

LANKA IOC PLC

FINANCIAL STATEMENTS - 31 MARCH 2022

CONTENTS

STATEMENT OF FINANCIAL POSITION

STATEMENT OF COMPREHENSIVE INCOME

STATEMENT OF CHANGES IN EQUITY

CASH FLOW STATEMENT

NOTES TO THE FINANCIAL STATEMENTS

Lanka IOC PLC

Statement of Financial Position

(all amounts in Sri Lanka Rupees 000's)

Note	As at 31 Mar 2022	As at 31 Mar 2021	
ASSETS			
Non Current Assets			
	Property, Plant and Equipment	3,856,924	4,019,364
	Long term Investment -CPSTL	4,394,000	4,394,000
	Long term Investment -TPTL	49,000	-
	Deposits with Bank	1,461,896	10,222,477
	Intangible Assets	673,876	674,376
	Right to Use-Lease Assets	80,146	62,565
	Other Receivables	141,700	118,675
	Deferred Tax Asset (Net)	-	261,416
	10,657,542	19,752,873	
Current Assets			
	Inventories	27,257,032	9,625,050
	Trade and Other Receivables	4,740,514	4,371,149
	Income Tax Receivables	-	18,173
	Short Term Investments	19,891,773	12,040,810
	Cash and Bank Balances	2,523,749	598,950
	54,413,068	26,654,132	
	65,070,610	46,407,005	
EQUITY AND LIABILITIES			
Capital and Reserves			
	Stated Capital	7,576,574	7,576,574
	Retained Earnings	16,709,340	12,347,070
	Total Equity	24,285,914	19,923,644
Non Current Liabilities			
	Defined Benefit Obligation (Net)	11,532	13,692
	Right to Use-Lease Liability	45,782	38,205
	Deferred Tax Liability (Net)	380,489	-
	437,803	51,897	
Current Liabilities			
	Trade and Other Payables	14,504,470	5,808,435
	Right to Use-Lease Liability	41,955	33,476
6	Interest Bearing Borrowings	25,778,225	20,589,553
	Income Tax Payable	22,243	-
	40,346,893	26,431,464	
	65,070,610	46,407,005	

(The above figures are audited)

I certify that these financial statements have been prepared in compliance with requirement of the Companies Act, No. 7 of 2007



Aseem Bhargava

Sr Vice President (Finance)

The Board of Directors is responsible for these financial statements. The Financial Statements were authorised for issue by the Board of Directors on 29th April 2022



Manoj Gupta
Managing Director

Date : 29th April 2022



Prof. Lakshman R Watawala
Director

Date : 29th April 2022

Lanka IOC PLC

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees 000's)

	Three Months ended 31st Mar		Year ended 31st Mar	
	Jan-Mar 2021-22	Jan-Mar 2020-21	Apr-Mar 2021-22	Apr-Mar 2020-21
Revenue	29,487,621	20,661,954	89,951,223	66,685,892
Cost of Sales	(24,474,341)	(18,943,053)	(81,106,644)	(63,572,855)
Gross Profit	5,013,280	1,718,901	8,844,579	3,113,037
Other Operating Income	58,148	29,451	115,819	252,430
Selling and Distribution Expenses	(514,942)	(466,499)	(1,911,931)	(1,803,430)
Administrative Expenses	(473,705)	(385,005)	(1,638,789)	(1,400,609)
Operating Profit/(Loss)	4,082,781	896,848	5,409,678	161,428
Finance Income	357,839	361,992	1,364,149	1,302,596
Finance Expenses	(484,135)	(124,395)	(1,162,155)	(476,276)
Profit/(Loss) Before Tax	3,956,485	1,134,445	5,611,672	987,748
Income Tax	(582,374)	(160,520)	(793,217)	(105,114)
Profit/(Loss) for the period	3,374,111	973,924	4,818,455	882,634
Other Comprehensive Income /(Loss)				
Items that will not be reclassified to profit or loss:				
Other Comprehensive Income /(Loss)	(4,224)	(6,882)	(4,224)	(6,882)
Income tax on other Comprehensive income/(loss)	634	1,032	634	1,032
Total Comprehensive Income/(Loss), Net of Tax	3,370,521	968,074	4,814,865	876,784
Earnings Per Share	6.34	1.83	9.05	1.66

(The above figures are audited)

Lanka IOC PLC

Statement of changes in equity

(all amounts in Sri Lanka Rupees in '000's)

	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
Balance at 1st Apr 2020	7,576,574	11,869,635	19,446,209
Dividends Paid		(399,349)	(399,349)
Profit /(Loss) for the Period		882,634	882,634
Other Comprehensive Income/(Loss)		(5,850)	(5,850)
Balance at 31st Mar 2021	7,576,574	12,347,070	19,923,644
Balance at 1st April 2021	7,576,574	12,347,070	19,923,644
Dividends Paid		(452,595)	(452,595)
Profit /(Loss) for the Period		4,818,455	4,818,455
Other Comprehensive Income/(Loss)		(3,590)	(3,590)
Balance at 31st Mar 2022	7,576,574	16,709,340	24,285,914

(The above figures are audited)

Lanka IOC PLC

Cash Flow Statement

(all amounts in Sri Lanka Rupees in '000's)

	Apr-Mar 2021-22	Apr-Mar 2020-21
<u>Cash Flows From/(Used in) Operating Activities</u>		
Profit /(Loss)before Income Tax Expense	5,611,672	987,748
<u>Adjustments for</u>		
Finance Income	(1,364,149)	(1,302,596)
Finance Expenses	1,162,155	476,276
Dividend Income	-	(120,000)
(Profit)/Loss on Sale of Property Plant and Equipment	(25,180)	(3,317)
Defined Benefit Plan Cost	5,480	5,701
Depreciation	421,509	402,889
Amortisation of Intangible Asset	500	500
Amotisation Right to use Assets	31,528	32,275
Lease Interest - Right of - use Assets	8,283	9,957
Exchange (Gain)/ Loss on Borrowings	1,198,085	125,703
Operating Profit/(Loss) before Working Capital Changes	7,049,883	615,136
<u>Changes in Working Capital</u>		
(Increase)/ Decrease in Inventories	(17,631,982)	3,670,267
(Increase) /Decrease in Trade and Other Receivables	(392,390)	(384,708)
Increase/ (Decrease) in Trade and Other Payables	8,696,035	2,557,772
Cash Generated From/(Used in) Operations	(2,278,454)	6,458,467
Income Tax	(163,485)	(13,798)
Finance Expenses	(1,162,155)	(476,276)
Defined Benefit Paid	(17,927)	(7,639)
Net Cash Flows From Operating Activities	(3,622,021)	5,960,754
<u>Cash Flows from Investing Activities</u>		
Finance Income	1,364,149	1,302,596
Dividend Income	-	120,000
Acquisition of Property, Plant and Equipment	(265,308)	(309,659)
Proceeds on disposal of Property, Plant and Equipment	31,418	3,928
Withdrawal/(Investment) in Bank Deposits	8,760,581	(10,222,477)
Withdrawal/(Investment) in Short Term Investments	(7,850,963)	619,678
Net (Investment)/Withdrawal in Gratuity Fund	10,286	(1,128)
Net Cash Flows From/(Used in) Investing Activities	2,050,163	(8,487,062)
<u>Cash Flows From Financing Activities</u>		
Proceed from Interest bearing borrowings	105,575,340	55,863,217
Repayments of Interest bearing borrowings	(101,584,753)	(52,353,939)
Dividend Paid	(452,595)	(399,349)
Payment to Lease Creditor	(41,335)	(36,004)
Net Cash Flows From/(Used in) Financing Activities	3,496,657	3,073,925
Net Increase / (Decrease) in Cash and Cash Equivalents	1,924,799	547,617
Cash and Cash Equivalents at the Beginning of the Year	598,950	51,333
Cash and Cash Equivalents at the End of the Period	2,523,749	598,950
<u>Analysis of Cash and Cash Equivalents</u>		
Cash in hand & at Bank	2,523,749	598,950
Total cash and cash equivalents	2,523,749	598,950

(The above figures are audited)

Lanka IOC PLC

Notes to the Financial Statement

1 - General Information

The Company commenced commercial operations of importing, selling and distribution of Petroleum products on 14th February 2003, The Company is a public limited liability company incorporated and domiciled in Sri Lanka. The address of its registered office is Level 20, West Tower, World Trade Centre, Colombo.

The Company has its primary listing on the Colombo Stock Exchange.

These financial statements have been approved for issue by the Board of Directors on 29th April 2022

2 - Basis of preparation

These condensed interim financial statements of Lanka IOC PLC are for the period ended 31st March 2022. They have been prepared in accordance with LKAS 34, Interim Financial Reporting. These interim financial statements have been prepared in accordance with those SLFRS standards and IFRIC interpretation issued and effective as at the time of preparing these statements. The condensed interim financial statements do not include all of the information required for full annual financial statements. The condensed Interim Financial Statements should be read in conjunction with the annual financial statements for the year ended 31st March 2022.

3 - Accounting Policies

The Accounting policies adopted are consistent with those of the previous financial year as reported in the annual financial statements for the year ended 31st March 2021.

- 4- Net assets per share have been computed based on number of shares in issues as at 31st
- 5- The presentation and classification of the Financial Statements of the previous year have been amended, where relevant, for better presentation and to be comparable with those of the current year.
- 6- The short term loans from banks Rs 25,778 Mn (2021- Rs 20,590 Mn) are unsecured except for the loans from State Bank of India Colombo branch amounting to Rs 8,804 Mn (2021- Rs 2,383 Mn). These loans are secured against hypothecation over trading stock held at Kolonnawa, Muthurajawala and Trincomalee terminals.
- 7- "There is a disagreement on interpretation of NBT Act between Company and Inland Revenue Department. The case was determined by the Tax Appeal Commission in favour of IRD for the assessment period Jan 2012 to Sept 2012 amounting to LKR 149.12 Mn including interest & penalty. Considering the merits of the case & expert opinion, LIOC filed the appeals in the Court of Appeal. The cases for the assessment period Oct 2012 to Dec 2015 & April 2016 to Mar 2017 is pending before the Tax Appeal Commission amounting to LKR 1,052.18 Mn including interest & penalty. For the assessment period April 2017 to March 2018 amounting to LKR 376.68 Mn including interest & penalty, appeals have been filed before the Commissioner General of Inland Revenue. The estimated liability for the assessment period Jan 2016 to Mar 2016 & Apr 2018 to November 2019 is LKR 410.28 Mn for which assessment orders have not yet been issued by Inland Revenue Department. NBT has been abolished w.e.f. 01.12.2019. Therefore, total Contingent liability for the period Jan 2012 to Nov 2019 is LKR 1,988.26 Mn including principal demand of LKR 1,412 Mn and Interest & penalty of LKR 576 Mn for the assessed periods"
- 8- **Events after the end of reporting period**
Other than those disclosed below, no events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, the financial statements. The following disclosures are considered as non adjusting events after the reporting period.

Financial assets and financial liabilities in foreign currency, disclosed in the note no 28.1 were valued in LKR using the year end foreign exchange rate of 293.86 (LKR/USD). However, the foreign exchange rate reported by the Central Bank of Sri Lanka on 28 April 2022 was 348.58 (LKR/USD). Hence the net foreign currency liability of LKR 13.7 Bn that is exposed to foreign currency risk at the financial year-end would increase significantly to LKR 16.27 Bn resulting in a net exchange loss for the year ended 31 March 2022 amounting to LKR 2.5 Bn approximately, If it were valued at the 28 April 2022 exchange rate. Exchange rate fluctuations occurred after the balance sheet date is not adjusted in the current year financial statements since the conditions that gave rise to the loss did not exist as at 31 March 2022. The company has been revising its selling prices to circumvent the losses arising from the exchange rate impact on input costs.

	USD Amount	Date Valued	Exchange Rate	LR Equivalent
Unpaid USD denominated Interest Bearing Loans and Borrowings brought forward from the Statement of Financial Position date	57,752	27/04/2022	348.58	20,131,321
	57,752	31/03/2022	293.87	16,971,787
				(3,159,534)
Unpaid USD denominated Trade & Other Payables brought forward from the Statement of Financial Position date	38,856	27/04/2022	348.58	13,544,545
	38,856	31/03/2022	293.87	11,418,780
				(2,125,765)
Estimated Unrealized Foreign Exchange Loss				(5,285,299)
USD denominated Bank Deposits brought forward from the Statement of Financial Position date	40,317	27/04/2022	348.58	14,053,696
	40,317	31/03/2022	293.87	11,848,022
				2,205,674
USD denominated Trade & Other Receivable brought forward from the Statement of Financial Position date	9,622	27/04/2022	348.58	3,354,149
	9,622	31/03/2022	293.87	2,827,728
				526,421
Estimated Unrealized Foreign Exchange Gain				2,732,095
Net Estimated Unrealized Foreign Exchange Loss				(2,553,204)

Accessibility to foreign currency

The Sri Lankan economy has been facing a shortage of foreign currency that has impacted the availability of foreign currency. Since petroleum products are considered as essential items, the Company is confident in meeting these challenges with the support of the Government of Sri Lanka, the Central Bank of Sri Lanka and its bankers.

Interest rates

The Monetary Board of the Central Bank of Sri Lanka increased the standing deposit facility rate and the standing lending facility rate by 700 basis points on 8 April 2022. This will negatively impact the finance costs of the Company.

9- Share price movement

	2021-22	Jan-Mar	2020-21
The market prices during			
Highest prices LKR	78.50		31.30
Lowest prices LKR	25.20		18.60
Last trade price LKR	38.80		19.00
10- Net Asset Value per share (31st Mar 2022) - LKR	45,61		
Net Asset Value per share (31st Mar 2021) - LKR			37,42

Notes to the Financial Statement for the quarter ended 31st Mar 2022

11- Stated Capital is represented by 532,465,705 ordinary Shares.

12- Names and the Number of Shares held by the largest 20 shareholders as at 31st Mar 2022

Name	No.of Shares	Percentage
1 Indian Oil Corporation Limited, India	400,000,005	75.12
2 J B Cocoshell [Pvt] Ltd	6,777,329	1.27
3 Bank of Ceylon A/c Ceybank Unit Trust	5,171,833	0.97
4 Peoples Leasing & Finance Plc/Mr.D.M.P.Disanayake	4,057,176	0.76
5 Deutsche Bank AG-AS Trustee for JB Vantage Value Equity Fund	2,784,043	0.52
6 National Savings Bank	2,614,816	0.49
7 MR. K.A.S.R. Nissanka	2,600,153	0.49
8 Seylan bank PLC /Channa Nalin Rajahmoney	2,360,454	0.44
9 Employees Provident Fund	2,346,558	0.44
10 Employees Trust Fund Board	2,060,959	0.39
11 Sri Lanka Insurance Corporation Ltd-Life fund	2,043,592	0.38
12 Askold (Pvt) Ltd	1,500,000	0.28
13 Assetline Leasing Co.Ltd/British American Technologies (Pvt) Ltd	1,451,796	0.27
14 Sri Lanka Insurance Corporation Ltd-General fund	1,310,128	0.25
15 Commercial Bank of Ceylon PLC/S.A.Gulamhusein	1,260,867	0.24
16 Seylan bank PLC/ Pinnaduwege Aravinda de silva	1,259,592	0.24
17 Mr M N Cader	1,241,282	0.23
18 Jafferjee Brothers (Exports) Limited	1,226,200	0.23
19 Seylan bank PLC/Karagoda Loku Gamage Udayananda	1,102,187	0.21
20 Seylan bank PLC/ARRC Capital (Pvt) Ltd	1,073,522	0.20
Total	444,242,492	83.43

13- Public Holding as a % of issued Share Capital 24.88%
Number of Public Shareholders 13,596
Compliant under Float adjusted market capitalization (LKR Mn) 5,140

14- Directors' Shareholding as on 31st Mar 2022

Mr.Ranjjan Kumar Mohapatra	Nil
Mr Manoj Gupta	Nil
Prof.Lakshman R Watawala	500
Mr Amitha Gooneratne	4,800
Mr Vijyan Kumar	Nil
Mr D R Paranjape	Nil