka PLC do hereby appoint

Danielle Lincoln  
Bertram Shanthikumar Paul  
Happavana Vithanage Erande Lasith De Silva  
Haider Abdulhusain Manasawala  
Liyanamohottige Joseph Sri Harsha Cabral  
Averil Anne Ludowyke

whom failing  
whom failing  
whom failing  
whom failing  
whom failing  
whom failing

.....

of .....

.....

as my/our proxy to represent me/us and to vote as indicated hereunder for me/us and on my/our behalf at the Thirty Second Annual General Meeting of Chevron Lubricants Lanka PLC (the "Company") which will be held on Thursday 29th May 2025 at 4.00 p.m at Level 6, Public Forum, The Institute of Chartered Accountants of Sri Lanka, 30A, Malalasekera Mawatha, Colombo 07 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

Capitalized terms not defined in this Form of Proxy shall have the meanings given to them in the Company's Articles of Association.

	For	Against
1. To receive and consider the Report of the Directors with the statement of accounts for the year ended 31.12.2024 and the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-elect as Director, Ms. Danielle Lincoln who retires in terms of Article 91 of the Articles of Association of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as Director, Ms. Averil Anne Ludowyke who retires in terms of Article 91 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect as Director, Mr. Liyanamohottige Joseph Sri Harsha Cabral who retires by rotation in terms of Article 85 of the Articles of Association of the Company	<input type="checkbox"/>	<input type="checkbox"/>
5. To reappoint Messrs. Deloitte Partners as auditors and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorize the Directors to determine and make donations.	<input type="checkbox"/>	<input type="checkbox"/>
7. A Special Resolution to amend Article 74 (1) of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules): "The Directors shall not be less than five or more than seven in number. Subject to the provisions of the Act and these presents, the Company may from time to time, by Ordinary Resolution, increase or reduce the number of Directors."	<input type="checkbox"/>	<input type="checkbox"/>
8. A Special Resolution to amend Article 103 (1) of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules): "Any Director may at any time in exceptional circumstances, by notice in writing left at the Office appoint any person approved by the Board to be an Alternate Director of the Company to act in his place and the following provisions of this Article shall apply to any person so appointed: (a) If an Alternate Director is appointed as a Non-Executive Director such alternate should not be an executive of the Company. (b) If an Alternate Director is appointed by an Independent Director, the person so appointed should meet the criteria of independence specified in the Listing Rules and the Company shall satisfy the requirements relating to the minimum number of Independent Directors specified in the Listing Rules. The Nominations and Governance Committee shall review and determine that the person nominated as the alternate would qualify as an Independent Director before such appointment is made. (c) The attendance of any Alternate Director at any meeting, including a Board Committee Meeting shall be counted for the purpose of quorum."	<input type="checkbox"/>	<input type="checkbox"/>

	For	Against
9. A Special Resolution to amend the opening paragraph of Article 103 (4) of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules): “An Alternate Director may be appointed for a specified period or until the happening of a specified event, in either circumstance the appointment should not exceed one year from the date of appointment. But he shall ipso facto cease to be an Alternate Director in any of the following events, that is to say:- ”	<input type="text"/>	<input type="text"/>
10. A Special Resolution to amend Article 53 of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules): “No business shall be transacted at any General Meetings unless a quorum is present when the meeting proceeds to business. Three Members present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by proxy or attorney or (in the case of a corporation) by an authorized representative, shall be a quorum for all purposes.	<input type="text"/>	<input type="text"/>
11. A Special Resolution to amend Article 57 (ii) and Article 57 (iii) of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules): “(ii) Not less than five persons present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by attorney or representative or by proxy and entitled to vote; or (iii) A Member or Members present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by attorney or representative or by proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting.”	<input type="text"/>	<input type="text"/>
12. A Special Resolution to amend Article 62 of the Articles of Association as follows (to be consistent with Section 9 of the Listing Rules): “Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every Member who being an individual is present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by proxy or attorney who is not a member, shall have one vote. Subject as aforesaid upon a poll every member who is present in person (or through audio visual or other electronic means (virtual meetings) or as combination of both methodologies where Members who are unable to attend a physical meeting are allowed to participate through audio visual or other electronic means (hybrid meeting), as determined by the Board) or by proxy or by attorney or by representative shall be entitled to one vote for each share held by him.”	<input type="text"/>	<input type="text"/>

Signed this ..... day of  
..... 2025

Signature .....

**NOTES:**

1. Please indicate with an “X” in the space provided how your proxy is to vote on each resolution. If there is in the view of the proxy holder doubt (by reason of the way in which the instructions in the proxy have been completed) as to the way in which the proxy holder should vote, the proxy holder will vote as he thinks fit.
2. A proxy holder need not be a member of the Company.
3. Instructions as to completion are noted on the reverse hereof.

**INSTRUCTIONS AS  
TO COMPLETION**

1. Please perfect the Form of Proxy overleaf, after filling in legibly your full name and address and by signing in the space provided and filling in the date of signature.
2. If the shareholder is a Company or Corporate body, the Form of Proxy should be executed under its Common Seal in accordance with its Articles of Association or Constitution.
3. If the Form of Proxy has been signed by an attorney, the relative Power of Attorney should also accompany the Form of Proxy for registration, if such Power of Attorney has not already been registered with the company.
4. The completed form of proxy should be deposited at the Registered Office of the Company at Level 16, MAGA ONE, No. 200, Nawala Road, Narahenpita, Colombo 05 not less than 48 hours before the time appointed for the holding of the meeting (not later than 4.00pm on Tuesday, 27th May 2025).

# CORPORATE INFORMATION

**Legal Form:**

A Public Limited Liability Company (Incorporated in 1992 and listed on the Colombo Stock Exchange)

**Directors:**

Danielle Lincoln –  
Chairperson/Non-Executive Director

Bertram Paul –  
Managing Director/Chief Executive Officer

Erande De Silva –  
Director/Chief Financial Officer

Haider Manasawala –  
Non-Executive Director

Asite Talwatte –  
Independent Non-Executive Director

Harsha Cabral –  
Independent Non-Executive Director

**Secretary:**

Erande De Silva  
Level 16, MAGA ONE,  
No. 200, Nawala Road,  
Narahenpita, Colombo 05.

**Registered Office:**

Level 16, MAGA ONE,  
No. 200, Nawala Road,  
Narahenpita, Colombo 05.

**Company Registration Number:**

PQ 54

**Registrars to the Company:**

S S P Corporate Services (Private) Limited  
101, Inner Flower Road,  
Colombo 3

**Auditors:**

Deloitte Partners  
Chartered Accountants  
P.O. Box 918  
100, Braybrooke Place,  
Colombo 02

**Lawyers to the Company:**

Julius & Creasy  
Attorneys-at-Law and Notaries Public  
No. 371, R.A. De Mel Mawatha,  
Colombo 03

**Bankers:**

Citibank NA  
Deutsche Bank AG  
Commercial Bank of Ceylon PLC

**Web Address:**

[www.chevron.lk](http://www.chevron.lk)

**Email:**

[contactus@chevron.com](mailto:contactus@chevron.com)

**Telephone:**

0114524524

**Facsimile:**

0114524566



[www.chevron.lk](http://www.chevron.lk)