RESILIENT & FUTURE READY

Stronger Today, Prepared for Tomorrow



Lanka IOC PLC

ANNUAL REPORT 2025-26

Lanka IOC

RESILIENT & FUTURE READY

STRONGER TODAY AND PREPARED FOR TOMORROW

For over two decades, Lanka IOC has stood as a trusted energy partner to Sri Lanka, closely aligned with the nation's journey of resilience, recovery, and growth. Our role extends beyond energy supply to securing energy continuity, enabling mobility, and supporting the steady functioning of the economy.

"Resilient & Future Ready" reflects our enduring commitment to reliability in every circumstance strengthening infrastructure, ensuring uninterrupted access to essential energy, and reinforcing national energy security.

As Sri Lanka advances, we continue to evolve with purpose and discipline, investing for the long term and deepening our operational strength. Our journey is defined by trust, partnership, and responsibility delivered consistently to industries, communities, and citizens.

Together, we remain committed to powering progress and building a resilient energy future for the nation we proudly serve.



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CHAIRMAN'S MESSAGE

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Lanka IOC's diversified structure remains a defining strategic advantage that will continue to support resilient value creation for shareholders in the years ahead. In an energy landscape shaped by regulatory intervention, pricing constraints, global volatility, and evolving market expectations, sustainable profitability cannot rely solely on traditional fuel retailing.



MANAGING DIRECTOR'S REVIEW

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Whilst the Auto Fuel business remains the cornerstone of the operations and continues to account for the 76% of Group revenue, our diversification strategy has become an increasingly important contributor to earnings resilience and long-term value creation.

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OVERVIEW

FUELING PROGRESS, BUILDING FUTURES

For over two decades, Lanka IOC has powered journeys, enabled industries, and supported national development while continuously evolving to meet the needs of tomorrow.

ABOUT THIS REPORT



LANKA IOC PLC INTEGRATED ANNUAL REPORT 2025-26

Welcome to the 11th Integrated Annual Report of Lanka IOC PLC for the year ended 31st March 2026.

Integrated Annual Report of Lanka IOC PLC for the FY 2025-26, themed 'Resilient and Future Ready' reflects how the Company has leveraged its operational strength, strategic investments, governance and discipline to navigate uncertainty while creating sustainable value for stakeholders.

More importantly, it illustrates how the Company is preparing for the future amidst a dynamic energy landscape, evolving customer expectations, and a growing emphasis on sustainability. Lanka IOC continues to invest in people, community, infrastructure, technology, and responsible business practices that will enable long-term growth and relevance.

As Sri Lanka advances towards greater energy security and economic resilience, Lanka IOC remains committed to strengthening the nation's fuel and energy ecosystem through innovation, operational excellence, and strategic partnerships. The Company is also exploring opportunities that align with emerging energy trends, while enhancing customer convenience and expanding its contribution to national development. Anchored by a strong legacy and a future-focused mindset, Lanka IOC is well-positioned to create enduring value for generations to come.

The story presented within these pages is therefore not merely a record of annual performance. It is a reflection of a journey spanning more than two decades built on resilience, strengthened by trust, and guided by a vision to remain a dependable partner in Sri Lanka's progress. It is a testament to how Lanka IOC continues to honour its legacy while embracing the opportunities of a new energy future.

BASIS OF PREPARATION - REPORTING PERIOD

This Annual Report has been prepared in alignment with the LIOC's annual financial reporting cycle and covers the period from 1 April 2025 to 31 March 2026. To provide stakeholders with meaningful context and support informed decision-making, the Report includes comparative performance information from the preceding financial year. Where relevant, it also outlines the LIOC's strategic priorities, future outlook, and expectations. Further details on the treatment of projections and forward-looking statements beyond the scope of the reporting period are provided in the relevant section of this Report.

REPORTING SCOPE AND BOUNDARY

This Integrated Annual Report provides a comprehensive overview of the financial, operational, governance, and sustainability performance of Lanka IOC PLC for the financial year ended 31 March 2026.

Prepared for our stakeholders, the report demonstrates how Lanka IOC continues to create sustainable value through its integrated business model, strategic investments, robust governance framework,

and commitment to powering Sri Lanka's economic progress while adapting to an evolving energy landscape.

The report reflects how our financial strength, operational infrastructure, customer-centric approach, strategic partnerships, and responsible business practices work together to enhance resilience, support national energy security, and deliver long-term value creation.

Beyond reporting our annual performance, this report provides insight into our strategic priorities, growth initiatives, sustainability commitments, and our preparedness to navigate emerging opportunities and challenges within a rapidly transforming energy sector.

The reporting boundary primarily covers Lanka IOC PLC's operations in Sri Lanka, including fuel retailing, bulk fuel storage and distribution, lubricants, Petrochemical, bitumen operations, and associated corporate and support functions, unless otherwise stated.

Significant events occurring between the reporting date and the date of approval by the Board of Directors have been incorporated where relevant to ensure the completeness, transparency, and relevance of the information presented.

SIGNIFICANT CHANGES AND RESTATEMENTS

As Lanka IOC continues to strengthen its corporate reporting practices, the Company remains committed to delivering transparent, balanced, and decision-useful disclosures that reflect its evolving business landscape and stakeholder expectations.

This report has been enhanced to provide a more comprehensive view of how Lanka IOC creates sustainable value through its operations, strategic investments, governance practices, and stakeholder relationships. The disclosures align with emerging reporting expectations and reflect the Company's commitment to accountability, long-term value creation, and responsible corporate stewardship.

There were no material restatements of previously reported non-financial information during the reporting period, nor were there significant changes to the reporting framework that affected the comparability of disclosures.

Any notable changes to operational structures, reporting methodologies, or material matters have been disclosed where relevant within the report.

OUR CORPORATE REPORTING JOURNEY

At Lanka IOC, reporting extends beyond a compliance exercise. It serves as a strategic communication platform that reflects how the Company creates value, manages risks, and contributes to Sri Lanka's economic and energy security.

Over the years, our reporting philosophy has evolved from a traditional financial reporting approach to a more integrated perspective that captures the interconnected nature of our business. This evolution reflects the growing expectations of stakeholders for greater transparency on strategy, governance, sustainability, and long-term resilience.

Our reporting journey mirrors Lanka IOC's own transformation from an entrant in Sri Lanka's energy sector to a trusted and diversified energy solutions provider with a growing presence across fuel retailing, lubricants, bunkering, petrochemical, bitumen, and renewable energy initiatives. Through disciplined reporting, we seek to communicate not only our performance, but also the broader impact we create for customers, communities, employees, shareholders, and the nation.

This commitment to transparent and meaningful reporting has strengthened stakeholder confidence and reinforced our position as a responsible corporate citizen supporting Sri Lanka's progress and energy future.



INTEGRATED THINKING

At Lanka IOC, integrated thinking underpins the way we create and sustain value. We recognise that long-term success is not determined solely by financial performance, but by the effective management of the resources, relationships, and capabilities that support our business model.

This approach enables us to understand the interdependencies between our strategic priorities, operational activities, stakeholder relationships, and sustainability commitments, ensuring that decisions made today contribute to lasting value creation.

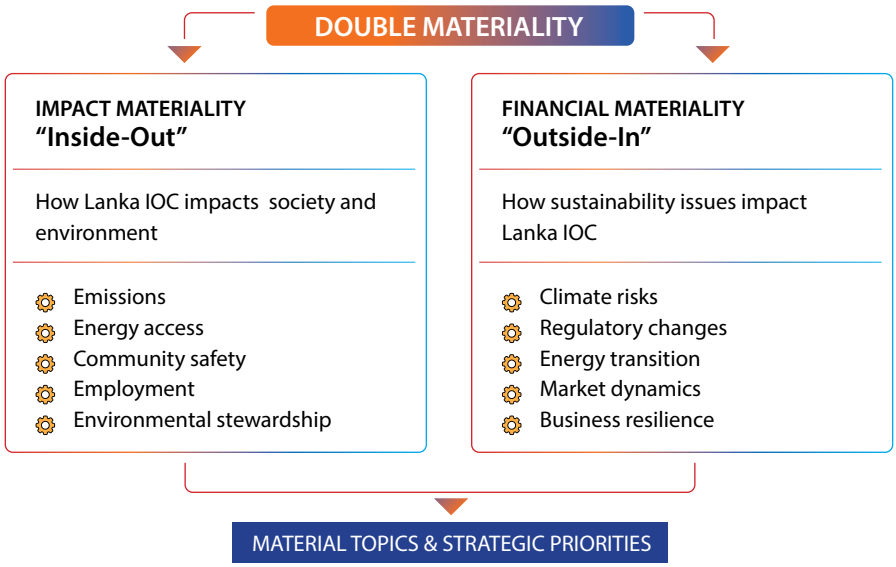
As an energy company operating at the heart of Sri Lanka's economic activity, Lanka IOC leverages multiple forms of capitals to deliver energy solutions that power industries, support mobility, facilitate trade, and contribute to national development.

Together, these capitals form the foundation of our business model and guide our efforts to create sustainable value for stakeholders while supporting the nation's energy transition and long-term economic growth

ABOUT THIS REPORT

DOUBLE MATERIALITY

At Lanka IOC, sustainability matters are assessed through a Double Materiality lens, enabling the Company to understand both how its operations impact society and the environment, and how sustainability-related risks and opportunities influence its long-term business performance and value creation. This approach strengthens strategic decision-making, aligns stakeholder expectations with corporate priorities, and supports resilience in a rapidly evolving energy landscape.



By combining both perspectives, Lanka IOC identifies the sustainability matters that are most significant to stakeholders and most critical to long-term business success, ensuring a balanced approach to value creation, risk management, and sustainable growth.

REPORTING FRAMEWORKS AND DISCLOSURE BASIS

This Integrated Annual Report has been prepared in accordance with internationally recognised and locally applicable reporting standards, frameworks, regulations, and legislation, ensuring adherence to best practices in corporate reporting.

Reporting Category	Standards / Frameworks / Regulations	Nature
Narrative Reporting	International Integrated Reporting Council (IIRC) Integrated Reporting <IR> Framework	Voluntary
	Guidelines for the Presentation of Annual Reports issued by CA Sri Lanka	Mandatory
	Gender Parity Reporting Framework published by CA Sri Lanka	Voluntary
Sustainability Reporting	Global Reporting Initiative (GRI) Standards – In Accordance (Core)	Voluntary
	Sustainability Accounting Standards Board (SASB) Standards	Voluntary
	United Nations Sustainable Development Goals (SDGs)	Voluntary
	SLFRS S1 and SLFRS S2 Sustainability-related Financial Reporting (refer page 270 for transitional relief adopted)	Mandatory
Financial Reporting	Sri Lanka Accounting Standards (SLFRS/LKAS) issued by CA Sri Lanka	Mandatory
	Securities and Exchange Commission (SEC) Regulations	Mandatory
Corporate Governance & Regulatory Compliance	Code of Best Practice on Corporate Governance 2023 issued by CA Sri Lanka	Voluntary / Best Practice
	Companies Act No. 7 of 2007	Mandatory
	Listing Rules of the Colombo Stock Exchange	Mandatory

Mandatory Required by law, regulation, or applicable reporting requirements Voluntary Adopted to align with global best practices and enhance transparency.

FORWARD-LOOKING STATEMENTS

This Integrated Annual Report has been designed to provide stakeholders with a concise yet comprehensive account of the Company's performance, strategy, and long-term value creation journey. In keeping with best practice reporting principles, the Report focuses on material matters, uses cross-referencing to improve navigability and minimise duplication, and includes externally assured disclosures across all capitals to enhance transparency, credibility, and stakeholder confidence. The Report also outlines the Company's preparatory approach towards the adoption of SLFRS S1 and S2, and places greater emphasis on ESG-related risks and opportunities that are increasingly shaping the operating landscape.

This Report may contain forward-looking statements relating to the Company's anticipated future performance, financial position, strategic priorities, and market outlook. Such statements are inherently subject to uncertainties, assumptions, and risks arising from evolving economic, regulatory, geopolitical, environmental, and competitive conditions, many of which remain beyond the Company's direct control. Actual outcomes may therefore differ materially from those expressed or implied. These statements reflect management's current expectations at the time of publication and should not be interpreted as guarantees of future performance. The Company undertakes no obligation to publicly revise or update such statements in response to subsequent developments, except where required by applicable law or regulation.

BOARD RESPONSIBILITY STATEMENT

The Board of Directors acknowledges its responsibility for the integrity, completeness, and fair presentation of this Integrated Annual Report. In fulfilling this responsibility, the Board has overseen the preparation of a Report that provides a balanced and transparent assessment of the Company's strategy, governance, performance, risks, opportunities, and long-term value creation across all capitals.

The Board confirms that, to the best of its knowledge and belief, this Report addresses all material matters relevant to stakeholders and has been prepared in accordance with the principles of the International Integrated Reporting (<IR>) Framework, applicable GRI Standards, and relevant regulatory reporting requirements. The Board further affirms that appropriate systems, processes, and governance oversight were in place to support the accuracy, consistency, and reliability of the disclosures presented, including those relating to sustainability performance and emerging reporting requirements.

Signed on behalf of the Board,



Mr. K Raghu
Managing Director
Lanka IOC PLC

NAVIGATING THIS REPORT

This report has been designed to provide an intuitive and connected stakeholder experience through:



Together, these elements improve accessibility while reinforcing the integrated nature of our value creation story.

IMPROVEMENTS TO THIS REPORT

As part of our commitment to continuously enhancing transparency, relevance, and stakeholder engagement, several improvements have been incorporated into this year's Annual Report. These enhancements strengthen the report's ability to communicate Lanka IOC's strategy, performance, sustainability commitments, and long-term value creation story in a more integrated and future-focused manner. Key developments include:

ABOUT THIS REPORT

- **Key Reporting Enhancements**
  - Enhanced sustainability disclosures in alignment with emerging requirements of SLFRS S1 and SLFRS S2.
  - Strengthened climate-related reporting through the identification and assessment of sustainability-related risks and opportunities.
  - Expanded ESG disclosures to provide greater transparency on environmental, social, and governance performance.
  - Introduced Greenhouse Gas (GHG) emissions reporting in accordance with ISO 14064-1:2018.
  - Strengthened reporting on corporate social responsibility initiatives and community impact programs undertaken under the Company's "We Care" CSR initiative.
- **Enhanced Value Creation Framework**

  Expanded value creation disclosures illustrating Lanka IOC's impact across the energy value chain, highlighting how upstream, midstream, and downstream activities contribute to economic growth, energy security, stakeholder value, and national development.
- **Forward-Looking Perspective**

  Greater focus on strategic priorities, growth opportunities, energy transition readiness, and long-term value creation pathways.
- **SLFRS S1 & S2 Integration**

  Improved alignment with sustainability-related and climate-related disclosure requirements, strengthening the connection between sustainability, strategy, risk management, and financial performance.
- **Enhanced Digital Connectivity**

  Improved navigation, cross-referencing, and digital linkages across strategy, governance, risk, sustainability, and performance sections for a more integrated reporting experience.
- **Expanded Double Materiality Assessment**

  Enhanced evaluation and disclosure of material matters from both impact and financial perspectives, providing deeper insights into sustainability-related risks, opportunities, and business impacts.

YOUR OPINION IS VALUED

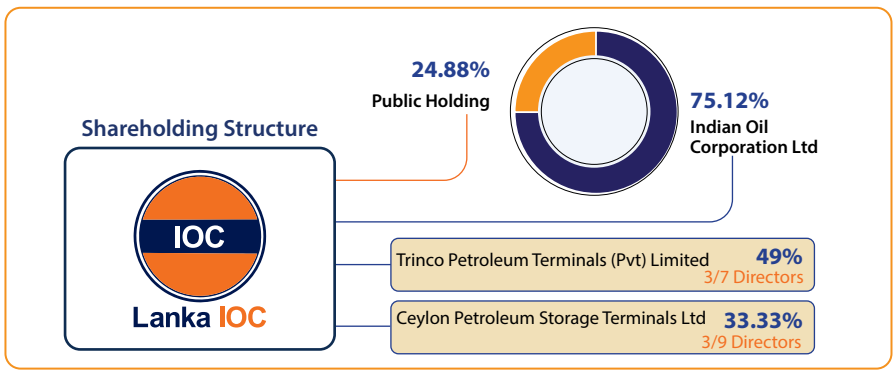
We welcome your feedback, as your insights are invaluable in helping us enhance the quality, relevance, and overall effectiveness of our Annual Report. We are committed to continuous improvement and encourage stakeholders to share their views, suggestions, and recommendations to help us strengthen our reporting and stakeholder engagement practices.

Should you have any comments, suggestions, or enquiries regarding this Annual Report, please contact:

Company Secretary
Lanka IOC PLC

E-mail: companysecretary@lankaioc.com

Your feedback will help us better understand stakeholder expectations and further improve the transparency, accountability, and value of our future reporting.



Sidebar Summaries

At a Glance

- **11th Edition of Lanka IOC PLC's Integrated Annual Report**
- **Reporting Period: 1st April 2025 – 31st March 2026**
- **Reporting Cycle: Annual**
- **Coverage: Financial, Sustainability, and Governance Disclosures**

Our Reporting Purpose

"To provide a clear, balanced, and transparent view of how Lanka IOC creates sustainable value for all stakeholders."

Assurance at Every Level

- **Internal validation by functional heads**
- **Audit Committee oversight**
- **External audit by Messrs. BDO Partners**

Our Reporting Frameworks

Aligned with:

- **Integrated Reporting Framework (IIRC)**
- **Global Reporting Initiative (GRI) Standards**
- **Corporate Governance Codes**
- **Sustainable Development Goals (SDGs)**
- **Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka**

ABOUT US

At Lanka IOC PLC (LIOC), we are more than just an energy provider - we are a trusted partner in Sri Lanka's journey towards economic growth, infrastructure development, and energy security.

VISION

A major, integrated energy company, with a strong environment conscience, playing a national role in oil security.

Established in 2002 as a subsidiary of Indian Oil Corporation, LIOC has evolved into a cornerstone of the nation's energy landscape. Today, we are proud to be the biggest private-sector oil company operating a widespread retail network of fuel stations across the island, empowering mobility and commerce through our 273 retail outlets.

Our operations span the full spectrum of petroleum logistics - from the import, storage, and distribution of petroleum products to the blending of world-class lubricants at our state-of-the-art facility in Trincomalee. With an annual blending capacity of 18,000 tonnes, our lubricant plant supports a growing demand for high-performance products trusted by industries, motorists, and commercial fleets alike.

OUR MISSION

To achieve international standards of excellence in all aspects of petroleum with focus on customer delight through the value of products and services and cost reduction.	**To maximize the creation of wealth, value and satisfaction for the stakeholders.**	**To attain leadership in developing, adopting and assimilating state-of-the-art for technology competitive advantage.**
To provide technology and services through sustained research and development.	**To foster a culture of participation and innovation for employee growth and contribution.**	**To cultivate high standards of business ethics and total quality management for a strong corporate identity and brand equity.**
To help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment consciousness.		

OUR PURPOSE

"To energise Sri Lanka with reliable, sustainable, and world-class petroleum solutions that power lives, drive business, and build national resilience."

What Sets Us Apart

- Integrated energy infrastructure
- Strategic foreign investment with local impact
- Commitment to sustainability and modernisation
- Proven ability to blend global standards with local needs

ABOUT US

The liberalisation of Sri Lanka's petroleum sector in 2002 marked a defining moment in the country's energy landscape. It opened the door for greater competition, investment, innovation, and customer choice within an industry that serves as a fundamental enabler of economic activity. It was against this backdrop that Lanka IOC PLC commenced operations in Sri Lanka, becoming the first overseas venture of the Indian Oil Group and the first private sector participant in Sri Lanka's downstream petroleum industry.

What began as an ambitious entry into the retail fuel market has evolved into one of the country's most diversified energy enterprises. Over the past two decades, Lanka IOC has continuously expanded its footprint, capabilities, and product portfolio, transforming itself from a fuel retailer into an integrated energy solutions provider serving multiple sectors of the economy.

The Company's journey has been characterised by strategic investments in infrastructure, supply chain resilience, product diversification, and customer accessibility. Through each phase of growth, Lanka IOC has remained focused on a singular purpose: creating value for Sri Lanka by ensuring reliable access to energy while supporting national development, industrial productivity, connectivity, and economic progress.

Today, Lanka IOC stands as a trusted energy partner to millions of consumers, businesses, industries, logistics operators, marine operators, construction companies, and other stakeholders. Its diversified portfolio spanning retail fuels, lubricants, bitumen, marine fuels, petrochemical, greases, and related energy solutions positions the Company as a critical enabler of Sri Lanka's economic ecosystem.

EXPANDING ACCESS AND ENHANCING CONVENIENCE

One of Lanka IOC's most visible contributions to Sri Lanka has been the transformation of the retail fuel station experience.





Over the years, the Company has significantly expanded its network of fuel stations across the country, improving accessibility and ensuring that communities, businesses, and travellers have reliable access to energy solutions. This expansion has helped bridge geographic gaps, support regional economic activity, and enhance energy availability across both urban and rural areas.

Beyond fuel dispensing, Lanka IOC redefined the concept of a service station by introducing modern forecourt designs, improved customer amenities, enhanced safety standards, digital payment solutions, convenience-oriented services, and innovative initiatives that elevated customer experience. The Company has also pioneered several industry firsts, including women-operated fuel stations and the introduction of cleaner and more environmentally conscious fuel solutions.

Today, Lanka IOC's retail network represents far more than a distribution channel. It serves as a vital interface connecting communities, mobility, commerce, and economic opportunity throughout Sri Lanka.

At Lanka IOC PLC (LIOC), we are more than just an energy provider - we are a trusted partner in Sri Lanka's journey towards economic growth, infrastructure development, and energy security.

AN INTEGRATED ENERGY PORTFOLIO CREATING NATIONAL VALUE



AUTO FUELS

Powering Mobility and Economic Activity

Retail fuels remain the cornerstone of Lanka IOC's operations, supporting millions of daily journeys while enabling the movement of goods, services, and people across the country.

The segment serves a broad customer base ranging from individual motorists and public transport operators to commercial fleets and logistics providers. By ensuring uninterrupted fuel availability through an extensive retail network and resilient supply chain infrastructure, Lanka IOC contributes directly to national productivity, connectivity, and economic continuity.

As Sri Lanka's economy continues to recover and evolve, the Company remains committed to strengthening energy security while meeting the changing needs of consumers and businesses.





MARINE FUELS AND BUNKERING

Leveraging Sri Lanka's Maritime Advantage

Located at the crossroads of major global shipping routes, Sri Lanka possesses a unique strategic advantage as a maritime hub in the Indian Ocean.

Lanka IOC's marine fuel and bunkering operations support this national advantage by serving international vessels and maritime operators calling at Sri Lankan ports. The segment not only strengthens the country's maritime ecosystem but also contributes to foreign exchange earnings through services provided to international customers.

As global trade continues to expand, the Company's bunkering operations play a vital role in positioning Sri Lanka as a competitive maritime services destination.





LUBRICANTS

Supporting Performance Across Industries

The lubricant business has emerged as one of Lanka IOC's key growth engines and a strategic contributor to both domestic industrial productivity and export earnings.

Blended locally to international standards, the Company's lubricant portfolio caters to automotive, industrial, marine, agricultural, and commercial applications. By delivering high-performance solutions that improve equipment reliability, efficiency, and longevity, Lanka IOC supports productivity across multiple sectors of the economy.

The lubricant manufacturing facility has also strengthened Sri Lanka's industrial capabilities while generating valuable foreign exchange through exports to international markets, enhancing the country's position within regional value chains.



ABOUT US

BITUMEN

Building the Foundations of National Development

Infrastructure development remains a critical driver of economic growth, and Lanka IOC's bitumen business plays an important role in supporting this agenda.

The Company supplies high-quality bitumen products used in road construction, highway development, urban infrastructure projects, and public works initiatives. Through these contributions, Lanka IOC helps facilitate improved connectivity, logistics efficiency, and regional development.

Every kilometre of road supported by Lanka IOC's bitumen solutions contributes towards enhancing mobility, reducing transportation costs, and unlocking economic opportunities across the country.



GREASES AND SPECIALITY PRODUCTS

Delivering Reliability Across Critical Applications

Complementing its broader lubricant portfolio, Lanka IOC provides specialised grease solutions designed to meet the demanding requirements of industrial, automotive, manufacturing, and heavy-duty applications.

These products support operational efficiency, equipment protection, and maintenance optimisation across a range of sectors, reinforcing the Company's role as a comprehensive provider of energy-related solutions.



PETROCHEMICALS

Market presence through diversified products

Lanka IOC has strategically diversified into the petrochemical segment, recognizing its strong growth potential and the increasing demand from Sri Lanka's manufacturing, packaging, and industrial sectors. During the year, the Company strengthened its market presence through the introduction of its PROPEL brand, offering high-quality polymer products tailored to customer requirements. Supported by growing market acceptance, an expanding customer base, and robust sales growth, the petrochemical business is steadily emerging as a key pillar of the Company's diversification and long-term growth strategy.



OUR CONTRIBUTION TO THE ECONOMY

Energy is the lifeblood of economic development, underpinning every aspect of modern society from transportation and logistics to industry, infrastructure, trade, tourism, and household mobility. As one of Sri Lanka's leading integrated energy providers, Lanka IOC plays a pivotal role in sustaining this economic ecosystem by ensuring the reliable availability of energy products and solutions that keep the nation moving.

What began as an investment in the liberalised petroleum retail sector has grown into a diversified energy platform encompassing retail fuels, lubricants, bitumen, petrochemical, marine fuels, greases, and supporting infrastructure.

Today, the Company's contribution extends far beyond fuel supply. Lanka IOC supports economic productivity, facilitates trade and commerce, strengthens industrial competitiveness, generates foreign exchange earnings, enhances infrastructure development, and contributes significantly to government revenues through taxes and levies. Its operations create multiplier effects across numerous sectors, supporting businesses large and small while enabling millions of Sri Lankans to pursue their livelihoods and aspirations.

By investing in strategic infrastructure, strengthening supply chain resilience, and expanding access to energy across the country, Lanka IOC continues to contribute towards a more connected, productive, and prosperous Sri Lanka.

ENABLING MOBILITY AND ECONOMIC ACTIVITY

Transportation remains one of the most critical enablers of economic growth. Through its extensive retail fuel network and reliable supply chain, Lanka IOC supports the movement of people, goods, services, and essential commodities across the country.

The Company's fuels power public transportation systems, commercial fleets, logistics operators, agricultural activities, emergency services, and individual mobility. In doing so, Lanka IOC helps maintain the seamless flow of economic activity that connects producers to markets, businesses to customers, and communities to opportunities.

The continued expansion and modernisation of the Company's retail network have improved accessibility, convenience, and service quality, bringing energy closer to communities while enhancing customer experience.

SUPPORTING INDUSTRIAL PRODUCTIVITY AND BUSINESS GROWTH

Energy remains a fundamental input for industrial and commercial operations. Lanka IOC's diverse portfolio of fuels, lubricants, greases, and specialised energy solutions supports productivity across a wide range of sectors, including manufacturing, construction, transportation, agriculture, logistics, power generation, and services.

By ensuring access to high-quality energy products, the Company enables businesses to operate efficiently, improve reliability, optimise equipment performance, and enhance operational resilience. These contributions help strengthen the competitiveness of Sri Lankan enterprises and support broader economic growth.

The Company's lubricant manufacturing operations further contribute to industrial development by creating value-added products within Sri Lanka, strengthening local capabilities and supporting technological advancement within the energy sector.

CONTRIBUTING TO INFRASTRUCTURE DEVELOPMENT

Infrastructure forms the foundation upon which economic development is built. Through its bitumen business, Lanka IOC contributes directly to the construction and maintenance of roads, highways, transportation networks, and other critical infrastructure projects.

These contributions support improved connectivity, facilitate trade, reduce transportation costs, and enable greater access to economic opportunities across the country. Every infrastructure project supported by Lanka IOC's bitumen solutions helps strengthen the country's long-term development potential while enhancing regional integration and mobility.

As Sri Lanka continues to invest in modernising its infrastructure, Lanka IOC remains an important partner in supporting national development priorities.

ABOUT US

GENERATING FOREIGN EXCHANGE AND ENHANCING EXPORT COMPETITIVENESS

Foreign exchange generation remains a critical requirement for sustainable economic growth. Lanka IOC contributes to strengthening Sri Lanka's external sector through its export-oriented lubricant business and marine fuel operations.

The Company's lubricant manufacturing facility produces internationally recognised products that are exported to regional and international markets, generating valuable foreign exchange earnings while enhancing Sri Lanka's reputation as a competitive manufacturing destination.

Similarly, Lanka IOC's bunkering and marine fuel operations support international shipping activities and contribute to foreign currency inflows by servicing vessels operating along key global maritime routes. These activities reinforce Sri Lanka's strategic position as a maritime hub in the Indian Ocean while supporting trade-related economic activity.

STRENGTHENING SRI LANKA'S MARITIME AND LOGISTICS ECOSYSTEM

Sri Lanka's geographic location presents unique opportunities to become a regional maritime and logistics hub. Lanka IOC contributes to this national aspiration through its marine fuel and bunkering operations, which support international shipping and maritime trade.

By providing reliable fuel solutions to vessels calling at Sri Lankan ports, the Company helps enhance the attractiveness and competitiveness of the country's maritime sector. These operations support port activities, shipping services, logistics providers, and associated industries that contribute significantly to economic growth and employment generation.

The Company's presence within this strategic sector strengthens Sri Lanka's integration into global trade networks and enhances its role within regional supply chains.

CREATING EMPLOYMENT AND ECONOMIC MULTIPLIERS

Lanka IOC's contribution to the economy extends throughout its value chain. The Company creates direct and indirect employment opportunities through its operations, dealer network, logistics ecosystem, manufacturing activities, infrastructure projects, and service providers.

Its extensive network of stakeholders including suppliers, contractors, transport operators, dealers, distributors, and business partners creates significant multiplier effects that support livelihoods and economic participation across the country.

The Company's local procurement activities further contribute to domestic economic development by supporting Sri Lankan enterprises and strengthening local supply chains.

SUPPORTING FISCAL STABILITY AND NATIONAL DEVELOPMENT

As a major corporate entity operating within the energy sector, Lanka IOC contributes significantly to government revenue through taxes, levies, duties, and other statutory payments.

These contributions support public investment in national infrastructure, healthcare, education, social welfare, and economic development initiatives. By creating value through its operations and contributing to fiscal revenues, Lanka IOC plays an important role in supporting the broader development agenda of the country.

INVESTING IN LONG-TERM ENERGY SECURITY

At the heart of Lanka IOC's economic contribution lies its commitment to ensuring energy security. The Company continues to invest in storage infrastructure, supply chain capabilities, operational resilience, technology, and customer-focused solutions that enhance the reliability and accessibility of energy products across Sri Lanka.

As the country's energy requirements evolve, Lanka IOC remains focused on balancing immediate energy needs with long-term sustainability considerations, while exploring opportunities in cleaner fuels, energy efficiency, and emerging energy solutions.

Through these efforts, the Company continues to create lasting value for stakeholders while contributing to Sri Lanka's economic resilience, competitiveness, and sustainable development.

ADVANCING HEALTH, EDUCATION AND SOCIAL PROGRESS

Lanka IOC remains committed to creating a meaningful and lasting impact beyond its business operations by supporting initiatives that strengthen the social fabric of Sri Lanka. Through targeted investments in healthcare and education, the Company contributes to improving access to essential services and enhancing opportunities for communities across the country. During the year, Lanka IOC extended support to the healthcare sector through the donation of dialysis machines, helping improve access to life-saving treatment for patients in need. The Company also continued to support educational initiatives aimed at empowering future generations through knowledge and learning opportunities. Furthermore, as a committed corporate citizen, Lanka IOC contributed to the national Rebuilding Sri Lanka platform, supporting broader efforts to foster economic recovery, community resilience, and sustainable development. Collectively, these social investments exceeded Rs. 50 million during the year, reflecting Lanka IOC's commitment to creating shared value and contributing to the nation's long-term progress.

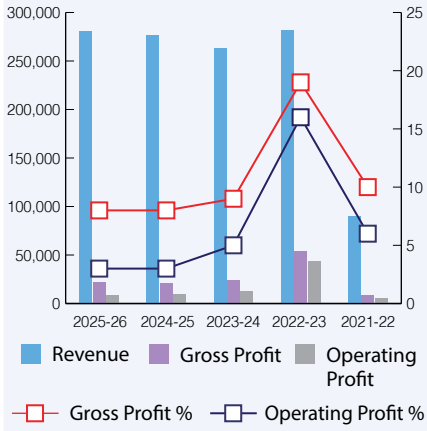


For over two decades, Lanka IOC has been more than a supplier of energy products. It has been a catalyst for economic activity, a partner in national development, and a contributor to Sri Lanka's growth story. Through an integrated portfolio of energy solutions and a commitment to long-term value creation, the Company continues to power industries, connect communities, facilitate trade, and fuel the aspirations of a nation on the move.

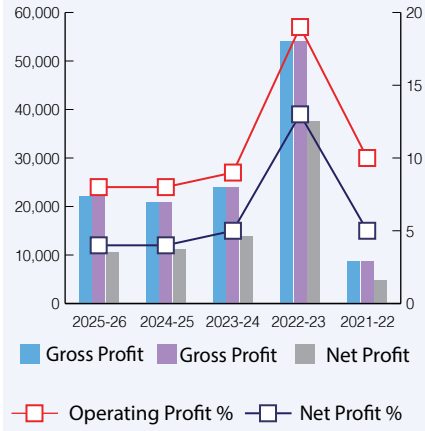
FINANCIAL HIGHLIGHTS

	Metric	2025-26	2024-25	2023-24	2022-23	2021-22
Operating Results						
Revenue	Rs. Million	**280,653**	276,287	263,569	281,488	89,951
Gross Profit	Rs. Million	**22,065**	21,024	24,018	54,182	8,845
Operating Profit	Rs. Million	**8,571**	9,345	12,809	44,177	5,410
Net Profit/(Loss) Before tax	Rs. Million	**13,559**	13,864	17,083	44,702	5,612
Income Tax	Rs. Million	**2,996**	2,715	3,138	7,006	793
Net Profit/(Loss) after tax	Rs. Million	**10,563**	11,149	13,945	37,696	4,818
Dividend	Rs. Million	**2,662**	2,662	2,130	1,198	453
Capital Employed						
Stated capital	Rs. Million	**7,576**	7,576	7,576	7,576	7,576
Revenue Reserves (Retained Earnings)	Rs. Million	**81,376**	73,466	64,982	53,198	16,709
Shareholders' Fund (Total Equity)	Rs. Million	**92,041**	82,692	73,470	61,233	24,285
Borrowing - short term	Rs. Million	**1,518**	7,445	4,307	4,468	25,778
Other short term liabilities	Rs. Million	**33,820**	28,104	23,915	15,906	14,568
Asset Employed						
Non-Current Assets	Rs. Million	**46,215**	28,165	11,187	9,675	10,658
Current Assets	Rs. Million	**81,691**	90,614	90,608	72,538	54,413
Total Assets Employed	Rs. Million	**127,906**	118,779	101,795	82,213	65,071
Profitability Ratios						
EPS	Rs.	**19.84**	20.94	26.19	70.79	9.05
GP Ratio	%	**8**	8	9	19	10
Operating Profit Margin	%	**3**	3	5	16	6
Net Profit Ratio	%	**5**	4	5	13	5
ROCE	%	**9**	10	17	67	11
ROE	%	**11**	13	19	62	20
Market Ratios						
Net Assets per share	Rs.	**172.86**	155.30	137.98	115.00	45.61
Dividend per share	Rs.	**5.00**	5.00	4.00	2.25	0.85
Dividend cover	Times	**4**	4.2	6.5	31.4	10.6
Equity to total assets ratio	%	**72**	70	72	74	37
Dividend pay out	%	**20**	19	6	25	51
Dividend Yield	%	**4**	4	2	6	4
Price to Earning Ratio (P/E)	Times	**7**	6	4	2	4
Price to book value	Times	**0.8**	0.8	0.8	1.5	0.9
Liquidity Ratios						
Current Ratio	Times	**2.3**	2.5	3.2	3.6	1.3
Quick assets ratio	Times	**1.2**	1.3	2.3	1.7	0.7
Turnover to capital employed (no of times)	Times	**3**	3	4	5	4
Solvency Ratios						
Interest cover	Times	**26**	18	26	22	6
Debt/ Equity	%	**2**	9	6	7	106
Debt/Total assets	%	**1.2**	6	4	5	4
Price Movements						
Market value per share (Highest)	Rs.	**158.00**	147.00	182.00	296.00	81.30
Market value per share (Lowest)	Rs.	**121.00**	100.00	94.00	158.00	18.30
Last trade price record	Rs.	**140.00**	127.00	116.75	171.50	38.80
Market capitalization	Rs. Million	**74,545**	67,623	62,165	91,318	20,660
Enterprise value	Rs. Million	**47,040**	43,625	21,266	68,750	24,022

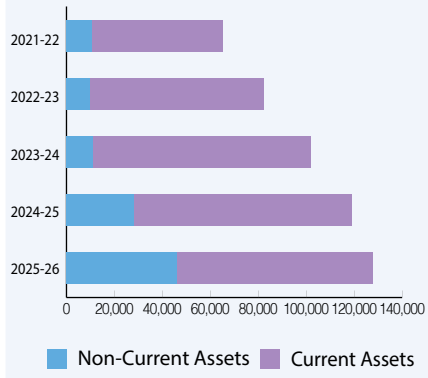
Sales vs Gross Profit



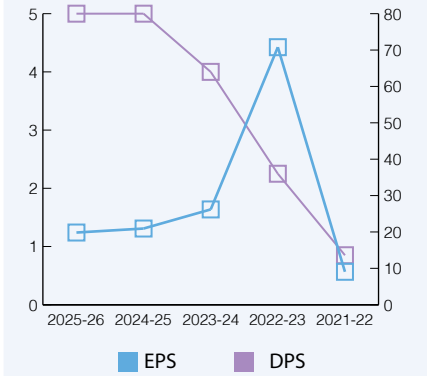
Operating Profit Vs Net Profit



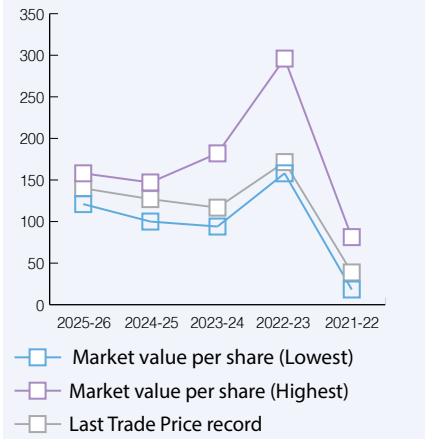
Assets Composition



EPS Vs DPS



Share Price Movements



Market Value vs Enterprise Value



Revenue
Rs. 280.65 Bn ▲

Gross Profit
Rs. 22.06 Bn ▲

Comprehensive Income
Rs. 11.99 Bn ▲

Operating Cash Flow
Rs. 18.11Bn ▲

Total Assets
Rs. 127.9 Bn ▲

Equity
Rs. 92.04 Bn ▲

Investments
Rs. 59.16 Bn ▲

Borrowings
Rs. 1.52 Bn ▼

Market capitalization
Rs. 74.55 Bn ▲

HISTORICAL MILESTONES

2002-2003

Lanka IOC (Pvt) Limited incorporated.

Agreements signed with the Board of Investment of Sri Lanka (BOI).

Commenced product sales from Lanka IOC fuel stations

2004-2005

Obtained the listing status in the Colombo Stock Exchange and became Lanka IOC PLC.

2007-2008

Commissioned the Lube Blending Plant at Trincomalee.

Started Bunker Operations in Colombo Port.

2009-2010

The Turnover of the Company reached 50 Bn

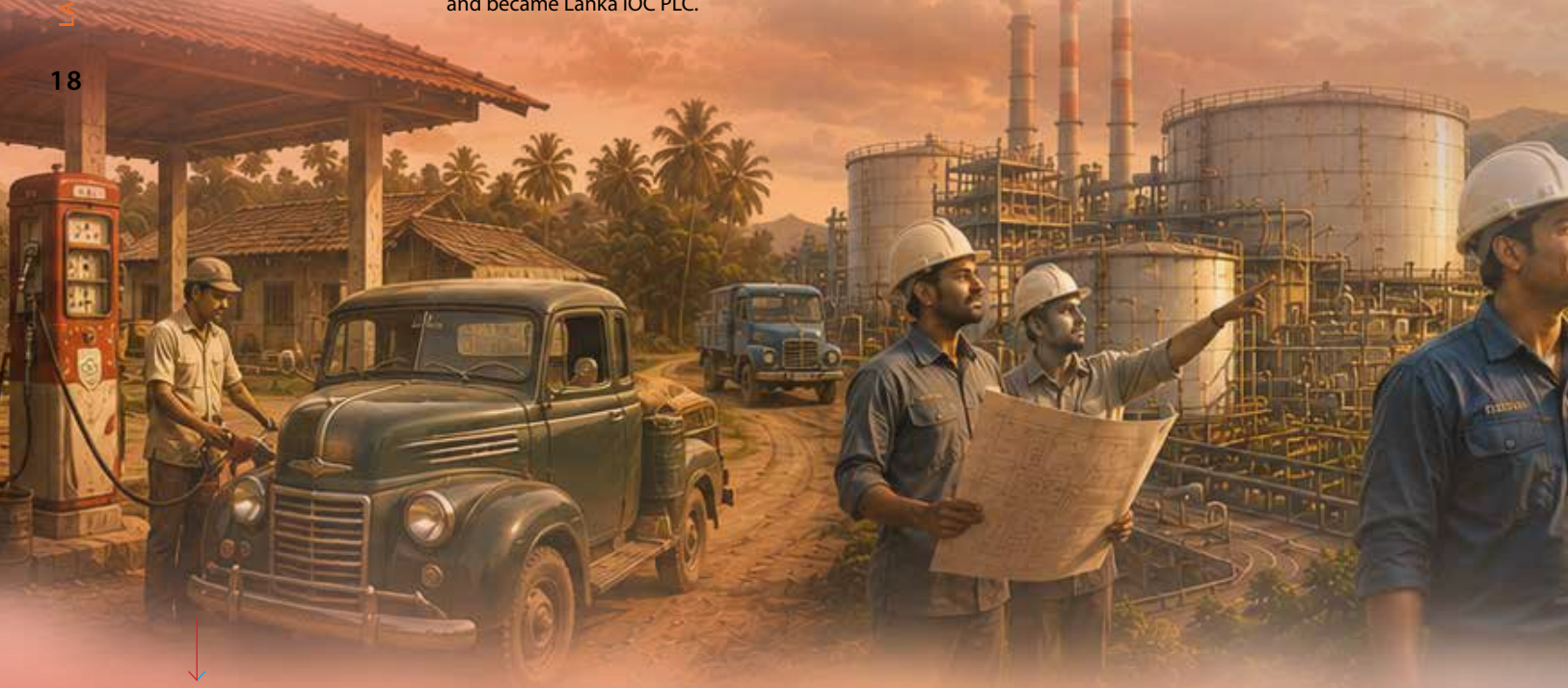
Started sales of Bitumen.

2010-2011

Commissioned the first grassroot Retail Outlet.

Operations & Accounting shifted to ERP [SAP] system.

Commissioned the 150th Retail Outlet.



2017-2018

"Overall Gold Award Winner" of National Business of Excellence Awards 2017 conducted by the National Chamber of Commerce of Sri Lanka and seven other category awards.

2018-2019

First Bitumen Export.

Lanka IOC shares included in S&P Sri Lanka 20 Index.

2019-2020

First physical bunker supplier to import the IMO 2020 compliant Low Sulphur Fuel Oil (LSFO) at Trincomalee.

2020-2021

Introduced new product Wet Brake Oil-SERVO MTRAC 30 for first time in Sri Lanka for farmers.

2021-2022

Signing of long pending Trincomalee lease deed and Modalities agreement with GoSL and CPC to lease 14 tanks in the Lower Tank Farm (LTF) for 50 years.

Formation of Joint Venture Company, Trinco Petroleum Terminalling Pvt Ltd, a JV between the CPC (51%) and the LIOC (49%) for development & utilization of 61 Tanks at of Upper Tanks Farm.

2011-2012

Launch of Euro III Grade Petrol
Maiden first Dividend of Rs. 1 per share distributed.

Commissioned 150th Servo Shop.

2013-2014

65% increase in Net Profit from Rs. 2.91 Bn in FY 2012-13 to Rs. 4.81 Bn in FY 2013-14.

2014-2015

Lanka IOC assigned Highest Credit Rating - AAA rating by Lanka Rating Agency.

2015-2016

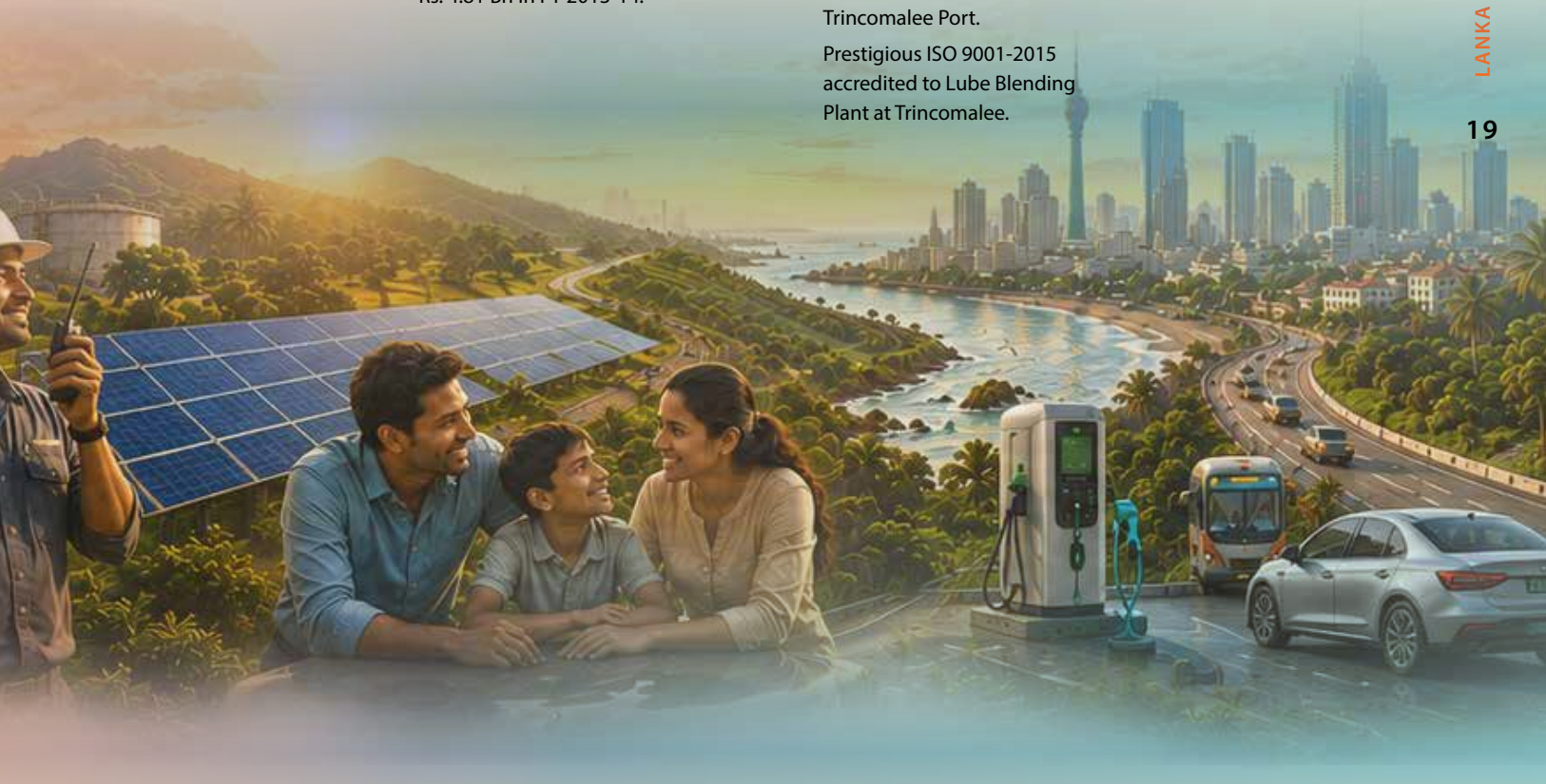
Commenced bunkering operations from June 2015 at Trincomalee Port.

Prestigious ISO 9001-2015 accredited to Lube Blending Plant at Trincomalee.

2016-2017

Commissioned the 200th Retail Outlet.

Awarded '8th largest company' in Sri Lanka for 2015-16 by LMD magazine.



2022-2023

Commissioned of first-ever Grease Manufacturing Plant in Sri Lanka.

Highest ever revenue of Rs. 281 Bn and Profit After Tax of Rs. 37.69 Bn. First-ever LSD supply at Trincomalee.

2023-2024

Renewed retail license for another 20 years.
Commissioned 250th Retail Outlet.

Agreement with Ceypetco for marketing of SERVO lubricants at Ceypetco retail outlets.

2024-2025

Introduced XP 100, a premium 100 octane petrol.

Four new grades of lubricants launched.

Started marketing a wide variety of Petrochemical Products.

2025-2026

Historic Highest Throughput 999 TMT.

Historic highest Auto Fuel Sales 873 TKL.

Launched SERVO Pride XL Plus 15W40.

Launched SERVO 4T Xtra 10W30.

LIOC ranked 6th in LMD 100.

Introduced XTRAGREEN into Sri Lankan market.

PERFORMANCE HIGHLIGHTS FOR ECONOMIC DEVELOPMENT OF SRI LANKA

Historic Highest Throughput of

999 TMT

in FY 25-26



Historic highest Auto Fuel Sales

873 TKL

in FY 25-26



Retail Infra

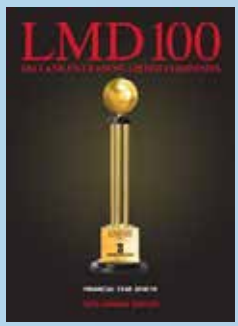
7 New sheds commissioned in FY 2025-26

+61 New RO commissioned since 2023

Introduction of XTRAGREEN New-age high performance diesel

1,500+ Pump Attendants Insured for life, accidental & critical illness and uniform Dress Provided





LIOC Ranked 6 in LMD 100 (Lanka's version of Fortune 200)

Launch of Long drain Diesel Engine Oil – SERVO Pride XL Plus 15W40



Installed SERVO Police booths across Colombo. Total of 90 nos.



Launch of High Performance 260 Motor Bike oil -SERVO 4T Xtra 10W30



Exchequer Payment Rs 102.2 Bn

- Sponsored the Servo Premier Sri Lanka Hockey League 2025.
- Title sponsor of Servo Cup – Women's Tri-Nation ODI Cricket Series 2025" between Sri Lanka, India, and South Africa
- Lanka IOC PLC has been adjudged as Supplier of the Year – 2025-26 by Plastic & Rubber Institute of Sri Lanka for the "PROPEL" brand

60 New DAG installed to Retail Outlets (ROs)

108 New DUs installed at ROs

25 Retail Outlets enhanced with sanitary facilities under Clean Sri Lanka Initiative

354 DUs Refurbished at various outlets across the island

Rs >5 Billion
Finance Income

Investment in Revenue Generated Assets
Rs 767 Mn

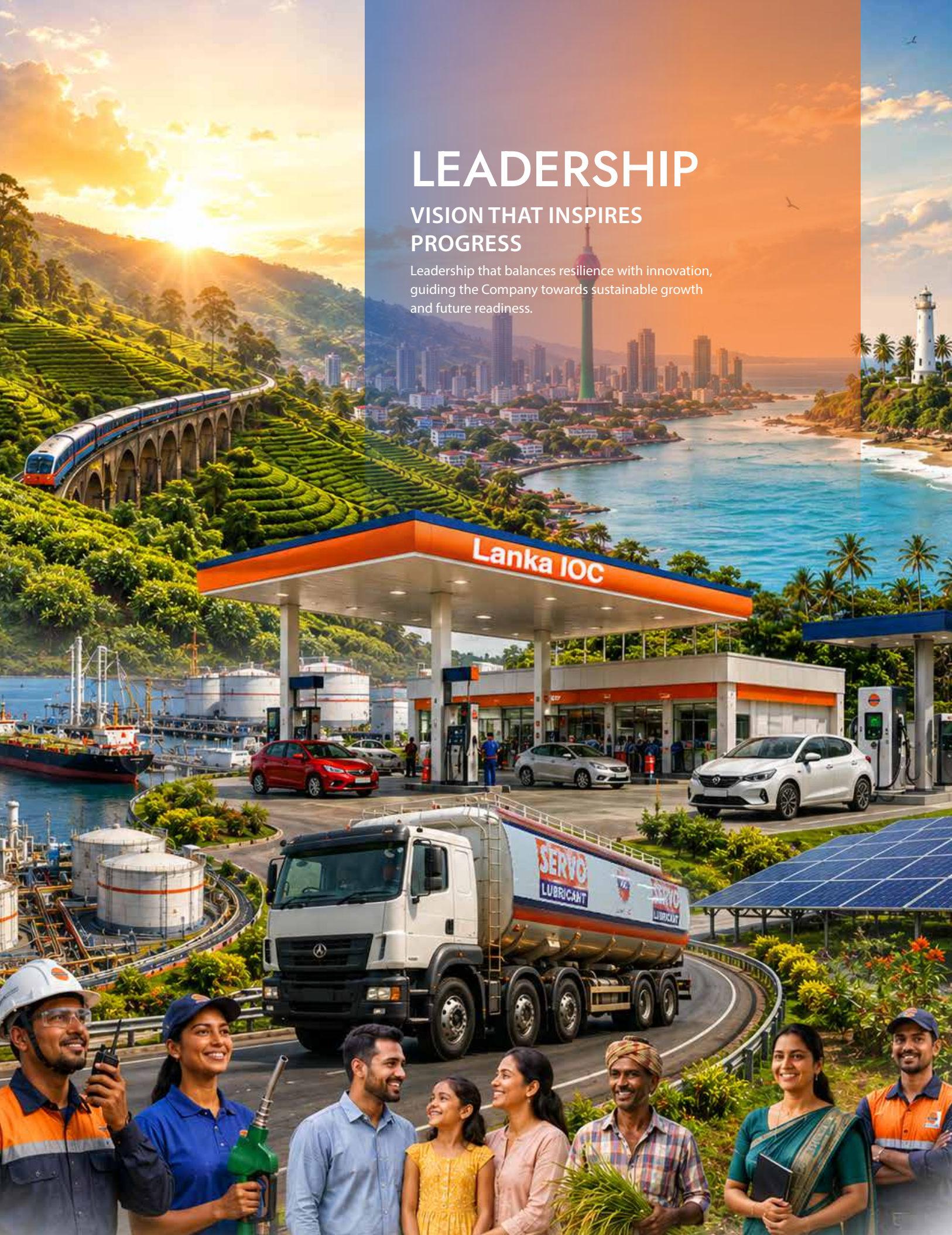
Solar Energy
1,750 kWp

- CMA Excellence Award for Best Integrated Financial Report in the Energy sector.
- LIOC Integrated Report 2024-25 recognized by South Asian Federation of Accountant (SAFA) under Power & Energy.
- Lanka IOC ranked 15th in Sri Lanka's top 100 most valuable brands for 2025, according to Echelon.lk. The brand value is estimated at Rs 10.5 Billion.

CSR

- Rs 221 million was utilized during the financial year 2025–26.
- Cummulative 31 dialysis machines were donated to Government Hospitals across the island.
- Rs 100 million was donated to the President's Fund.
- Rs 50 million was donated to the 'Ditwah' Disaster Fund to support the rebuilding of Sri Lanka.





LEADERSHIP

VISION THAT INSPIRES PROGRESS

Leadership that balances resilience with innovation, guiding the Company towards sustainable growth and future readiness.

CHAIRMAN'S MESSAGE

DEAR VALUED STAKEHOLDERS,

As Lanka IOC commemorates 24 years of service in Sri Lanka, it is my privilege to present the Eleventh Integrated Annual Report of Lanka IOC PLC for the financial year 2025-26, at a time when Sri Lanka stands at an important juncture in its journey toward economic stabilization, structural reform, and renewed national momentum.

For Lanka IOC, this is not merely another reporting cycle. It is a moment that invites reflection on our journey, our enduring relevance, and the role we continue to play in partnering with Sri Lanka to strengthen its economic resilience and advance future progress.

This message carries particular significance for me personally, given my longstanding association with Lanka IOC, including my earlier tenure as Senior Vice President during the formative phase of the Company's evolution. Returning now in the capacity of Chairman offers a uniquely long-term perspective on how the organization has matured not only in scale, but in institutional character. Having witnessed part of this journey firsthand, I have come to appreciate that truly enduring institutions are not defined merely by operational capability or financial performance, but by the discipline of their stewardship, the resilience of their people, and their ability to remain strategically relevant through changing times.



ENDURING THROUGH VOLATILITY, SERVING THROUGH PURPOSE

Over the past 24 years, Lanka IOC has evolved from being a participant in Sri Lanka's liberalized energy market into a strategically important institution within the nation's economic framework. Today, our contribution extends far beyond the supply of fuel. We enable mobility, support commerce, power industries, strengthen logistics, facilitate connectivity, and sustain the daily rhythm of life across the country. Most importantly, our institutional value becomes most evident during periods of disruption, when continuity and resilience are tested.

The global energy sector remains one of the most strategically significant and dynamic sectors of the world economy. The year under review reaffirmed this reality. Commodity markets continued to be influenced by geopolitical uncertainties, supply-side adjustments, freight disruptions, foreign exchange volatility, and the increasingly complex balance between energy security and long-term energy transition objectives.

During FY 2025-26, global oil demand growth remained volatile amid evolving macroeconomic conditions and geopolitical developments. Demand remained relatively resilient during the first three quarters of the year; however, market sentiment weakened towards the latter part of the year due to escalating tensions in the Middle East. The resulting uncertainty disrupted trade flows, affected economic activity, and moderated energy consumption across several regions.

CHAIRMAN'S MESSAGE

Global oil demand increased by approximately 0.7 million barrels per day (mb/d) to reach 104.5 mb/d during the year, while global oil supply rose by 2.9 mb/d to 106.2 mb/d, resulting in an oversupplied market. Consequently, crude oil prices remained under pressure throughout the year. ICE Brent crude oil prices averaged US$69.1 per barrel during FY 2025-26, representing a decline of US$9.12 per barrel compared to the previous financial year.

Overall, the global oil market was shaped by rising OPEC+ production, increasing trade tariff pressures, and geopolitical tensions in the Middle East, which collectively dampened demand growth and heightened price volatility.

Looking ahead, the outlook for FY 2026-27 remains uncertain. Global oil demand growth is expected to remain subdued amid slower economic growth and continuing geopolitical tensions. At the same time, damage to refinery and energy infrastructure arising from regional conflicts could result in prolonged supply disruptions, contributing to continued market volatility. Consequently, the energy sector remains highly vulnerable to geopolitical, macroeconomic, and policy-related risks.

For Sri Lanka, an import-dependent economy navigating a gradual economic recovery, these developments carry significant implications. Energy security remains closely linked to economic stability, influencing industrial productivity, transportation, affordability, investor confidence, and overall national resilience.

Against this backdrop, Lanka IOC remained steadfast in fulfilling its responsibility to the nation. During FY 2025-26, the domestic operating environment continued to be shaped by cost-reflective pricing mechanisms, fluctuations in crude and refined petroleum product prices, exchange rate movements, and evolving competitive dynamics. While elevated fuel prices continue to place pressure on consumers and businesses, a transparent and commercially sustainable pricing framework remains essential for ensuring long-term sector stability, energy security, and continued infrastructure investment.

Within this environment, Lanka IOC remained focused not merely on maintaining operational continuity, but on strengthening its strategic resilience, enhancing operational efficiency, and creating sustainable value for all stakeholders while supporting Sri Lanka's economic recovery and long-term energy security objectives.

RESILIENCE THROUGH STRATEGIC DIVERSIFICATION

Despite a challenging margin environment with heightened disruptions in trade flows due to global geopolitics, Lanka IOC effectively navigated the business environment. Lanka IOC's performance in 2025-26 demonstrates the strength of a diversified business model in sustaining profitability amidst a complex and volatile operating environment. Despite regulatory pricing constraints in the core auto fuel business, competitive market conditions, and global geopolitical disruptions, the Company delivered revenue growth of 2% to Rs. 280.7 billion, while maintaining a robust net profit of Rs. 10.6 billion.

LANKA IOC'S DIVERSIFIED STRUCTURE REMAINS A DEFINING STRATEGIC ADVANTAGE THAT WILL CONTINUE TO SUPPORT RESILIENT VALUE CREATION FOR SHAREHOLDERS IN THE YEARS AHEAD. IN AN ENERGY LANDSCAPE SHAPED BY REGULATORY INTERVENTION, PRICING CONSTRAINTS, GLOBAL VOLATILITY, AND EVOLVING MARKET EXPECTATIONS, SUSTAINABLE PROFITABILITY CANNOT RELY SOLELY ON TRADITIONAL FUEL RETAILING. IT HAS TO BE BUILT ON PORTFOLIO BREADTH, CAPITAL DISCIPLINE AND OPERATIONAL AGILITY.

Auto fuel contributed 76% of revenue at Rs. 213.5 billion and recorded highest-ever auto fuel sales of 873 TKL in FY 2025–26. Petrol registered a growth of 16.1% whereas Diesel registered a growth of 14.4%. Although auto fuel segment registered a healthy volume growth, the Company's broader portfolio played a critical role in preserving earnings resilience, specially the bunker segment which registered a 114% growth in profitability. Our emerging Petrochemicals business segment registered a volume growth of 104%. Lubricants continued to make steady contributions and helped offset pressures arising from margin compression in regulated fuel operations. This reinforces the strategic importance of Lanka IOC's diversified structure, which reduces concentration risk and provides multiple avenues for value creation. Meanwhile, strong treasury management contributed to a 7% increase in net finance income to Rs. 5.3 billion, further strengthening earnings stability.

Lanka IOC's financial resilience is also reflected in its balance sheet strength. With 98% of capital funded through equity, minimal leverage, and operating cash flows improving significantly to Rs. 18.1 billion, the Company remains exceptionally well-positioned to absorb market shocks while continuing to invest in long-term growth.

For the Board, this performance reaffirms a clear strategic principle in an increasingly dynamic energy landscape, sustainable profitability is built not solely on scale, but on portfolio diversification, disciplined capital allocation, and the agility to evolve beyond traditional business models. Lanka IOC's diversified structure remains a defining strategic advantage that will continue to support resilient value creation for shareholders in the years ahead.

In an energy landscape shaped by regulatory intervention, pricing constraints, global volatility, and evolving market expectations, sustainable profitability cannot rely solely on traditional fuel retailing. It has to be built on portfolio breadth, capital discipline and operational agility. Equally important is the strength of our balance sheet, prudent treasury management, and disciplined capital allocation, which collectively position Lanka IOC to remain resilient while continuing to invest confidently for the future.

OUR PEOPLE - THE FOUNDATION OF RELIABILITY

Infrastructure alone does not create resilience, Institutions do. Institutions are ultimately shaped by people.

The energy business is inherently demanding requiring technical precision, disciplined execution, commercial acumen, operational responsiveness, and an unwavering commitment to safety and reliability. Across our retail operations, terminals, logistics networks, engineering functions, customer-facing teams, and corporate leadership, Lanka IOC's people remain the foundation of our operational excellence.

What distinguishes this organisation is not merely its footprint, but the culture that underpins execution, accountability, professionalism, resilience, and institutional discipline.

As the energy landscape evolves, future competitiveness will increasingly depend on new organizational capabilities including digital readiness, operational intelligence, sustainability integration, advanced infrastructure management, and customer-centric innovation. The Board therefore views talent stewardship not as an operational necessity, but as a strategic imperative.

We remain committed to strengthening leadership depth, technical capability, safety culture, and organizational agility ensuring that Lanka IOC remains equipped for the next era of transformation.

RESPONSIBILITY BEYOND BUSINESS

As an organisation embedded deeply within Sri Lanka's economic and social fabric, Lanka IOC recognizes that long-term relevance must be accompanied by responsible citizenship.

Our contribution to the nation extends beyond commercial operations into areas that directly strengthen social wellbeing and future capacity.

The severe floods and landslides that struck the country in late 2025 had a profound impact on communities across Sri Lanka, affecting over 1.5 million people and causing widespread devastation. In response, Lanka IOC stepped forward under its 'We Care' CSR initiative, contributing Rs. 50 million to the Rebuilding Sri Lanka Fund in support of national recovery and reconstruction efforts. This is in addition to Rs. 100 million contributed during FY 2025-26 to the President's Fund for welfare of economically disadvantaged section of the society.

During the year, the Company continued to support impactful Corporate Social Responsibility initiatives, particularly in the spheres of healthcare a pillar fundamental to inclusive national development. We donated 31 dialysis machines to Government hospitals throughout the island to strengthen access, improve wellbeing, and contribute to community resilience. Additionally, our support in the area of education through the CSR budget, reflects our belief that sustainable national progress must be built on empowered future generations. Supporting educational development is not simply philanthropy; it is an investment in human potential, social mobility, and long-term nation-building.

For Lanka IOC, responsible business means recognizing that value creation must extend beyond financial outcomes toward broader societal contribution.

THE FUTURE DEMANDS MORE THAN SUPPLY CONTINUITY. IT REQUIRES INFRASTRUCTURE RESILIENCE, DIVERSIFIED GROWTH, CUSTOMER TRANSFORMATION, ORGANISATIONAL CAPABILITY, AND RESPONSIBLE ADAPTATION TO STRUCTURAL CHANGE. OUR STRATEGIC PRIORITIES ARE THEREFORE CLEAR.

ANCHORED IN STRONG GOVERNANCE

Strong governance has always underpinned Lanka IOC's ability to navigate complexity and create enduring stakeholder value. In recognition of the increasing importance of sustainability within corporate strategy and accountability, we are enhancing our reporting and governance frameworks in alignment with emerging global disclosure expectations, including SLFRS S1 & SLFRS S2, reflecting our commitment to greater transparency, stronger climate governance, and more integrated decision-making in an increasingly sustainability-conscious business environment.

SUSTAINABILITY AND FUTURE READINESS

The global energy transition continues to reshape the strategic context in which we operate. While conventional fuels remain indispensable to Sri Lanka's economic realities, the long-term direction of the global energy ecosystem is clear. Sustainability, efficiency, and transition readiness will increasingly define responsible energy leadership. Lanka IOC remains committed to balancing present-day supply obligations with long-term preparedness.

CHAIRMAN'S MESSAGE

This includes improving environmental performance, strengthening operational efficiency, reducing process losses, embedding responsible resource stewardship, and progressively aligning with emerging energy realities. Our approach remains pragmatic, disciplined, and nationally aligned.

BUILDING NATIONAL ENERGY RESILIENCE THROUGH STRATEGIC INFRASTRUCTURE

The lessons of recent years have made one reality unmistakably clear, energy security cannot be managed through short-term operational responses alone. It requires structural resilience. As Sri Lanka progresses through economic recovery and renewed investment momentum, Lanka IOC's strategic relevance will become even more pronounced. Energy remains central to national competitiveness.

The future demands more than supply continuity it requires infrastructure resilience, diversified growth, customer transformation, organisational capability, and responsible adaptation to structural change. Our strategic priorities are therefore clear.

We will continue strengthening Lanka IOC as a diversified, future-ready energy institution capable of delivering resilient value creation across market cycles.

A defining priority within our long-term development agenda is the strengthening of downstream energy infrastructure to improve supply resilience, operational continuity and national preparedness.

Lanka IOC is contributing meaningfully to the creation of a more resilient energy ecosystem capable of supporting Sri Lanka's long-term growth ambitions.

Further, we will expand and strengthen adjacent growth verticals to reinforce portfolio balance. We will accelerate digital and customer transformation to improve accessibility, convenience, and service excellence.

A NOTE OF APPRECIATION

I wish to extend my sincere gratitude to my fellow Board members for their steadfast guidance, strategic foresight, and unwavering commitment to governance excellence. Their counsel has been instrumental in steering Lanka IOC through a dynamic and evolving operating environment, enabling the Company to remain resilient, focused, and well-positioned to pursue its long-term strategic aspirations with confidence.

To the Lanka IOC team across the island, I offer my heartfelt appreciation. Your dedication, agility, professionalism, and relentless pursuit of excellence continue to define the strength of this organisation. In an industry that demands resilience, precision, and responsiveness, your collective efforts have enabled Lanka IOC to consistently deliver operational excellence, maintain customer trust, and create enduring value for all stakeholders.

I also wish to express my sincere gratitude to our loyal customers for the trust and confidence they continue to place in Lanka IOC. Your continued patronage inspires us to raise our standards of service. Remaining close to the communities we serve and delivering value through dependable energy solutions will continue to remain central to our purpose.

The partnership between India and Sri Lanka remains a cornerstone of Lanka IOC's journey and a compelling example of constructive regional collaboration. As an organisation built on shared values, mutual trust, and a long-term commitment to national development, Lanka IOC stands as a symbol of the enduring ties between our two nations. I extend my appreciation to the Government of Sri Lanka, our regulators, business partners, stakeholders, and wider communities for their continued support and confidence in our journey.

With this collective strength, Lanka IOC will continue to evolve with purpose, strengthening its operational capabilities, expanding its strategic relevance, and contributing meaningfully to Sri Lanka's energy security, economic progress, and sustainable future.

Institutions that endure are those that evolve with discipline while remaining anchored in purpose. Lanka IOC has demonstrated that capability over the past two decades. I remain confident that the next chapter of this journey will be even more strategically significant.

Lanka IOC remains committed not simply to powering movement but to powering Sri Lanka's resilience, progress, and future.



ANUJ JAIN
Chairman
Lanka IOC PLC

MANAGING DIRECTOR'S REVIEW

DEAR STAKEHOLDERS,

The financial year 2025-26 marked another significant chapter in Sri Lanka's journey towards economic recovery and renewal. Supported by improving macroeconomic fundamentals, easing inflationary pressures, greater exchange rate stability, declining interest rates, and strengthening investor confidence, the country continued to rebuild momentum across key sectors of the economy. As business activity accelerated and consumer confidence gradually returned, the demand for reliable energy solutions once again became central to enabling growth, supporting industries, and facilitating national development.

For Lanka IOC, this environment represented both an opportunity and a responsibility. As one of Sri Lanka's foremost energy providers, our success has always been intrinsically linked with the aspirations of the nation. Every litre of fuel supplied, every supply chain enabled, every industry supported, and every infrastructure investment undertaken contributes towards a larger purpose of powering economic activity, supporting livelihoods, and helping Sri Lanka move forward.

Against this backdrop, I am pleased to report that Lanka IOC delivered another year of resilient financial and operational performance, reflecting the strength of our diversified business model, disciplined execution, robust governance, and the unwavering commitment of our employees and stakeholders.

DELIVERING STRONG PERFORMANCE IN A DYNAMIC ENVIRONMENT

The year under review demonstrated the resilience of Lanka IOC's business model amidst a global operating environment characterised by fluctuating crude oil prices, geopolitical tensions, supply chain disruptions, and evolving energy market dynamics.

Despite operating within a regulated domestic pricing framework and facing continued volatility in international energy markets, the Company delivered a strong financial performance, reinforcing its position as one of Sri Lanka's most financially resilient corporate entities.

The Auto Fuel segment registered an impressive growth of 13% largely supported by improving economic activity and a steady revival in transportation and industrial usage. In parallel, investments made over the past several years to upgrade and modernize our retail network have begun to yield tangible results. Enhancements in station infrastructure, customer service facilities, and operational efficiency translated into higher throughput per station and better overall customer engagement.



MANAGING DIRECTOR'S REVIEW

The petrochemical volumes recorded a volume growth of more than 100% after recording a fourfold surge the year before. This reflects a positive reception to the PROPEL range, underscoring the strategic potential of this business segment. Company registered a overall volume growth of 9%.

Revenue increased to Rs. 280.7 billion, a modest 2% increase over previous year. This was attributable to moderating in selling prices across product categories due to fall in crude oil prices for major part of the year. Gross profit increased by 5% to Rs. 22.1 billion, demonstrating our ability to optimise operations and enhance business quality despite ongoing margin pressures within the retail fuel segment.

Your Company recorded a net profit of Rs. 10.6 billion, whilst generating an impressive Rs. 18.1 billion in operating cash flows, underscoring the strength of our underlying operations and disciplined approach to working capital management. Consequent to reductions in retail selling prices of auto fuel, the segment registered a drop in profitability during the year. However, the same were partially offset by improvement in bunker segment profitability and increased finance income.

Equally significant was the continued strengthening of our balance sheet. Total assets increased to Rs. 127.9 billion, whilst our capital structure remained largely equity-funded, providing exceptional financial flexibility and resilience. This strong financial foundation enables Lanka IOC to invest confidently in future growth opportunities whilst maintaining the agility required to navigate an increasingly dynamic operating landscape.

Through prudent risk management, disciplined inventory planning, supply chain optimisation, and effective treasury management, Lanka IOC successfully maintained product availability across the country whilst continuing to create sustainable value for shareholders.

DISRUPTION CAUSED BY WAR IN THE MIDDLE EAST

Recent months have been marked by one of the most significant energy supply disruptions witnessed in recent decades. The escalation of conflict in the Middle East severely impacted global petroleum supply chains, disrupting established trade routes, refining operations, and product availability across key markets. While crude oil prices increased substantially, the impact on refined petroleum products was even more pronounced, with premiums for diesel and petrol reaching unprecedented levels as supply security became the primary concern for market participants.

Amid these challenges, Lanka IOC remained steadfast in its commitment to ensuring fuel supplies to the nation. Through close coordination with our parent company and suppliers, we successfully secured product cargoes despite an exceptionally volatile and uncertain operating environment. The Company's supply chain resilience and operational agility enabled us to continue serving our customers and supporting the country's energy requirements during a period of extraordinary market stress.

WHILST THE AUTO FUEL BUSINESS REMAINS THE CORNERSTONE OF THE OPERATIONS AND CONTINUES TO ACCOUNT FOR THE 76% OF GROUP REVENUE, OUR DIVERSIFICATION STRATEGY HAS BECOME AN INCREASINGLY IMPORTANT CONTRIBUTOR TO EARNINGS RESILIENCE AND LONG-TERM VALUE CREATION.

The retail fuel prices were revised upwards by an approximately of 34% for diesel and 33% for petrol. In addition, the Government of Sri Lanka introduced a fuel subsidy of Rs. 100 per litre on diesel and Rs. 20 per litre on petrol with the objective of mitigating the impact of rising energy costs on consumers and supporting economic activity. However, these price revisions and subsidy measures were insufficient to fully offset the unprecedented increase in international petroleum product prices, freight rates, and supply premiums experienced during the period. As a result, the Company's procurement costs increased significantly, outpacing the benefits derived from the retail price adjustments and government subsidies resulting in substantial pressure on margins and profitability.

Looking ahead, we anticipate that the coming year will remain challenging. Geopolitical uncertainties, supply chain disruptions, and continued volatility in global energy markets are expected to persist. Nevertheless, Lanka IOC will continue to focus on supply security, operational efficiency and prudent financial management, and customer service excellence. With the support of our stakeholders and the dedication of our employees, we remain committed to navigating these challenges.

STRENGTHENING GROWTH THROUGH DIVERSIFICATION AND BUILDING A RESILIENT AND FUTURE-READY BUSINESS

Over the years, your Company has deliberately evolved beyond the traditional boundaries of fuel retailing to build a diversified portfolio capable of delivering sustainable growth across varying economic cycles.

Whilst the Auto Fuel business remains the cornerstone of the operations and continues to account for the 76% of Group revenue, our diversification strategy has become an increasingly important contributor to earnings resilience and long-term value creation.

Sri Lanka's strategic location along major international shipping routes provides a natural competitive advantage, positioning the country and by extension Lanka IOC to play a more prominent role in regional maritime energy supply. Even today, there remains substantial untapped potential in the bunkering segment, which can be strategically captured through both organic growth and targeted investments in infrastructure and service capabilities.

To realize this potential, we are focused on progressively enhancing bunkering-related capabilities at the Colombo Port and other locations. As port capacity expands and vessel traffic continues to grow, the scale and value of the bunkering business are expected to increase significantly over time. Our approach emphasizes operational reliability, service excellence, and the gradual introduction of innovative products and services tailored to maritime customers.

The Lubricants business continued to strengthen its market position through product innovation, customer-centric solutions, and expanded market reach. Supported by a strong distribution network and a reputation for quality, the business continued to enhance brand equity and deepen customer engagement across multiple market segments. Further, sustained brand-building initiatives will help your company capture incremental volumes even in a highly competitive market.

We view PROPEL as the initial phase of a scalable, long-term growth platform within Lanka IOC's portfolio. The surge in petrochemical volumes following the product launch reflects a positive reception to the PROPEL range, underscoring the strategic potential of this business segment.

Your Company plans to deepen customer relationships and broaden the product portfolio over time. Petrochemicals align well with our strengths in sourcing, logistics, and industrial marketing, making this a strategically attractive business. As we continue to enhance customer engagement and improve operational capabilities. We are developing this segment to evolve into a meaningful and sustainable contributor to the Company's revenue and profitability over the long term.

Collectively, these businesses are transforming Lanka IOC into a diversified energy and industrial solutions provider, reducing dependence on traditional fuel margins whilst creating multiple avenues for future growth.

In today's business environment, sustainable success requires more than market presence. It demands agility, operational excellence, disciplined capital allocation, and the ability to adapt to rapidly changing circumstances.

Your Company is in the process of automating all its retail stations. By replacing manual processes with digital, IoT-driven systems, we can improve consistency in services and product delivery and allow for early detection of issues before they affect the consumer. Digital monitoring systems provide real-time visibility into inventory levels, throughput, and station performance, benefiting both Lanka IOC and our channel partners. This enables faster, data-driven decision-making.

Your Company has signed an MoU with Ishara Trading, a subsidiary of LOLC. Over the next two years, the Company is looking to introduce EV charging facilities across its retail network. The aim is to bring EV charging to all 273 outlets, including both company-owned and franchise outlets. As of now, feasibility studies are being carried out. Some outlets, especially those in rural areas, may not be commercially feasible at the initial stage. The aim is to roll out EV charging at about 75 outlets within next six months and to have this facility at about 175 retail outlets in next one and half years.

Given the volatility experienced in global energy markets, inventory optimisation became a critical area of focus. Through disciplined planning we successfully balanced product availability with working capital efficiency, ensuring uninterrupted supply whilst improving cash generation. Our treasury management strategy also contributed meaningfully to performance. By optimising the deployment of surplus liquidity and strategically managing investment portfolios, we enhanced finance income whilst maintaining liquidity and financial flexibility. These initiatives collectively strengthened earnings, improved operational resilience, and enhanced our ability to respond effectively to market opportunities and challenges.

Lanka IOC continues to invest in strategic infrastructure that strengthens the country's energy ecosystem and supports long-term economic development.

THE POWER OF PARTNERSHIPS

One of the defining strengths of Lanka IOC has been its ability to build enduring partnerships that create shared value. Our progress has been made possible through close collaboration with government institutions, regulators, industry stakeholders, suppliers, dealers, customers, and local communities. These relationships have enabled us to navigate changing market conditions whilst maintaining service excellence and operational reliability.

As a subsidiary of Indian Oil Corporation, one of Asia's largest energy companies, Lanka IOC continues to benefit from world-class technical expertise, supply chain capabilities, innovation, and operational best practices. This strategic partnership provides a strong platform from which to support Sri Lanka's evolving energy needs whilst contributing to broader economic cooperation between Sri Lanka and India. Partnership remains central to our philosophy. We firmly believe that sustainable success can only be achieved when growth is shared and when value creation benefits all stakeholders.

EMPOWERING PEOPLE, DRIVING EXCELLENCE

At the heart of Lanka IOC's success is a dedicated and talented workforce whose commitment, expertise, and resilience continue to drive the organisation forward.

Operating within a highly specialised and demanding industry requires technical excellence, safety consciousness, operational discipline, and a strong customer-centric mindset. Throughout the year, our employees consistently demonstrated these qualities whilst adapting to evolving business requirements and market dynamics.

We remain committed to creating a workplace that fosters continuous learning, encourages innovation, and promotes leadership development across all levels of the organisation.

MANAGING DIRECTOR'S REVIEW

As we prepare for the future, investments in talent development, digital capabilities, technical expertise, and leadership succession will remain central to our long-term strategy.

CREATING IMPACT BEYOND BUSINESS

At Lanka IOC, we believe that corporate success carries a broader responsibility towards society. While we play a critical role in meeting Sri Lanka's energy needs, we are equally committed to creating meaningful social value and contributing to the well-being of the communities we serve. As a company deeply rooted in Sri Lanka, our purpose extends beyond business performance to supporting the nation's progress, particularly during times of adversity.

The severe floods and landslides that impacted the country in late 2025 affected more than 1.5 million people and caused widespread devastation across several regions. In response, Lanka IOC extended its support through its flagship CSR initiative, We Care, contributing Rs. 50 million to the Rebuilding Sri Lanka Fund to support national recovery and reconstruction efforts. This contribution was in addition to the Rs. 100 million donated to the President's Fund during FY 2025-26. Further, the Company mobilized relief assistance to some of the worst-affected districts, distributing essential dry rations and relief supplies to impacted families and communities.

Healthcare continued to be a key focus area of the Company's CSR programme. Lanka IOC donated 31 dialysis machines to government hospitals across the country, helping improve access to life-saving treatment for patients suffering from chronic kidney disease. The Company also donated a Non-Invasive Ventilator (NIV) machine to the Emergency Treatment Unit of the Teaching Hospital, Galle, strengthening critical care facilities and emergency response capabilities.

The Company continued to support vulnerable and underserved communities through a range of welfare initiatives. Assistance was provided to elders' homes, orphanages, centers supporting differently abled children, and organizations serving visually and hearing-impaired individuals. Dry ration packs were distributed to residents of old-age homes, orphanages, flood-affected families and members of the Blind Women's Society. Wheelchairs, artificial limbs, and other mobility aids were provided to persons with disabilities, helping improve their mobility, independence, and quality of life.

Promoting inclusive education and equal opportunity remained an important priority. Smart vision devices were donated to visually impaired students of the University of Colombo, enabling greater access to educational resources through assistive technology. Financial support was also extended to organizations dedicated to the welfare and empowerment of visually and hearing-impaired communities. In addition, the Company partnered with the Colombo Friend-in-Need Society to provide prosthetic limbs to beneficiaries, helping them regain mobility and lead more independent lives.

Lanka IOC also remained committed to environmental stewardship and sustainable development. During the year, the Company supported the International Coastal Cleanup Programme organized by the Marine Environment Protection Authority (MEPA) in conjunction with World Oceans Day, contributing to environmental conservation efforts and raising awareness on the importance of protecting Sri Lanka's coastal and marine ecosystems.

These initiatives reflect Lanka IOC's enduring commitment to creating value beyond business. As a responsible corporate citizen, we continue to invest in programmes that strengthen communities, improve lives, promote inclusivity, protect the environment, and contribute to Sri Lanka's long-term social and economic development. We remain guided by the belief that sustainable success is measured not only by financial performance, but also by the positive and lasting impact we create for society and future generations.

A SHARED JOURNEY OF PROGRESS

The achievements of FY 2025-26 are the result of a collective effort and a shared commitment to excellence. I extend my sincere appreciation to the Minister of Power and Energy and officials of the Ministry for their continued engagement and support in strengthening the nation's energy sector. I thank our customers for their trust and loyalty, and our extensive network of dealers, distributors, suppliers, contractors, and business partners whose dedication enables us to serve communities across the country.

I am grateful to Chairman, and to the Board of Directors for their invaluable guidance, wisdom, and unwavering support throughout the year.

Most importantly, I wish to express my heartfelt appreciation to every member of the Lanka IOC family. Their professionalism, resilience, passion, and commitment have enabled the Company to overcome challenges, seize opportunities, and deliver another year of strong performance. The success we celebrate today belongs to them.

The story of Lanka IOC has always been closely intertwined with the story of Sri Lanka. As the nation enters a new era of opportunity, growth, and transformation, we remain committed to powering industries, enabling mobility, strengthening energy security, supporting communities, and creating sustainable value for generations to come.

Together, we will continue powering progress, partnering the nation's future, and contributing to a stronger, more prosperous Sri Lanka.



K RAGHU
Managing Director
Lanka IOC PLC

BOARD OF DIRECTORS



Mr. S Renganathan
Independent Non-Executive Director

Mr. K Raghu
Managing Director

Mr. Anuj Jain
Chairman, Non-Executive Director

Mr. Saumitra P Srivastava
Non-Executive Director

Mr. H M A Jayesinghe
Senior Independent Non-Executive Director

Mr. Rajesh Singh
Non-Executive Director

BOARD OF DIRECTORS



Mr. Anuj Jain

Chairman, Non-Executive Director

Date of Appointment
22 August 2025

BOARD COMMITTEE MEMBERSHIPS

Audit Committee - Member

Related Party Transactions Review Committee - Member

Remuneration Committee - Member

Nominations and Governance Committee - Member

"With his strong financial acumen, strategic perspective, and extensive industry experience, Mr. Jain brings a wealth of expertise to the Board and makes impactful contribution to the long-term growth, governance, and strategic direction of the Company."

RECOGNITION AND INDUSTRY STANDING

Mr. Jain is widely recognised for his excellence in financial stewardship and strategic leadership.

He was honoured by The Economic Times at the ETCFO 2025 Awards under the category of "Leadership in PSU Finance" and has also been conferred with the "CA CFO" award by The Institute of Chartered Accountants of India.

His leadership in digital transformation has also been recognised through Indian Oil Corporation Limited receiving the FIPI Award for "Digitally Advanced Company of the Year".

PROFESSIONAL PROFILE

Mr. Anuj Jain serves as the Chairman and a Non-Executive Director of Lanka IOC PLC. He concurrently holds the position of Director (Finance) and Chief Financial Officer of Indian Oil Corporation Limited, a prestigious Fortune 500 energy major.

Mr. Jain possesses a comprehensive understanding of the Company's strategic and operational landscape. Having previously served as Senior Vice President of Lanka IOC PLC from 2015 to 2018, his extensive tenure within the energy sector, combined with his specialised financial expertise, provides the Board with invaluable leadership and profound institutional insight.

EXPERIENCE AND EXPERTISE

A Chartered Accountant by profession, Mr. Jain holds a Master's in Business Finance from the Institute of Chartered Accountants of India (ICAI). His career spans over three decades of post-qualification experience, with nearly 30 years dedicated to the diverse complexities of the oil and gas sector.

In his current role as Director (Finance) and CFO of Indian Oil Corporation Limited since October 2023, he leads a diverse portfolio including international trade, supply chain optimisation, corporate affairs, law, pricing, treasury & fund management, shipping finance, taxation, and enterprise risk management, along with the entire finance functioning of the corporation.

WORK HISTORY, STRATEGIC LEADERSHIP AND INITIATIVES

Mr. Jain has been instrumental in strengthening the Group's market position, spearheading strategic initiatives, sourcing crude oil and LPG from the USA amid geopolitical challenges, enhancing supply chain efficiency through integrated planning tools, driving global treasury operations through the GIFT City subsidiary, advancing battery swapping, CBG and renewable energy ventures, planning 30GW of renewable energy capacity by 2030, establishing a low-carbon energy subsidiary, and leading the SAP S/4HANA transformation programme.

He is also spearheading the planned ERP migration to SAP S/4HANA, one of the region's more complex and large-scale transformation initiatives, requiring the alignment of technical architecture with careful financial oversight. This reflects a clear focus on future-proofing the organisation.

His oversight of ongoing projects valued at more than Rs. 2 lakh crore and appraisal of projects costing over Rs. 1 lakh crore reflects his responsibility for major investment decisions and long-term financial planning.

LEADERSHIP IN BOARDS AND COMMITTEES

Mr. Jain plays a key role in the governance and strategic direction of Indian Oil Corporation Limited through his involvement in Board Committees overseeing sourcing, risk management, CSR, and stakeholder relations. He also serves as Chairman and Director of several subsidiary and joint venture companies in India and overseas, supporting the Group's interests in petroleum, green energy, and global treasury operations, while serving as Chairman of Lanka IOC PLC.



Mr. K Raghu
Managing Director

Date of Appointment
25 February 2026

BOARD COMMITTEE MEMBERSHIPS

Related Party Transactions Review Committee - Member

"With over 26 years of industry experience and a strong track record in downstream marketing, retail strategy, and operational leadership, Mr. K Raghu brings invaluable expertise and strategic insight to the Company and contributes meaningfully to its continued growth and development."

RECOGNITION AND INDUSTRY STANDING

Mr. K Raghu is recognised for his strong leadership in petroleum marketing, retail transformation, network development, and sustainable mobility initiatives, supported by his extensive operational and strategic experience across key markets.

He has also led the commissioning of high-volume Company Owned Company Operated (COCO) outlets, one of which was awarded the best outlet in the country across all Oil Marketing Companies by the Government of India.

PROFESSIONAL PROFILE

Mr. K Raghu serves as the Managing Director of Lanka IOC PLC. With over 26 years of experience in the petroleum sector, he brings extensive expertise in downstream petroleum marketing, retail strategy, and business leadership, gained through his career with Indian Oil Corporation Limited, a Fortune 500 global company.

EXPERIENCE AND EXPERTISE

Mr. K Raghu holds a B.Tech. in Civil Engineering and an MBA from the University of Pondicherry and has built a distinguished career spanning more than two decades in the petroleum industry.

Mr. K Raghu has held several key leadership positions across diverse and strategic geographies, including Uttar Pradesh, Kerala, and Karnataka, successfully driving market share growth, retail network expansion, and operational transformation.

WORK HISTORY, STRATEGIC LEADERSHIP AND INITIATIVES

Over the course of his career, Mr. K Raghu has introduced CNG infrastructure in new markets and spearheaded modernisation initiatives, including retail automation and visual identity enhancement.

He has also strengthened sustainable mobility initiatives through the development of LNG stations and electric vehicle charging networks.

Currently, Mr. K Raghu provides strategic direction to Lanka IOC PLC and contributes to the development of Sri Lanka's petroleum sector, with a focus on:

- Driving sustainable business growth
- Strengthening operational excellence across the organisation
- Promoting customer-centric innovation and service improvement
- Advancing sustainable energy solutions for the future

LEADERSHIP IN BOARDS AND COMMITTEES

In addition to serving as Managing Director of Lanka IOC PLC, Mr. K Raghu also serves as

- The Managing Director of Trinco Petroleum Terminal (Pvt) Ltd., a joint venture between Ceylon Petroleum Corporation and Lanka IOC PLC.
- A Director of Ceylon Petroleum Storage Terminals Limited (CPSTL), which is a joint venture between Ceylon Petroleum Corporation and Lanka IOC PLC.

BOARD OF DIRECTORS



Mr. Saumitra P Srivastava
Non-Executive Director

Date of Appointment
22 August 2025

"With his extensive experience in downstream operations, retail transformation, marketing strategy, and business leadership, Mr. Saumitra P Srivastava brings valuable industry knowledge and strategic insight to the Board and contributes meaningfully to the Company's long-term growth and development."

RECOGNITION AND INDUSTRY STANDING

Mr. Srivastava is widely regarded as a strategic and operational leader whose career reflects strong business insight, transformational leadership, and a deep commitment to innovation and efficiency in the dynamic energy sector.

PROFESSIONAL PROFILE

Mr. Saumitra P Srivastava serves as a Non-Executive Director of Lanka IOC PLC. He is currently the Director (Marketing) of Indian Oil Corporation Limited. He is a highly accomplished executive with over 30 years of experience in the oil and gas industry, with extensive exposure to downstream operations, marketing, and strategic leadership.

EXPERIENCE AND EXPERTISE

Mr. Srivastava is a Civil Engineering graduate from IIT Roorkee and holds an Executive MBA from SP Jain Institute of Management & Research, Mumbai.

He commenced his career with Indian Oil Corporation Limited in 1993 and spent his initial four years in the LPG business before moving into a range of key sales and retail leadership roles. Over the course of his career, he has built broad and diverse experience across marketing operations, business development, retail transformation, and corporate strategy.

WORK HISTORY, STRATEGIC LEADERSHIP AND INITIATIVES

Mr. Srivastava has held several significant leadership positions within Indian Oil Corporation Limited. His immediate prior role was Executive Director (Corporate Strategy). He has also served as Head of the Retail Transformation Group and headed the Retail Business for the entire North and East of India.

In operational leadership roles, he served as Head of State for Maharashtra and Goa, with responsibility for all major products and businesses. He has also led divisional offices in key metropolitan centres such as New Delhi and Mumbai.

He is recognised for his collaborative and results-oriented leadership style, with a consistent track record in driving business growth, improving profitability, and enhancing customer satisfaction.

He has championed major transformation initiatives, including the structured Non-Fuel Convenience Store initiative the Dhruva Retail Transformation project.

He has also spearheaded several other technology and digitalisation initiatives that have reshaped IndianOil's retail business.

His vision for the Marketing Division is centred on customer-centricity while supporting the transition towards sustainable and future-ready fuels. In his current role as Director (Marketing), he is responsible for, steering the strategic direction of IndianOil's extensive nationwide marketing infrastructure, with a focus on sustaining market leadership enhancing customer service, and building a more agile, efficient, technologically advanced, diversifying marketing ecosystem.

LEADERSHIP IN BOARDS AND COMMITTEES

In addition to serving on the Board of Lanka IOC PLC, Mr. Srivastava currently serves as

- The Director (Marketing) of Indian Oil Corporation Limited.
- The Non-Executive Chairman of IndianOil (Mauritius) Ltd
- The Non-Executive Chairman of IndianOil Petronas Private Limited.



Mr. Rajesh Singh
Non-Executive Director

Date of Appointment
22nd August 2025

"With over three decades of experience in retail operations, business strategy, and digital transformation, Mr. Rajesh Singh brings valuable industry knowledge and operational insight to the Board."

RECOGNITION AND INDUSTRY STANDING

Mr. Singh is recognised for his strong business leadership, operational excellence, and strategic contribution to the growth and transformation of the retail business of Indian Oil Corporation Limited.

He also successfully led the largest State Office in the Marketing Division, with responsibility for managing all business verticals.

Under his leadership, the UPSO-I State Office was recognised as the "Model State Office" and secured the "All-India MoU" First Runner-Up ranking in both 2024 and 2025.

PROFESSIONAL PROFILE

Mr. Rajesh Singh serves as a Non-Executive Director of Lanka IOC PLC. He is currently the Country Head (Retail Business) of Indian Oil Corporation Limited. He brings over 30 years of diverse and progressive experience in the Marketing Division of Indian Oil Corporation Limited, with extensive expertise in business leadership, strategy formulation, and market development.

EXPERIENCE AND EXPERTISE

Mr. Singh holds a B.Tech. in Electronics and Communication from MNIT Jaipur. He is also a Certified Petroleum Manager from the University of Petroleum & Energy Studies, Dehradun.

He has completed the Advanced Management Programme conducted by ESCP Business School, Paris, Frankfurt School of Finance & Management, and Vienna University of Economics & Business. In addition, he has completed the Threshold Management Development Programme at IIM Ahmedabad and IIPM Gurgaon.

Having joined Indian Oil Corporation Limited in 1995, he has built a distinguished career spanning more than three decades, with wide-ranging experience across the retail and marketing functions of the Corporation.

WORK EXPERIENCE, STRATEGIC LEADERSHIP AND INITIATIVES

Mr. Singh currently heads the Retail Business of the Marketing Division of Indian Oil Corporation Limited, the Corporation's largest business vertical by volume. This portfolio includes one of the world's largest fuel retail networks, serving approximately 30 million customers each day.

Mr. Singh has played a key role in strategy formulation and new business initiatives. He contributed to the establishment of the marketing strategy group at the Head Office and was involved in developing business models for emerging and new business opportunities in areas such as electric mobility, hydrogen, and battery swapping.

LEADERSHIP IN BOARDS AND COMMITTEES

Mr. Singh has held several leadership responsibilities within the Marketing Division of Indian Oil Corporation Limited and has contributed extensively to strategic, operational, and digital transformation initiatives across the organisation. He has made a strong contribution to innovation and digital transformation across the Marketing Division.

Member of the Task Force

Led the digital transformation efforts across all business verticals and supported the Corporation's modernisation efforts.

Member of the Apex Committee

Oversaw the rollout of Retail Automation and the Integrated Transaction Payment Solution (ITPS) across the Retail Outlet network nationwide.

BOARD OF DIRECTORS



Mr. H M A Jayesinghe

Senior Independent Non-Executive Director

Date of Appointment
1 January 2025

BOARD COMMITTEE MEMBERSHIPS

Audit Committee - Chairman

Remuneration Committee - Chairman

Nominations and Governance Committee - Chairman

Related Party Transactions Review Committee - Member

" With over 41 years of experience in assurance, advisory, governance, and professional leadership, Mr. Jayesinghe brings a plethora of expertise, independence, and strategic insight to the Board and makes progressive contributions to the Company's governance and long-term direction."

RECOGNITION AND INDUSTRY STANDING

Mr. Jayesinghe is widely recognised in Sri Lanka and the region for his expertise and distinguished contribution to the accounting profession, corporate governance, financial reporting, and Board leadership.

His professional standing is reflected in the many important roles he holds, including serving on several committees of the Institute of Chartered Accountants of Sri Lanka, chairing the Accounting Standards Committee of the South Asian Federation of Accountants (SAFA), and serving as a member of the Governing Board of the Central Bank of Sri Lanka.

PROFESSIONAL PROFILE

Mr. H. M. A. Jayesinghe serves as a Senior Independent Non-Executive Director of Lanka IOC PLC. He brings over 41 years of extensive experience in advisory and industry across key sectors in Sri Lanka, the Maldives, and Bhutan.

He previously served as the Country Managing Partner of Ernst & Young Sri Lanka & Maldives from 2021 to 2023. He also held the positions of Head of Assurance Practice for Sri Lanka and the Maldives, and Professional Practice Director of Sri Lanka, from 2003 to 2023.

EXPERIENCE AND EXPERTISE

Mr. Jayesinghe is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka, the Chartered Institute of Management Accountants (UK), and the Institute of Certified Management Accountants of Sri Lanka. He is also a member of the Chartered Institute of Public Finance & Accountancy.

With over four decades of professional experience, he has built a distinguished career in assurance, professional practice, governance, financial reporting, and advisory services.

WORK HISTORY, STRATEGIC LEADERSHIP AND INITIATIVES

Mr. Jayesinghe has held several senior leadership roles in the accounting and assurance profession. During his tenure at Ernst & Young, he provided leadership across assurance and professional practice functions in Sri Lanka and the Maldives, contributing significantly to professional standards and governance frameworks. He currently serves as a member of the Statutory Accounting Standards Committee and the Statutory Auditing Standards Committee, and is a Past President of the Institute of Chartered Accountants of Sri Lanka. Over the course of his career, he has also served as a Council Member of the National Chamber of Commerce of Sri Lanka, Board Member of the CIMA Sri Lanka Board, member of the International Accounting Education Standards Board, Council Member of the University of Moratuwa, member of the Sri Lanka Accounting and Auditing Standards Monitoring Board, Council Member of CMA Sri Lanka, member of the Commission of the Securities and Exchange Commission of Sri Lanka, Board Member of the Board of Investment of Sri Lanka, and consultant to the audit committees of listed companies.

LEADERSHIP IN BOARDS AND COMMITTEES

In addition to serving on the Board of Lanka IOC PLC, Mr. Jayesinghe serves as an Independent Non Executive Director on the Boards of Ceylon Hospitals PLC, C W Mackie PLC, Lanka Milk Foods (CWE) PLC, John Keells Holdings PLC, Royal Ceramics PLC, Vallibel One PLC, Lanka Walltiles PLC and Lanka Ceramics PLC. He also serves as a Non-Executive Director of Diesel and Motor Engineering PLC and as a Director of Lanka Dairies Ltd. and NMJ Leisure (Pvt) Ltd.

BOARD OF DIRECTORS



Mr. S Renganathan
Independent Non-Executive Director

Date of Appointment
1 January 2025

BOARD COMMITTEE MEMBERSHIPS

Related Party Transactions Review Committee - Chairman

Audit Committee - Member

Remuneration Committee - Member

Nominations and Governance Committee - Member

"With over 41 years of experience in banking and financial services, Mr. Renganathan brings in an impressive depth of leadership experience, governance expertise, and strategic insight to the Board and contributes meaningfully to the Company's governance and long-term direction."

RECOGNITION AND INDUSTRY STANDING

Mr. Renganathan is widely recognised for his extensive contribution to the banking and financial services sector, particularly in the areas of banking leadership, risk management, operations, and cross-border strategic expansion.

This is reflected in the important roles he currently holds, including Member of the Policy Advocacy Committee of the International Chamber of Commerce Sri Lanka, President of the Sri Lanka India Society, and Consultant to the Asian Development Bank.

PROFESSIONAL PROFILE

Mr. S. Renganathan serves as an Independent Non-Executive Director of Lanka IOC PLC. He is a senior banker with over 41 years of experience and has held several senior leadership positions in the banking and financial services sector.

He is also the former Managing Director/Chief Executive Officer of Commercial Bank of Ceylon PLC and has held a number of key positions within the Bank over the course of his distinguished career.

EXPERTISE AND EXPERIENCE

Mr. Renganathan is a Fellow of the Chartered Institute of Management Accountants, UK (FCMA), a Chartered Global Management Accountant (CGMA), a Fellow of the London Institute of Banking & Finance, UK (FLIBF), and a Fellow of the Institute of Bankers of Sri Lanka (FIB).

He has also received extensive leadership, management, and banking training both locally and overseas.

WORK HISTORY, STRATEGIC LEADERSHIP AND INITIATIVES

Mr. Renganathan has had a long and distinguished career in banking, during which he held several senior executive positions at Commercial Bank of Ceylon PLC. In addition to serving as Managing Director/Chief Executive Officer, he served as an Executive Director on the Board of the Bank for nearly eight years.

During his tenure, he spearheaded Commercial Bank's acquisition of the banking operations of Credit Agricole Indosuez in Bangladesh. He was also the first Chief Risk Officer of the Bank and held positions as Deputy General Manager in charge of the Bank's islandwide branch network and as Chief Operating Officer.

In addition, he served as the Managing Director and a Board Member of Commercial Development Company PLC and as the Deputy Chairman of Commercial Bank of Maldives Private Limited.

LEADERSHIP IN BOARDS AND COMMITTEES

Mr. Renganathan has served in numerous leadership and representative roles in professional and business institutions. Among these, he has served as a Member of the General Council of the Institute of Bankers of Bangladesh, the Founder President of the Sri Lanka Bangladesh Chamber of Commerce and Industry, an Executive member of the Foreign Investors Chamber of Commerce and Industry in Bangladesh, a Council Member of the Employers' Federation of Ceylon, an Executive Member of the Council for Business with Britain, Vice Chairman of the International Chamber of Commerce Sri Lanka, an Executive Member of the Ceylon Chamber of Commerce.

He has also served as a Director of Lanka Financial Services Bureau Limited and Sri Lanka Banks' Association (Guarantee) Limited.

In addition to serving on the Board of Lanka IOC PLC, Mr. Renganathan currently serves as an Independent Non-Executive Director of Sunshine Holdings PLC, Sunshine Healthcare Lanka Ltd, Hatton National Bank PLC, Janashakthi Insurance PLC, Ceylon Hospitals PLC, Agility Innovations (Pvt) Ltd, Healthguard Pharmacy (Pvt) Ltd, SRF Holding (Pvt) Ltd, and Marino Leisure Holdings (Pvt) Ltd. Over the past three years, he has also served on the Boards of Lina Manufacturing (Private) Ltd, Sunshine Consumer Lanka Ltd, Sunshine Tea (Pvt) Ltd, and Damro Manufacturing (Pvt) Ltd.

BOARD OF DIRECTORS



MS. AMALI LIYANAPATABENDI

Company Secretary

Amali Liyanapatabendi is an Associate Member of Chartered Governance Institute UK & Ireland and has a Post Graduate Diploma in Business Management from the University of Colombo. She has over 26 years of experience in company secretarial practice gained by working in the private sector organizations.

SENIOR MANAGEMENT



SEATED LEFT TO RIGHT

Mr. Prashant Raut
Senior Vice President [LM & P]

Mr. K Raghu
Managing Director

Mr. Avinash Singhal
Senior Vice President - Finance

STANDING LEFT TO RIGHT

Mr. K A N Prabhu
Vice President - Finance

Mr. Rajesh Boddepalli
Assistant Vice President (Ops)

Mr. Sunil Kanta Maharana
Senior Vice President [Ops & Bunker]

Mr. Sandeep Gupta
Vice President [Admin & Eng]

Mr. Naveen Kumar
Vice President (Operations & LBP)

Mr. Jitendra Sharma
Senior Vice President [Retail Sales & HR]

OPERATING ENVIRONMENT



As a leading integrated energy solutions provider operating across retail fuels, industrial fuels, lubricants, bitumen, bunkering, petrochemicals and eco friendly fuels, Lanka IOC operates within a dynamic environment shaped by global energy markets, geopolitical developments, economic conditions, regulatory policies and evolving stakeholder expectations. The Group's ability to anticipate and respond to these external forces remains fundamental to sustaining operational resilience, strengthening market leadership and creating long-term value for stakeholders.

GLOBAL ENERGY LANDSCAPE

ENERGY SECURITY AND GEOPOLITICAL DEVELOPMENTS

The global energy sector continued to navigate a complex geopolitical environment during 2025. Ongoing tensions in key oil-producing regions, disruptions to international shipping routes, sanctions-related uncertainties and evolving trade alliances continued to influence global energy markets. While crude oil prices remained relatively stable compared to the heightened volatility experienced in previous years, supply-side risks remained elevated due to geopolitical developments in the Middle East, Red Sea shipping disruptions and production decisions by major oil-producing nations.

For energy import-dependent economies such as Sri Lanka, energy security remains a critical strategic consideration. The ability to maintain diversified sourcing arrangements, secure supply chains and optimise inventory management continues to be essential in mitigating external shocks and ensuring uninterrupted fuel availability to the national economy.

GLOBAL ENERGY TRANSITION

The global transition towards cleaner and more sustainable energy systems continued to accelerate during the year. Governments, investors and businesses increasingly prioritised decarbonisation initiatives, renewable energy investments and energy efficiency measures as part of broader climate commitments.

While fossil fuels continue to play a significant role in supporting global energy demand, investments in solar, wind, hydrogen, biofuels and electric mobility infrastructure continued to gain momentum. These developments are reshaping the long-term energy landscape and creating both opportunities and challenges for downstream petroleum companies.

As the energy sector evolves, companies are increasingly required to balance traditional energy security objectives with emerging sustainability priorities, while investing in technologies and solutions that support a lower-carbon future.

GLOBAL ECONOMIC CONDITIONS

The global economy demonstrated resilience during 2025, supported by easing inflationary pressures, improved supply chain conditions and gradual monetary policy normalisation across major economies. However, economic growth remained uneven across regions amid persistent geopolitical uncertainties and shifting trade dynamics.

For the energy sector, global economic activity remains a key determinant of fuel demand, industrial production, logistics activity and transportation volumes. Changes in global growth patterns directly influence crude oil demand, refining margins, freight costs and energy consumption trends, thereby impacting the operating environment of downstream energy companies worldwide.

SRI LANKAN ECONOMIC ENVIRONMENT

ECONOMIC RECOVERY AND GROWTH

Sri Lanka's economy continued its recovery trajectory during the year, supported by macroeconomic stabilisation measures, improved fiscal discipline and ongoing reforms under the IMF-supported programme. Economic activity strengthened across key sectors, creating a more conducive operating environment for businesses and consumers alike.

Improved industrial production, increased commercial activity and higher mobility levels contributed to stronger demand across transportation, logistics, manufacturing and power generation sectors, all of which are significant fuel-consuming segments served by Lanka IOC.

The gradual recovery in economic confidence also supported increased business activity, infrastructure development and investment spending, creating opportunities for growth across the Company's fuel, lubricant, bitumen and industrial energy segments.

MONETARY POLICY AND INTEREST RATE ENVIRONMENT

The accommodative monetary policy stance adopted by the Central Bank during the year contributed to declining interest rates and improved liquidity conditions across the financial system.

Lower financing costs supported economic activity, vehicle ownership, transportation services and industrial expansion, all of which positively influence petroleum product consumption. Improved access to credit also facilitated investment across sectors reliant on fuel and energy inputs, contributing to broader demand growth.

For Lanka IOC, a stable interest rate environment supports operational efficiency, working capital management and investment planning while fostering economic activity that drives energy demand.

INFLATION AND CONSUMER SPENDING

Following a period of deflationary conditions, inflation gradually normalised during the year as adjustments to administered prices and improving economic activity filtered through the economy.

The stabilisation of inflation supported consumer purchasing power and business confidence, encouraging increased mobility, transportation activity and commercial operations. These developments contributed positively to fuel demand across retail and commercial customer segments.

At the same time, inflationary trends remain an important consideration for operational cost management, supply chain efficiency and pricing strategies across the energy value chain.

EXTERNAL SECTOR AND EXCHANGE RATE STABILITY

Sri Lanka's external sector strengthened during the year, supported by improved export performance, tourism earnings, worker remittances and enhanced foreign exchange inflows.

The relative stability of the Sri Lankan Rupee contributed to greater predictability in import costs, which is particularly significant for energy companies that rely heavily on imported petroleum products and feedstocks.

A stable exchange rate environment assists in managing procurement costs, inventory valuations and overall financial performance while reducing the impact of foreign currency volatility on operations.

FORCES SHAPING THE ENERGY SECTOR

The downstream petroleum and energy industry continues to evolve rapidly in response to changing customer expectations, technological advancements, environmental considerations and regulatory developments. The following factors are expected to remain key determinants of the sector's future trajectory.

ENERGY SECURITY AND SUPPLY CHAIN RESILIENCE

The energy sector remains highly sensitive to global supply chain disruptions, geopolitical developments and fluctuations in crude oil markets. Ensuring uninterrupted product availability has therefore become a strategic imperative for energy providers.

Companies are increasingly strengthening procurement strategies, diversifying sourcing arrangements, enhancing storage infrastructure and improving logistics capabilities to build resilience against potential supply disruptions.

For Lanka IOC, maintaining a reliable and secure supply chain remains central to fulfilling its role as a critical contributor to Sri Lanka's energy security.

SUSTAINABILITY AND ENERGY TRANSITION

The global movement towards lower-carbon energy systems is reshaping the future of the energy industry. Governments, investors and customers are placing increasing emphasis on environmental performance, carbon management and sustainable business practices.

This transition is creating opportunities for energy companies to diversify into renewable energy solutions, solar energy, energy-efficient technologies and cleaner fuel alternatives while enhancing environmental stewardship across operations.

For Lanka IOC, sustainability remains an integral component of long-term value creation, supporting efforts to balance energy security, economic growth and environmental responsibility.

OPERATING ENVIRONMENT

DIGITAL TRANSFORMATION AND OPERATIONAL EXCELLENCE

Digital technologies are increasingly transforming the way energy companies operate, manage assets and engage with customers.

Advanced analytics, automation, predictive maintenance, digital monitoring systems, artificial intelligence and data-driven decision-making are improving operational efficiency, safety and reliability across the energy value chain.

Digitalisation is also enhancing customer engagement through digital payments, mobile applications, fleet management solutions and integrated service platforms, enabling companies to create more seamless and personalised experiences.

REGULATORY AND ENVIRONMENTAL STEWARDSHIP

The energy sector operates within a highly regulated environment designed to ensure energy security, consumer protection, environmental compliance and operational safety.

Increasing emphasis on environmental regulations, emissions management, sustainability disclosures and climate-related reporting is reshaping industry expectations.

Companies that proactively strengthen governance frameworks, environmental management systems, safety standards and sustainability practices will be better positioned to meet evolving stakeholder expectations and regulatory requirements.

INFRASTRUCTURE DEVELOPMENT AND INDUSTRIAL GROWTH

Sri Lanka's long-term economic development agenda continues to drive demand for energy-intensive sectors including transportation, logistics, manufacturing, construction and infrastructure development.

Growth in road networks, industrial parks, tourism infrastructure, ports, airports and urban development projects creates sustained demand for fuels, lubricants, bitumen and industrial energy solutions.

As infrastructure investment accelerates, energy providers will play an increasingly important role in supporting national development priorities.

TECHNOLOGICAL EVOLUTION IN MOBILITY

Rapid advancements in electric vehicles, alternative fuels, battery technologies and smart mobility solutions are gradually influencing the future of transportation and energy demand patterns.

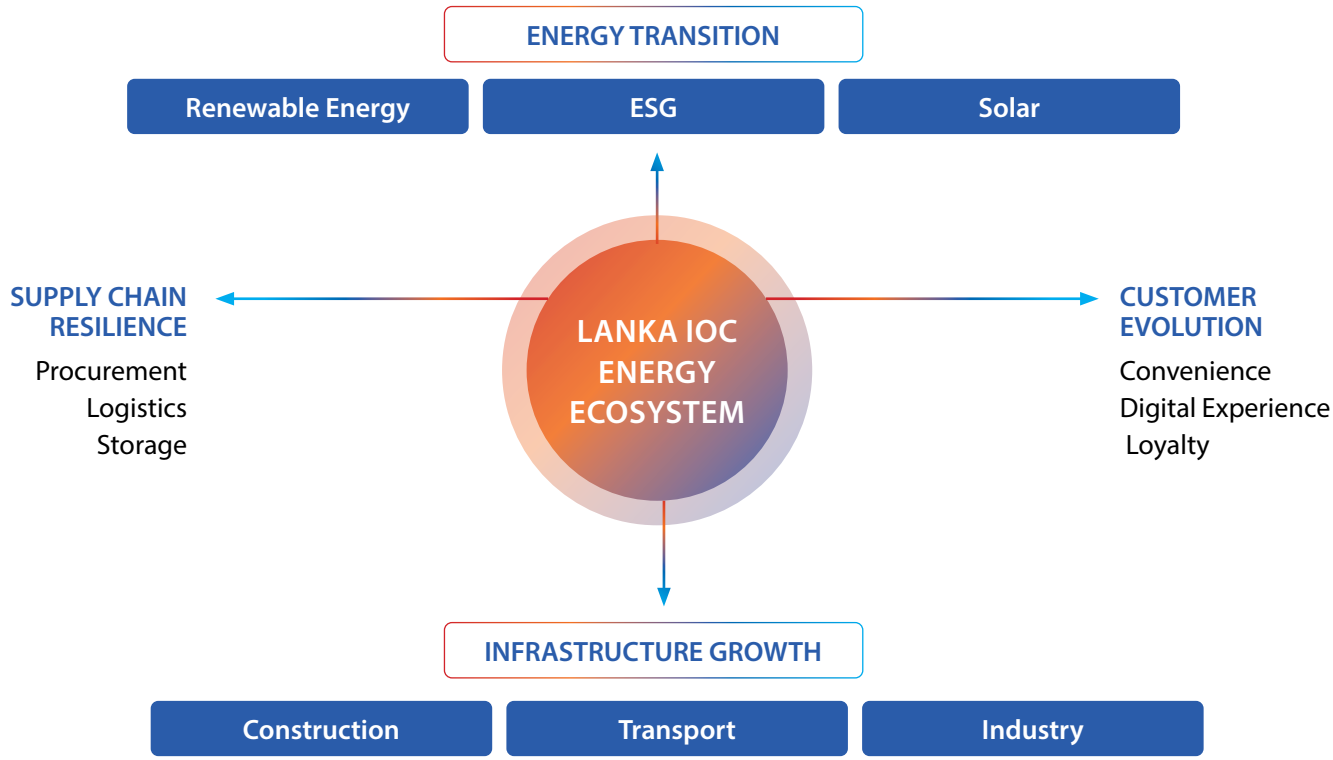
While conventional fuels are expected to remain the dominant source of transportation energy in the foreseeable future, the pace of technological innovation is encouraging energy companies to explore new business models and diversify their energy offerings.

This evolving mobility landscape presents opportunities for Lanka IOC to strengthen its position as a comprehensive energy solutions provider capable of supporting both current and future energy needs.



STRATEGIC ENERGY ECOSYSTEM MODEL

At the centre of Lanka IOC's operating environment lies a dynamic energy ecosystem shaped by seven interconnected forces. These forces collectively influence fuel demand, customer expectations, investment priorities, regulatory requirements and long-term growth opportunities. The Company's strategy is designed to respond proactively to each of these forces while strengthening energy security and creating sustainable value.



DIGITALISATION AI | Analytics Automation

REGULATION | Energy Policy | Environmental Standards

ENERGY SECURITY | Strategic Stocks | Diversified Sourcing

GLOBAL MARKETS | Oil Prices | Geopolitical Risks

Strategic Outlook

The energy sector is entering a period characterised by increasing complexity, evolving customer needs and accelerated transformation. Against this backdrop, Lanka IOC remains focused on strengthening supply chain resilience, enhancing customer experiences, expanding sustainable energy solutions, driving operational excellence and maintaining robust governance standards.

Supported by its diversified business portfolio, strategic infrastructure assets, strong parentage through Indian Oil Corporation Limited and deep-rooted presence in Sri Lanka, the Company is well-positioned to navigate emerging opportunities and challenges while continuing to contribute meaningfully to the nation's energy security and economic development.

OUR STRATEGY

Lanka IOC has played a pivotal role in Sri Lanka's energy landscape, evolving from a challenger in the liberalised petroleum market into one of the country's most diversified and trusted energy providers. Throughout this journey, the Company has remained steadfast in its commitment to ensuring energy security, enabling economic activity, supporting national development, and creating sustainable value for stakeholders.

Today, the business operates within an environment characterised by rapid technological advancement, evolving consumer expectations, shifting regulatory landscapes, increasing sustainability requirements, geopolitical uncertainties, climate-related challenges, and changing global energy dynamics. These developments present both opportunities and risks, requiring organisations to be increasingly agile, resilient, and forward-looking in their strategic decision-making.

Against this backdrop, Lanka IOC's strategic direction serves as the compass guiding the organisation towards sustainable growth and long-term value creation. The Company's strategic framework is designed to align resources, capabilities, investments, and stakeholder expectations towards a common objective: strengthening Lanka IOC's position as an integrated energy partner that contributes meaningfully to Sri Lanka's economic and social progress while generating sustainable returns for shareholders

Every strategic decision, investment initiative, operational enhancement, and sustainability programme undertaken by Lanka IOC is therefore assessed through the lens of long-term value creation. This disciplined approach enables the Company to optimise resource allocation, strengthen operational resilience, mitigate emerging risks, and capture growth opportunities across its diverse business portfolio.

OUR STRATEGIC PHILOSOPHY

At Lanka IOC, strategy is not viewed merely as a roadmap for growth. It is a framework that connects the Company's purpose, values, capabilities, stakeholder expectations, and long-term aspirations.

The Company's strategic philosophy is founded upon five core principles:

Securing the Nation's Energy Needs

As an integral participant in Sri Lanka's energy ecosystem, Lanka IOC recognises its responsibility in ensuring the uninterrupted availability of energy products and services that support transportation, trade, industry, infrastructure development, and economic growth.

Creating Long-Term Stakeholder Value

The Company seeks to create value not only for shareholders but also for customers, employees, business partners, communities, regulators, and the broader economy through responsible and sustainable business practices.

Building Organisational Resilience

A diversified portfolio, robust governance framework, prudent financial management practices, and disciplined risk management capabilities provide the foundation for long-term resilience.

Embracing Innovation and Transformation

The Company continuously evaluates opportunities to leverage technology, digitalisation, operational innovation, and emerging energy solutions to strengthen competitiveness and improve stakeholder experiences.

Supporting Sustainable Development

Lanka IOC remains committed to conducting business responsibly while supporting environmental stewardship, social progress, and national sustainability priorities.

"The forces that shape our Future:
Connecting market dynamics with organisational strengths"



External Drivers

Economic Conditions

Macroeconomic developments influence consumer demand, industrial activity, infrastructure investments, foreign exchange dynamics, inflationary pressures, and overall energy consumption patterns.

Global Energy Markets

International crude oil prices, geopolitical developments, supply chain disruptions, refining margins, and global energy demand continue to influence the operating environment.

Regulatory Environment

Changes in government policies, taxation frameworks, environmental regulations, and industry standards shape operational priorities and strategic investments.

Energy Transition Trends

Global momentum towards cleaner energy, decarbonisation, alternative fuels, renewable energy adoption, and sustainable mobility continues to redefine the future energy landscape.

Technological Advancement

Digitalisation, automation, analytics, and emerging technologies are transforming operational efficiencies, customer engagement, and supply chain management.

Internal Drivers

Vision, Mission and Values

The Company's vision, mission, and values provide the foundation upon which strategic priorities are established and executed.

Material Matters

The outcomes of stakeholder engagement and materiality assessments provide critical insights into the environmental, social, governance, and economic issues that matter most to stakeholders.

Risk and Opportunity Assessment

Emerging risks and opportunities are continuously assessed to ensure the Company's strategy remains responsive to changing conditions.

Operational Strengths

Existing infrastructure, market presence, brand equity, human capital, and technical capabilities influence the Company's strategic choices and future growth pathways.

OUR STRATEGY

01 ENHANCING FINANCIAL RESILIENCE

Financial strength remains a critical enabler of sustainable growth.

Through disciplined capital allocation, prudent liquidity management, cost optimisation initiatives, and robust financial controls, Lanka IOC maintains the flexibility required to invest in future opportunities while navigating economic volatility.

The Company's focus on sustainable profitability, balance sheet strength, and efficient capital deployment supports long-term shareholder value creation.

Strategic interventions in 2025- 26

Strengthening Financial Resilience

- Maintained a prudent capital structure to support business growth while preserving financial flexibility.
- Enhanced liquidity buffers to safeguard against commodity price volatility and external economic uncertainties.
- Strengthened financial risk management frameworks covering foreign exchange, credit and interest rate exposures.
- Adopted a disciplined approach to capital allocation, prioritising investments with sustainable long-term returns.

Optimising Working Capital Efficiency

- Strengthened inventory planning and procurement mechanisms to optimise fuel stock levels.
- Enhanced receivable and payable management practices to improve cash conversion cycles.
- Improved treasury management processes to maximise liquidity utilisation and reduce funding costs.
- Leveraged technology-driven monitoring to improve visibility over cash flows and operational expenditure.

Enhancing Shareholder Value

- Maintained a strong focus on profitability, operational efficiency and cash flow generation.
- Improved return on invested capital through disciplined performance management.
- Strengthened governance and financial oversight to safeguard stakeholder interests.
- Balanced growth investments with sustainable shareholder returns.

Way forward	Link to material matters
• Continue strengthening liquidity reserves to enhance resilience against market volatility and economic uncertainty. • Enhance enterprise risk management capabilities to proactively address foreign exchange, interest rate, commodity price and credit risk. • Sustain a strong balance sheet while balancing growth opportunities with shareholder return expectations	• Financial sustainability and maintain profitability, cash flow generation, long term shareholder value creation. • Risk management and business resilience managing commodity price volatility by managing foreign exchange exposure, interest rate calculations and economic uncertainties.

02 DRIVING OPERATIONAL EXCELLENCE

Operational excellence is central to sustaining competitiveness and profitability.

The Company continuously seeks opportunities to optimise logistics, improve asset utilisation, strengthen procurement efficiencies, enhance inventory management, and leverage technology to improve productivity.

A strong emphasis on safety, quality, reliability, and customer service further reinforces operational effectiveness and stakeholder confidence.

Strategic interventions in 2025- 26

Strengthening Financial Resilience

- Continued investment in retail fuel station expansion and modernisation initiatives.
- Enhanced storage and distribution infrastructure to improve operational reliability and supply chain resilience.
- Expanded customer convenience offerings across the dealer network to strengthen revenue generation opportunities.
- Invested in digital systems and automation to improve operational productivity and customer experience.

Way forward

- Continue modernisation of retail fuel stations to improve customer experience, operational efficiency and service reliability.
- Strengthen supply chain resilience through strategic investment in storage, distribution and inventory management systems.
- Accelerate digital transformation initiatives, including automation and data analytics.
- Enhance customer retention through loyalty programmes across the dealer networks.

Link to Risk and Opportunities

Risks:

- Supply chain disruptions affecting fuel availability.
- Rising operating and logistics costs.
- Operational incidents impacting safety and reputations.

Opportunities:

- Increased revenue from expanded retail convenience offerings.
- Enhance customer loyalty through improved service quality.

Link to material matters

- Investment in automation and digital systems to improve productivity, decision making and customer engagement to achieve the operational efficiency.
- Efficient operations reduce energy consumptions and emissions

OUR STRATEGY

03 CUSTOMER-CENTRICITY

Creating superior value

The Company continues to strengthen its customer proposition through a combination of network expansion, supply chain reliability, product innovation, digitalisation, and enhanced retail experiences. Its growing network of fuel stations is being transformed into modern mobility and convenience hubs, integrating value-added services, digital payment capabilities, retail partnerships, and customer amenities that elevate accessibility and convenience. Across its commercial and industrial segments, Lanka IOC leverages technical expertise, responsive service delivery, and strong customer engagement to provide tailored solutions that support productivity and operational efficiency.

By adopting a customer-led approach to decision-making, investment, and innovation, Lanka IOC seeks to deepen stakeholder relationships, strengthen brand loyalty, and anticipate future market requirements. This strategic focus enables the Company to enhance competitiveness, capture new growth opportunities, and reinforce its position as Sri Lanka's trusted integrated energy partner, delivering sustainable value to customers, communities, and the wider economy.

Strategic interventions in 2025- 26

Customer Experience & Convenience

- Expansion of Barista and convenience partnerships
- Integration of Cargills and essential retail services
- Expansion of ATM and banking facilities
- Enhancement of customer amenities and comfort facilities
- Creation of spacious and inviting retail environments
- Greater accessibility and everyday convenience
- Transformation into mobility and convenience hubs

Digitalisation & Service Innovation

- Deployment of digital billing and payment solutions
- Technology-driven service efficiency improvements
- Seamless end-to-end customer journey delivery
- Continuous service quality enhancement
- Continuous retail network upgrades and innovation

Forecourt Modernisation & Operational Excellence

- Modernisation of forecourts and station infrastructure
- Improved traffic flow, safety and accessibility
- Reinforced position as a preferred retail destination

Customer Engagement & Loyalty

- Enhanced brand experience and customer engagement
- Strengthened customer feedback mechanisms
- Strengthened brand loyalty and retention

Strategic Value Creation

- Differentiated customer experience beyond fuel provision.

Way forward	Link to material matters
• Enhance reliability of fuel supply and service availability to ensure consistency, customer trust and satisfaction. • Accelerate adoption of digital customer platforms to enable seamless transactions and real time service updates.	• Digital platforms, mobile payments to enhance the convenience. • Efficient backend operations ensure faster service, reduced waiting time.

04 DIVERSIFICATION

Diversification remains a cornerstone of Lanka IOC's long-term strategy.

While Auto Fuels continue to serve as a core business segment, the Company has successfully expanded into lubricants, bitumen, petrochemicals, bunkering, greases, and other energy-related solutions.

This diversified business model enhances resilience, reduces concentration risk, creates multiple revenue streams, and enables the Company to participate in key sectors such as transportation, logistics, construction, maritime services, manufacturing, and infrastructure development.

Strategic interventions in 2025- 26

Driving Portfolio Diversification

- Continued strengthening non-fuel revenue streams including lubricants, bitumen, bunkering, petrochemical and grease businesses.
- Expanded value-added products and services to improve margin resilience.
- Pursued growth opportunities across industrial and commercial customer segments.
- Increased focus on high-growth sectors contributing to economic development and infrastructure expansion.

Way forward	Link to material matters
• Strengthen lubricants, bitumen, petrochemical, bunkering to capture higher margins. • Pursue strategic partnerships and joint ventures to access new markets, technologies and product segments.	• Entry into new business lines creates additional revenue beyond core fuel operations. • Use of existing retail and logistics infrastructure to improve efficiency of new business lines.

05 PEOPLE DEVELOPMENT

As the Company continues to evolve as an integrated energy provider, we remain committed to nurturing a skilled, agile, and future-ready workforce capable of supporting growth across our diverse business segments. Our approach to people development focuses on strengthening technical expertise, leadership capabilities, safety awareness, customer engagement skills, and digital competencies, ensuring employees are equipped to thrive in an increasingly dynamic operating environment. Through continuous learning opportunities, structured training programmes, leadership development initiatives, succession planning, and a culture that values performance and wellbeing, we empower our people to realise their full potential while contributing meaningfully to organisational success.

Way forward	Link to material matters
• Accelerate digital up skilling programmes to enable employees to effectively use and contribute to the sustainability and growth of the business. • Promote a performance driven culture through clear KPIs, feedback and recognition framework.	• Safety training and awareness programmes to reduce workplace incidents and promote employee wellbeing. • Up skilling employees enables effective adoption of automation, AI and digital platforms

OUR STRATEGY

06 SUSTAINABILITY
Responsible expansion

Lanka IOC remains committed to supporting Sri Lanka's transition towards a more sustainable energy future through responsible operations and environmental stewardship. The Company continues to advance initiatives such as the introduction of cleaner fuel options, solarisation of auto fuel network, and energy efficiency improvements to reduce its environmental footprint. At the same time, stringent controls, preventive maintenance, and robust safety protocols are maintained across its operations at the Trincomalee Terminal help to minimise the risk of oil spills and protect surrounding ecosystems. Through these efforts, Lanka IOC seeks to deliver reliable energy while creating long-term environmental and societal value.

Strategic interventions in 2025- 26

Supporting the Energy Transition

- Continued investments in solar energy initiatives across operational facilities.
- Expanded EV charging infrastructure to align with emerging mobility trends.
- Evaluated future-ready energy opportunities and cleaner fuel solutions.
- Integrated sustainability considerations into investment and capital allocation decisions.

Way forward	Link to material matters
• Strengthen Environmental Management System to reduce emission, energy consumption and overall environmental footprint across the operations. • Strengthen environment awareness and accountability across employees and business partners through training programmes.	• Adoption of solar, biofuels and supports long-term sustainability goals. • Process optimisation and technology upgrades reduce energy consumption across the operations.

STRATEGIC ENABLERS

Successful strategy execution is supported by:

- Diversified energy portfolio
- Extensive retail and distribution network
- Strong financial position
- Trusted brand and market presence
- Skilled workforce
- Robust governance framework
- Strategic partnerships
- Effective risk management capabilities
- Operational excellence culture
- Innovation and technology adoption

Together, these enablers strengthen the Company's ability to create sustainable value while navigating a dynamic operating environment.

WAY FORWARD

As Sri Lanka continues its journey towards economic transformation and energy sector evolution, Lanka IOC remains focused on strengthening its position as a trusted and integrated energy partner to the nation.

By maintaining disciplined capital allocation, investing in strategic growth opportunities, enhancing operational resilience, embracing innovation, and advancing sustainability, the Company is well positioned to create enduring value for stakeholders while contributing meaningfully to Sri Lanka's future development.

Guided by a clear strategic vision and supported by strong execution capabilities, Lanka IOC will continue to evolve, adapt, and lead ensuring that it remains not only responsive to today's challenges but also prepared for tomorrow's opportunities.

INTEGRATING SUSTAINABILITY INTO LANKA IOC



Sustainability is increasingly embedded within Lanka IOC PLC's strategic decision-making, risk management processes, capital allocation framework, and long-term business planning. As a leading energy company operating across the petroleum value chain, Lanka IOC recognises that sustainability-related factors, particularly climate change, energy transition dynamics, resource efficiency, regulatory developments, and stakeholder expectations, have the potential to influence enterprise value, operational resilience, and future growth prospects. Accordingly, the Company has adopted a structured approach to integrating sustainability considerations into governance, strategy formulation, risk assessment, performance management, and financial planning processes.

SUSTAINABILITY AS A STRATEGIC IMPERATIVE

Lanka IOC views sustainability not as a standalone initiative but as an integral component of business strategy. The Company's approach is guided by the recognition that long-term value creation depends on balancing economic performance with environmental stewardship, social responsibility, and sound governance practices. Sustainability considerations are therefore incorporated into key business decisions, ensuring that investments, operational priorities, and growth initiatives remain aligned with evolving stakeholder expectations and emerging market realities.

As the energy sector undergoes significant transformation driven by decarbonisation efforts, technological innovation, and changing consumer preferences, Lanka IOC continuously evaluates how sustainability-related risks and opportunities may influence its operating environment.

Governance & Oversight	Strategic Planning	Risk Management	Operational Excellence	Performance & Reporting
Board oversight of sustainability and climate-related matters	Sustainability integrated into corporate strategy and business planning	Climate-related risks embedded within Enterprise Risk Management framework	Sustainability considerations integrated into operations and value chain management	Monitoring and reporting through SLFRS S1 and S2 disclosures
Alignment with regulatory expectations and stakeholder interests	Evaluation of climate-related risks and opportunities in capital allocation decisions	Assessment of transition and physical climate risks	Energy efficiency, environmental management and operational resilience initiatives	Tracking of emissions, resource utilisation and sustainability indicators
Accountability structures and management ownership	Long-term business resilience and energy transition readiness	Scenario-based assessment of future business impacts	Supply chain, logistics and infrastructure resilience	Continuous improvement and stakeholder communication

INTEGRATING SUSTAINABILITY INTO LANKA IOC

SUSTAINABILITY INTEGRATION MODEL

INPUTS
- Regulatory requirements
- Stakeholder expectations
- Climate-related risks and opportunities
- Energy transition trends
- Market developments
- Technological advancements

STRATEGIC EVALUATION
- Materiality assessment
- Climate risk assessment
- Opportunity identification
- Scenario analysis
- Value chain assessment

DECISION-MAKING
- Strategy formulation
- Capital allocation
- Investment appraisal
- Risk mitigation planning
- Business model adaptation

EXECUTION
- Operational improvements
- Infrastructure resilience
- Customer-focused energy solutions
- Resource efficiency initiatives
- Governance and compliance activities

OUTCOMES
- Financial resilience
- Enhanced operational performance
- Improved stakeholder trust
- Climate resilience
- Sustainable long-term value creation

SUSTAINABILITY ACROSS THE VALUE CHAIN

Lanka IOC's sustainability approach extends across the entire energy value chain. The Company evaluates sustainability-related risks and opportunities arising from upstream procurement activities, operational infrastructure, transportation and logistics networks, and downstream customer interactions. This comprehensive perspective enables management to understand where risks are concentrated and where opportunities exist to enhance resilience and create value.

UPSTREAM

The Company engages with international suppliers to secure a reliable supply of petroleum products while monitoring developments relating to energy markets, geopolitical dynamics, environmental regulations, and supply chain resilience. Sustainability considerations are incorporated into procurement decisions to strengthen supply continuity and manage emerging risks.

OPERATIONAL ACTIVITIES

Within its storage terminals, transportation network, and retail operations, Lanka IOC focuses on maintaining operational reliability, safety, environmental stewardship, and resource efficiency. Investments in infrastructure resilience and operational excellence support the Company's ability to manage climate-related disruptions while maintaining uninterrupted service delivery.

DOWNSTREAM

The Company recognises that the use of sold products represents the most significant climate-related exposure within its value chain. Consequently, Lanka IOC continuously evaluates evolving customer preferences, energy transition trends, emerging technologies, and regulatory developments that may influence future demand patterns and business performance.

SUSTAINABILITY REPORTING PRACTICES

At Lanka IOC, we view sustainability not only as a strategic imperative but also as a disclosure priority that reinforces transparency, accountability, and long-term value creation. In line with the IFRS Sustainability Disclosure Standards S1 and S2, we are advancing our sustainability reporting to meet global benchmarks, ensuring that material sustainability-related and climate-related risks and opportunities are identified, monitored, and communicated effectively. Through this alignment, we are embedding sustainability into our core governance, strategy, risk management, and performance metrics—creating a clear link between non-financial factors and enterprise value. By integrating S1 and S2 into our reporting framework. We provide investors and stakeholders with a comprehensive view of how LIOC is building resilience, responding to climate imperatives, and positioning itself for sustainable growth in an evolving energy landscape. This marks a critical step in our journey to become responsible energy partner.

For Lanka IOC, addressing Environmental, Social, and Governance (ESG) risks is crucial given their role in the Sri Lankan economy.

ENVIRONMENTAL RISKS:

1. Climate change impact: Mitigate carbon emissions and enhance energy efficiency across operations.
2. Resource management: Ensure sustainable water and energy use in refining and distribution processes.
3. Waste management: Implement effective waste reduction and recycling programs.

Strategy: Invest in renewable energy projects, adopt cleaner technologies, and strengthen environmental monitoring and reporting.

SOCIAL RISKS:

1. Community relations: Address potential impacts on local communities from operations and supply chain activities.

2. Labour practices: Ensure fair labour practices and safety standards for employees and contractors.
3. Health and safety: Enhance workplace safety measures to prevent accidents and occupational hazards.

Strategy: Engage in community development initiatives, uphold labor rights, and prioritize employee health and safety through training and compliance programs.

GOVERNANCE RISKS:

1. Ethical business practices: Uphold integrity in business dealings and prevent corruption and bribery.
2. Board diversity: Ensure diverse representation on the board and transparency in decision-making processes.
3. Regulatory compliance: Stay updated on regulatory requirements and adhere to international standards.

Strategy: Strengthen governance frameworks, conduct regular audits, and enhance transparency in reporting practices.

Sustainability Strategy:

1. Energy transition: Invest in renewable energy sources and promote energy-efficient practices.
2. Supply chain sustainability: Collaborate with suppliers to enhance sustainability practices throughout the supply chain.
3. Stakeholder engagement: Engage with stakeholders to understand and address their sustainability expectations.

Strategy: Develop a comprehensive sustainability roadmap aligned with global goals such as the UN Sustainable Development Goals (SDGs), integrate sustainability into business strategy, and communicate achievements transparently through ESG reporting.

By proactively addressing these ESG risks and implementing robust sustainability strategies, Lanka IOC can strengthen its resilience, reputation, and contribute positively to sustainable development in Sri Lanka.

Environmental Risks & Strategic Responses

1. Energy efficiency and resource depletion

- Risk: High energy and water usage in refining, logistics, and operations can lead to resource strain and inefficiencies.

Strategic Response:

- Upgrade infrastructure and operations with energy-efficient technologies (e.g., smart meters, LED lighting, automated controls).
- Implement ISO 50001-certified energy management systems.
- Optimize fleet and terminal operations for fuel and water efficiency.

2. Environmental pollution and oil spills

- Risk: Risks of oil leaks, marine pollution, and soil contamination during storage, transport, and dispensing threaten ecosystems and community well-being.

Strategic Response:

- Invest in modern safety systems including automatic leak detection, secondary containment, and real-time monitoring at terminals and filling stations.
- Regular environmental impact assessments (EIAs) and emergency response drills with government and disaster agencies.
- Adopt zero-incident culture and provide staff training on environmental protocols.

Social Risks & Strategic Responses

1. Community impact & social license to operate

- Risk: Infrastructure development (like terminals or pipelines) may lead to displacement or affect livelihoods, eroding Lanka IOC's social license to operate.

Strategic Response:

- Adopt free, prior and informed consent (FPIC) in community consultations.
- Fund CSR programs focused on education, healthcare, disaster relief, and sustainable livelihoods.
- Report community investments and impact metrics in sustainability disclosures.

2. Occupational health and safety

- Risk: Given the hazardous nature of fuel handling, risks include fire, chemical exposure, and accidents affecting workers and the public.
- Strategic Response:
- Implement and continuously improve a robust Health, Safety & Environment (HSE) management system.
- Achieve OHSAS 18001 / ISO 45001 certification across key operations.
- Regular safety audits, incident reporting, and behavioral safety training.

3. Diversity, equity and inclusion (DEI)

- Risk: Gender disparity and lack of inclusive policies could affect morale and limit talent retention.

Strategic Response:

- Promote gender diversity in leadership and technical roles.
- Institute inclusive hiring practices and anti-discrimination policies.
- Provide skill-building and leadership development for underrepresented groups.

Governance Risks & Strategic Responses

1. Regulatory non-compliance

- Risk: Non-compliance with environmental, tax, safety, or corporate governance regulations could lead to legal and reputational damage.

Strategic Response:

- Strengthen compliance function with periodic training and automated regulatory tracking tools.
- Ensure Board-level ESG oversight, and include sustainability KPIs in executive performance appraisals.
- Regular third-party internal and external audits.

INTEGRATING SUSTAINABILITY INTO LANKA IOC

2. Corruption, bribery and ethical conduct

- Risk: Being a large state-linked enterprise with strategic assets, Lanka IOC must guard against unethical practices in procurement, lobbying, and contracting.

Strategic Response:

- Enforce a strict anti-corruption and whistleblower policy.
- Establish an ethics committee and conduct annual ethics training.
- Align with international frameworks such as UN Global Compact and OECD Anti-Bribery Convention.

3. Cybersecurity and data privacy

- Risk: Increased digitization of operations and customer services (like loyalty apps or online platforms) exposes Lanka IOC to cyber threats.

Strategic Response:

- Strengthen IT infrastructure, adopt ISO/IEC 27001 standards for information security.
- Implement data privacy policies in line with Sri Lanka's and regional privacy laws.
- Create a cybersecurity task force with risk modeling and incident response capabilities.

Integrated Sustainability Strategy for Lanka IOC

1. ESG integration into core strategy

- Embed ESG principles into corporate strategy, planning, and capex decisions.
- Link sustainability metrics to Board-level KPIs and CEO scorecards.

2. Sustainable product and service innovation

- Expand into low-carbon fuels, EV charging infrastructure, and solar-integrated stations.
- Promote eco-friendly lubricants and bulk delivery solutions to reduce carbon footprints.

3. Stakeholder engagement and transparency

- Conduct stakeholder materiality assessments to guide sustainability focus.
- Communicate ESG progress across digital and traditional channels.



- Donation of dry rations and sanitary items to the communities affected by the inclement weather.
- Contribution to Marine Environment Protection Authority (MEPA) for conservation of the coastal lines.
- Donations of wheelchairs, hearing aids, and white canes to the disabled.



- Providing life insurance for the team of more than 1,500 pump attendants in our network along with coverage for critical illnesses.
- Donation of 31 dialysis machines to government hospitals across the island.



- Equal opportunity employer.
- Creating women-managed retail outlets in order to empower women.



- Solarization of our retail outlets.
- Introduction of climate friendly fuels.
- Rainwater harvesting plant at Trincomalee Terminal.
- Planting 500+ saplings at the Trincomalee Terminal in celebration of World Environment Day.



- Attractive remuneration and additional profit linked variable bonus.
- Opportunities for career progression and performance linked bonuses.
- Continued training and development.



- Efficient management of water and energy for production.
- Oil Spill Contingency Plan approved by the MEPA.



- Board approved anti-corruption and whistle-blowing policies.



- Joint venture with the Ceylon Petroleum Corporation (CPC) to develop the Trincomalee oil tank farm.

STAKEHOLDER ENGAGEMENT

OVERVIEW

At Lanka IOC, we recognise that our success in creating sustainable value depends on maintaining strong, transparent, and mutually beneficial relationships with all of our stakeholders. To this end, we adopt a structured approach to engage with our stakeholders, taking into consideration stakeholder perspectives in our decision-making, risk management, and long-term strategy.

Our approach to stakeholder engagement is guided by principles of transparency, inclusivity, accountability, and responsiveness and aligned with leading global frameworks such as Global Reporting Initiative (GRI 2: General Disclosures).

OUR KEY STAKEHOLDER GROUPS

STAKEHOLDER GROUP	DESCRIPTION
Employees	Permanent staff across the network
Customers	**Auto Fuel (Retail):** Individual vehicle owners, transport operators, fleet owners **Industrial & Bulk Fuel:** Power plants, manufacturing firms, commercial enterprises **Lubricants:** Individuals, workshops, fleet operators, industrial users, OEM partners **Bunkering:** Shipping lines, vessel operators, marine service providers **Bitumen:** Road contractors, infrastructure developers, construction companies **Petrochemicals:** Manufacturing industries, chemical processors, plastics and packaging producers
Regulators & the Government	Ministries, regulatory authorities, and policymakers
Suppliers	Local and international vendors and service providers
Agents & Distributors	Channel partners critical to product distribution and market reach
Strategic Collaborators	Public and private sector organisations
Local Communities	Communities surrounding operational locations
Trade Unions	Employee representative bodies

Through continuous engagement and mutual respect, LIOC strengthens trust, drives performance and builds a better tomorrow for all our stakeholders.

STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT
DRIVING SUSTAINABLE VALUE

At Lanka IOC, our success is built on strong relationships with our stakeholders. Through meaningful engagement, we care shared value, strengthen trust and deliver energy and related solutions that power sustainable value.

OUR STAKEHOLDER VALUE CREATION ECOSYSTEM

OUR GUIDING PRINCIPLES

- Transparency
- Inclusivity
- Accountability
- Responsiveness
- Collaboration



OUR ENGAGEMENT APPROACH

Structured consultations & meetings	Real-time communication channels	Surveys & feedback mechanisms	Regulatory & compliance reporting	Community outreach & CSR initiatives

LIOC adopts a multi-channel engagement model, ensuring timely and effective communication across all stakeholder groups.
We continuously evaluate stakeholder feedback and integrate insights gained from it into operational improvements and strategic planning.

STAKEHOLDER ENGAGEMENT OUTCOMES

Improved operational efficiency & business resilience	Enhanced employee satisfaction, wellbeing, engagement & retention	Strong regulatory compliance & governance	Increased customer loyalty and trust	Strengthened partner and supplier relationships & enhanced market reach	Increased sustainability with positive social and environmental impact

Alignment with ESG and Materiality

Stakeholder engagement forms a critical input into LIOC's materiality assessment process, helping identify and prioritise key economic, environmental, and social issues.

The Company aligns its engagement practices with:

- Global Reporting Initiative (GRI 2 – Stakeholder Engagement)
- ESG reporting expectations and best practices
- Integrated reporting principles on stakeholder relationships



STAKEHOLDER ENGAGEMENT MATRIX

STAKEHOLDER GROUP	KEY INTERESTS / CONCERNS	ENGAGEMENT METHODS	FREQUENCY	COMPANY RESPONSE	STRATEGIC FOCUS
Employees	Job security, safety, career growth, fair remuneration	Performance reviews, internal communications, interactive meetings	**Continuous**	Investment in HR policies, training, and safe working conditions	Build a skilled, safe and engaged workforce to support operational excellence
Customers	Product quality, availability, pricing, service experience	Customer feedback channels, surveys, service touchpoints, digital media	**Continuous**	Improved supply reliability, enhanced service standards	Strengthen customer trust and drive market share through service excellence
Regulators & Government	Compliance, national energy security, environmental standards and financial reporting	Regulatory reporting, meetings, policy dialogues, National Energy Forums	**Periodic / As required**	Full compliance, transparent reporting	Ensure regulatory alignment and support national energy priorities
Suppliers	Fair procurement practices, timely payments	Contracts, performance reviews, communication	**Ongoing**	Strengthened supplier relationships and payment systems	Build resilient and efficient supply chains
Agents & Distributors	Margins, supply consistency, operational support	Regular meetings, performance discussions	**Frequent**	Expanded support, improved distribution efficiency	Expand market reach and optimise last-mile distribution

STAKEHOLDER ENGAGEMENT

STAKEHOLDER GROUP	KEY INTERESTS / CONCERNS	ENGAGEMENT METHODS	FREQUENCY	COMPANY RESPONSE	STRATEGIC FOCUS
Communities	Environmental impact, safety, local development	Community engagement, CSR initiatives	**Ongoing**	Investment in sustainability and community projects	Minimise environmental impact and enhance social license to operate
Trade Unions	Worker rights, working conditions, dispute resolution	Collective bargaining, consultations	**As required**	Collaborative dialogue and fair resolution mechanisms	Maintain industrial harmony and foster trust-based relationships
Strategic Collaborators	Partnerships, innovation, shared value creation	Joint initiatives, partnerships, formal agreements	**Periodic**	Strengthened alliances and co-developed initiatives	Drive innovation and long-term strategic growth

TRADE UNION ENGAGEMENT

The Company recognises the right of employees to form and participate in trade unions in accordance with applicable labour laws and regulations. Trade unions are viewed as a key mechanism for fostering constructive dialogue and maintaining industrial harmony.

LIOC adopts a collaborative approach to engagement, characterised by:

- Regular consultations and negotiations
- Transparent communication
- Timely resolution of grievances
- Mutual respect and trust

While supporting union representation, the Company also promotes direct engagement with employees to strengthen inclusivity and organisational alignment.

LOOKING AHEAD

Lanka IOC is committed to strengthening its stakeholder engagement framework by:

- Increasing transparency in disclosures
- Enhancing data-driven engagement
- Expanding digital engagement platforms
- Linking stakeholder feedback more directly to strategy and performance metrics

Lanka IOC remains committed to deepening its stakeholder relationships as a core driver of long-term value creation. By continuously enhancing engagement practices, strengthening transparency, and integrating stakeholder insights into strategy and operations, the Company is well positioned to respond to evolving expectations and emerging challenges. As LIOC moves forward, its focus will remain on building trust, fostering collaboration, and delivering sustainable outcomes that create shared value for all stakeholders.

MATERIALITY

CONNECTING STAKEHOLDER PRIORITIES TO STRATEGY

Materiality sits at the core of Lanka IOC's approach to sustainable value creation, ensuring that the most significant economic, environmental, and social issues are prioritised in decision-making, risk management, and long-term strategy.

Material topics identified through continuous stakeholder engagement and directly linked to Lanka IOC's strategic priorities, capital allocation and sustainability commitments.



OUR PURPOSE

To deliver a comprehensive range of energy, fuel and industrial solutions - including auto fuels, industrial and bulk fuels, lubricants, bunkering services, bitumen, and petrochemicals - responsibly and efficiently, while creating sustainable value for all our stakeholders.

OUR MATERIALITY ASSESSMENT PROCESS

1 IDENTIFY
Identify a wide range of potential topics through industry analysis, regulations, benchmarking, internal strategy and risk reviews.

2 ENGAGE
Engage with key stakeholders through consultations, surveys and ongoing feedback channels.

3 PRIORITISE
Assess and rank topics based on their importance to stakeholders and impact on LIOC.

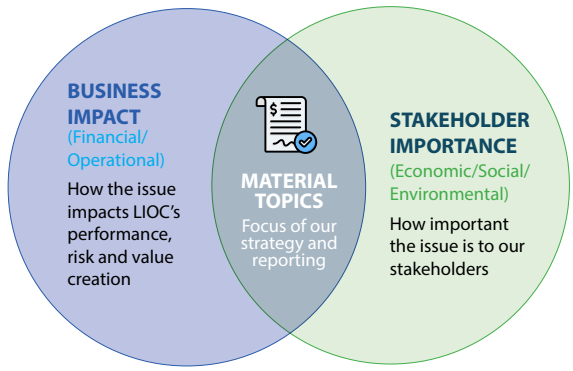
4 VALIDATE
Review and validate the prioritised topics with senior management.

5 REVIEW
Review the material topics periodically to reflect changes in the operating environment, expectations and strategy.

STAKEHOLDER-DRIVEN INSIGHTS



DOUBLE MATERIALITY LENS



Insights from stakeholders are essential in understanding emerging issues, validating priorities and ensuring our response is relevant and responsible

MATERIALITY MATRIX

PRIORITISING WHAT MATTERS MOST

Our materiality assessment integrates stakeholder insights with strategic business priorities to identify and prioritise the economic, environmental and social issues that matter most to Lanka IOC and our ability to create long-term value.

METHODOLOGY

Continuous stakeholder engagement across all key groups through surveys, discussion, feedback and industry benchmarking.

ALIGNMENT

Aligned with GRI Standards, Integrated Reporting (IR) Framework and the United Nations Sustainable Development Goals (SDGs)

IMPORTANCE TO STAKEHOLDERS: HIGH / MODERATE / LOW

IMPACT ON BUSINESS SUCCESS: LOW / HIGH

STAKEHOLDER DRIVEN PRIORITIES

HIGH IMPORTANCE TO STAKEHOLDERS, MODERATE IMPACT ON BUSINESS

Material topic	SDGs	Capitals strengthened	Strategic link
Health, Safety & Enviroment			Employee health & wellbeing Enhances brand image Future-proof business infrastructure

EMERGING PRIORITIES

(LOWER CURRENT IMPACT ON BUSINESS, BUT GROWING IMPORTANCE)

Material topic	SDGs	Capitals strengthened	Strategic link
Digital Transformation & Data Integration			Improves decision making and agility
Cybersecurity & Data Protection			Improves data integrity, systems, and digital infrastructure Fosters customer trust and stakeholder confidence Mitigates risk, prevents fraud and contributes to business continuity Enhances employee awareness and improves cybersecurity capabilities
Climate Transition Readiness			Future-proofs business model
Innovation & New Energy Solutions			Improves decision making and agility

HIGH PRIORITY - STRATEGIC FOCUS

HIGH IMPORTANCE TO STAKEHOLDERS AND HIGH IMPACT ON BUSINESS

Material topic	SDGs	Capitals strengthened	Strategic link
Energy Security & Supply Reliability			Core to national relevance and revenue stability
Financial Performance & Profitability			Enables reinvestment and delivers shareholder value
Health, Safety & Employee Well-being			Operational continuity and workforce protection
Environmental Impact & Emissions			ESG performance and licence to operate
Regulatory Compliance & Governance			Protects reputation and operating licence
Customer Experience & Service Reliability			Drives market share, brand loyalty and profits

BUSINESS-DRIVEN PRIORITIES

(HIGH IMPACT ON BUSINESS, MODERATE IMPORTANCE TO STAKEHOLDERS)

Material topic	SDGs	Capitals strengthened	Strategic link
Operational Efficiency & Cost Optimisation			Core to national relevance and revenue stability
Supply Chain Resilience			Reduces risk of disruption Ensures business continuity Future-proofs supply chains
Distribution Network Expansion			Revenue growth Market penetration More scope to diversify revenue streams
Diversify Revenue Streams			Revenue growth & diversification Adding high-margin and value added products and services Readiness for energy transition

FROM MATERIAL TOPICS TO STRATEGIC ACTION

MATERIAL TOPIC	OUR STRATEGIC RESPONSE
ENERGY SECURITY & SUPPLY RELIABILITY	Invest in infrastructure, optimise supply chains and ensure reliable energy availability. Form strategic alliances towards enhancing supply reliability, capacity and competitiveness.
HEALTH, SAFETY & ENVIRONMENT (HSE)	Embed a zero-harm culture and strengthen HSE systems and environmental management.
REGULATORY COMPLIANCE & GOVERNANCE	Strengthen governance, ensure full compliance and maintain transparent reporting.
PRODUCT QUALITY & CUSTOMER SERVICE	Enhance service standards, expand network, deliver quality products and provide convenience and value added services.
BUSINESS ETHICS & TRANSPARENCY	Uphold ethics, integrity and transparency in all our operations.
EMPLOYEE WELL-BEING & TALENT	Invest in our people, build capabilities and foster an inclusive culture
COMMUNITY ENGAGEMENT	Support community development and create shared value
DIGITAL TRANSFORMATION & EFFICIENCY	Leverage technology, data and innovation to drive operational excellence.
CLIMATE CHANGE & EMISSIONS	Improve energy efficiency and progress towards a lower carbon future



GOVERNANCE & OVERSIGHT

- Materiality is overseen by senior management with Board oversight.
- Integrated into strategy, risk management and capital allocation.
- Reviewed periodically to ensure ongoing relevance and responsiveness.



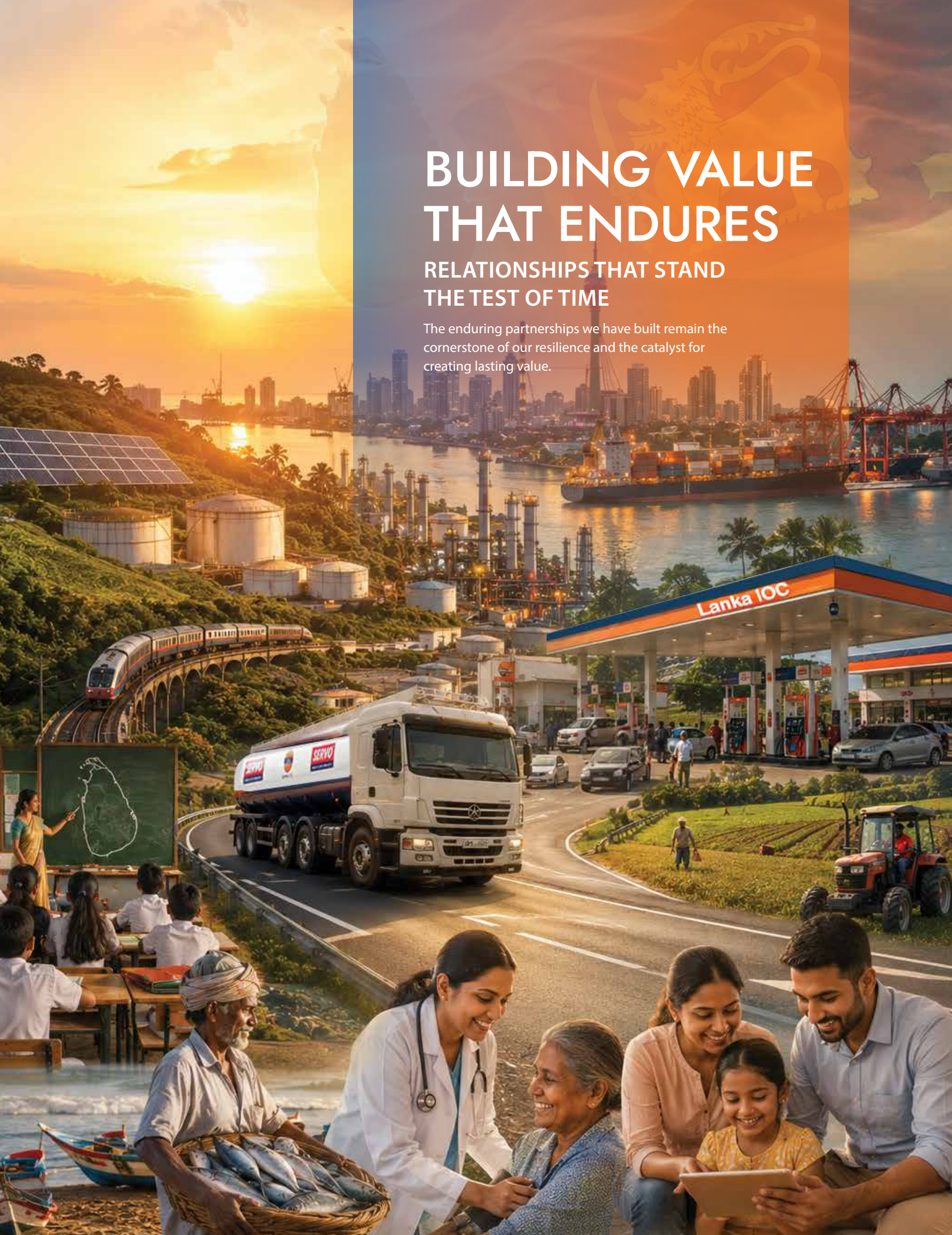
LOOKING AHEAD

- We will continue to refine our materiality approach by strengthening stakeholder engagement, enhance data insights and aligning with evolving ESG expectations to drive sustainable long-term value.

BUILDING VALUE THAT ENDURES

RELATIONSHIPS THAT STAND THE TEST OF TIME

The enduring partnerships we have built remain the cornerstone of our resilience and the catalyst for creating lasting value.



VALUE TRANSFORMATION MODEL

FROM ENERGY SECURITY TO SUSTAINABLE NATIONAL PROGRESS

In a nation where energy serves as the lifeblood of economic activity, social mobility, and industrial progress, Lanka IOC's role extends far beyond the supply of fuel. As an integrated downstream energy provider, the Company occupies a critical position within Sri Lanka's economic ecosystem, ensuring that households, businesses, industries, transportation networks, and essential services remain connected, productive, and resilient.

Our value creation journey begins with the strategic mobilisation of financial resources, infrastructure, technology, expertise, and partnerships. Through a robust network encompassing procurement, storage, logistics, retail distribution, and specialised energy solutions, we transform these resources into reliable energy products and services that power the nation. This transformation enables the movement of people and goods, supports industrial and commercial activity, enhances customer convenience, and contributes to the development of critical infrastructure across the country.

As the energy landscape evolves, Lanka IOC continues to expand its value proposition beyond conventional fuels by embracing cleaner energy alternatives, solarisation initiatives, EV charging infrastructure, and digital innovations that support a more sustainable and efficient energy future. Through these efforts, the Company is not only meeting present-day energy requirements but also preparing for the emerging demands of a low-carbon economy.

The value transformation model presented below illustrates how Lanka IOC converts its capitals and resources into tangible outcomes for stakeholders through an integrated downstream energy ecosystem.

VALUE TRANSFORMATION MODEL

THE RESOURCES WE LEVERAGE

FINANCIAL CAPITAL

- Funding - Equity **Rs. 92 Bn**
- Liquidity - Current Assets **Rs. 81 Bn**
- Investments - **Rs. 59 Bn**

MANUFACTURED CAPITAL

- Trinco Terminal - **1**
- Storage - **16 tanks**
- Fuel stations - **273**
- Grease plant
- Lubricant plant

HUMAN CAPITAL

- A diverse professional team
- Loyal employees
- HR policies and procedures
- Strategic Leadership

INTELLECTUAL CAPITAL

- Brand - **"SERVO"**
- World brand over **20** years in Sri Lanka
- Digital platforms - **Automation**

SOCIAL AND RELATIONSHIP CAPITAL

- Strong stakeholder engagement
- Meaningful community collaborations
- Regulatory connections

NATURAL CAPITAL

- Solarised Retail Outlets
- Land and environment
- Greener fuels
- Operational sustainability

WHAT HAPPENS AT EACH STAGE?

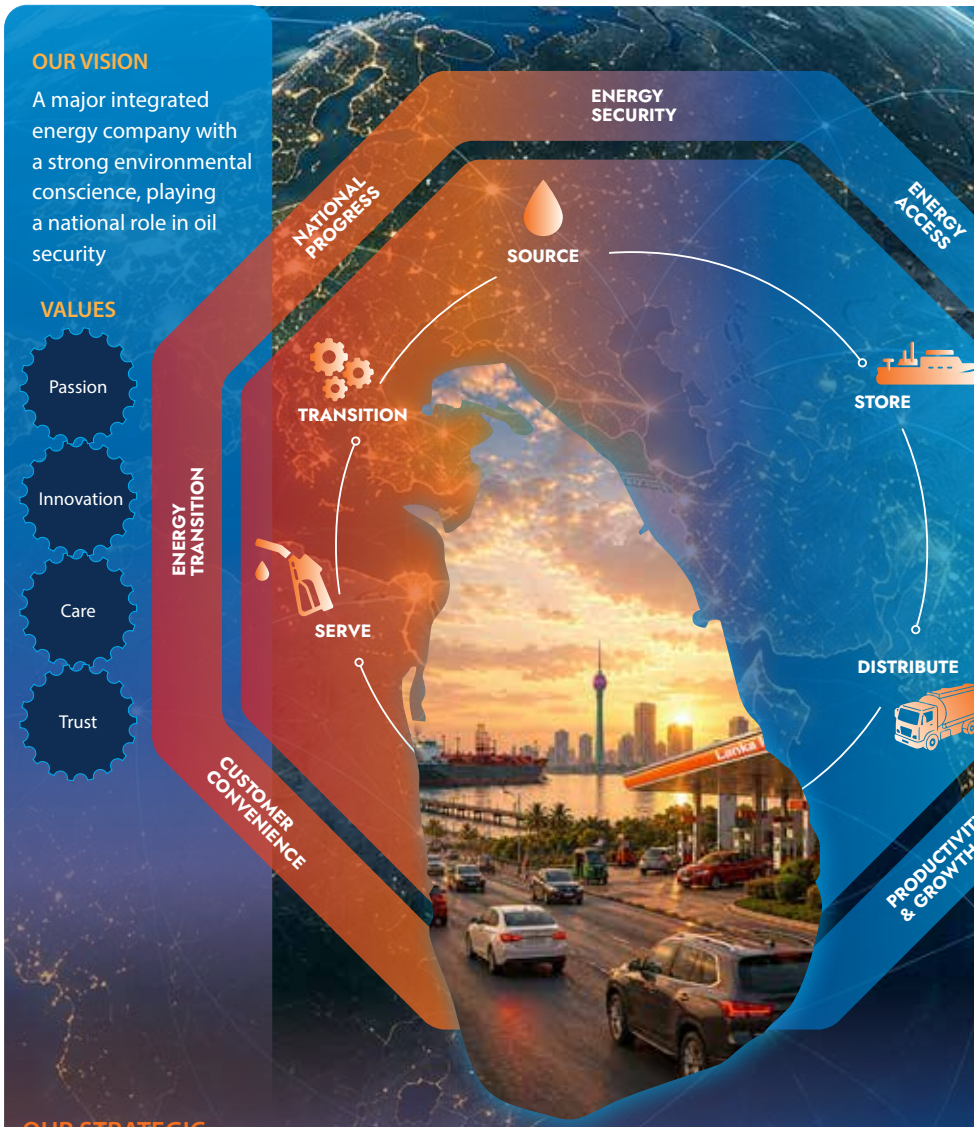
HOW WE TRANSFORM VALUE

OUR VISION

A major integrated energy company with a strong environmental conscience, playing a national role in oil security

VALUES

- Passion
- Innovation
- Care
- Trust



OUR STRATEGIC PILLARS

01. ENHANCING FINANCIAL RESILIENCE
02. DRIVING OPERATIONAL EXCELLENCE
03. CUSTOMER-CENTRICITY
04. DIVERSIFICATION
05. PEOPLE DEVELOPMENT
06. SUSTAINABILITY

ENERGY SECURITY
RELIABLE IMPORTS AND SUPPLY

ENERGY SECURITY
EXTENSIVE RETAIL REACH

MOBILITY
FUELLING TRANSPORT AND LOGISTICS

PRODUCTIVITY
SUPPORTING INDUSTRIES AND COMMERCE

CONVENIENCE
SEAMLESS CUSTOMER EXPERIENCE

MANAGING RISK OPTIMIZING OPPOTUNITIES

VALUE CREATED FOR STAKEHOLDERS

OUR PRODUCTS



AUTOMOTIVE FUELS



LUBRICANTS



BUNKERING

MOBILITY & CONNECTIVITY



BITUMEN



GREASE



PETROCHEMICALS

OUTPUT

FINANCIAL CAPITAL

- Revenue - Rs. 280.7 Bn
- Profit After Tax - Rs. 10.56 Bn
- Earnings per share - Rs 19.84
- Market capitalization - **Rs. 74.55 Bn**

MANUFACTURING CAPITAL

- 24/7 Operated Retail outlets - 160+
- Investment in Revenue generated Assets Rs. 767 Mn.
- Zero lost time accidents.

INTELLECTUAL CAPITAL

- Introduction of new product(s).
- 06th position in LMD Top 100 companies.
- Best supplier of the year Propel Brand.
- Lanka IOC ranked 15th in Sri Lanka top 100 brands.

HUMAN CAPITAL

- Employee attrition below **5%**.
- Zero industrial unrest.
- Salaries and wages **Rs. 1.22 Bn.**

SOCIAL AND RELATIONSHIP CAPITAL

- CSR contribution - **221 Mn.**
- No. of touch points - **600+**
- Retail outlets - **273**
- Lube distributors - **30**
- SERVO Shops - 328

NATURAL CAPITAL

- Solarized retail outlets - 85
- EV charging stations - 05
- Introduction of green fuel - XTRA GREEN - 03 Fuel stations.
- Sludge disposal - 35 KL

CUSTOMERS

- Reliable and uninterrupted energy supply
- Quality products and services
- Greater accessibility and convenience
- Enhanced digital experiences

BUSINESSES

- Efficient logistics and transportation
- Reduced operational disruptions
- Industrial productivity
- Infrastructure development support

EMPLOYEES & DEALERS

- Sustainable livelihoods
- Professional development
- Entrepreneurial opportunities
- Safe working environments

COMMUNITIES

- Economic participation
- Improved accessibility
- Social investments in education and health
- Regional development

ENVIRONMENT

- Cleaner fuel alternatives
- Solar energy adoption
- EV charging infrastructure
- Responsible environmental stewardship

INVESTORS

- Sustainable growth
- Diversified revenue streams
- Financial resilience
- Long-term value creation

NATION

- Enhanced energy security
- Contribution to GDP growth
- Foreign direct and tax contributions
- Support for Sri Lanka's energy transition
- Strengthened national competitiveness

SDG'S



STRATEGIC OUTCOME

SECURING ENERGY ▸ POWERING MOBILITY ▸ ENABLING PRODUCTIVITY ▸ ADVANCING SUSTAINABILITY ▸ CREATING SHARED NATIONAL VALUE

ENERGY TRANSITION
CLEANER ENERGY SOLUTIONS

NATIONAL PROGRESS
ECONOMIC GROWTH AND RESILIENCE

TRANSFORMING ENERGY INTO SHARED VALUE

FOR CUSTOMERS → FOR BUSINESSES → FOR COMMUNITIES

FOR THE ENVIRONMENT → FOR INVESTORS → FOR SRI LANKA

LANKA IOC
INDUSTRY AND SECTOR ANALYSIS

Lanka IOC operates in the downstream energy and petroleum products sector, with five core segments:



Auto Fuel
(Petrol & Diesel retail + distribution)



Bunkering
(Marine fuels)



Lubricants
(Automotive, Industrial, Marine)



Bitumen
(Infrastructure / road construction)



Petrochemicals
(Industrial inputs)

SEGMENT-LEVEL MARGIN LOGIC

Segment	Margin Level	Key Driver
Auto Fuel	LOW/VOLATILE	Regulated Pricing + Volume
Lubricants	MODERATE	Brand + Distribution
Bitumen	MODERATE	Project Cycles
Petrochemicals	MODERATE	Global Price Exposure
Bunkering	VOLATILE	Global Competition

FIVE FORCES HEATMAP

Lanka IOC product segments are characterised by structural margin constraints, varying competitive dynamics, and evolving market conditions.

HIGH REGULATION	INFRASTRUCTURE-HEAVY SUPPLY CHAINS	GOVERNMENT & GEOPOLITICAL INFLUENCE	COMMODITY-LINKED PRICING
Strict oversight of pricing, operations and compliance	Significant investment in terminals, storage and distribution	Policies and global events impact supply and pricing	Prices linked to global oil markets and foreign exchange movements

While high supplier and buyer power exert consistent pressure on margins, each segment presents distinct opportunities and challenges based on its underlying drivers. The following analysis outlines the Company's relative positioning across its core businesses, highlighting areas of competitive advantage, intensity of competition, and emerging risks and opportunities shaping future performance.

LANKA IOC FIVE FORCES HEATMAP

Segment	Competitive Rivalry	New Entrants	Supplier Power	Buyer Power	Substitutes
Auto Fuel	High	Moderate	High	Low	Moderate
Lubricants	Very High	Moderate	Moderate	High	Moderate
Bitumen	Moderate	Low	High	High	Low
Petrochemicals	– Moderate – High	Low	High	High	Moderate
Bunkering (Marine Fuel)	High	Moderate	High	Very High	Moderate

Key: High pressure | Moderate pressure | Low pressure

STRUCTURAL MARGIN PRESSURE

Most segments show high supplier power and high buyer power. As such Lanka IOC margins are inherently constrained across the portfolio.

RELATIVE ADVANTAGE IN AUTO FUEL AND BITUMEN

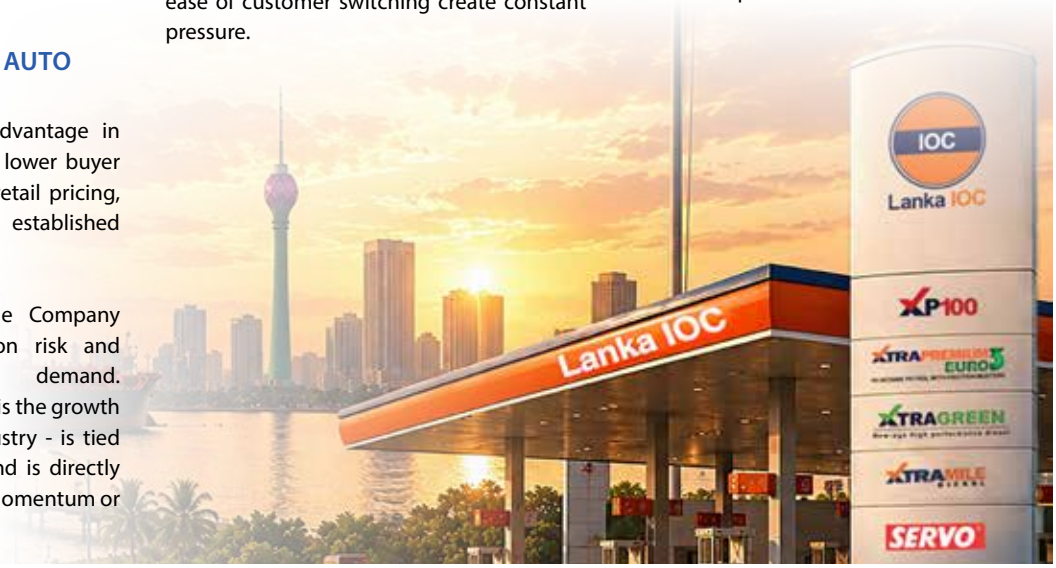
Lanka IOC holds a relative advantage in the Auto Fuel segment due to lower buyer power arising from regulated retail pricing, combined with a strong and established distribution network.

In the Bitumen segment, the Company benefits from low substitution risk and steady, infrastructure-driven demand. However, bitumen demand - as is the growth or decline in construction industry - is tied strongly to economic cycles and is directly affected by Sri Lanka's growth momentum or the lack thereof.

INTENSE COMPETITION IN LUBRICANTS AND BUNKERING

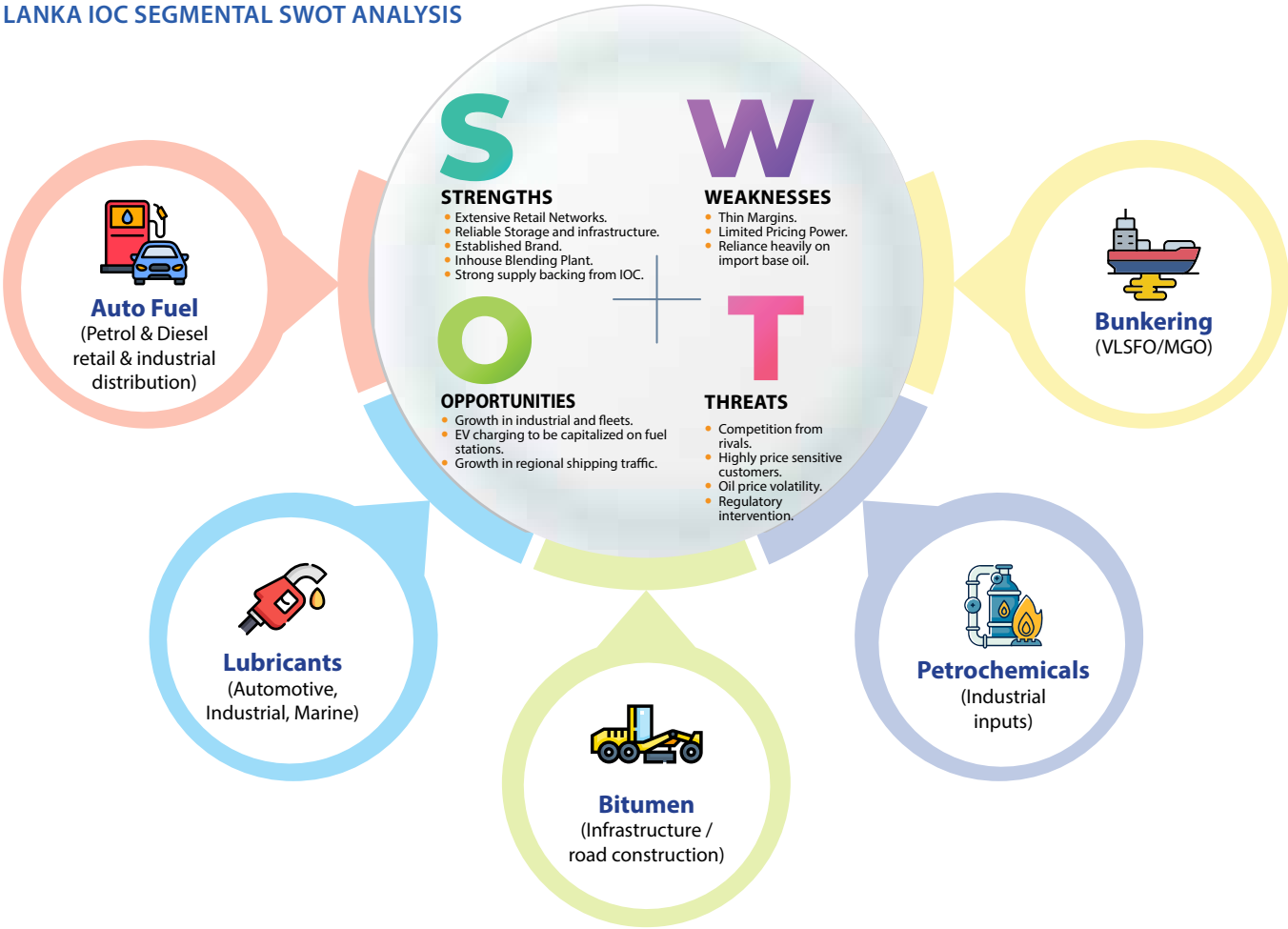
Competition is most intense in the Lubricants segment, where strong brand rivalry and ease of customer switching create constant pressure.

The Bunkering business of Lanka IOC also faces high competition due to global price benchmarking and the mobility of customers who can source fuel from alternative ports.



LANKA IOC
INDUSTRY AND SECTOR ANALYSIS

LANKA IOC SEGMENTAL SWOT ANALYSIS



SEGMENTAL SWOT ANALYSIS - LIOC

Auto Fuel

STRENGTHS	WEAKNESSES
Extensive retail network & distribution reach; with scope to grow	Low margins due to price controls
Lower buyer power due to regulated pricing	High dependence on imports and foreign exchange
Strong supply backing from Indian Oil Corporation	Working capital intensive
Storage and infrastructure	Storage and terminal infrastructure prone to disruption by adverse weather events
Strategic alliances for expansion and growth	

OPPORTUNITIES	THREATS
Retail network expansion and optimisation	Increasing competition with multiple new entrants
EV charging to capitalise on fuel transition	EV adoption reducing long-term demand
Scope to expand non-fuel retail services	Regulatory interventions in pricing
Efficiency gains through automation	Supply chain disruptions

Lubricants

STRENGTHS

- Established SERVO brand
- Higher margins compared to fuel
- Strong distribution and dealer network with scope to grow
- Positive cash flows to support expansion
- In-house blending plant for competitive cost advantage
- Ability to introduce new product variants to cater to changing consumer needs

WEAKNESSES

- Intense marketing and brand dependency
- Reliance on imported base oils
- Brand perception gap vs global leaders

OPPORTUNITIES

- Growth in fleet and industrial segments
- Partnerships with original equipment manufacturers (OEMs) and certifications
- Scope to introduce premium and specialised products

THREATS

- Strong competition with multiple multinational brands
- Easy customer switching
- EV transition reducing lubricant demand

Bitumen

STRENGTHS

- Essential product with low substitution risk
- Demand linked to infrastructure development
- Established supply capabilities

WEAKNESSES

- Highly cyclical demand
- Dependence on government projects
- Limited pricing power

OPPORTUNITIES

- Infrastructure expansion projects
- Long-term supply contracts
- Regional supply opportunities

THREATS

- Global recessionary pressures impacting GDP growth
- Delays in public investment
- Oil price volatility
- Contractor bargaining power

Petrochemicals

STRENGTHS

- Access to global sourcing networks
- Diversified product potential
- Backing from IOC ecosystem

WEAKNESSES

- Low market penetration in Sri Lanka
- Limited scale and volumes
- Margin volatility

OPPORTUNITIES

- Underpenetrated local market
- Expansion into new industrial segments
- Value-added and specialty products

THREATS

- Sustainability and regulatory pressures
- Global price competition
- Shift toward alternative materials

LANKA IOC
INDUSTRY AND SECTOR ANALYSIS



Bunkering (Marine Fuel)

STRENGTHS

- Strategic location at Port of Colombo
- Storage advantage at Trincomalee Harbour
- Strong supply backing from IOC

WEAKNESSES

- Thin margins
- High dependence on global shipping demand
- Limited pricing power
- Barge only supply limits expansion
- Captive demand limited by Colombo Port capacity constraints and delays

OPPORTUNITIES

- Growth in regional shipping traffic
- Expansion of bunkering infrastructure
- Alternative marine fuels (LNG, methanol)
- Capitalising on current demand for HSFO

THREATS

- Competition from Hambantota Port
- Competition from international shipping hubs like Ports of Singapore and Fujairah and other regional ports across Asia
- Highly price-sensitive customers
- Gradual shift away from HSFO

FUTURE OPPORTUNITIES & RISKS

Risks are most pronounced in the Auto Fuel and Lubricants segments due to the ongoing market transition toward electric vehicles.

Petrochemicals face increasing global sustainability and regulatory pressures.

However, in Sri Lanka the market remains underpenetrated, and Lanka IOC's relatively low volumes indicate scope for selective growth across underserved industrial segments.

Overall, the Bunkering segment is exposed to the gradual shift toward alternative marine fuels. Traditional fuels such as HSFO (high-sulphur fuel oils) are currently supported by strong shipping demand and cost advantages, sustaining near-term growth. However, demand is expected to stabilise over the next few years as environmental regulations tighten and alternative fuels gain traction, before gradually declining over the longer term as the maritime sector transitions toward lower- and zero-carbon fuels.

SEGMENT STRATEGY MATRIX

The segment strategy matrix outlines Lanka IOC's targeted approach to managing its diversified portfolio, with each segment playing a distinct role - from volume stability to margin expansion and diversification - supported by focused initiatives to enhance competitiveness and performance.

In structurally competitive, margin-constrained markets, success depends on scale in fuel, brand strength in lubricants, project alignment in bitumen, disciplined exposure in petrochemicals, and operational excellence in globally competitive bunkering.

Collectively, these strategies balance scale, margin, cyclicality, and global competitiveness to drive resilient, long-term value creation.

LANKA IOC SEGMENT STRATEGY MATRIX

BALANCING SCALE, MARGIN, CYCLICALITY, AND GLOBAL COMPETITIVENESS ACROSS A DIVERSIFIED DOWNSTREAM PORTFOLIO

Segment	Auto Fuel	Lubricants	Bunkering	Bitumen	Petrochemicals
	Defending & Optimising Scale	Winning on Branding & Distribution	Competing on Reliability & Positioning	Leveraging Cyclical Upside	Seeking Selective Growth & Risk Control
Strategic Role	Volume and stability backbone	Margin expansion	Strategic, location-centric, globally exposed business	Infrastructure-linked growth	Diversification
Key Moves	Expand retail network coverage Improve supply reliability (zero stock-out strategy) Optimise working capital and inventory Introduce adjacent services (EV charging, convenience retail)	Strengthen OEM partnerships and certifications Invest in brand positioning (SERVO) Expand dealer / workshop networks Target fleet and industrial segments	Strengthen operations at Port of Colombo Leverage storage advantage at Trincomalee Harbour Compete with global hubs like Port of Singapore through faster turnaround, reliable supply and competitive pricing Prepare for greener and alternative fuels (LNG, methanol)	Deepen relationships with government contractors Secure long-term supply agreements Align inventory with project pipelines	Focus on high-demand industrial segments Optimise sourcing to manage volatility Explore value-added or specialty products
Goal	To protect market share and cash flow	To capture premium margin through differentiation	To maintain relevance in a globally benchmarked market	To maximise returns during infrastructure cycles	To improve margin resilience in a volatile global market

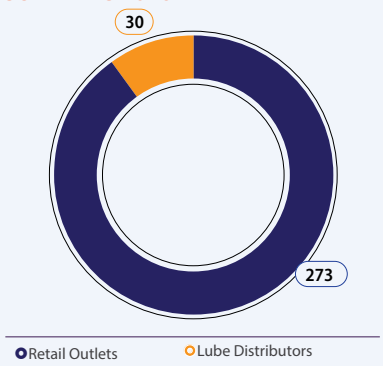
Balance Volume & Margin	Manage Structural Risks	Invest in Future Energy
Fuel → Volume stability	**FX exposure (imports)**	**EV infrastructure**
Lubes → Margin growth	**Oil price volatility**	**Cleaner fuels**
Bunkering → Positioning	**Energy transition**	**Alternative marine fuels**

PERFORMANCE HIGHLIGHTS

	Metrics	2026	2025	2024
EBITDA	Rs. Million	**9,256**	9,954	13,237
Revenue Reserves	Rs. Million	**81,375**	73,466	64,981
Net Profit Margin	%	**4**	4	5
Enterprise Value	Rs. Million	**47,041**	21,266	68,750
CASH AND LIQUIDITY				
Net Cash flows from Operations	Rs. Million	**18,111**	2,920	16,691
Net Cash flow from Investment	Rs. Million	**9,621**	1,839	14,185
Net Cash flow from Financing Activities	Rs. Million	**8,667**	405	2,218
AVAILABLE CAPITAL AND DEBT				
Total Equity	Rs. Million	**92,041**	82,691	73,470
Borrowings	Rs. Million	**1,518**	7,444	4,306
Payment to Goverment - Taxes and Levies paid	Rs. Million	**102,224**	105,638	62,233
ENVIRONMENTAL PERFORMANCE				
Total Energy consumption	kWh	**426,047**	417,276	384,111
Water consumption	KL	**17,210**	34,739	44,563
Sludge Disposal	KL	**35**	Nil	41
LAD Own Use	KL	**57**	66	58
Number of Tanks Cleaned	Nos	**3**	3	3
New Tanks Commissioned	Nos	Nil	1	2
No of fire drill at the Terminal	Nos	**12**	12	12
Rainwater Harvested	KL	**2,500**	4,500	1,000
Solar Power Energy	kWh	**20,250**	19,982	24,293
No.Tanks Repaired	Nos	**1**	1	2
Scope 1 Emissions	mtCO2e	**160**	N/A	N/A
Scope 2 Emissions	mtCO2e	**960**	N/A	N/A
SOCIAL PERFORMANCE & HIGHLIGHTS				
EMPLOYEES				
Employees on payroll	Nos	**152**	152	157
No. of female employees	Nos	**27**	28	28
New recruits	Nos	**10**	3	4
Training hours	Hours	**1,254**	861	1,167
Employee turnover rate	%	**<5**	1.3	<3
SAFETY				
No.of workplace injuries	Nos	**Nil**	Nil	Nil
No. of visits by Doctor	Nos	**>60**	>60	>20
No. of health checkups	Nos	**1**	1	1

Metrics		2026	2025	2024
CUSTOMER TOUCHPOINTS & SUPPLIERS				
Retail Outlets	Nos	**273**	267	252
Lube Distributors	Nos	**30**	31	31
SERVO Shops	Nos	**336**	328	310
No of new products introduced	Nos	**4**	5	3
Payments made to suppliers	Rs. Million	**356,751**	357,446	364,083
VALUE CREATION TO SOCIETY & ECONOMIC HIGHLIGHTS				
Amount invested in CSR	Rs. Million	**221**	109	270
Indirect employees	Nos	**<5,000**	<5,000	<5,000
Foreign income through exports proceeds	Rs. Million	**40,691**	61,670	47,725
GOVERNANCE HIGHLIGHTS				
No. of Board meetings held	Nos	**5**	4	4
No. of Audit Committee meetings held	Nos	**7**	5	4
No. of Sustainability Committee meetings held	Nos	**1**	0	0
No. of Directors in the Board	Nos	**6**	6	6
No of Remuneration meetings	Nos	**1**	1	N/M
No of Risk meetings	Nos	**1**	1	2
No of RPT meetings	Nos	**4**	4	4

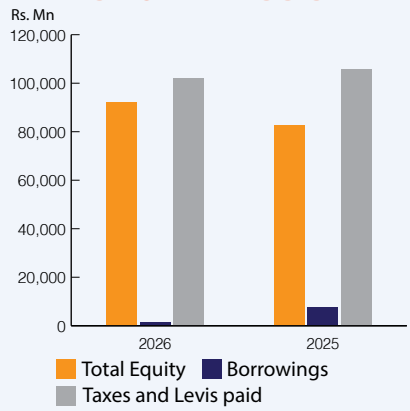
CUSTOMER TOUCH POINTS & SUPPLIERS 2026



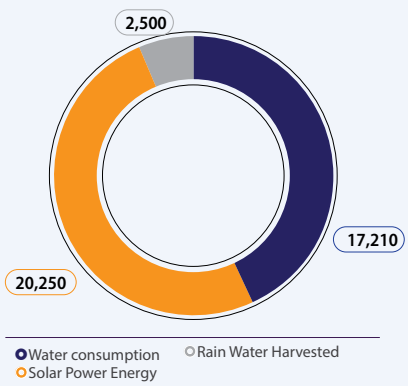
CUSTOMER TOUCH POINTS & SUPPLIERS 2025



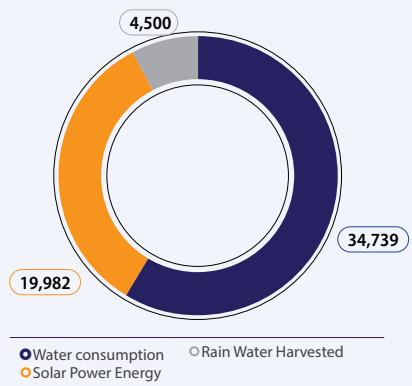
AVAILABLE CAPITAL AND DEBT



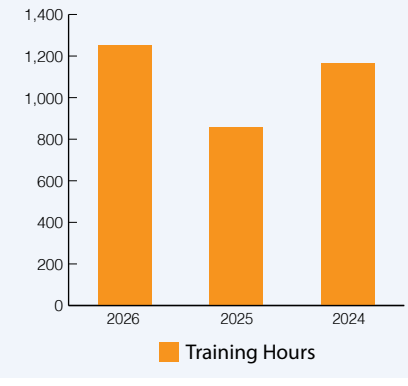
ENVIRONMENTAL PERFOMANCES 2026



ENVIRONMENTAL PERFOMANCES 2025



EMPLOYEE TRAINING HOURS





FINANCIAL CAPITAL

Financial capital forms the foundation upon which Lanka IOC creates sustainable value, fuels growth, and delivers on its commitment to powering the nation. As an integrated energy solutions provider operating the Company requires a robust financial platform capable of supporting operational continuity, infrastructure development, strategic investments, and long-term resilience. Financial capital also serves as a catalyst for wider economic value creation. Through investments in strategic energy infrastructure, expansion of retail networks, development of storage and distribution capabilities, and support for industries reliant on dependable energy supplies, Lanka IOC contributes meaningfully to national productivity, connectivity, and economic progress.

Rs. 280.65 Bn
Revenue

Rs. 10.56 Bn
Profit after Tax

Rs. 19.84
Earnings per share

Rs. 127.91 Bn
Total Assets

Linkage to SDGs

WHAT FINANCIAL CAPITAL MEANS TO LIOC

Pillar	
Capital Stewardship	Prudent management of financial resources to support long-term growth, resilience, and stakeholder value creation.
Liquidity & Financial Resilience	Maintaining strong liquidity and funding flexibility to navigate market volatility and ensure uninterrupted operations.
Disciplined Capital Allocation	Deploying capital strategically across high-return opportunities, infrastructure expansion, and business diversification.
Operational Efficiency	Enhancing profitability through cost optimisation, productivity improvements, and disciplined financial management.
Revenue Diversification	Expanding non-fuel income streams across lubricants, bitumen, bunkering, petrochemicals and emerging businesses to strengthen earnings quality.
Sustainable Growth	Leveraging a diversified portfolio and retail network to deliver consistent financial performance and long-term value creation.
Balance Sheet Strength	Preserving a robust capital structure that supports business expansion while maintaining financial stability.
Shareholder Value Creation	Generating sustainable returns through profitable growth, prudent risk management, and strategic investments.
Growth Investment	Investing in network expansion, operational capabilities, and new opportunities that support Sri Lanka's evolving energy needs.
Future-Ready Financial Platform	Building financial strength and flexibility to support energy transition opportunities and long-term business sustainability.

Building and Transforming our Financial Capital

Building a more diversified revenue portfolio

Sustaining profitability in a margin-constrained environment

Unlocking value through treasury excellence

The FY 2025-26 was characterised by contrasting market dynamics. Domestic fuel prices underwent several revisions during the year, whilst global energy markets experienced renewed volatility due to geopolitical developments that impacted crude oil prices, supply chains, and trading patterns. Against this backdrop, Lanka IOC remained focused on driving volume growth, enhancing operational efficiency, and strengthening earnings diversification.

Lanka IOC's approach to financial capital extends beyond profitability and balance sheet strength. It is centred on the disciplined stewardship of financial resources to ensure energy security, enhance capital productivity, optimise returns, and fund future growth opportunities. Through prudent treasury management, efficient working capital deployment, and a strong focus on liquidity and capital allocation, the Company seeks to generate sustainable returns while maintaining the financial flexibility required to navigate evolving market conditions.

Guided by a philosophy of sustainable value creation, the Company remains focused on maintaining a resilient capital structure, preserving strong liquidity, enhancing operational efficiency, and deploying capital towards opportunities that strengthen both shareholder value and national development. This disciplined approach ensures that Lanka IOC remains financially agile, operationally resilient, and well-positioned to support Sri Lanka's energy needs today and into the future.

The Company recorded revenue of Rs. 280.65 billion, representing a 2% increase over the previous year. More importantly, the quality of growth continued to improve as the Company strengthened its position across multiple business segments and expanded the contribution from non-fuel revenue streams.

The performance reflects Lanka IOC's ability to leverage its extensive retail network, strong brand equity, diversified product portfolio, and customer reach to sustain growth despite operating within a regulated pricing environment.

BUILDING A MORE DIVERSIFIED REVENUE PORTFOLIO

Whilst Auto Fuel remained the Company's largest revenue contributor, accounting for approximately three-quarters of total revenue, FY 2025-26 further demonstrated the strategic importance of diversification in creating a more resilient earnings profile.

The Auto Fuel business generated revenue exceeding Rs. 213 billion, supported by growing volumes, network expansion initiatives, and increased market penetration. The Company's ability to sustain growth within its core business highlights the strength of its retail presence and customer franchise.

Beyond fuel retailing, several business segments delivered encouraging momentum. Petrochemicals emerged as a key growth engine, recording an exceptional 84% increase in revenue following the successful expansion of the PROPEL product portfolio. This performance reflects Lanka IOC's ability to identify emerging opportunities and create new revenue streams beyond its traditional businesses.

Bitumen also recorded strong growth as infrastructure and road development activities regained momentum across the country, whilst the Lubricants business continued to strengthen its market position through brand development, product innovation, and customer-focused initiatives.

Collectively, these businesses are becoming increasingly important contributors to revenue stability and profitability, reducing dependence on traditional fuel margins and strengthening the Company's long-term growth outlook.

SUSTAINING PROFITABILITY IN A MARGIN-CONSTRAINED ENVIRONMENT

Despite a 2% increase in revenue, gross profit grew by 5% to Rs. 22.1 billion, reflecting the Company's continued focus on operational efficiency, cost discipline, and portfolio optimisation.

However, profitability continued to be influenced by structural challenges inherent within the regulated fuel sector. As the majority of revenue is derived from retail fuel sales, regulated pricing mechanisms limit the Company's ability to fully pass through fluctuations in input costs. Consequently, periods of elevated global oil price volatility can place pressure on margins despite improvements in sales volumes.

Competition within the bunkering and lubricants segments also intensified during the year, requiring tactical pricing strategies to protect market share whilst maintaining profitability.

Against this backdrop, Lanka IOC's ability to sustain healthy operating earnings demonstrates the resilience of its business model and the effectiveness of management's strategic focus on diversification, efficiency enhancement, and disciplined cost management.

FINANCIAL CAPITAL

UNLOCKING VALUE THROUGH TREASURY EXCELLENCE

One of the most notable contributors to performance during FY 2025-26 was the Company's treasury and liquidity management strategy.

Supported by strong operating cash flows and a healthy balance sheet, Lanka IOC generated finance income of Rs. 5.3 billion, representing growth of approximately 6% over the previous year.

The Company continued to optimise its investment portfolio, strategically allocating surplus liquidity towards longer-term instruments capable of generating superior returns whilst maintaining appropriate liquidity buffers. This disciplined approach to capital management enhanced earnings quality and provided an important offset against margin pressures within core operating segments.

The performance underscores management's ability to maximise value from financial resources whilst maintaining a conservative risk profile.

MAINTAINING EXCEPTIONAL FINANCIAL STRENGTH

Lanka IOC PLC demonstrated a resilient financial performance in 2025-26, effectively navigating cost and margin pressures while sustaining strong top-line growth. Despite operating within a dynamic and evolving market environment, the Company maintained its strategic focus on volume expansion, supported by disciplined cost management and operational efficiencies. This approach enabled the Company to preserve margins while strengthening its market position and delivering consistent value.

Revenue Performance

Lanka IOC PLC recorded a 2% increase in revenue, reaching Rs. 280.65 billion in 2025-26 compared to Rs. 276.29 billion in the previous financial year. This growth was achieved despite the impact of downward revisions in auto fuel prices during the early part of the year, followed by sudden upward price adjustments driven by global geopolitical developments.

The Company's topline performance was supported by a balanced contribution from both core and diversified revenue streams, which helped mitigate the effects of margin compression arising from price volatility.

Segmental Performance

Auto Fuel remained the primary revenue driver, contributing Rs. 213.51 billion, accounting for 76% of total revenue. Year-on-year growth of 5% was supported by the Company's expanding retail network and steady demand recovery, despite pricing pressures during the year.

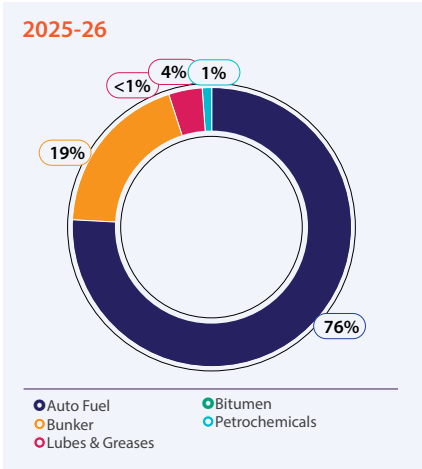
Bunkering revenue declined by 13%, primarily due to reduced vessel movements at regional ports, reflecting softer global trade activity and regional shipping dynamics.

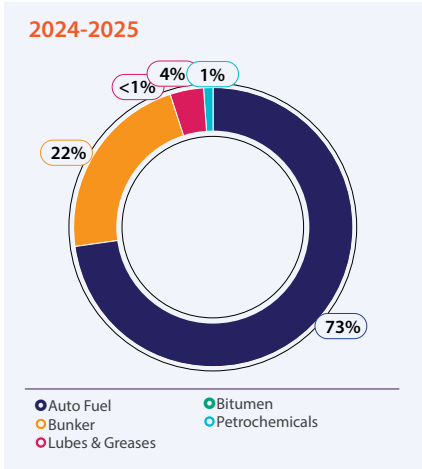
Lubricants and Greases recorded a 2% growth, reaching Rs. 11.23 billion, supported by continued market share gains and brand positioning initiatives.

Bitumen sales increased by 9%, driven by the resumption of road infrastructure development projects, indicating improving momentum in the construction sector.

Petrochemicals emerged as a key growth segment, with revenue increasing by over 84%, supported by the successful introduction of new product grades under the PROPEL brand. This strong performance highlights the effectiveness of the Company's diversification strategy and its ability to capture new market opportunities beyond traditional fuel segments. The Company's ability to sustain revenue growth in a volatile pricing environment reflects its operational resilience, diversified portfolio, and strategic focus on volume growth and new product development.

Sector	2025-2026	2024-2025	Change %
Auto Fuel	213,510	203,043	5
Bunker	52,859	60,414	-13
Lubes & Greases	11,232	10,979	2
Bitumen	504	463	9
Petrochemicals	2,549	1,389	84
	280,654	**276,288**	**2**





Gross Profit Performance and Margin Dynamics

Lanka IOC PLC delivered a strong improvement in profitability, recording a 5% increase in gross profit to Rs. 22.07 billion in FY 2025-26, compared to Rs. 21.02 billion in the previous year. This performance reflects the Company's continued focus on operational efficiency, product mix optimisation, and sustained growth in higher-margin business segments.

Growth was primarily supported by increased volumes in the Auto Fuel segment and stronger contributions from selected non-regulated product categories, which helped enhance overall earnings quality. However, margin expansion remained constrained by the regulated pricing framework governing petrol and diesel, limiting the Company's ability to fully transfer cost increases and capture the benefits of volume growth.

Given that the Auto Fuel segment continues to account for the majority of the Company's revenue base, these regulatory constraints had a significant influence on overall gross margin performance. At the same time, key non-fuel segments including Lubricants and Bunkering operated within highly competitive market environments, necessitating proactive pricing interventions to protect market share and customer relationships. These competitive dynamics placed pressure on margins, particularly in volume-driven segments where pricing flexibility remained limited.

Nevertheless, Lanka IOC continued to advance its strategic objective of broadening its portfolio beyond traditional fuel products by strengthening its presence in higher-value and specialised energy-related offerings. While the revenue mix remains predominantly weighted towards lower-margin regulated fuel products, the Company's ongoing diversification efforts are expected to progressively enhance earnings resilience and improve margin quality over the long term.

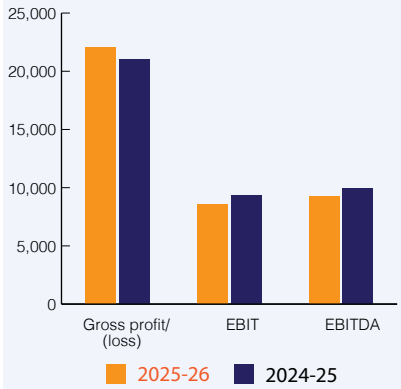
As a result, despite achieving topline growth, the increase in gross profit was moderated by a combination of regulatory pricing constraints, competitive market conditions, and the prevailing revenue mix. The Company's focus remains on driving sustainable profitability through portfolio diversification, operational excellence, and the expansion of value-added product and service offerings across its integrated energy ecosystem.

EBITDA Performance

EBITDA Performance and Earnings Resilience

(Rs.Mn)	**2025-26**	2024-25	% Δ
Net sales	280,653	276,287	2%
Cost of sales	(258,588)	(255,263)	1%
Gross profit / (loss)	22,065	21,024	5%
Total other income	229	186	23%
Overheads			
Administrative exp	(3,260)	(3,142)	4%
Distribution cost	(10,462)	(8,723)	20%
EBIT	8,572	9,345	(8%)
Depreciation/ Amortisation	684	609	12%
EBITDA	**9,256**	**9,954**	**(7%)**

Working Capital



Lanka IOC PLC recorded an EBITDA of Rs. 9.26 billion for FY 2025-26, compared to Rs. 9.95 billion in the previous financial year. While earnings moderated year-on-year, the Company continued to demonstrate resilience amid a challenging operating environment characterised by margin compression in the regulated Auto Fuel segment and evolving market dynamics.

The decline in EBITDA was primarily driven by reduced margins in the retail fuel business, where pricing adjustments and increased competition exerted pressure on profitability despite healthy sales volumes and continued operational efficiencies. Regulatory-driven changes to fuel pricing mechanisms further constrained margin expansion, underscoring the challenges associated with operating in a tightly regulated market.

Notwithstanding these pressures, Lanka IOC's diversified business portfolio continued to provide a degree of earnings stability. The lubricants, bitumen, bunkering, petrochemical and grease businesses delivered positive contributions during the year, reinforcing the strategic importance of these segments in broadening revenue streams and reducing dependence on the retail fuel business. Their performance reflects the Company's long-standing strategy of evolving from a conventional fuel retailer into an integrated energy solutions provider serving multiple sectors of the Sri Lankan economy.

FINANCIAL CAPITAL

Operating expenses increased by 4% during the year, while distribution costs rose by 20%, largely attributable to the expansion of the retail network and investments made to strengthen market accessibility, customer convenience and nationwide reach. These expenditures support the Company's long-term growth agenda and position it to capture future opportunities arising from increased economic activity and energy demand.

Despite a more challenging margin environment, Lanka IOC remained focused on enhancing operational agility, strengthening cost discipline and driving efficiency improvements across its value chain. Ongoing process optimisation initiatives, resource rationalisation measures and disciplined capital allocation supported the Company's ability to sustain profitability while continuing to invest for growth.

The year reaffirmed the strength of Lanka IOC's business model, which is anchored on three key pillars:

- **Operational Excellence** through prudent cost management and process efficiency.
- **Market Expansion** through continued investment in retail infrastructure and customer accessibility.
- **Portfolio Diversification** through the growth of higher-value and non-retail energy segments.

As Lanka IOC continues to navigate an evolving energy landscape, its diversified operating platform, disciplined execution and strategic investments provide a strong foundation for sustainable value creation and long-term earnings resilience. The Company's focus remains on balancing growth, efficiency and profitability while strengthening its role as a trusted and integrated energy partner supporting Sri Lanka's economic progress.

Finance Income & Expenses

(Rs.Mn)	2025-26	2024-25	% Δ
Finance Income			
Income from Investments	5,185	4,761	8.90%
Interest on others	133	194	(31.49%)
Total income	**5,318**	**4,955**	**7.32%**
Finance Expenses			
Interest expense	(340)	(506)	(32.8%)
Exchange Gain/ (loss)	11	70	(84.29%)
Total expense	**(351)**	**(436)**	(19.44%)
Net finance income/(Loss)	**4,988**	**4,519**	**10.38%**

Lanka IOC PLC reported a net finance income of Rs. 4.99 billion in 2025-26, representing a 10.38% increase compared to Rs. 4.52 billion in the previous financial year. This improvement was primarily driven by effective liquidity management, optimized cash balances, and prudent investment decisions.

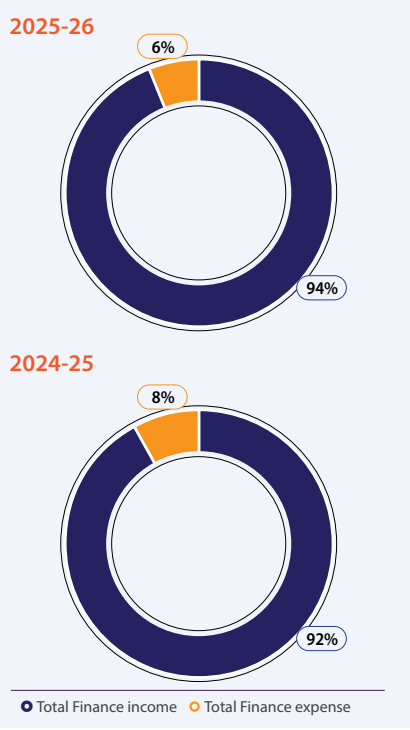
The Company benefited from efficient treasury operations, including the strategic deployment of surplus funds and disciplined management of interest-bearing assets and liabilities. This contributed positively to overall profitability and supported earnings stability during a period of margin pressure in core operations.

Finance Income

Total finance income for the year amounted to Rs. 5.32 billion, reflecting a 7.3% increase compared to the previous financial year. The majority of this income was generated from investments in fixed deposits and portfolio management services, contributing Rs. 5.19 billion, supported by strong liquidity levels and effective treasury management.

Other interest income declined by 31.4% to Rs. 133 million, primarily due to a lower yield environment and a more conservative investment strategy adopted during the year.

Overall, enhanced treasury management practices, coupled with disciplined liquidity management, enabled the Company to sustain a strong and stable finance income base, contributing positively to overall profitability.



Finance Expenses

Interest expenses for the year totalled Rs. 340 million, representing a significant decline of 32.8% compared to FY 2024-25. This reduction was primarily supported by a relatively low interest rate environment, which reduced borrowing costs and improved overall financing efficiency.

In addition, the Company recorded a foreign exchange gain of Rs. 11 million, compared to Rs. 70 million in the previous year, reflecting movements in exchange rates and effective currency management.

As a result of lower finance costs and stable finance income, the Company reported an improvement in net finance income, further strengthening LIOC's financial resilience and supporting overall profitability during the year.

Income Tax Expense

LIOC recorded an income tax expense of Rs. 2.99 billion in 2025-26, reflecting an increase of Rs. 0.28 billion compared to Rs. 2.72 billion in the previous year. The increase in tax expense was mainly driven by the increase of finance income which is tax at higher rates of 30% and increase in deductible expenses. However, the Company's business profits are taxed at a standard corporate income tax rate of 15%.

DEMONSTRATING RESILIENCE AMID MARGIN PRESSURES

Lanka IOC PLC recorded a **net profit of Rs. 10.56 billion** for FY 2025-26, compared to **Rs. 11.15 billio**n in the previous year. While profitability moderated by 5% year-on-year, the Company continued to deliver a strong financial performance, reflecting the resilience of its diversified business model and disciplined operational execution in a challenging market environment.

The decline in net profit was primarily attributable to reduced profit margins within the regulated Auto Fuel segment, which remains the Company's largest earnings contributor. Regulatory pricing mechanisms, coupled with increased market competition and evolving consumer demand patterns, constrained the Company's ability to fully translate cost movements into retail pricing, placing pressure on profitability.

Despite these headwinds, Lanka IOC maintained healthy earnings through a combination of strong sales volumes, enhanced operational efficiencies and prudent cost management. The retail fuel business continued to generate substantial value, supported by the Company's extensive nationwide distribution network, strong brand equity and customer accessibility initiatives.

Importantly, Lanka IOC's diversified portfolio of businesses - including lubricants, bitumen, bunkering, Petrochemical and grease - provided meaningful support to overall profitability. These segments benefited from targeted pricing strategies, procurement efficiencies and disciplined cost optimisation measures, helping to offset margin pressures experienced within the core fuel retail business.

The Company's ability to sustain robust profitability amidst a dynamic operating landscape underscores the effectiveness of its strategic focus on operational excellence, portfolio diversification and value-chain optimisation. Continuous improvements in supply chain management, inventory planning, procurement efficiencies and network productivity contributed positively to earnings performance during the year.

While profitability was impacted by industry-specific challenges, the Company successfully preserved its financial strength and earnings stability, demonstrating its capacity to adapt to changing market conditions while continuing to create value for shareholders. Looking ahead, Lanka IOC remains focused on strengthening higher-margin business segments, enhancing operational agility and pursuing sustainable growth opportunities that will support long-term profitability and resilience across economic cycles.

A BALANCE SHEET BUILT FOR OPPORTUNITY

Lanka IOC further strengthened its financial position during FY 2025-26, with total assets increasing to Rs. 127.9 billion.

The balance sheet reflects a deliberate strategy of preserving financial flexibility whilst creating capacity for future growth. During the year, the Company continued to invest in strategic infrastructure, retail network enhancements, and customer-facing assets that support long-term value creation.

At the same time, inventory management remained a key area of focus. Inventory levels were optimised in response to global price volatility, enabling the Company to release working capital whilst maintaining uninterrupted product availability across its nationwide distribution network.

FINANCIAL CAPITAL

Non-Current Assets as at 31st March	2026 Rs. Mn	2025 Rs. Mn
Property, Plant and Equipment	**5,307**	5,163
Financial Assets at FVTOCI	**7,620**	6,180
Intangible Assets	**674**	674
Right -of-use Assets	**541**	580
Financial Assets at Amortised Cost	**193**	165
Long Term Investments	**31,879**	15,403
Total Non-Current Assets	**46,214**	28,165
Current Assets as at 31st March		
Inventories	**37,621**	43,737
Trade Receivables	**6,589**	6,915
Financial Assets at Amortised Cost	**7,227**	7,848
Other Current Assets	**1,231**	670
Short Term Investments	**27,277**	29,520
Cash and Bank Balances	**1,746**	1,924
Total Current Assets	**81,691**	90,614
Total Assets	**127,906**	118,779

Inventory

Inventory levels declined significantly to Rs. 37.62 billion, compared to Rs. 43.74 billion in the prior year. This reduction reflects the Company's strategic approach to maintaining optimal stock levels amid heightened volatility in global oil prices driven by geopolitical developments.

Despite the reduction in inventory value, the Company ensured adequate stock availability to support uninterrupted island-wide distribution, in line with its expanding market share and operational requirements.

Bank Deposits and Investments

The Company allocated a portion of its surplus liquidity toward longer-term investments, transitioning from short-term placements. This strategy reflects a proactive treasury management approach, enabling the Company to enhance returns by capitalising on relatively higher yields from long-term instruments, while maintaining liquidity discipline.

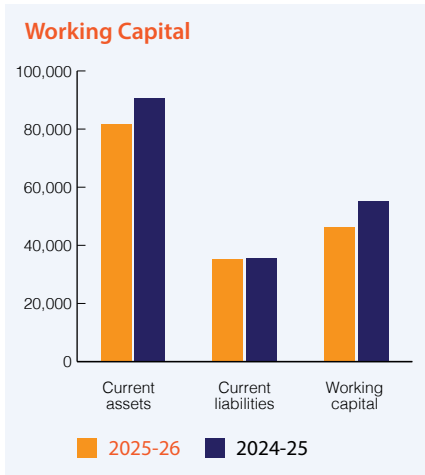
Capital Expenditure

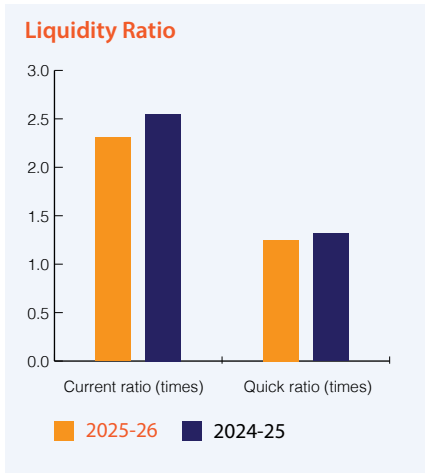
During the year, the Company invested approximately Rs. 0.77 billion in capital expenditure, primarily focused on revenue-generating assets. These investments were directed toward expansion and upgrading of the retail network, infrastructure enhancements to support operational scalability and improvements in service delivery and customer experience.

With a continued focus on brand strengthening and customer-centric growth, the Company plans to sustain investments in capacity expansion and infrastructure development. This approach ensures that asset growth remains aligned with long-term strategic objectives and market positioning.

WORKING CAPITAL & LIQUIDITY

Liquidity and Working Capital Management



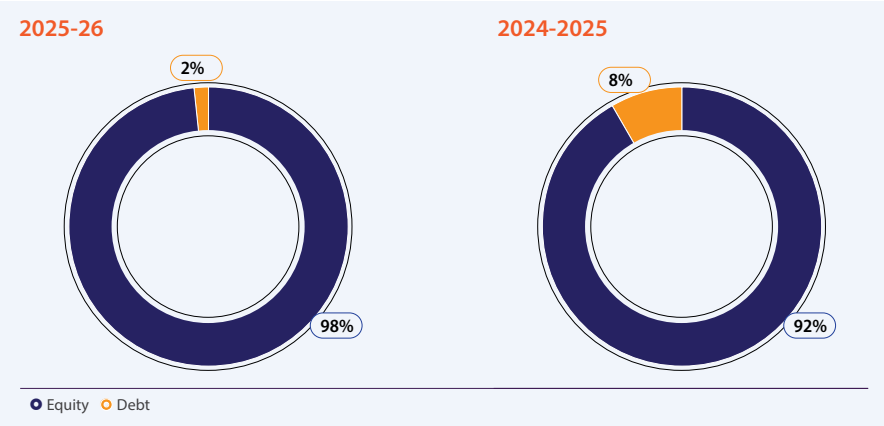


As at 31 March 2026, Lanka IOC PLC maintained a resilient liquidity position, underpinned by disciplined working capital management and prudent capital allocation strategies. While working capital moderated to Rs. 46.35 billion from Rs. 55.07 billion in the previous year, the movement primarily reflected a strategic optimisation of inventory levels rather than any deterioration in operational strength. Inventory balances reduced to Rs. 37.62 billion from Rs. 43.74 billion, demonstrating the Company's continued focus on enhancing supply chain efficiency, improving inventory turnover, and strengthening capital productivity.

(Rs. Mn)	2025-26	2024-25	% Δ
Current assets	**81,691**	90,614	(10%)
Current liabilities	**35,339**	35,549	(1%)
Working capital	**46,352**	55,065	(16%)
Current ratio (times)	**2.31**	2.55	(9%)
Quick ratio (times)	**1.25**	1.32	(6%)

Current liabilities remained broadly stable at Rs. 35.34 billion (2024-25: Rs. 35.55 billion), reflecting effective procurement planning and disciplined management of operational commitments. This balance between working capital efficiency and business continuity enabled the Company to sustain uninterrupted product availability across its nationwide network while supporting growth across its diversified energy portfolio.

Liquidity Strength



Although liquidity ratios recorded a marginal decline during the year, they remained well above prudent thresholds, highlighting the Company's strong capacity to meet short-term obligations and maintain financial flexibility. The ratios reflect a deliberate shift towards optimising balance sheet efficiency while preserving adequate liquidity buffers to support future growth initiatives.

The year's performance underscores Lanka IOC's proactive treasury and working capital strategy, which focused on unlocking value from surplus capital, enhancing inventory efficiency, and strategically reallocating funds towards higher-yielding investment opportunities. This disciplined approach not only strengthened returns in a moderating interest rate environment but also reinforced the Company's ability to support market expansion, safeguard supply reliability, and create sustainable long-term value for stakeholders.

Strategic Insight:

Lanka IOC's liquidity management philosophy extends beyond maintaining adequate cash resources; it is centred on maximising capital efficiency, enhancing operational agility, and ensuring the financial resilience required to support Sri Lanka's evolving energy needs while pursuing long-term growth opportunities.

DEBT AND CAPITAL STRUCTURE

(Rs. Mn)	2025-26		2024-25	
Capital Structure				
Equity	**92,041**	**98%**	82,692	**92%**
Debt	**1,518**	**2%**	7,445	**8%**
Total	**93,559**		**90,137**	
Short Term Solvency				
Cash and cash equivalents	**1,746**		1,924	
Borrowings	**(1,518)**		(7,445)	
Net debt	**228**		**(5,521)**	

Capital Structure

As at 31 March 2026, Lanka IOC PLC maintained a robust and predominantly equity-funded capital structure, with approximately 98% of total capital financed through shareholder equity and only 2% through short-term borrowings. This reflects the Company's prudent financial strategy and minimal reliance on external debt.

Debt and Cash Position

Net debt stood at approximately Rs. 0.23 billion, indicating that the Company continues to operate in a near net cash position, supported by strong internal cash generation and disciplined financing practices.

Total borrowings declined marginally to Rs. 1.52 billion, compared to Rs. 7.44 billion in FY 2024-25, reflecting reduced dependence on short-term financing.

Cash and cash equivalents decreased from Rs. 1.92 billion to Rs. 1.75 billion, primarily due to the reallocation of funds toward investment build-up and network expansion initiatives, in line with the Company's growth strategy.

Lanka IOC PLC's capital structure reflects a conservative and resilient financial approach, balancing strong equity backing, controlled borrowing levels and Strategic deployment of cash.

FINANCIAL CAPITAL

This provides the Company with significant financial flexibility to pursue sustainable growth while maintaining a stable risk profile.

SHAREHOLDER RETURNS AND MARKET PERFORMANCE

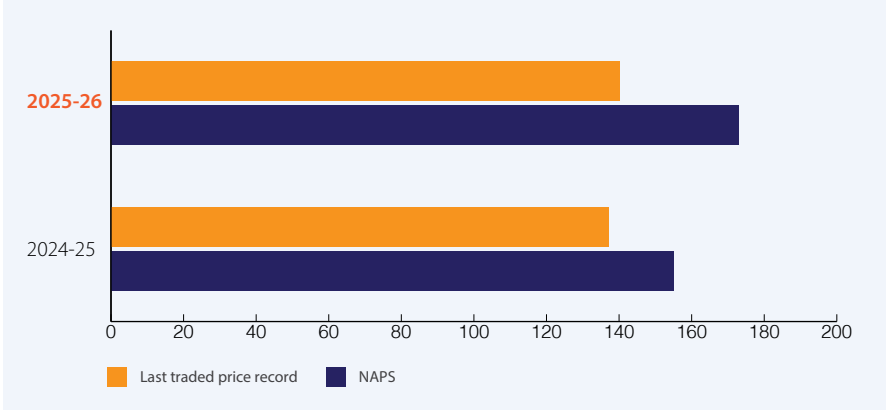
	2025-26	2024-25
Earnings per share (Rs)	**19.84**	20.94
Net asset value per share (Rs)	**172.9**	155.3
Market price per share	**140**	127
P/E ratio (times)	**7.06**	6.06
Price to book value (times)	**0.81**	0.82
Dividend per share paid	**5**	5
Price movement (Rs.)	**2025-26**	2024-25
Market value per share (highest	**158**	147
Market value per share (lowest)	**128**	121
Last traded price record	**140**	137

Cash and liquidity (Rs.Mn)	**2025-26**	2024-25	Δ
Net Cash flows from operations	**18,111**	(2,920)	21,031
Net Cash flow from investment	**(9,621)**	(1,839)	(7,782)
Net Cash flow from financing	**(8,667)**	405	(9,072)

In 2025-26, Lanka IOC PLC reinforced its commitment to shareholder returns, despite operating in a margin-constrained environment and reporting a decline in earnings. The Company declared a dividend of Rs. 5.00 per share, maintaining one of the highest payout levels in its history, reflecting strong cash flow generation and sustained investor confidence.

The Company's stock demonstrated resilience throughout the year. The share price closed at Rs. 140, indicating relative stability and consistent investor interest despite market challenges while the price-to-earnings (P/E) ratio increased from 6.06 to 7.06 times, primarily due to reduced earnings, while market sentiment remained stable and the price-to-book (P/B) ratio declined slightly to 0.81 times, suggesting the stock may be undervalued relative to its underlying net asset base, with potential upside as performance improves. Earnings per share (EPS) declined to Rs. 19.84, reflecting the impact of margin pressures on profitability. Net asset value (NAV) per share increased to Rs. 172.9, highlighting strong internal capital growth and prudent reinvestment of earnings. Looking ahead, the Company intends to reinvest retained earnings into high-return projects and strategic expansion initiatives, aimed at enhancing future profitability and sustaining long-term growth.

NAPS VS MPS



The combination of consistent dividend payouts and increasing book value underscores Lanka IOC PLC's commitment to long-term shareholder value creation, balancing immediate returns with future growth potential.

CASH FLOW GENERATION

During the year under review, Lanka IOC PLC experienced a significant improvement in cash flow dynamics, transitioning to strong operating cash inflows compared to a net outflow in 2024-25. This reflects the Company's enhanced working capital management and strategic financial discipline, alongside continued investment to support operational expansion.

Supporting National Energy Security

The Company's strong liquidity position also reinforces its broader role in safeguarding Sri Lanka's energy security. By maintaining adequate financial capacity to manage inventory procurement, global supply chain disruptions, and fluctuations in commodity markets, Lanka IOC remains well positioned to ensure reliable access to energy products for consumers, industries, transportation networks, and maritime operations.

Lanka IOC's approach to liquidity management extends beyond maintaining financial stability. It is focused on creating a highly agile and capital-efficient enterprise capable of funding growth, enhancing operational resilience, supporting energy transition initiatives, and sustaining its contribution to national economic progress. By continuously optimising the deployment of capital, the Company strengthens its ability to generate long-term value while remaining responsive to the evolving needs of Sri Lanka's energy ecosystem.

VALUE GENERATED AND DISTRIBUTED IN 2025-26

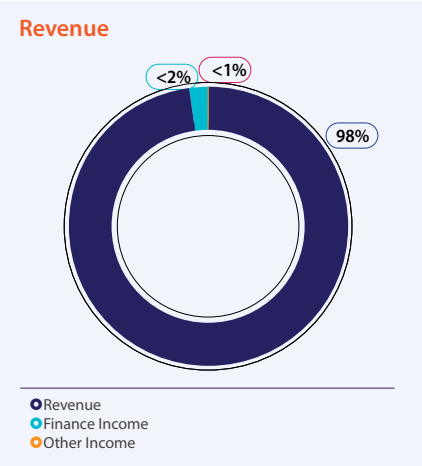
The following table outlines the value delivered by the Company in the fiscal years 2025-26 and 2024-25, highlighting key financial performance metrics and the corresponding changes.

Value added statements

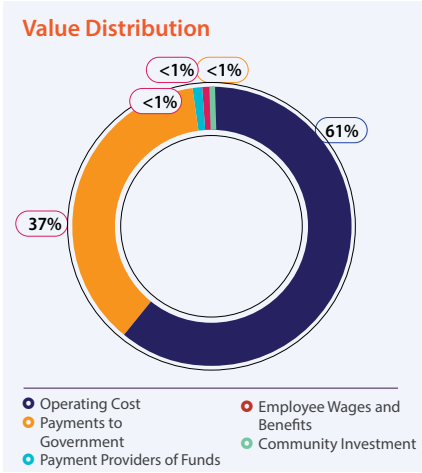
Rs. Mn	2025-26	2024-25	% change
Revenue	280,653	276,287	**2%**
Finance Income	5,328	5,025	**6%**
Other Income	229	186	**23%**
	286,210	**281,498**	**2%**
Operating Costs	170,315	162,241	**5%**
Employee Wages and Benefits	1,290	1,287	**0%**
Payments to providers of funds	3,003	3,168	**-5%**
Payments to Government	102,224	105,638	**-3%**
Community Investments	221	109	**103%**
	277,053	**272,443**	**2%**
Depreciation and Amortisation	**624**	**568**	**10%**
Profit after dividend	**8,533**	**8,486**	**1%**

Lanka IOC's financial outcomes for the year reflect disciplined cost management, sustained revenue growth, and a strong contribution to national development. The following breakdown illustrates how value was generated and distributed across key stakeholder groups.

VALUE ADDITION:



VALUE DISTRIBUTION:



WAY FORWARD

Strategic Financial Priorities

Capital Optimisation

Maximise returns through disciplined capital allocation, portfolio optimisation, and enhanced capital productivity.

Infrastructure-Led Growth

Invest in strategic energy infrastructure, storage capacity, retail network enhancement, and supply chain capabilities to support long-term expansion.

Financial Resilience

Maintain a strong liquidity position, prudent leverage profile, and robust balance sheet capable of withstanding market and commodity price volatility.

Future Energy Investments

Allocate capital towards emerging energy opportunities, technology-driven solutions, and initiatives that support the evolving energy ecosystem.

Operational Excellence

Drive efficiency through digitalisation, automation, data-driven decision-making, and continuous optimisation of working capital and cash flows.

Sustainable Value Creation

Balance growth ambitions with financial discipline, ensuring that investments generate sustainable returns while contributing to national progress and energy security.



MANUFACTURED CAPITAL

At Lanka IOC, we view Manufactured Capital not merely as a collection of physical assets, but as a dynamic platform that enables growth, innovation, operational excellence, and customer value creation. Through continuous investment in modern infrastructure, digital technologies, resilient supply chains, and sustainable operating solutions, we are transforming our asset base to meet the evolving needs of customers, industries, and the nation. This transformation strengthens our ability to deliver energy reliably. By creating smarter, safer, more efficient, and future-ready infrastructure, we continue to build a resilient foundation for sustainable growth and long-term value creation.

16
Storage Tanks

273
Retail Outlets

Rs. 767 Mn
For Revenue Generating Assets

Installed **60** new digital air gauges at retail outlets

01
Trinco Terminal

01
Lubricant Plant

01
Grease Plant

Installed **108** new customer-friendly next generation fuel dispensing units

Linkage to SDGs

Transforming Manufactured Capital

For Lanka IOC, Manufactured Capital represents the extensive portfolio of physical infrastructure, operational assets, distribution networks, storage facilities, technology-enabled systems, and engineering capabilities that enable the Company to import, store, transport, distribute, and deliver energy products safely, efficiently, and reliably across Sri Lanka.

As a leading downstream energy provider, Lanka IOC's manufactured capital extends beyond conventional fuel infrastructure to encompass an integrated energy ecosystem that supports retail fuel distribution, industrial energy solutions, lubricants, bunkering, bitumen, petrochemical, and emerging energy offerings. These assets form the backbone of the Company's ability to ensure uninterrupted energy availability, maintain supply chain resilience, enhance customer convenience, and create long-term value for stakeholders.

WHAT MANUFACTURED CAPITAL MEANS TO LANKA IOC

- Strategic energy infrastructure that enables the importation, storage, distribution, and delivery of petroleum products across Sri Lanka
- Islandwide retail fuel station network that ensures accessibility and convenience for customers
- Fuel storage terminals, tank farms, and handling facilities that support energy security and supply continuity
- Marine bunkering infrastructure supporting the shipping and maritime sectors
- Bitumen storage and distribution facilities serving the construction and infrastructure sectors
- Lubricant blending, storage, and distribution facilities supporting industrial and automotive customers
- Digital operational infrastructure that enhance asset performance, monitoring, and decision-making
- Modern forecourt infrastructure designed to improve customer experience and service quality
- Safety, asset integrity, and emergency response infrastructure that safeguard people, assets, and operations

At Lanka IOC, transforming Manufactured Capital is about continuously evolving our physical infrastructure, operational assets, and technology platforms to meet the changing demands of the energy sector while enhancing efficiency, resilience, safety, sustainability, and customer experience. As the energy landscape undergoes rapid transformation driven by digitalisation, evolving customer expectations, environmental considerations, and emerging energy solutions, Lanka IOC remains committed to modernising its asset base and future-proofing its infrastructure to create long-term value.

Through strategic investments in storage capacity, distribution networks, retail infrastructure, operational technologies, and sustainability-focused enhancements, we are transforming our asset portfolio from a traditional fuel distribution network into an integrated, customer-centric energy ecosystem.

KEY AREAS OF TRANSFORMATION

Modernising Energy Infrastructure

Enhancing storage, handling, and distribution facilities to improve operational reliability, strengthen supply security, and support growing energy demand across the country.

Reimagining Retail Fuel Stations

Transforming fuel stations into modern service destinations that offer convenience, accessibility, and an enhanced customer experience through improved forecourt design, digital solutions, and value-added services.

Driving Digital Operations

Integrating automation, digital monitoring systems, data analytics, and real-time operational controls to improve asset utilization, optimize logistics, strengthen safety management, and enhance decision-making.

Strengthening Supply Chain Resilience

Investing in logistics capabilities, distribution efficiency, inventory management systems, and infrastructure redundancy to ensure uninterrupted operations and reliable product availability.

Embedding Sustainability into Infrastructure

Incorporating energy-efficient technologies, renewable energy solutions, environmental protection measures, and resource optimization initiatives across operational facilities to reduce environmental impact and improve long-term operational sustainability.

Enhancing Safety and Operational Integrity

Upgrading infrastructure, systems, and processes to maintain the highest standards of safety, risk management, asset integrity, and emergency preparedness across the value chain.



Enhancing Convenience Through Automation and Digitalisation

During the year, we continued to advance the automation of our retail network, strengthening operational efficiency, transaction accuracy, inventory management, and service delivery across fuel stations.

We have also partnered with leading retail and food service brands to introduce convenience offerings at selected outlets, transforming our forecourts into integrated service destinations that provide greater value to customers beyond fuel.

Upon completion of the automation programme, we plan to launch a customer loyalty programme aimed at enhancing engagement, rewarding loyalty, and delivering a more personalised customer experience.

Alongside these initiatives, we continue to strengthen our digital footprint by expanding digital payment options and technology-enabled customer interactions. With Touch Card, credit card, and debit card facilities already available across the network, our focus remains on creating a faster, more seamless, and digitally connected customer experience.

These initiatives reinforce Lanka IOC's commitment to delivering a modern, convenient, and customer-centric retail experience.

Expanded and modernised auto fuel network and facilities

- Installed 108 new, automated, customer-friendly fuel dispensing units to improve fuelling accuracy and transparency.
- Branded and refurbished a further 354 dispensing units.
- Installed 60 new digital air gauges at retail outlets for free use.
- Upgraded sanitary facilities at 25 outlets under the Clean Sri Lanka initiative to meet international standards and improve accessibility for the differently abled. Another planned 11 facilities were pending municipal approvals.
- Enhanced brand presence at three outlets to align with Retail Visual Identity (RVI) branding.
- Installed energy efficient LED light fixtures at more than 100 outlets.

MANUFACTURED CAPITAL

TERMINAL INFRASTRUCTURE & FACILITIES

LIOC's core right-of-use asset is 14 oil tanks in the Trincomalee Oil Tank Farm (Lower Tank Farm) taken on a strategic long term lease from the Government of Sri Lanka. The oil tanks, together with the Trincomalee terminal infrastructure is central to LIOC's auto fuel and marine fuel (bunkering) operations.

A strategic joint venture - Trinco Petroleum Terminal Pvt Ltd (TPTPL) - formed with the state owned Ceylon Petroleum Corporation (LIOC 49%; CPC 51%), is tasked with developing 61 tanks in the Upper Tank Farm (UTF).

Performance Highlights - Trincomalee Terminal

LIOC terminals at Trincomalee and Colombo are continually upgraded to comply with strict safety, quality and operational standards for reliable fuel storage and distribution.

- Added a High Sulphur Furnace Oil (HSFO) facility, including pumps and pipelines.
- Upgraded firefighting systems, equipping World War II-era tanks with modern systems, including sprinkler and foam pourer.
- Replaced old jetty pipelines, enhancing safety and operational reliability.
- Base Oil Tank Maintenance: All base oil tanks were repainted for the first time since construction, extending their lifespan by over seven years.
- Improved Driver & Visitor Facilities: Built a new restroom with entertainment and sanitary facilities for oil browser drivers and visitor washroom for ladies, gents, and differently abled users.









SUSTAINABILITY INITIATIVES

Performance Highlights

Solarization of Retail Outlets

- Generated solar revenue from net metering revenues by March 2026 while helping reduce the carbon footprint of LIOC retail network.
- A total of 85 LIOC owned retail fuel outlets have been solarized.
- The Company continues to encourage franchisees to solarize retail outlets to minimize their operational costs.
- Regulatory constraints, including space limitations and approvals for net metering from the Ceylon Electricity Board, has limited further expansion at company-outlets during the year. Progress on this front depends on future changes to regulations.

EV CHARGING FACILITIES

05 EV charging station are operating right now and an agreement with LOLC, as a strategic partner, to finance the expansion of the EV charging network was finalised in April 2026. LIOC aims to cover 60 – 65 percent of the retail network in the next financial year.



AUTOMATION & DIGITALIZATION

Performance Highlights

Fully automated retail outlets are being implemented, as part of the drive to digitalization all retail outlets across the retail network.



MANUFACTURED CAPITAL

ENHANCING PHYSICAL INFRASTRUCTURE

Future Plans		Contribution to Manufactured Capital
Retail Network Expansion	New retail outlets will be commissioned during the financial year 2026-27	• Direct driver of revenue growth. • Better geographic coverage to capture new demand pockets. • Strengthens market presence vis-a-vis competitors. • Improves customer service accessibility & convenience • Drives customer loyalty and repeat usage • Supports growth in non-fuel revenue - Lubricants & value-added services • Diversifies the revenue base beyond fuel margins • Strategic positioning for future demand • Future-ready sites for EV/hybrid transition
Retail Network Modernization - Enhancing Customer Experience	Sanitary facility to be upgraded at 50 outlets Improvement of driveways Raised and rebuild existing ROs	• Provides a better customer experience that drives loyalty, safety, and brand value to drive retail revenues. • Cleaner, safer, well-lit stations • Consistent experience across locations strengthens brand reliability • Better forecourt layout & flow • Access to convenience retail & add-on services • Higher customer satisfaction and brand loyalty
Enhancing Revenue & Customer Experience	Strategic alliances with leading food chains to put up there sales point at Retail Outlets	• Improves overall customer convenience • Increasing dwell time and spend per visit • Enhances outlet attractiveness, supporting higher footfall and repeat visits
Retail Network Automation	Further automate the retail outlets	• Faster service & reduced waiting times • Seamless payments (QR, card, contact-less) • Accurate, transparent fueling • Digital receipts & transaction records enhance transparency and professionalism • Efficient, customer-friendly service • Higher customer satisfaction and brand loyalty
Strengthening Customer Engagement & Retention	Roll out a loyalty programme once retail network automation is complete	• Loyalty programme enables targeted promotions, rewards, and personalised offers • Builds long-term customer relationships and improves brand loyalty • Enhances brand value by increasing the digital footprint beyond touch card, debit and credit cards.
Solarization of Retail Network	Plans are underway to solarise franchises owned retail outlets	• Reduces operational costs by minimizing electricity bills • Reduces the carbon footprint of the Company and entire retail network
Expand the EV charging stations to more retail outlets	Agreement with LOLC to be finalized in April 2026 to install EV chargers	• Covers 60 – 65% of the retail network in the next financial year. • Builds long-term customer relationships and improves brand loyalty • Extends product/service portfolio to serve an expanding niche of eco-friendly customers. • Makes the retail network future-proof for the energy transition to EVs.

Future Plans		Contribution to Manufactured Capital
Terminal pipeline replacement	The next phase of pipeline replacement from jetty to tank farm is ready to commence	• Improves safety, operational reliability, efficiency and compliance while reducing maintenance costs. • Potential to handle higher volumes and larger vessels. • Reduces spillage and contamination risk during transfer • Enhances sustainability and future-proofs facilities for scaling up volumes.
Enhancing Oil Spill Response	Equipment has been procured	• Safeguards the environment and improves compliance readiness. • Reduces financial and reputational risk • Ensures quicker recovery from spill incidents
Firefighting System Enhancement at Terminals	Upgrading the firefighting systems and capacity at terminals including addition of fire engines	• Strengthens emergency preparedness • Protects high-value assets • Ensures safer, uninterrupted terminal operations.
Measures to deal with flood threats at Trinco Terminal	Provisions to continue operations under adverse conditions with enhanced infrastructure facilities	• Strengthening infrastructure for potential disruptions • Planning for disruptions to continue operations under extreme weather conditions • Protect revenue and reputation
Trinco Petroleum Terminal Pvt Ltd - A joint venture with CPC for Upper Tank Farm (UTF) development (owned 51% CPC and 49% LIOC)	LIOC, with CPC and government authorities, is preparing the Request for Proposal (RFP) pending EUI approval.	**Overall Benefits - Country** • Strategic, long-term project turning Trincomalee into a regional energy hub • Linked to Indo–Sri Lanka agreements and energy security strategy **Benefits to LIOC** • Access to strategic storage capacity without full capital investment • New revenue streams (tank leasing, throughput, bunkering, exports) • Shared risk with CPC (financial, operational, regulatory) • Stronger strategic positioning in Sri Lanka's and regional energy market

WAY FORWARD

Looking ahead, LIOC will continue to strengthen its Manufactured Capital by investing in infrastructure, technology, and sustainable energy solutions that enhance operational resilience and support future growth. The Company remains focused on expanding and modernising its retail network, optimising terminal and storage infrastructure, and accelerating digitalisation across the value chain to improve efficiency, customer experience, and operational agility.

Strategic investments in the Trincomalee Terminal, renewable energy integration, solarisation initiatives, EV charging infrastructure, and automation will further position LIOC to capitalise on emerging opportunities within Sri Lanka's evolving energy landscape. At the same time, the Company will continue to prioritise safety, reliability, environmental stewardship, and asset integrity to ensure its infrastructure remains fit for purpose in a rapidly changing operating environment.

By leveraging its strong asset base and disciplined capital investment approach, LIOC is well positioned to support Sri Lanka's energy security, meet the evolving needs of customers and industries, and create sustainable long-term value for all stakeholders.



INTELLECTUAL CAPITAL

Lanka IOC's intellectual capital underpins our ability to operate efficiently, compete effectively, and grow sustainably in the dynamic energy landscape of Sri Lanka.

It reflects the combined strength of our Company's expertise, systems, partnerships, and brand, enabling LIOC to continue delivering value beyond our physical assets.

Through continuous investment in innovation, technology, green energy initiatives and strategic collaborations, we are leveraging our intellectual capital to enhance service delivery, optimise operations, and support long-term growth.

Linkage to SDGs

WHAT INTELLECTUAL CAPITAL MEANS TO LIOC

Human strengths
A skilled workforce, technical expertise, and operational know-how across fuel, lubricants, and energy infrastructure

Organisational strengths
Robust processes, systems, and governance frameworks that ensure efficiency, compliance, and consistency

Technological capabilities
Ongoing investment in digital systems, automation, and data-driven decision-making

Brand strength
Trust and credibility derived from the Indian Oil brand and LIOC's long market presence in Sri Lanka

Innovation capability
Ability to adapt, improve processes, and develop new solutions in response to market and regulatory changes

Strategic positioning
Long-term initiatives and collaborations that strengthen LIOC's role in the national and regional energy ecosystem

BUILDING ON AND TRANSFORMING OUR INTELLECTUAL CAPITAL

Strategic brand interventions

Ongoing investment in digital transformation & innovation

Nurturing a learning culture to leverage organisational capital

Structured and consistently applied standards and systems

Recipient of multiple awards and accolades

LIOC Ranked 6th in LMD TOP 100

Included in Most Awarded Companies in Sri Lanka by LMD Ranking

06
Awards & accolades received

05
New products developed

15th place in Brand Diversity 2025 by Brand Finance and brand value of Rs. 10.46 Billion

1,809
Patent filed as of 31st March 2025 by IOC

SOCIAL MEDIA PRESENCE

71k | 2k | 9.6k

INTELLECTUAL CAPITAL AS A STRATEGIC DRIVER

WE ARE OPTIMISING OUR PORTFOLIO

We leverage expertise across fuels, lubricants, and our retail and bunkering operations infrastructure to expand into high-value opportunities and segments while maximising returns from existing strengths and assets.

WE ARE CUSTOMER CENTRIC

We deliver reliable fuel and lubricant solutions aligned with evolving customer needs, supported by modernised retail networks, improved service standards, and seamless digital payments.



WE NURTURE INSPIRED TEAMS

We strengthen technical capabilities, safety culture, and operational excellence through continuous learning, collaboration, knowledge sharing and investing in appropriate forward-looking technologies.

WE EMBRACE INCLUSIVE BUSINESS MODELS

We build strong partnerships with our dealers and distributors, strategic partners and other stakeholders to strengthen our strategic assets and to extend our market reach, all supported by efficient supply chains and technology-enabled operations.

WE INTEGRATE ESG INTO BUSINESS STRATEGY

We strive to embed sustainability into our operations through responsible energy practices, greener products, and initiatives aligned with national priorities and long-term energy security.

INTELLECTUAL CAPITAL



AUTO FUEL NETWORK - BRANDING

Our auto fuel branding is anchored in operational excellence and trust, focusing on:

Retail network modernisation

A focus on upgrading station infrastructure, layout, and facilities to improve efficiency, safety, and visual appeal, creating a more contemporary and consistent retail environment across the network.

Digital payment features

They enhance convenience through QR-based, card, and contactless options, enabling faster, seamless transactions while reinforcing a modern and customer-friendly brand experience. LIOC leverages trusted payment ecosystems to improve perceived reliability, transparency, and ease of doing business at LIOC outlets.

Dispensing accuracy with upgraded fuel pumps

Dispensing accuracy is strengthened by calibrated, digital fuel pumps that ensure precise measurement, operational reliability, and increased customer trust at every transaction.

Customer experience upgrades

Includes improved service standards, better-designed forecourts, and enhanced amenities that ensure a smoother, safer, and more comfortable experience for customers.

Brand consistency is delivered through a combination of visual uniformity, service standardisation, operational reliability, and facility upgrades to ensure a recognisable and dependable experience nationwide.

Continuing Branding Initiatives included:

- Co-branded payment visibility is achieved through integration of LANKAQR, card networks, and leading bank platforms at fuel stations to enable seamless digital transactions while reinforcing trust through association with recognised financial institutions.
- Point-of-sale branding includes display of accepted payment methods (QR, card, contactless) across pumps and counters to enhance convenience and signal a modern, customer-friendly retail environment.
- Digital payment enablement expands QR-based and cashless payment options that improve transaction speed, reduce cash handling, strengthening LIOC's positioning as a digitally enabled fuel retailer.
- Partner-led promotional support. The DFCC Bank - LIOC co-branded credit card launched in 2024 with 5% cashback on fuel and lubricants at LIOC stations continued into the financial year under review to drive customer adoption and increase transaction volumes.





DIGITAL PLATFORMS AND PROPRIETARY SYSTEMS

Lanka IOC's digital platforms and proprietary systems are integral to strengthening its intellectual capital by embedding operational knowledge, enhancing efficiency, and enabling data-driven decision-making across the organisation.

OPERATIONAL INTEGRATION

Digital systems support end-to-end operations, including fuel distribution, inventory management, retail transactions, and financial controls. This integration improves accuracy, streamlines workflows, and ensures consistency across the network.

DATA-DRIVEN DECISION MAKING

Real-time data capture and reporting enable timely insights into sales, inventory, and customer behaviour, supporting informed decision-making and improved responsiveness to market dynamics.

ENHANCED TRANSPARENCY AND CONTROL

Automated systems and digital payment platforms improve transaction visibility, reduce manual intervention, and strengthen governance, contributing to greater operational reliability and risk mitigation.

CUSTOMER EXPERIENCE ENABLEMENT

Integration of digital payment solutions and modern retail technologies enhances convenience, speeds up transactions, and supports a seamless customer experience across fuel stations.

KNOWLEDGE INSTITUTIONALISATION

Proprietary systems capture operational processes and best practices, embedding organisational knowledge into scalable platforms that support continuity, training, and long-term capability development.

VALUE CREATION

Together, these platforms strengthen LIOC's intellectual capital by enabling continuous improvement, operational resilience, and sustainable value creation.

INTELLECTUAL CAPITAL

AWARDS AND ACCOLADES

- Ranked 6th by Revenue, Ranked 17th by PAT - LMD Top 100 Financial Profile.
- Included in most awarded companies in Sri Lanka in LMD rankings.
- Received compliance recognitions from CA Sri Lanka for Financial Statements & Corporate Governance under Power & Energy companies.
- SERVO brand ranked as 5th in LMD as most loved brand under the category of Oil, lubricant & gas.
- Achieved 15th position as per Brand Finance, with Rs. 10.46 Bn Brand Value.
- Recognized as Supplier of the year 2025-26 by Plastics & Rubber Institute of Sri Lanka for the "Propel" Brand









Lubricant Branding



SERVO, the flagship lubricant brand of Lanka IOC PLC, continued to strengthen its market presence and brand visibility through a series of strategic marketing and stakeholder engagement initiatives during the 2025-26 financial year.

As the Main Sponsor of Colts Cricket Club, SERVO further reinforced its association with sports and youth development. A series of SERVO-branded television commercials featuring national-level players from Colts Cricket Club were successfully launched, significantly enhancing brand recognition and customer engagement.

To expand market reach and strengthen brand recall, SERVO advertisements were prominently displayed on LED screens at strategically selected high-traffic locations across Colombo. These campaigns ensured extensive visibility among daily commuters and urban consumers.

In collaboration with the Sri Lanka Police, Lanka IOC supplied and branded 90 police booths situated at key locations throughout Colombo, further elevating SERVO's visibility while supporting public infrastructure initiatives.

The Company also successfully hosted the SERVO Distributor Awards Ceremony 2024-25, recognizing and rewarding outstanding distributor performance, thereby strengthening channel partnerships and fostering long-term business growth.

Customer engagement remained a key focus area, highlighted by the successful implementation of the "Scratch & Win" promotional campaign for SERVO 4T Xtra. The campaign generated strong consumer participation and contributed positively to brand loyalty and product awareness.

In addition, SERVO continued to enhance its brand presence through a wide range of integrated marketing initiatives, including prominent roadside hoardings along major transportation corridors, vehicle branding programs, digital and social media campaigns, and sponsorship of key events. These efforts, combined with the strength of the Lanka IOC network, have further reinforced SERVO's position as a trusted and preferred lubricant brand in Sri Lanka.





INTELLECTUAL CAPITAL

WAY FORWARD

LIOC will continue to strengthen our intellectual capital through targeted investments in people, digital systems, and strategic partnerships.

Our key focus areas include enhancing technical capabilities, expanding data-driven decision-making, and standardising processes to improve efficiency and consistency.

Looking ahead, intellectual capital will support key growth initiatives such as infrastructure development, retail modernisation, and evolving energy solutions, enabling the Company to build resilience, strengthen its competitive position, and deliver sustainable value.















HUMAN CAPITAL

Lanka IOC recognizes that its employees are the most valuable asset. They are a key driver of our service excellence, operational reliability, and sustainable business success.

Lanka IOC's workforce spans retail operations, lubricant sales, terminal operations, logistics, and corporate functions, enabling the delivery of safe, efficient, and compliant energy solutions across Sri Lanka.

Our human capital strategy is built on a people-centric philosophy that prioritises performance, inclusivity, ethical conduct, and continuous development. Through strategic workforce planning and strong governance practices, we align employee goals with organizational objectives to deliver long-term value.

Rs. 1,883 Mn
Value addition per Employee

Rs. 1.22 Bn
Salaries and Wages

1,254
Training Hours

19
Promotions

Zero lost time accident during the year

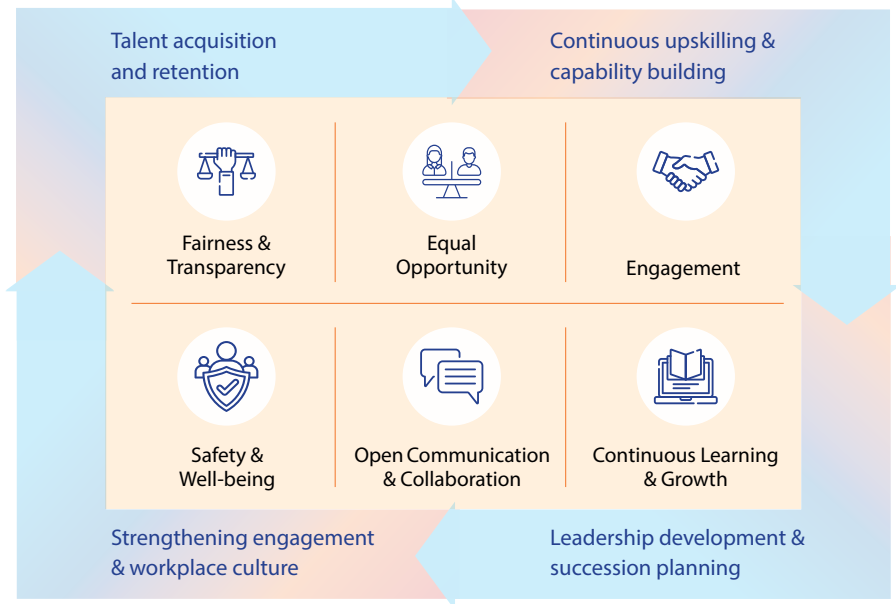
Maintained harmonised employee relations throughout the year with no industrial unrest

Linkage to SDGs

CULTURE & PHILOSOPHY

Our human capital management is guided by a comprehensive framework of HR policies and procedures aligned with industry best practices. These frameworks promote inclusive employment and foster a workplace culture built on safety, accountability, mutual respect, and employee well-being.

Through continuous development and a focus on operational discipline, Lanka IOC ensures its people are equipped to manage complex operations while supporting long-term value creation.



HUMAN CAPITAL

SDG ALIGNMENT

Lanka IOC's human capital supports global goals through safe workplaces, continuous learning, fair and ethical practices, and strong governance.

Ensuring a safe and healthy workplace	• A strong focus on health and safety across high-risk operations (fuel handling, terminal operations) • Regular safety training, drills, and emergency preparedness • Provision of safe working conditions and welfare facilities
Supporting continuous learning and skills development	• Ongoing training and up-skilling programmes • Development of technical, operational, and digital capabilities • Building workforce readiness for automation and energy transition
Promoting inclusive and equitable employment	• Commitment to inclusive employment practices • An equal opportunity workplace based on fairness and respect
Promoting productive employment and safe, fair workplaces	• Providing stable employment across operations • Ensuring fair labour practices and ethical conduct • Maintaining high standards of operational discipline and compliance
Upholding governance, ethics, and accountability	• Strong code of conduct and governance framework • Compliance with laws and regulations • Emphasis on transparency and accountability in operations

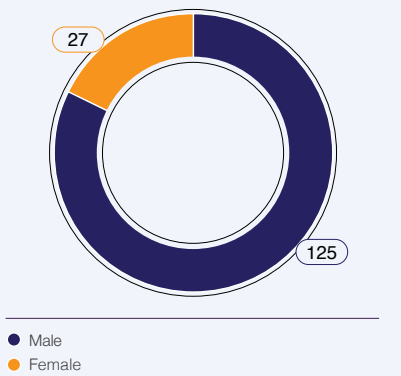
OUR PEOPLE

Lanka IOC maintains a balanced workforce comprising operational, technical, and administrative personnel. Employees are deployed across:

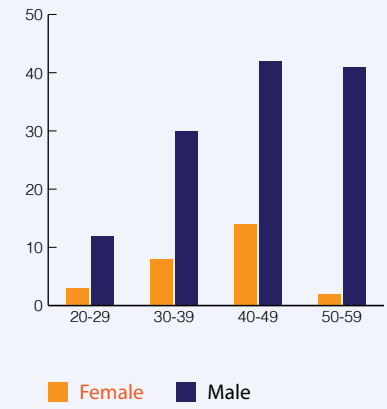
- Retail network operations
- Terminal and storage facilities
- Logistics and distribution
- Corporate and support functions
- Lubes, Bunker and Operations

This structure enables efficient execution of day-to-day operations while supporting strategic growth initiatives.

Total Employees (No.)

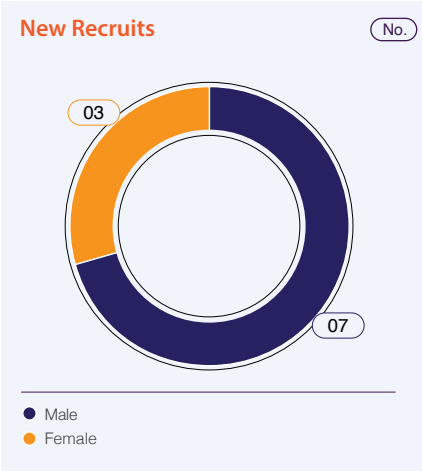


Gender Distribution by Age Group



Employment Type

All our employees work on a full-time basis.



New recruits by employment category

Executives: 01 | Staff: 09

EMPLOYEE TURNOVER

Turnover by employment category.

Executives: 05 Staff: 03

Employee turnover by age, gender, and region.

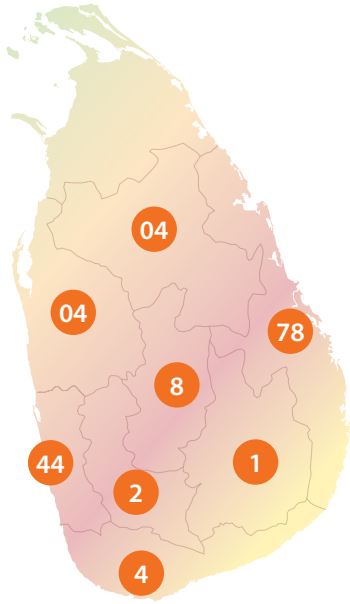
Age	Gender	Reason	Region
60	Male	Retirement	Trincomalee
60	Male	Retirement	Trincomalee
60	Male	Retirement	Trincomalee

International expertise and leadership

Our leadership team comprises 09 expatriates in senior management roles contributing valued international expertise and cross-border industry insights to the Company.

Where We Work

We actively support regional development and job creation with 66% of staff and senior management hailing from outside the Western Province.



Regions	
Western	44
Southern	4
North Western	4
Central	8
Sabaragamuwa	2
Northern	0
Eastern	78
North Central	04
Uva	01
Expats	07
Total Employees	**152**

REMUNERATION, RECOGNITION AND REWARDS

Lanka IOC has a competitive, fair, transparent, and performance-driven compensation structure comprising fixed and variable components, including salaries, allowances, and a range of generous employee benefits.

To remain competitive, remuneration is regularly benchmarked against industry standards and adjusted based on market data.

A structured grading system ensures pay equity by aligning compensation with roles, skills, and performance rather than gender. Equal opportunities in recruitment, development, and career progression, supported by performance-based rewards, reinforce a merit-based and inclusive approach.

Employee Benefits Programmes

Lanka IOC provides a comprehensive range of benefits designed to support financial security, wellbeing, and employee engagement.

Guaranteed Compensation

- Guaranteed salary and allowances
- Fuel allowance
- Payment for unutilised annual and medical leave
- Advanced Personal Income Tax (APIT) is borne by the Company

Retirement and Social Security

- EPF/ETF contributions and statutory gratuity
- Additional gratuity through the Thrift Society
- Death benefit of Rs. 2 Mn
- Accidental death cover of Rs. 4 Mn

Reimbursements and Expense Support

- Reimbursement for mobile phones
- Unlimited medical reimbursement
- Spectacle expense reimbursement
- Meal and laundry allowances

HUMAN CAPITAL

Welfare and Family Support

- Office transport facilities
- Uniform provision
- Residential accommodation for employees and families (Trincomalee)
- Transport services for employees' children
- Scholarships for employees' children (Trincomalee terminal)
- Financial support for higher education

Medical and Health Support

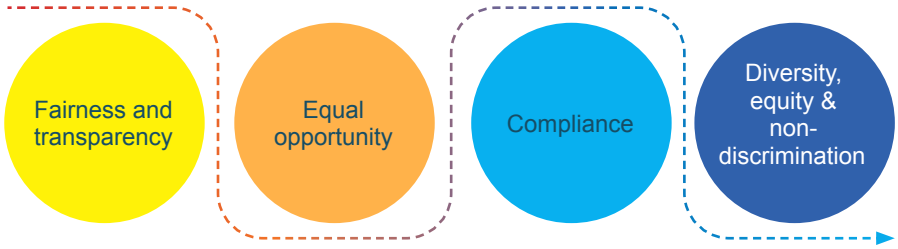
- In-house medical services and free medication at Trincomalee and Head Office
- Life insurance and disability cover
- Coverage for permanent and partial disability

Employee Engagement and Recognition

- Long service awards
- Sports club membership
- Hotel stay benefits for employees and families
- Ongoing employee welfare initiatives

RECRUITMENT AND ONBOARDING

GOVERNANCE



1. Workforce Planning

- Identify hiring needs
- Define roles and requirements

2. Role Design

- Prepare job descriptions
- Set skills and competency criteria

3. Talent Sourcing

- Internal postings
- External job portals
- Professional networks

4. Screening & Shortlisting

- Evaluate applications against predefined criteria
- Shortlist suitable candidates

5. Assessment & Interviews

- HR screening
- Technical/functional evaluations
- Final interviews with senior management

6. Selection

- Merit-based evaluation
- Qualifications
- Experience
- Competencies
- Cultural fit

7. Verification

- Background checks
- Reference validation

8. Appointment & Onboarding

- Final selection and offer
- Structured onboarding process into the organisation

LEARNING & DEVELOPMENT

The Training Framework Pyramid



Technical & Operational Training

- HSSE Training (Safety, Fire & Emergency Response)
- Leadership & Management Development
- HR & Employee Development Programmes
- Digital & IT Skills Training
- Customer Service & Business Excellence
- Compliance & Governance Training

Mandatory, Compliance & Regulatory Training Programmes

- Corporate Governance and Compliance
- Code of Conduct & Business Ethics
- Information Security and Cybersecurity Awareness
- Quality, Health, Safety, Security & Environment (QHSSE) Awareness

Employee Well-being and Engagement

- Employee Family Day / Staff Trip
- International Women's Day Wellness Programme
- Health Screening and Medical Check-up Campaigns
- Team Building and Employee Engagement Programmes
- Women's Health and Wellness Programme
- Healthy Lifestyle and Nutrition Awareness Programme
- Work-Life Balance Awareness Session

Equal Training Opportunities

Training opportunities are allocated based on structured assessments such as performance reviews, competency evaluations, and managerial input, ensuring they are aligned with role requirements and individual development needs rather than personal characteristics.

Training and professional development: Will provide

- Technical & Operational Training
- Health, Safety, Security & Environment (HSSE)
- Leadership & Management Development
- Digital & Information Technology Training
- Human Resources & Workplace Excellence
- Customer Service & Business Excellence
- Compliance & Governance

Training Category	No. of Programmes
Technical & Operational Training	6
HSSE Training (Safety, Fire & Emergency Response)	12
Leadership & Management Development	4
HR & Employee Development Programmes	3
Digital & IT Skills Training	5
Customer Service & Business Excellence	4
Compliance & Governance Training	4
Total	38

HUMAN CAPITAL

MANAGING PERFORMANCE

Lanka IOC fosters a high-performance culture through a structured, performance-driven approach to measuring employee performance. This is anchored in clearly defined performance indicators and formal appraisals, complemented by ongoing field-level evaluations to ensure transparency, continuous feedback, and close alignment between individual contributions and overall business objectives.



Key Performance Indicators (KPIs)

Performance is measured using clearly defined, role-specific KPIs aligned with departmental and organizational goals.

KPIs cover both quantitative and qualitative metrics, including operational efficiency, financial performance, customer satisfaction and behavioral competencies.

Performance Appraisal Process

A structured appraisal process, supported by periodic reviews, incorporates managerial evaluations, and multi-level feedback. This ensures a comprehensive, objective, and consistent assessment of employee performance across the organization.

Performance-Linked Development and Rewards

Performance outcomes are directly linked to training and development, career progression, and reward mechanisms, including incentives and salary revisions, reinforcing a culture of accountability, continuous improvement, and high performance.

Rewards and Recognition

To reinforce a culture of merit and high performance, employees are rewarded through a structured framework including:

- Performance-based bonus of up to 2.5 months' salary
- Promotions based on merit and performance
- Annual salary increments of up to 8%

HEALTH, SAFETY, AND WELL-BEING

Through proactive safety management and continuous preparedness, the Company ensures a secure working environment while safeguarding employees and supporting business continuity.

Health and Safety Protocols

Lanka IOC prioritizes a safe and healthy work environment through comprehensive policies aligned with regulatory requirements and industry best practices.

- Standard operating procedures covering workplace safety, hazard identification, and risk assessment
- Regular safety inspections, audits, and compliance checks
- Provision of appropriate personal protective equipment (PPE)
- Mandatory adherence to role-specific safety protocols
- Training and Awareness
- Periodic training on workplace safety, accident prevention, and equipment handling
- Strong incident reporting systems to investigate and prevent recurrence

Emergency Preparedness

Lanka IOC maintains robust emergency response capabilities to manage potential risks effectively. These include:

- Structured emergency response plans (fire, medical, natural disasters)
- Clearly communicated procedures and visible safety signage
- Regular fire drills and evacuation exercises
- Designated emergency response teams and trained first aid personnel
- Well-maintained emergency equipment (fire extinguishers, alarms, first aid kits)

WORK-LIFE BALANCE AND EMPLOYEE WELFARE

Lanka IOC is committed to supporting employee well-being through a range of initiatives that promote work-life balance, engagement, and overall quality of life.

- Additional gratuity (for those completing 5 years service) beyond statutory minimum amount
- Unlimited medical facilities with access to an in-house doctor
- Family-inclusive benefits, including hotel stays and annual outings
- Employee transport for Trincomalee staff
- Sports, cultural events, and festive celebrations
- Employee loan facilities
- Birthday recognition for employees and spouses

During the Year

- International Women's Day Celebrations- Chief Guest, Ms. Rosy Senanayake and Dr. Maheeshika Wanniachchi (session on women's health and wellbeing)
- Annual Avurudu 2025 celebrated for our employees
- Company Anniversary Day Celebrations along with employess and their families
- Annual Picnic 2025 celebrated with Staff along with the Families

EMPLOYEE RELATIONS AND ENGAGEMENT

The Company promotes strong employee relations through fair practices, inclusive policies, and open communication, supported by effective grievance mechanisms and constructive trade union engagement.

Grievance and Whistle-blowing Mechanisms

Formal processes are in place to address employee concerns and ensure transparency and accountability.

Diversity, Equity and Inclusion

Policies and practices support an inclusive workplace, with equal opportunities across recruitment, development, and advancement.

Gender Equality and Pay Equity

The Company maintains equal pay practices and monitors representation across grades, promotions, and pay quartiles.

HR Policy Governance

HR policies are reviewed and updated as required to remain aligned with organizational needs and regulatory requirements

Trade Union Engagement

The Company recognizes trade unions as key stakeholders and supports employees' right to representation.

A collaborative and transparent approach is maintained through regular dialogue and consultations to address concerns, negotiate employment terms, and promote industrial harmony.

Alongside union engagement, the Company fosters direct communication with employees to build trust, inclusivity, and mutually beneficial outcomes.

WAY FORWARD

Our Human Capital priorities during the year included:	Looking Forward: A Future-Ready Workforce
• Enhancing employee engagement & retention • Strengthening organizational culture & communication • Digitising HR processes for efficiency • Ensuring full compliance with regulatory requirements	• Leadership pipeline development • Advanced skill-building aligned with technology trends • Workforce agility and operational efficiency

The Company is focused on building a future-ready workforce that can adapt to rapid technological advancements and evolving industry demands. This includes targeted investments in digital transformation, the automation of HR processes, and continuous upskilling in emerging capabilities.

At the same time, strengthening organizational culture, enhancing employer branding, and embedding sustainable HR practices remain central to maintaining competitiveness and supporting long-term growth.

Overall, the Company's HR strategy will continue to evolve in line with business expansion, fostering an inclusive, innovative, and high-performing work environment.



SOCIAL AND RELATIONSHIP CAPITAL

BUILDING TRUST THROUGH PARTNERSHIPS, COMMUNITIES AND STAKEHOLDER ENGAGEMENT

Social & Relationship Capital represents the trust, confidence, and enduring partnerships that underpin our role as one of Sri Lanka's leading integrated energy providers. Operating at the intersection of national energy security, economic development, and customer mobility, we recognise that sustainable value creation extends beyond products and services to the quality of relationships we cultivate across our stakeholder ecosystem.

Our extensive retail network, expanding portfolio of energy solutions, and long-standing presence across Sri Lanka have enabled us to build deep-rooted customer relationships based on reliability, quality assurance, and service excellence.

Linkage to SDGs



Building enduring customer trust

Delivering consistent quality, reliability, safety, and service excellence across all customer touchpoints to strengthen loyalty and long-term relationships.

Empowering dealer and channel networks

Supporting business partners through capacity building, operational guidance, infrastructure development, and sustainable growth opportunities.

Creating value through strategic partnerships

Collaborating with dealers, distributors, suppliers, logistics partners, and service providers to enhance operational efficiency and market reach.

Advancing customer convenience and accessibility

Enhancing the retail experience through modern forecourts, digital solutions, convenience services, and value-added partnerships.

Cultivating collaborative industry relationships

Working closely with sector participants and policymakers to support the development of a resilient and sustainable energy ecosystem.

Fostering community wellbeing

Investing in initiatives that enhance education, healthcare, environmental stewardship, and social development in communities where the Company operates.

BUILDING AND TRANSFORMING OUR SOCIAL AND RELATIONSHIP CAPITAL

New 07 ROs added to Retail Network	No of automated retail outlets 35	No of corporate customers reached 327	Introduced Xtra Green Diesel	Introduction of high capacity barge at Trincomalee
160+ Retail Outlets - 24/7 open	30 Lube Distributors	Branding of SERVO Shops 326	Cumm. 31 Dialysis Machines donated	Investment in CSR activities Rs. 221 Mn

Social and Relationship Capital represents the strength of the partnerships, networks, and stakeholder relationships that enable the Company to deliver value across its operations. With a retail network spanning all nine provinces and 25 districts, Lanka IOC continues to foster enduring relationships with customers across its business verticals of auto fuels, lubricants, bitumen and bunkering. During FY 2025-26, the Company strengthened these relationships through network expansion, enhanced customer engagement initiatives, and service quality improvements, reinforcing its position as a trusted energy partner across Sri Lanka.

CUSTOMERS-RETAIL

Auto fuel customers

Lanka IOC serves a broad base of retail consumers through its islandwide auto fuel outlet network. The Company continues to enhance customer convenience, service standards, fuel availability, and transaction transparency through retail modernisation and digital initiatives.

Key Focus Areas

- Fuel and lubricant availability and service reliability
- Modernised retail station experience
- Digital payments and transaction convenience
- Dispensing accuracy and transparency
- Customer safety and service quality
- Loyalty and customer engagement initiatives

Key Initiatives

- Replacement of 108 fuel dispensing units
- Expansion of touch, debit, and credit card payment systems
- Retail station upgrades including signage, lighting, and facilities
- Partnerships with Cargills Food City and Barista outlets
- Progressive rollout of automation systems across stations

At the operational level workforce development involved:

- Training pump attendants on safety, customer service, and operational excellence.
- Introduction of a structured seven-step service protocol to enhance consistency in customer interactions.
- Upgrading of staff uniforms to improve comfort and professionalism.

The Company maintained a strong safety record during the year, with no major incidents reported, supported by ongoing safety drills and monitoring.

Customer-centric Retail Outlets

Customer experience remained a key area of focus. Lanka IOC invested in upgrading the look and feel of its fuel stations through enhanced LED lighting, improved air facilities, upgraded dispensing units, and the introduction of greater convenience offerings through partnerships with leading retail and food service brands. These enhancements have transformed fuel stations into more customer-centric service destinations, delivering greater convenience and comfort while strengthening brand loyalty.

The Company also continued to advance its digital customer engagement journey. Existing digital payment platforms, touch card facilities, and card-based payment options were complemented by ongoing investments in retail automation, laying the foundation for a future loyalty programme and data-driven customer engagement initiatives. These enhancements will enable Lanka IOC to better understand customer preferences, improve service delivery, and create more personalised customer experiences.



SOCIAL AND RELATIONSHIP CAPITAL

Recognising dealers as critical partners in its value chain, Lanka IOC maintained close engagement with its dealer network throughout the year. Regular consultations, dealer conventions, recognition programmes for high-performing dealers, and proactive measures to address dealer concerns strengthened trust and collaboration across the network. The Company also safeguarded dealer sustainability through measures aimed at supporting dealer margins amidst a challenging operating environment.

Employee engagement at the retail front line was further strengthened through continuous training programmes focused on customer service, safety, and operational excellence. Pump attendants and station personnel received regular guidance from field officers, while initiatives such as updated uniforms and the introduction of a structured customer service framework are expected to further enhance customer interactions and service consistency across the network.

Lanka IOC's commitment to stakeholder collaboration extends beyond its immediate operations. The Company maintained constructive engagement with regulators, industry stakeholders, and government authorities on matters relating to fuel pricing, industry sustainability, and market development. These ongoing dialogues support the creation of a more transparent, equitable, and sustainable operating environment for the industry while safeguarding long-term value creation for all stakeholders.





At Lanka IOC, Social and Relationship Capital represents the trust, partnerships, and stakeholder relationships that underpin the Company's ability to create sustainable value. As one of Sri Lanka's leading energy providers, the Company recognises that long-term success extends beyond operational performance and is fundamentally linked to the strength of its relationships with customers, dealers, employees, regulators, suppliers, communities, and strategic partners.

During FY 2025-26, Lanka IOC continued to deepen these relationships through network expansion, enhanced customer engagement, dealer empowerment, service excellence initiatives, and ongoing collaboration with industry stakeholders. These efforts enabled the Company to strengthen its market position, improve stakeholder satisfaction, and reinforce its reputation as a dependable energy partner during a period characterised by market disruption, evolving customer expectations, and industry-wide pricing challenges.

Delivering greater accessibility through network expansion

Accessibility remains a cornerstone of Lanka IOC's customer value proposition. During the year, the Company further expanded its retail footprint by commissioning seven new fuel stations, while progressing several additional locations through various stages of development. This expansion strategy has strengthened Lanka IOC's presence across all 9 provinces and 25 districts, enhancing convenience and ensuring reliable access to fuel products for customers throughout the country.

The continued growth of the retail network has also enabled Lanka IOC to reach new communities and strengthen local economic participation by creating opportunities for dealers, entrepreneurs, transport operators, and service providers. In an increasingly competitive landscape, the Company's investment in expanding and modernising its retail presence has emerged as a key differentiator, contributing to volume growth that exceeded overall industry growth during the year.







Elevating the customer experience

Recognising that modern fuel stations must evolve beyond their traditional role as refuelling points, Lanka IOC continued to enhance the customer experience across its retail network. Significant investments were made to improve the overall look and feel of outlets through upgraded LED lighting, improved forecourt facilities, replacement of ageing dispensing units, and enhanced station infrastructure.

The Company also strengthened convenience offerings through strategic partnerships with well-known retail and food service brands, including Cargills and Barista, transforming selected fuel stations into integrated service destinations. These initiatives have improved customer comfort, convenience, and engagement while reinforcing Lanka IOC's brand differentiation in an increasingly competitive marketplace.

Furthermore, Lanka IOC continued to focus on product differentiation through its portfolio of premium fuels, providing customers with enhanced fuel performance while supporting cleaner and more efficient mobility solutions.

Advancing customer engagement through digitalisation

Digital transformation remained an important enabler of stronger customer relationships during the year. Lanka IOC continued to offer customers multiple payment options, including digital payment platforms, credit and debit card facilities, and the Lanka IOC Touch Card programme.

The Company also progressed a major retail automation initiative that is expected to transform customer engagement capabilities across the network. Once fully implemented, the automation platform will provide real-time visibility into customer transactions and purchasing patterns, enabling data-driven decision-making, targeted customer engagement campaigns, and the introduction of a comprehensive loyalty programme.

These capabilities will allow Lanka IOC to better understand customer behaviour, personalise offerings, optimise service delivery, and create more meaningful and rewarding customer experiences across its retail network.

Enhancing service excellence at the forecourt

Pump attendants serve as the face of Lanka IOC and often represent the first point of interaction between the Company and its customers. Recognising the importance of these frontline employees, Lanka IOC continued to invest in training and capability-building initiatives aimed at enhancing customer service, safety awareness, and operational discipline.

Field officers conducted regular visits to fuel stations to provide guidance on customer engagement, safety practices, and service standards. During the year, the Company also introduced more comfortable and modern uniforms for frontline personnel, supporting both employee wellbeing and professional presentation.

Building on these efforts, Lanka IOC has begun preparing for the implementation of a structured seven-step customer service framework across its retail network. This initiative is expected to standardise customer interactions, enhance service consistency, and further elevate the overall customer experience in the years ahead.

Industrial & Commercial Customers

Engagement Priorities:

- Reliability of supply
- Technical support and product quality
- Operational responsiveness
- Long-term commercial partnerships
- Safety and environmental compliance
- Competitive service standards

Lubricants



The Lubricants business remains an important contributor to the diversified downstream portfolio of Lanka IOC, supporting revenue growth and strengthening the Company's presence across retail, commercial, industrial, and marine-related markets.

Anchored by the trusted SERVO brand, the segment continues to maintain a strong position in the Sri Lankan lubricants market through consistent product quality, operational reliability, strategic partnerships, and an expanding nationwide distribution network. The Company continues to strengthen the brand through improved product availability, targeted customer engagement, and continuous portfolio enhancement.

The division serves a diverse customer base including passenger vehicles, transport fleets, industrial operators, manufacturing companies, construction firms, workshops, and marine-related applications. Growing demand from transportation, logistics, manufacturing, and emerging industrial sectors continued to support performance during the year.

The product portfolio includes automotive lubricants, industrial oils, greases, and specialty lubrication solutions designed to meet evolving operational, environmental, and performance requirements. The Company also continues to invest in advanced lubricant formulations aligned with changing engine technologies, fuel efficiency requirements, lower-emission standards, and evolving industry expectations.

SOCIAL AND RELATIONSHIP CAPITAL

A continued focus on quality assurance, research, and alignment with global standards supports the long-term competitiveness and positioning of the lubricants business in an increasingly competitive market environment.

Blending & Manufacturing Operations

The Lubricants division continues to prioritize operational efficiency, product consistency, and safety across its blending and grease manufacturing operations. Standardised operating procedures, process controls, automation initiatives, and enhanced monitoring systems support improved accuracy, traceability, and production reliability.

Recent technological upgrades and process improvements contributed to improved manufacturing efficiency, reduced turnaround times, and lower operational risk exposure. The division also maintains strong compliance with environmental, quality, and occupational safety standards through regular audits, employee training, and adherence to industry best practices.

Market Position & Performance

The Lubricants segment continued to strengthen its market presence through brand positioning, distribution expansion, and customer-focused product offerings. The segment benefited from growing demand across retail, industrial, transport, and fleet sectors, supported by Lanka IOC's established nationwide distribution network and strategic partnerships.

During the year, the Company continued to focus on premium and high-performance lubricants while enhancing product visibility and strengthening channel engagement. Increasing awareness of fuel efficiency, equipment protection, and lower-emission lubricant solutions also contributed to demand growth across key customer segments.

The division remains focused on strengthening customer relationships, improving product accessibility, and enhancing service delivery through targeted marketing initiatives, strategic pricing, continuous product development, and deeper engagement with distributors, dealers, fleet operators, and industrial customers.

Bunkering



The Bunkering segment operated within a highly competitive and globally influenced market environment during the year under review, shaped by fluctuations in shipping demand, global fuel prices, freight market conditions, and intensifying regional port competition. Lanka IOC continued to leverage its strategic storage infrastructure, marine fuel handling capabilities, and operational presence to support bunkering operations serving domestic and international vessels.

Sri Lanka's location along major East–West shipping routes continues to provide long-term strategic relevance for the bunkering industry. However, the segment operates in an increasingly competitive regional landscape, with ports such as Singapore, Fujairah, and emerging South Asian hubs competing aggressively on pricing, scale, turnaround efficiency, and fuel availability. The entry and expansion of new regional energy players within Sri Lanka have further intensified market competition.

Despite these challenges, Lanka IOC maintained its focus on supply reliability, operational responsiveness, and customer service standards. The Company's storage capabilities and supply coordination supported continuity of operations during periods of market disruption and fuel supply volatility. Operational efficiency, vessel servicing capability, and customer relationship management remained key priorities during the year.

Lanka IOC continues to position the bunkering segment as a strategically important component of its diversified downstream energy portfolio and as a contributor to Sri Lanka's long-term ambition of strengthening its role as a regional maritime and energy hub.

Going forward, the Company intends to focus on:

- Strengthening operational efficiency and service responsiveness
- Enhancing customer engagement with shipping operators and marine customers
- Leveraging strategic storage and supply infrastructure
- Supporting cleaner marine fuel transition trends
- Expanding opportunities linked to regional maritime trade growth

The segment is also expected to benefit from future improvements in regional shipping connectivity, port activity, and energy logistics infrastructure development.



Bitumen



The Bitumen business relies heavily on strong relationships with contractors, infrastructure developers, transport operators, and government-linked project stakeholders. Lanka IOC continued to engage closely with customers and supply chain partners to support project continuity and timely delivery requirements.

Relationship-focused engagement supports:

- Better coordination across project timelines
- Improved customer responsiveness and reliability
- Long-term partnerships with infrastructure stakeholders
- Operational trust and delivery confidence

The segment also maintained coordination with regulatory and logistics stakeholders to support uninterrupted supply and operational efficiency across project locations.

Petrochemicals



Maintaining strong industrial customer relationships remains central to the petrochemicals business due to the importance of supply reliability, product consistency, and operational responsiveness within industrial operations.

Lanka IOC continued to strengthen engagement with:

- Manufacturing and industrial customers
- Supply chain and logistics partners
- Distributors and commercial stakeholders
- Regulatory and operational authorities

These relationships support:

- Supply continuity and operational coordination
- Customer confidence and retention
- Long-term commercial partnerships
- Improved responsiveness to changing industrial requirements

The Company remains focused on building trusted and dependable relationships that support long-term industrial and commercial collaboration.

OUR CHANNEL PARTNERS- DEALER NETWORK

Our channel partners include 273 dealers in the Auto Fuel network, 30 Lubricants distributors and 336 SERVO shops.

Lanka IOC's dealer network remains one of its most important stakeholder groups and a critical extension of its brand promise. During FY 2025-26, the Company maintained close engagement with dealers through regular consultations, performance reviews, dealer conventions, and recognition programmes designed to strengthen collaboration and address emerging concerns.

Maintaining strong relationships with dealers remains critical to operational success.

During the year under review, LIOC revised dealer margins in response to market conditions and stakeholder feedback, ensuring continued engagement and alignment.

Lanka IOC continued its practice of regular dealer interactions. Recognition programmes for dealers further strengthened relationships. The Company expanded its retail footprint by commissioning seven new fuel stations during the year while progressing several additional outlets through various stages of development. This continued expansion has enhanced accessibility and strengthened Lanka IOC's presence in under-served regions, enabling the Company to serve a broader customer base while deepening its engagement with local communities.





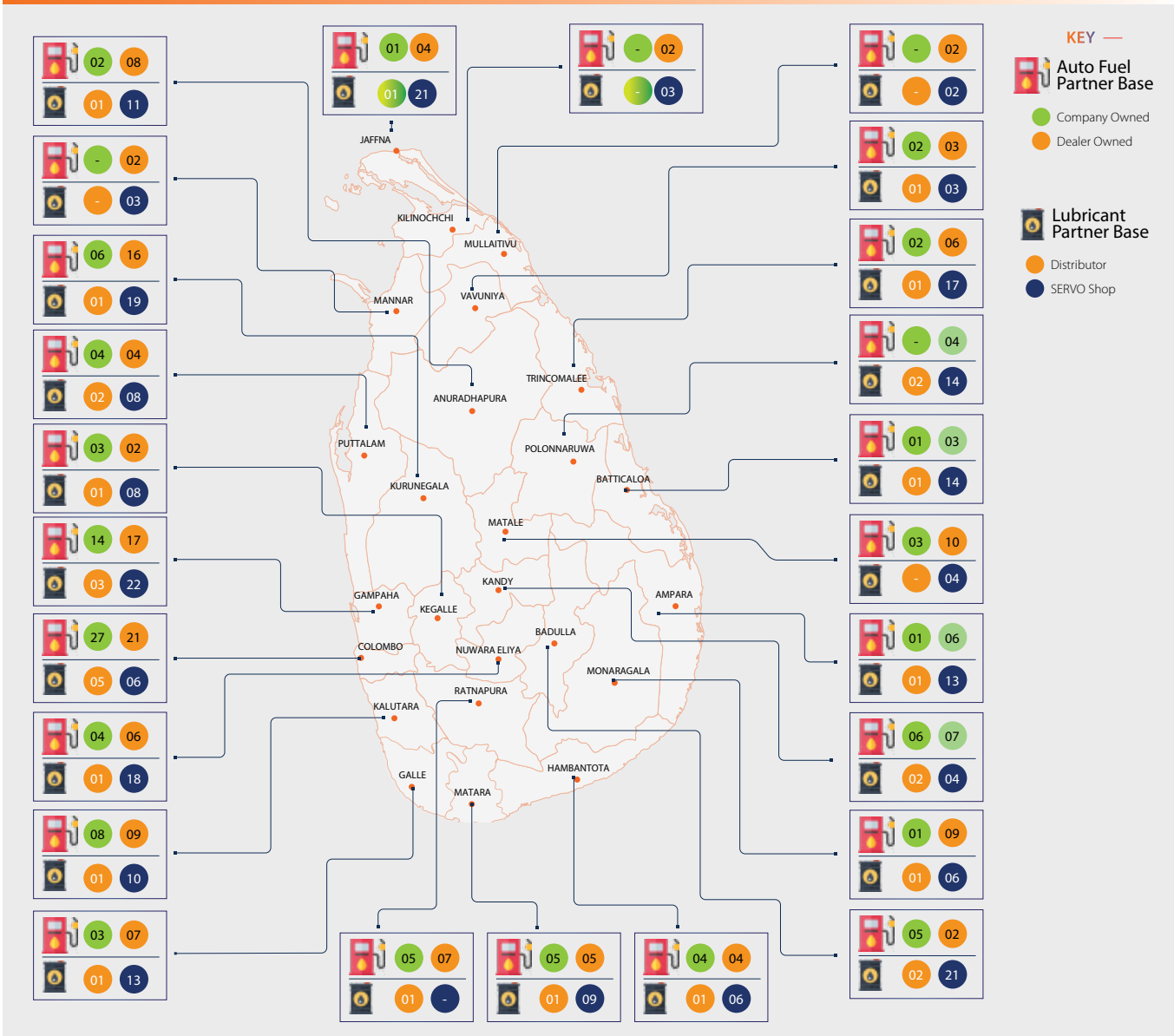


SOCIAL AND RELATIONSHIP CAPITAL

Against a backdrop of industry-wide discussions relating to dealer margins and operating economics, Lanka IOC worked proactively with its dealer community to support business sustainability and maintain constructive relationships. The Company continued to engage openly with dealers, balancing commercial realities with the need to ensure the long-term viability of its retail network.

High-performing dealers were recognised and rewarded during the year, further reinforcing a culture of excellence, partnership, and shared success across the network. These engagements have helped strengthen dealer confidence while fostering greater alignment with Lanka IOC's operational and customer service standards.

CHANNEL PARTNERS



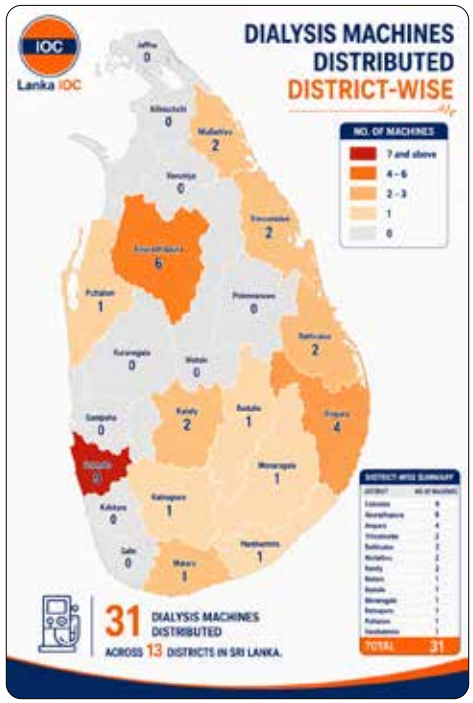
BUILDING COMMUNITIES

Through its expanding retail network and broad stakeholder ecosystem, Lanka IOC continues to generate positive socio-economic value across Sri Lanka. The Company's operations support livelihoods through dealer entrepreneurship, employment creation, local procurement, logistics partnerships, and community engagement. As Lanka IOC expands its footprint and enhances its service offerings, it remains committed to strengthening the relationships that create shared value for customers, business partners, communities, and the nation at large.

Community engagement and social responsibility

Lanka IOC recognises the importance of maintaining strong relationships with communities surrounding its operations and retail network. The Company supports initiatives focused on education, safety, social wellbeing, and community development.

- Educational support initiatives
- Community wellbeing Programmes
- Road safety awareness
- Disaster and emergency response support
- Local economic participation
- Employee-led community engagement









SUPPLIERS

At Lanka IOC, suppliers play a critical role in ensuring the uninterrupted delivery of energy products and services across our value chain. We are committed to building responsible, transparent, and mutually beneficial partnerships with suppliers who share our values of integrity, safety, sustainability, and ethical business conduct. Through robust procurement processes, supplier evaluations, and ongoing engagement, we seek to strengthen supply chain resilience while promoting responsible business practices and long-term value creation for all stakeholders.

Supplier Compliance and Ethical Standards

Lanka IOC expects all suppliers, contractors, and service providers to comply with applicable laws, regulations, and the Company's Supplier Code of Conduct. Our supplier management framework incorporates ethical, social, environmental, and governance considerations to ensure responsible sourcing throughout the value chain.

In alignment with the principles of the Global Reporting Initiative (GRI), Lanka IOC maintains a zero-tolerance approach to child labour, forced labour, discrimination, corruption, and any form of human rights violations within its supply chain. Suppliers are required to adhere to labour standards that safeguard employee welfare, uphold occupational health and safety requirements, and ensure fair and equitable employment practices.

The Company undertakes due diligence processes, contractual compliance requirements, and periodic assessments to promote adherence to these standards. Any instances of non-compliance are addressed through corrective action measures, with serious breaches potentially resulting in the termination of supplier relationships.

SOCIAL AND RELATIONSHIP CAPITAL

FY 2025-26 Supplier Compliance Commitments

- Zero tolerance for child labour and forced labour across the supply chain.
- Compliance with all applicable labour, environmental, health and safety, and anti-corruption regulations.
- Supplier adherence to ethical sourcing and responsible business conduct requirements.
- Integration of sustainability and ESG considerations into supplier selection and evaluation processes.
- Continuous monitoring and engagement to strengthen responsible supply chain practices.

Maintaining strong relationships across the value chain

The Company's commitment to relationship building extends beyond customers and dealers. Lanka IOC continued to cultivate strong partnerships with suppliers, logistics providers, storage operators, and its parent company, Indian Oil Corporation Limited (IOCL), ensuring resilience across its supply chain.

These relationships proved particularly valuable during periods of global supply disruptions and geopolitical uncertainty. Leveraging support from its parent company and established supplier relationships enabled Lanka IOC to secure uninterrupted fuel supplies and maintain operational continuity despite significant market volatility. The Company's access to strategic storage facilities, including its Trincomalee operations, further strengthened supply reliability and enhanced stakeholder confidence.

Engaging with regulators and industry stakeholders

As the energy sector continues to evolve, Lanka IOC remains actively engaged with regulators, government authorities, and industry participants on matters relating to market development, pricing mechanisms, energy security, and industry sustainability.

During the year, the Company participated in ongoing discussions with policymakers and relevant authorities regarding fuel pricing frameworks and industry competitiveness. Through constructive dialogue and collaboration, Lanka IOC seeks to contribute to the development of a transparent and sustainable operating environment that supports fair competition, energy security, and long-term sector growth.

GOVERNMENT AND REGULATORY RELATIONSHIPS

As a strategic participant in Sri Lanka's downstream energy sector, Lanka IOC works closely with the Ministry of Power and Energy, Ceylon Petroleum Corporation and public institutions to support national energy security, infrastructure development, and sector stability.

Focus areas

- Regulatory compliance
- National fuel distribution support
- Energy infrastructure collaboration
- Industry policy engagement
- Environmental and safety compliance
- Strategic energy partnerships

Strategic national collaboration

The Company continues to engage with the Government of Sri Lanka and relevant stakeholders on strategic energy infrastructure initiatives, including the development of the Upper Tank Farm (UTF) in Trincomalee through collaboration frameworks with CPC and other state institutions.

Strategic partnerships and collaborations

Lanka IOC continues to strengthen its market position through partnerships that enhance customer convenience, operational capability, and infrastructure development.

Key Partnership Areas

Partnership Type	Strategic Benefit
Retail collaborations	Enhanced customer convenience and footfall
Banking & payment partners	Improved digital transaction capability
Infrastructure partnerships	Expansion of storage and energy capabilities
Industry collaborations	Enhanced operational efficiency and expanded market reach
Logistics and shipping relationships	Growth in marine and bunkering operations

















WAY FORWARD

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL

Through customer-focused initiatives and strategic partnerships, Lanka IOC strengthens its market position, supports national energy infrastructure, enhances customer confidence, and creates long-term sustainable value for stakeholders. Our supplier and dealer network remains a critical enabler of business continuity and operational efficiency. By fostering long-term partnerships built on trust, fairness, and shared growth, we strengthen supply chain resilience while ensuring the timely and reliable delivery of product and services across the country.

Beyond business operations, Lanka IOC remains deeply committed to creating positive social impact. Through investments in education, healthcare, community wellbeing, environmental protection, and disaster response initiatives, we continue to support the communities in which we operate, reinforcing our commitment to inclusive and sustainable development.

As we advance our journey towards becoming a future-ready energy enterprise, Social & Relationship Capital will remain a strategic differentiator - strengthening stakeholder confidence, enabling collaboration, supporting innovation, and creating the foundation for sustainable growth and long-term value creation for all stakeholders.



NATURAL CAPITAL

Natural capital is fundamental to Lanka IOC's operations, encompassing the environmental resources and ecosystems that support its fuel, storage, logistics, and retail network activities. The Company recognises its responsibility to manage these resources efficiently while minimising environmental impact. Through responsible energy practices and continuous operational improvements, LIOC seeks to balance business growth with environmental stewardship, contributing to long-term sustainable value creation.

Linkage to SDGs

BUILDING AND TRANSFORMING OUR NATURAL CAPITAL

Particulars	Unit	**2025-2026**	2024-2025
Energy Consumption	kWh	426,047	417,276
Sludge Disposal	KL	35	Nil
LAD Own Use	KL	57	67
Rainwater Harvest	KL	2,500	4,500
Solar Power Energy	kWh	20,250	19,982
Number of Tanks Cleaned	Nos.	3	3
No of Tanks Repaired	Nos.	1	1
No of fire drills at the Terminal	Nos.	12	12

OUR ENVIRONMENTAL FOOTPRINT

Energy Use

Lanka IOC adopts a multi-faceted approach to energy use and sustainability, progressively integrating solar energy across its retail network to reduce reliance on conventional power sources and lower its environmental footprint.

In parallel, the Company is expanding the nation's EV charging infrastructure, supporting the transition towards cleaner mobility solutions.

Emissions

While operating within a fossil fuel–based energy landscape, LIOC continues to enable its customers to reduce their environmental footprint by improving energy efficiency and lowering emissions across the value chain.

The Company continues to enhance its product portfolio with lower-emission fuels and more efficient, environmentally improved lubricants.

Collectively, these efforts reflect a balanced approach that combines clean energy adoption, future-ready infrastructure, and cleaner product offerings to support the protection of natural capital and long-term sustainability.

A Focus on Responsible Operations

At LIOC, our tank farm and terminal infrastructure are designed, operated, and continuously improved to protect the environment, ensure marine safety, and comply with the highest standards.

ENGINEERED SAFEGUARDS (BUNDS & DRAINAGE)

- Bund walls around tanks for spill containment
- Advanced drainage and oil-water separation systems
- Designed to prevent soil and groundwater contamination

Tank Farm Infrastructure

- Well-maintained storage tanks and pipeline systems
- Regular inspection and integrity testing
- Ongoing infrastructure upgrades are designed for safe fuel handling and storage

Marine Operations with Care

- Safe ship-to-shore transfer operations
- Controlled loading and discharge processes
- Measures in place to prevent marine pollution

Spill Prevention and Control

- Leak detection systems and containment mechanisms
- Dedicated spill response equipment
- Trained emergency response teams
- Regular drills and response readiness

Marine Safety & Regulatory Compliance

- LIOC adheres to applicable national regulations and internationally recognised standards governing ship-to-shore transfers, fuel handling, and storage, with controls designed to prevent marine pollution and protect coastal ecosystems.
- Ongoing coordination with the Sri Lanka Ports Authority (SLPA), Marine Environment Protection Authority (MEPA), and the Central Environmental Authority (CEA) ensures safe, compliant, and environmentally responsible marine operations.
- Operations are conducted in compliance with applicable national regulations aligned with international conventions such as International Maritime Organization (IMO) and MARPOL.
- The Company's operational procedures, monitoring systems, and emergency response protocols support compliance with GRI 306 (Waste) and GRI 307 (Environmental Compliance) disclosures.

INFRASTRUCTURE SAFEGUARDS

- Protective systems for pipelines and storage tanks
- Routine inspection and maintenance programmes
- Soil and groundwater protection measures

OPERATIONAL CONTROLS AND MONITORING

- Real-time monitoring of key operational parameters
- Standard operating procedures (SOPs) and control systems
- Preventive maintenance practices
- Use of digital tools for operational visibility

FACILITY-LEVEL ENVIRONMENTAL PRACTICES

- Safe handling and storage of petroleum products
- Proper waste segregation and disposal
- Clean and well-maintained facilities
- Resource conservation initiatives

PEOPLE, TRAINING AND AWARENESS

- Regular training on health, safety, and environmental practices
- Emergency response preparedness
- Contractor and stakeholder engagement
- Promotion of a strong safety culture

These measures ensure our critical infrastructure operates responsibly, protecting natural resources while maintaining safe and efficient energy operations.

RESOURCE MANAGEMENT

Water Management

Water is utilised across terminal operations, retail facilities and the Head Office. LIOC promotes responsible water usage through conservation practices and operational controls aimed at minimising wastage.

Waste Management

The Company manages both hazardous and non-hazardous waste generated through its operations. Established procedures ensure safe handling, disposal, and where possible, recycling, in line with regulatory requirements.

E-waste Management

E-waste generated from obsolete IT and electronic equipment is managed through certified recyclers in compliance with regulatory requirements, ensuring safe disposal while minimising environmental impact.

ENVIRONMENTAL PROTECTION & RISK MANAGEMENT

LIOC maintains robust systems to safeguard the environment, including spill prevention and response mechanisms, soil and groundwater protection measures, and comprehensive fire safety systems at terminals and retail outlets. These measures are critical in mitigating operational risks and ensuring environmental protection.

COMPLIANCE AND GOVERNANCE

LIOC operates in compliance with all applicable environmental regulations and standards.

NATURAL CAPITAL

Regular monitoring, internal controls, and audits ensure adherence to regulatory requirements and reinforce accountability.

Alignment with National Priorities

LIOC aligns its practices with national environmental priorities and policies.

- Supporting Sri Lanka's environmental and sustainability agenda through:
- Adoption of solar energy
- Extending EV charging network
- Offering a range of cleaner fuel and lubricant options to consumers
- Drive for improving energy efficiency
- Responsible waste and emissions management
- Ensuring business practices remain aligned with evolving national environmental policies and climate commitments.

CLIMATE & ENERGY TRANSITION READINESS

As Sri Lanka's energy landscape evolves, LIOC remains focused on adapting to emerging trends, including cleaner fuels and more efficient energy solutions. The Company continues to evaluate opportunities to align its operations with long-term energy transition pathways while maintaining reliability of supply.

COMMUNITY & ENVIRONMENTAL IMPACT

LIOC is committed to minimising its environmental footprint in the communities where it operates. Through responsible operational practices and awareness initiatives, the Company seeks to protect local environments and contribute positively to surrounding communities.

Key Metrics

Where available, LIOC monitors key environmental indicators including:

- Energy consumption
- Emissions
- Water usage
- Waste generated and recycled

These metrics support performance tracking and continuous improvement.





SDG ALIGNMENT

LIOC aligns its natural capital management with key Sustainable Development Goals (SDGs) of the United Nations. Our SDG contribution is anchored in ensuring energy security today while progressively improving efficiency, environmental responsibility, and infrastructure resilience-supported by strong global and national partnerships.

FUTURE PLANS

Future Plans	Contribution to Natural Capital
Increase the number of EV charging stations in the LIOC fuel retail network.	• Reduces emissions • Lowers fossil fuel dependence • Improves energy efficiency • Contributes directly to cleaner operations and reduced environmental impact across the retail network.
Solarize fuel retail network further	• Reduces operational costs by minimizing electricity bills • Reduces the carbon footprint and entire retail network • Improves ROI from sustainable investments through revenue earned from net metering
Expanding portfolio of more efficient lubricants	• Reduce pollution and waste due to longer lubricant life and fewer disposals • Improve efficiency • Minimise environmental impact across their lifecycle • Indirectly supports the protection of natural ecosystems.

Future Plans	Contribution to Natural Capital
Introducing lower-emission fuel offerings	• Lowers greenhouse emissions to support climate protection • Minimizes pollution of air, soil, and water. Improves air quality due to cleaner combustion. • Higher efficiency due to less energy and fuel consumption • Reduced waste due to longer lubricant life, less disposal • Resource conservation by optimising use of fuels and materials
Enhance Waste Management	• Minimizes environmental contamination • Promotes circular economy practices through improved recycling and disposal
Expand Rainwater Harvesting Capacity	• Conserves freshwater resources • Reduces demand on municipal supply.

Natural Capital remains a fundamental component of Lanka IOC PLC's operations, encompassing the environmental resources and ecosystems that support the Company's fuel storage, logistics, distribution, and retail network activities. As a responsible corporate citizen, Lanka IOC is committed to managing these resources efficiently while minimizing its environmental footprint through sustainable operational practices and continuous improvement initiatives.

The Trincomalee Oil Tank Farm, a strategic asset of the Company, demonstrates Lanka IOC's commitment to environmental stewardship. Spread across a vast area, the terminal preserves nearly 50 acres of natural landscape and supports more than 100 varieties of flora and fauna, creating a thriving ecosystem within the operational premises. Despite the expansion of oil and gas storage activities, the Company has successfully maintained the ecological balance of the area through responsible environmental management practices.

The terminal located along Sri Lanka's eastern coastline, the terminal is surrounded by sensitive coastal and marine ecosystems. Lanka IOC places significant emphasis on protecting the natural aquatic environment and marine biodiversity in the surrounding coastal waters. Through stringent environmental safeguards, regular monitoring, and adherence to best operational practices, the Company actively works to preserve aquatic life and prevent adverse impacts on the surrounding ecosystem.

The continued coexistence of industrial operations with a healthy natural environment reflects Lanka IOC's dedication to sustainable development. By preserving biodiversity, protecting coastal ecosystems, and promoting responsible resource management, the Company creates long-term value for stakeholders while contributing to environmental conservation for future generations.

WAY FORWARD

LIOC will continue to strengthen its natural capital management through enhanced operational efficiency, improved environmental safeguards, alignment with evolving sustainability expectations and future-proofing its retail network. By integrating responsible practices into its core operations, the Company aims to build resilience, support the energy transition, and deliver sustainable value over the long term.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

BASIS OF PREPARATION

1. REPORTING ENTITY, ORGANIZATION BOUNDARY AND VALUE CHAIN

Lanka IOC PLC is a public limited company domiciled and incorporated in Sri Lanka on 29 August 2002 under the Companies Act No 17 of 1982 and then re-registered under the Companies Act No 07 of 2007. The Company commenced commercial operations of importing, selling and distributing of Petroleum products on 14 February 2003. The address of its registered office is Level 20, West Tower, World Trade Centre, Colombo.

ORGANIZATION BOUNDARY

The Lanka IOC sustainability report for financial year ending 31st March 2026 has been prepared and should be read in conjunction with financial statements.

The disclosures presented here are intended to support primary users of general-purpose financial reports in understanding the climate-related risks and opportunities that could reasonably be expected to affect the Lanka IOCs:

- Cash flows
- Access to finance
- Cost of capital over the short, medium or long term

The Company operates within an interdependent value chain system characterised by dependencies and impacts as described in the section "Business Model for Sustainable Value Creation". The Company relies on multi-capital resources (financial, manufactured, intellectual, human, social & relationship, and natural) across its value chain to derive value. The Company simultaneously influences these capitals either through value creation, preservation or erosion. In the assessment of CRROs, the upstream and downstream value chain was considered using all reasonable and supportable information available without undue cost or effort for a comprehensive understanding of the CRROs.

The Company operates as an energy marketing and distribution entity, primarily engaged in the procurement, storage, distribution, and sale of petroleum and energy products.

Upstream: Procurement of refined petroleum products from international suppliers;

Operations: Storage, terminal handling, transportation, and retail network operations

Downstream: Sale of fuels and energy products to transport, industrial, commercial, and household customers through petrol stations

The Company has identified that downstream use of sold products represents the most significant component of its climate-related exposure.

2. BASIS OF MATERIALITY

As an energy company, we operate in a sector directly exposed to a wide range of sustainability-related risks and opportunities - particularly those linked to climate change, energy use, urban development etc. Our materiality assessment, conducted in alignment with SLFRS S1 and S2, identifies and prioritizes the sustainability factors most likely to affect the Company value over the short, medium, and long term.

QUANTITATIVE THRESHOLDS FOR MATERIALITY

A CRRO is deemed financially material if it meets one or more of the following thresholds resulting in an impact on Company's prospects, either individually or cumulatively:

The LIOC financial materiality assessment integrates factors to determine the significance of potential financial effects arising from the CRROs. These thresholds are subjected to annual review in line with management policies and procedures.

The following thresholds were applied to determine the impact/severity of the CRROs during the reporting period.

- Applicable Balance Sheet Materiality threshold is 10% of Total Assets
- Applicable Income Statement level Materiality threshold is 10% of Profit before Tax.

3. FUNCTIONAL CURRENCY

Sustainability related financial information is presented in Sri Lankan Rupees (Rs) and all amounts rounded to nearest thousand (000') unless otherwise stated.

4. SOURCES OF GUIDANCE

This report has been prepared in accordance with the SLFRS Sustainability Disclosure Standards, specifically: SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information, and SLFRS S2 – Climate-related Disclosures, issued by Institute of Chartered Accountants of Sri Lanka (adopted based on the IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board).

5. REPORTING PERIOD

This report covers the financial year from 1st April 2025 to 31st March 2026, consistent with the Company's financial reporting period. The disclosures presented herein apply to LIOC, including all operations and assets within the financial reporting boundary, in line with the Company's general purpose financial reports.

6. TIME HORIZON

Time Horizon	Period	Definition
Short-term	2026/27 & 2027/28	Within one to two years from the reporting date
Medium-term	2028/29 and 2029/30	Within three to five years from the reporting date
Long-term	2030/31 and beyond	More than five years from the reporting date

7. CONNECTED INFORMATION

The Company ensures connectivity of information across its climate-related disclosures in accordance with SLFRS S1 and SLFRS S2. This section incorporates cross-references and navigation tools to demonstrate how climate-related risks and opportunities (CRROs) are integrated throughout the Integrated Annual Report.

Connectivity is presented as follows:

CONNECTIONS BETWEEN DIFFERENT CRROS

The interdependencies between identified climate-related risks and opportunities are clearly explained. For example, transition risks arising from high Scope 3 emissions from fuel sales are linked to changes in customer demand, which in turn influence revenue projections and long-term asset utilisation.

CONNECTIONS WITHIN CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate-related disclosures are internally consistent and aligned across governance, strategy, risk management, and metrics and targets. For instance, assumptions used in scenario analysis are consistent with those applied in emissions measurement and risk assessments.

CONNECTIONS ACROSS CLIMATE-RELATED DISCLOSURES, ANNUAL FINANCIAL STATEMENTS, AND THE INTEGRATED REPORT

Climate-related information is linked to the financial statements and other sections of the Integrated Report to ensure consistency and transparency.

Where climate-related disclosures are presented in other sections of the Integrated Annual Report, relevant cross-references and page numbers are provided to facilitate navigation and understanding.

8. TRANSITIONAL RELIEF

In preparing this report, the Company has applied following transitional relief for the first annual reporting period ending 31st March 2026.

- To only disclose information of CRROs
- Comparative information on CRROs is not available.
- To disclose GHG Scope 1, Scope 2 and but not Scope 3 emission
- Disclosure of qualitative information regarding anticipated financial effects of CRROs
- Disclosures on climate resilience including climate scenario analysis.

9. SIGNIFICANT JUDGEMENTS, UNCERTAINTIES AND PROPORTIONALITY

The sustainability-related financial disclosures presented in this section require the application of significant professional judgement and estimation. This reflects the inherent uncertainty, forward-looking nature, and data limitations associated with climate-related risks and opportunities (CRROs), particularly across the Company's value chain.

The Company operates in a dynamic and evolving energy landscape in which CRROs give rise to material uncertainties that may impact future financial performance, position, and cash flows. In accordance with SLFRS S1 and SLFRS S2, the following key sources of estimation uncertainty and judgement have been identified:

Climate-related transition risks : Transition risks arise from changes in regulation, policy frameworks, technology, and market preferences, including the global shift toward low-carbon energy systems. These developments create uncertainty regarding:

- Future demand for petroleum products
- Pricing dynamics and margin sustainability
- The timing and extent of changes to the Company's business model
- Such uncertainties require judgement in forecasting revenue, assessing long-term viability of assets, and determining capital allocation priorities.

Physical climate risks : Physical risks relate to both acute events (such as floods and extreme weather) and chronic changes (such as rising temperatures and sea-level changes). The timing, frequency and severity of these risks remain uncertain and may affect:

- Operational continuity and logistics networks
- Integrity and useful life of storage and distribution infrastructure
- Supply chain reliability

Estimations are required in assessing potential financial impacts, including repair costs, asset resilience, and insurance considerations.

Evolving regulatory and stakeholder expectations : The Company is subject to rapidly developing expectations from regulators, investors, and international bodies regarding climate-related disclosures and performance. This creates uncertainty in:

- Interpreting and applying emerging sustainability standards
- Aligning disclosures with global best practices
- Maintaining consistency and comparability over time

Judgement is applied in determining the scope, level of detail, and assumptions used in disclosures

Climate-related opportunities : Opportunities associated with low-carbon energy solutions, including alternative fuels and emerging technologies, involve uncertainty due to:

- The pace of technological advancement
- Market acceptance and customer adoption
- Regulatory support and incentives

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

These factors require estimation in evaluating future revenue streams, return on investment, and strategic feasibility.

While these judgements and estimates are subject to uncertainty, they are based on the best available information and are applied consistently across sustainability-related disclosures and financial reporting to ensure reliability, relevance, and comparability.

In light of these challenges, judgements are applied in the following areas:

MATERIALITY

The Company assesses the materiality of climate-related risks and opportunities (CRROs) by evaluating whether they could reasonably be expected to affect its future cash flows, financial position, or financial performance.

This assessment incorporates a structured scoring methodology that combines:

- **Likelihood of occurrence**
- **Magnitude of financial impact**, considering both quantitative and qualitative factors

Quantitative considerations include potential impacts on revenue, costs, asset values, and capital expenditure, while qualitative factors include regulatory exposure, reputational implications, and strategic alignment. The Company applies a principle-based and forward-looking approach to materiality, ensuring that all disclosures focus on CRROs that could reasonably be expected to influence economic decisions of users of the financial statements.

PROPORTIONALITY

SLFRS Sustainability Disclosure Standards include proportionality mechanisms to address concerns that it may be challenging for the LIOC to apply specific requirements within the Standards. These proportionality mechanisms include

- The consideration of the Company's skills, capabilities and resources
- The use of all reasonable and supportable information that is available to the LIOC at the reporting date without undue cost or effort

Instances where the above application is used in this section are;

- Identification of CRROs
- Determination of the scope of value chain

10. STATEMENT OF COMPLIANCE

The Company's sustainability disclosures have been prepared in compliance with the SLFRS Sustainability Disclosure Standards issued by the Institute of Chartered Accountants of Sri Lanka, applying the Transitional Reliefs. Accordingly, this report presents a comprehensive set of sustainability related financial disclosures for Lanka IOC PLC for the year ended 31st March 2026.

SECTION 2 : GOVERNANCE

This section provides an overview of the governance structures, control systems, and procedures implemented by Lanka IOC to effectively oversee and manage climate-related risks and opportunities.

1. BOARD OVERSIGHT ROLE RESPONSIBILITY

Oversight of sustainability matters is anchored firmly at the Board level, with tactical risk supervision and governance provided through Board Sustainability Committee [Refer the Board Sustainability Committee Report on page 167]. The Group's strategic direction on integrating climate change resilience and environmental priorities into downstream petroleum operations, enterprise risk frameworks and long-term business planning is driven directly by Senior Corporate Management. The operational implementation of these priority targets is delegated to the Respective Functional Heads, ensuring seamless execution and alignment across the organisation's business segments.

The Board has designated that the Audit Committee of the Board provides oversight, guidance and strategic insight into identifying sustainability related risks and opportunities (SRROs) in the Lanka IOC business operations, short- and medium-term planning and its long-term strategy. A Sustainability Management Committee is formed within the framework and guidance of Audit Committee, headed by Managing Director and comprising Head of Department as its Members. The terms of reference of the management Committee has been approved by the Board.

SKILLS AND COMPETENCIES

The Board comprises a diverse group of eminent professionals possessing a robust blend of skills, deep industry acumen, and multi-disciplinary expertise.

The Company has appointed leading professional firms towards the adoption of SLFRS S1 and S2 standards as an implementing Advisor and sessions were held for the Management Committee and Board in regard to Governance, Strategy, Risk Management and Metrics and targets for the CRRO's.

INFORM

Audit Committee of the Board will provide oversight, guidance and strategic insight into identifying sustainability related risks and opportunities (SRROs) and for formulating of strategy. Effective sustainability governance is driven by a continuous, structured flow of information between management and the Board of Directors. The Board is systematically kept abreast of the organization's ESG performance, climate-related risks, and compliance status through periodic, data-driven sustainability dashboards and integrated risk reports through the audit committee. By transforming complex operational metrics into actionable strategic insights, this institutionalized reporting framework ensures that the Board possesses the empirical clarity required to make informed decisions, mitigate emerging vulnerabilities, and steer long-term sustainable value creation. Audit Committee

appointed Management Committee to meet quarterly basis to review meetings on the Sustainability Standards and on periodic basis.

ADDRESS

Lanka IOC actively addresses climate-related risks by embedding them directly into our strategic planning, supply chain management, and annual budgeting processes. Energy infrastructure and operations are highly exposed to climate or transition risks undergo rigorous environmental assessments to ensure long-term operational resilience.

MONITOR

Lanka IOC systematically tracks its key sustainability performance indicators (KPIs) across all material environmental, social, and governance dimensions on a quarterly basis. The Board Sustainability committee actively evaluates progress against targets and whenever an indicator reflects an adverse variance or negative trend, the committee provides immediate strategic direction and corrective mandates to the Sustainability Unit. This proactive oversight ensures that operational deviations are swiftly addressed, maintaining full alignment with our long-term decarbonization and sustainability objectives.

MANAGEMENT ROLE

At Lanka IOC, the management of climate-related risks and sustainability initiatives is governed by a formalized executive framework that embeds ESG priorities into our core business model. This framework establishes clear operational ownership, ensuring that sustainability objectives are seamlessly executed across our downstream petroleum and distribution networks.

- Sustainability Management Committee headed by MD, serves as the primary executive body responsible for driving Lanka IOC's climate strategy.
- Policy Execution and Strategy: Sustainability Management Committee oversees the practical implementation of our climate transition roadmaps and environmental policies. It ensures that crucial considerations - such as carbon footprint reductions, clean energy transitions, and emerging SLFRS sustainability reporting mandates - directly influence our procurement decisions, asset management, and capital expenditure.
- Composition: To foster a unified corporate response, the committee is chaired by the Managing Director, ensuring top-tier executive accountability. The committee's cross-functional composition includes Head of the Departments of all Verticals and other Senior level representatives from the Company to attend all or part of any meeting when considered appropriate by the committee.

This diverse leadership structure ensures that high-level sustainability targets are effectively translated into day-to-day operational protocols.

Performance Reviews: Sustainability Management Committee will convene the meetings and scrutinize the environmental performance data, track progress against decarbonization targets, and evaluate macro-level energy transition risks. These sessions allow management to proactively integrate Climate-Related Risks and Opportunities (CRROs) into the operations of Lanka IOC. From time to time expert advisers are taking sessions to the Management Committee and the senior officers of the Company towards identifying the risk management, metrics and targets and to report to the Board.

The Board ensures that climate-related risks are directly connected to Lanka IOC's financial reporting by embedding sustainability assumptions into our annual budgeting and capital planning. This structured governance process guarantees that climate-vulnerable physical assets, such as distribution terminals and retail networks, are subjected to rigorous impairment testing and useful-life reviews based on identical risk data. Consequently, both the current and anticipated financial impacts of climate transition are accurately and consistently reflected within the Audited Financial Statements.

Institutional Governance Tools: Management leverages an array of specialized operational policies to maintain rigid governance over sustainability commitments. This includes a series of cross functional risk workshops with subject matter experts and operational leaders to identify the full spectrum of CRROs across LIOC's value chain. Risks were then assessed using LIOC's climate aligned risk criteria, which consider time horizon, likelihood of occurrence and severity of business and financial impact enabling a consistent and transparent method for prioritising CRROs presented in this paper.

Governance Alignment: Strategic governance is delegated by the Board of Directors. Under this standard, the Board of Directors holds ultimate accountability for overseeing climate related risks and opportunities, ensuring that climate considerations are embedded into governance structures, strategic decision making, and risk management processes. This includes reviewing risk exposures, monitoring management's response plans, and ensuring alignment between climate related insights and long term investment, resilience, and transition planning.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

CRRO 1	EXTREME WEATHER EVENTS	
CRROs impact on Prospects	Description	**Climate change (extreme weather) disrupts operations and supply chains -** Increased frequency of extreme weather (storms, floods) threatens retail sheds, storage terminals, and distribution networks. Disrupt supply chains, halt operations, increase costs, and necessitate long-term investments in infrastructure to maintain business continuity and disaster recovery plans.
	Physical Risk or Transition Risk	Physical Risk
	Time Horizon	M, L
	Define time horizon	Refer Note 06
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact on current business models and value chain.
	Anticipated Effects on Business Model and Value Chain	⚙ **Infrastructure Damage:** Petrol stations and storage terminals may suffer damage requiring maintenance or capital expenditure. ⚙ **Operational Disruptions:** Potential delays in placement of product. Reduced product availability. Increased costs due to product placement from alternate locations. ⚙ **Resilience Investments:** Increased Capital expenditure to withstand extreme weather events. Enhancing disaster recovery plans, improving cybersecurity measures, and adopting cloud-based solutions to ensure continuity of operations during disruptions.
	Where is it Concentrated?	**Business/Operation Risk** Petrol stations and storage terminals **Market Risk** Natural disasters can disrupt supply chains, leading to volatility in commodity prices and international shipping costs.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	**Business/Operation Risk** ***Mitigation Actions:*** **Alternate Supply Chain:** Backup plans to supply petroleum products from other terminals and depots to ensure continuity. **Infrastructure Investment:** Replacement and upgrading of petroleum terminal infrastructure to enhance resilience. **Retail Network Upgradation:** Periodic review and strengthening of retail sheds to withstand adverse weather conditions. **Market Risk** ***Direct Mitigation Actions:*** **Risk transfer & controls:** Import of product on DAP basis to minimise in transit risks. Property and other insurance covers taken to mitigate risks relating to physical damage of assets.

CRRO 1	EXTREME WEATHER EVENTS	
Strategy and Decision Making	How the Company is Resourcing and Plan to Resource Activities	**Financial Investment** Budget Allocation: Allocate specific budgets for climate risk management initiatives, including investments in technology, infrastructure, and training programs. **Human Capital Development** **Training and Development Programs:** Implement training programs for employees focused on climate risk management, disaster recovery, and customer engagement strategies related to extreme weather events. Disaster Recovery Technology: Implement robust IT infrastructure and disaster recovery technologies to ensure operational continuity during extreme weather events, including cloud-based solutions for data backup and recovery.
	Progress (qualitative and quantitative)	**Financial Investment** **Past Investment (FY 2024-25 & 2025-26):** Rs. 800 million in re-Strengthening of Canopies at retail sheds, Replacement of Dispensing Units, New DG Set at Trincomalee, Replacement of Pipeline at Trincomalee, Firefighting Facility at Trincomalee **Planned Investment (Medium Term):** Investment of about Rs. 463 million is planned for FY 2026-27 for re-Strengthening of Canopies at balance 47 sheds, Replacement of 50 number of Dispensing Units, Replacement of Pipeline at Trincomalee, Replacement of Boiler at Trincomalee. **Human Capital Development** **Training Programs:** Over 1000 man hrs were undertaken towards the training of employees towards climate risk management sessions in 2025, focusing on disaster recovery, customer engagement, and sustainability practices.
Financial Effects	Current year financial effects to PL, BS and CF	No material financial effects reported to the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	No Significant risk of material adjustments to carrying value of assets and liabilities in the current financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer Note 8 Transitional Relief

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

CRRO 1	EXTREME WEATHER EVENTS	
Climate resilience	Resilience Assessment	Refer Note 8 Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 8 Transitional Relief
Judgements and Uncertainties	Judgements	Refer note 9 for Judgements
	Uncertainties	Refer note 9 for Judgements

CRRO 2	DEMAND & MARKET RISK	
CRROs impact on Prospects	**Description**	**Demand & Market Risk - Transition to Renewable Energy and Improving Energy Efficiency (Decline in fossil fuel demand)**
	Physical Risk or Transition Risk	Transition Risk
	Time Horizon	M, L
	Define time horizon	Refer Note 06
Business Model and Value Chain	Current Effects on Business Model and Value Chain	No material impact on current business models and value chain.
	Anticipated Effects on Business Model and Value Chain	**Evolving Business Models:** Shift towards more sustainable and resilient business with solar, wind, and hydropower resources. Sri Lanka has a clear opportunity and expressed ambitious commitments to move towards electricity generation based on renewable sources, to transition away from fossil fuels toward cleaner, decentralized energy systems., reduction in fossil fuel demand will directly impact the revenue and profitability of the company.
	Where is it Concentrated?	**Business/Operation Risk** Energy transition towards lower-carbon fuels and electrification of transport could reduce long-term demand for conventional fuels and will directly impact the revenue and profitability of the company. **Demand Uncertainty :** In the long-term a renewable energy transition could reduce the demand for fossil fuels. However, there is uncertainty around the timing and intensity of the transition.
Strategy and Decision Making	Plans to respond to in Strategy, Risk Management, Transition Plans and Climate-related Targets	**Business/Operation Risk** ***Mitigation Actions:*** Strengthen the Company's long-term resilience by diversifying into sustainable energy businesses such as electric vehicle (EV) charging infrastructure, solar power, and wind energy through strategic partnerships with experienced industry players possessing the required technical expertise, operational capabilities, and market knowledge. These initiatives will support Lanka IOC's energy transition strategy while creating new avenues for sustainable growth and value creation. **Expansion of Bunkering Business at Trincomalee:** To increase the bunkering business at east coast and increase tankage capacity for bunker fuel.

CRRO 2	DEMAND & MARKET RISK	
Strategy and Decision Making		**Lubricants and Petrochemicals:** Expanding the petrochemicals offerings. Introducing next generation synthetic and semi-synthetic lubricants in the Sri Lankan market. Development of Grease business. **EV Charging Infrastructure:** Develop charging facilities at fuel stations to remain relevant in an electrified transport ecosystem. **Renewable Energy Integration:** LIOC will evaluate business opportunities to diversify into solar, wind, and battery storage to de-risk earnings from fossil fuels. **LPG and Aviation Business:** Scouting business opportunities to diversify into LPG and Aviation businesses. **Non-Fuel Retail:** Tie-ups with the convenience stores and service offerings to reduce dependence on fuel margins. Implement solar energy solutions in B site retail spaces to promote sustainability.
	How the Company is Resourcing and Plan to Resource Activities	**Financial Investment** Rs. 55 Mn spent in Trincomalee for augmentation of Bunkering Infrastructure, Rs. 90 Mn Spent for Augmentation of Lube Blending and Grease Plant.
	Progress (qualitative and quantitative)	**Financial Investment** For investment into Renewable, LPG and Aviation, the quantum of the capital investment will be determined based on the risk/return profile of each business opportunity. It will be financed through an optimum mix of debt and equity.
Financial Effects	Current year financial effects to PL, BS and CF	No material financial effects reported to the current financial year.
	Significant risk of material adjustments to carrying value of assets and liabilities in the next financial year	No Significant risk of material adjustments to carrying value of assets and liabilities in the current financial year.
	Anticipated financial effect over short, medium and long term to PL, BS and CF	Refer Note 8 Transitional Relief
Climate resilience	Resilience Assessment	Refer Note 8 Transitional Relief
	How and When Climate Scenario Analysis was performed. Disclosure of (i) Inputs; (ii) Key Assumptions, and (iii) Reporting period in which scenario analysis was carried out	Refer Note 8 Transitional Relief
Judgements and Uncertainties	Judgements	Refer note 9 for Judgements
	Uncertainties	Refer note 9 for Judgements

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

RISK MANAGEMENT

This section details Lanka IOC's structured approach to identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities across our downstream petroleum and distribution operations. It further illustrates the extent to which these specialized mechanisms are embedded within the Company's overarching enterprise risk management framework.

PROCESSES AND POLICIES RELATING TO CLIMATE-RELATED RISKS

Lanka IOC PLC (LIOC) has established a structured, integrated framework designed to robustly manage climate-related risks and opportunities (CRROs) across its value chain. Ultimate accountability for overseeing these exposures sits with the Board of Directors, ensuring that climate-driven insight directly shapes long-term strategy, investment planning, and corporate resilience.

RISK IDENTIFICATION

To maintain a comprehensive view of the changing energy landscape, LIOC utilizes a dual-method identification approach that blends top-down strategic analysis with bottom-up operational insights

- Environmental Scanning: The Company conducts routine macro-environmental reviews tracking global, regional, and national policies, climate regulations, physical hazards, and market transition trends specific to the petroleum and energy sector.
- Cross-Functional Workshops: Potential exposures are mapped out through structured risk workshops involving subject matter experts and operational leaders across core corporate segments, covering downstream procurement, terminal storage, retail distribution, and bunkering networks

In accordance with the transitional provisions and disclosure reliefs permitted under SLFRS S2, Lanka IOC PLC has adopted a phased implementation approach toward climate scenario analysis. Consequently, quantitative scenario-based financial modeling and climate-driven stress testing have been deferred for the current reporting period, with present risk assessments remaining primarily qualitative.

RISK ASSESSMENT

Once identified, individual risks and opportunities are evaluated against a standardized set of climate-aligned risk criteria to ensure transparency and consistency.

Nature and Scope: Lanka IOC PLC evaluates physical climate risks, particularly acute weather events, to assess their potential impact on operational cash flows, the physical condition of downstream infrastructure, and overall service continuity across its nationwide distribution network. Concurrently, the Company is expanding its evaluation scope to integrate transition risk triggers. This forward-looking approach assesses how policy-driven shifts, stricter regulatory frameworks, and changing consumer preferences within high-emission sectors might impact corporate viability, product demand, and long-term asset valuations as Sri Lanka moves toward a lower-carbon economy.

SR	CRRO	PHYSICAL OR TRANSITION	TIME HORIZON	LIKELIHOOD	SEVERITY OF THE EFFECT
01	Climate change (extreme weather) disrupts operations and supply chains	Physical Risk	Medium/ Long Term	Possible	Moderate
02	Demand & Market Risk - Transition to Renewable Energy and Improving Energy Efficiency (Decline in fossil fuel demand)	Transitional Risk	Long Term	Likely	Significant

Likelihood: Climate-related risks and opportunities are evaluated on a scale ranging from 'Very Unlikely' to 'Very Likely'. This assessment combines historical operational data with forward-looking predictive climate trends relevant to the energy sector.

Severity: The potential consequences of each exposure are assessed across critical dimensions, including operational business continuity, physical safety, environmental factors, and financial implications. This evaluation determines an overall risk rating, ranging from Low to High, to ensure optimal corporate prioritization.

PRIORITIZATION

Lanka IOC PLC prioritizes climate-related risks within its existing enterprise risk management frameworks rather than as a standalone climate module, ensuring that environmental variables are embedded directly into core operational decision-making. Within business and operational risk management, location-specific insights, product supply chain concentration limits, and early-warning weather indicators are used to guide risk escalation and fuel portfolio steering.

MONITORING

Lanka IOC PLC relies on systematic risk monitoring to track climate-related exposures and the progress of its mitigation initiatives. The Board of Directors holds ultimate accountability for reviewing these risk exposures and monitoring management's response plans to ensure operational continuity. To maintain oversight, climate risk indicators are integrated into corporate

cycles, which includes extending existing risk committee oversight to climate-related KPIs. This ongoing monitoring process ensures that the strategic responses designed for material physical and transition risks - such as supply chain contingencies, infrastructure resilience investments, and low-carbon revenue diversification - are actively tracked and managed.

CHANGES IN THE PROCESS

Company does not change any process during the financial year under review.

Processes and Policies Relating to Climate-related Opportunities

OPPORTUNITY IDENTIFICATION

Lanka IOC PLC (LIOC) identifies the transition to renewable energy and low-carbon solutions as a distinct, high-rating strategic opportunity to open new revenue streams that are not dependent on fossil fuels. Opportunity identification focuses on leveraging the Sri Lankan policy environment - specifically the Renewable Energy Resources Development Plan 2025–2030 - to explore investments in clean energy solutions, including utility-scale solar farms, coastal wind projects, and grid-scale battery storage systems. The Company tracks growth in non-fuel segments, such as generating Rs. 104 Mn from solar plant installations as of February 2025. Consistent with SLFRS S2 transitional relief, formal climate-scenario-based opportunity sizing has been deferred, with plans to progressively integrate quantitative modeling into strategy reviews as data availability and methodologies mature.

ASSESSMENT

The assessment of climate-related opportunities is driven by evaluating the feasibility and risk/return profile of each initiative to ensure alignment with the Company's strategic goals and risk appetite. This includes exploring diversification across the energy value chain, such as expanding EV charging facilities via asset-light revenue-share partnerships, introducing next-generation synthetic lubricants, and evaluating entry into the LPG and aviation sectors. In accordance with transitional provisions, the current assessment process remains primarily qualitative, focusing on established strategic parameters and baseline operational tracking, which will be progressively enhanced in future reporting cycles.

PRIORITIZATION

As part of its strategy and risk alignment process, Lanka IOC prioritizes capital allocation toward feasible and sustainable projects that strengthen corporate resilience against transition risks and reduce long-term reliance on fossil fuels. The Company focuses its immediate infrastructure resourcing on high-potential avenues, such as scaling up retail outlet solar coverage to lower operational costs, expanding convenience store offerings via retail chain partnerships, and building capability through employee energy-transition training and the recruitment of external subject matter experts.

MONITORING

Progression against strategic opportunities and non-fuel revenue generation is integrated into corporate review cycles and subject to ultimate Board oversight.

The Board of Directors actively monitors management's response plans and diversification progress, with oversight mandates extended to track climate-related Key Performance Indicators (KPIs).

INTEGRATION TO OVERALL ERM

Lanka IOC PLC is actively strengthening the integration of climate-related risks and opportunities into its core enterprise risk management framework. The Company is currently in the process of systematically embedding transition risk triggers into its risk management workflows, while simultaneously introducing operational enhancements to address acute physical risks across its downstream value chain.

This integration is driven primarily through existing corporate structures and established governance pathways. The Board of Directors holds ultimate accountability for overseeing climate exposures and monitoring management's strategic response plans. Operational oversight is maintained by extending existing risk committee mandates to track climate-related Key Performance Indicators (KPIs) and evaluate evolving policy, physical, and market-transition trends.

METRICS AND TARGETS

CROSS INDUSTRY METRICS

1) GREENHOUSE GAS EMISSIONS (GHG)

Basis of Determination of Organizational Boundary and Operational Boundary, Lanka IOC PLC determines its organizational boundary for climate-related reporting in close alignment with the fundamental governance and accountability principles applied across its corporate structure. The Board of Directors holds ultimate accountability for overseeing climate-related risks and opportunities, ensuring that sustainability-related disclosures remain directly connected to the Company's primary governance and operational reporting streams. Accordingly, the reporting boundary encompasses all core downstream operations, distribution infrastructure, and facilities over which the Company exercises management and operational control. This comprehensive inventory spans across the nationwide distribution network, including bunkering services at the Colombo, Galle, and Trincomalee ports, the lubricant filling plant, storage terminals, and the extensive retail network.

The Company's operational boundary is structured to evaluate climate-related information across its downstream energy value chain, capturing the full spectrum of material physical and transition exposures that influence corporate resilience. This boundary accounts for critical activities across procurement, product import, bulk storage, transfer pipelines, loading logistics, and retail outlet operations. In line with the transitional reliefs permitted under the SLFRS S2 standard, the current boundary focus remains primarily qualitative, allowing Lanka IOC to establish rigorous baseline frameworks for data gathering and tracking. The Company applies these completeness and materiality principles to ensure that its reporting transparently reflects the operational realities, infrastructure investments, and value chain relationships that shape its long-term performance in Sri Lanka's evolving energy landscape.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

METHODOLOGY USED FOR THE MEASUREMENT AND DISCLOSURE OF GHG EMISSIONS

Lanka IOC PLC establishes its Greenhouse Gas (GHG) emissions measurement and reporting framework by utilizing an operational control approach to systematically define and track emission sources across its downstream energy value chain. While the initial reporting phase under the SLFRS S2 roadmap focuses on establishing rigorous baseline structures, the Company is structuring its data-gathering systems to ensure comprehensive tracking across its nationwide operational footprint.

The Company's direct GHG emissions, to be disclosed under Scope 1, encompass fuel consumption arising from core operational activities, logistics, and backup power generation across its primary facilities. This includes fuel usage from Company-managed vehicles, operations at the Trincomalee bunkering berth and storage terminals, and generators utilized to maintain service continuity at key locations. Primary data for Scope 1 quantification is systematically captured through supplier invoices, internal inventory logs, and operational meter readings.

The Company's indirect GHG emissions, to be disclosed under Scope 2, are associated with grid electricity purchased from national utility providers to power Lanka IOC owned and controlled premises. This includes electricity consumption across the retail network, the lubricant blending plant, office complexes, and terminal infrastructure. Purchased energy consumption is quantified utilizing primary consumption metrics sourced directly from utility provider invoices and internal facility tracking.

This structured, data-driven methodology ensures that Lanka IOC's evolving GHG inventory reflects actual energy consumption patterns across its operations. By building this robust reporting foundation, the Company enables transparent, year-on-year comparability going forward, directly supporting informed corporate decision-making regarding infrastructure energy-efficiency investments, solar roof installations, and long-term decarbonization initiatives.

Summary of GHG Emissions

SCOPE	2025 (MTCO2E)
Scope 1	160.31
Scope 2	960.46
Scope 3 (Note: Refer Transitional Relief)	
Total	1,120.77

GHG Scope 1 and Scope 2 Emissions

DESCRIPTION	GREENHOUSE GAS EMISSIONS (METRIC TONNES CO2E) 2024/25		
	SCOPE 1	SCOPE 2	TOTAL
Consolidated accounting group	160.31	960.46	1,120.77
Other investee (investment in associate, joint ventures)	n/a	n/a	n/a
Total (Operational control approach)	160.31	960.46	1,120.77

Key Assumptions and Sources of GHG Measurement

SCOPE	EMISSION SUB-CATEGORY	ACTIVITY	DATA SOURCE	EMISSION FACTOR	SOURCE OF GWP VALUES
Scope 1	Stationary combustion	Direct emissions from diesel generators	Own use Diesel book (Electrical)	IPCC (2006) default EF	IPCC 6th Assessment Report (AR6)
		Direct emissions from LPG consumption	Purchase invoices	IPCC (2006) default EF	IPCC 6th Assessment Report (AR6)
		Direct emissions from diesel boilers	Own use diesel register (LBP)	IPCC (2006) default EF	IPCC 6th Assessment Report (AR6)
Scope 1	Mobile combustion	Direct emissions from diesel consumption for forklifts	Forklift own use register (LBP)	IPCC (2006) default EF	IPCC 6th Assessment Report (AR6)
		Direct emissions from diesel consumption for fire engine	Diesel Coupon (own use)	IPCC (2006) default EF	IPCC 6th Assessment Report (AR6)

SCOPE	EMISSION SUB-CATEGORY	ACTIVITY	DATA SOURCE	EMISSION FACTOR	SOURCE OF GWP VALUES
Scope 1	Process combustion	Direct emissions from diesel consumption for thermic fluid heater	Own use diesel register (GMP)	IPCC (2006) default EF	IPCC 6th Assessment Report (AR6)
Scope 1	Fugitive Emissions	Direct emissions from fire extinguishers	Annual fire extinguisher service records	IPCC (2006) default EF	IPCC 6th Assessment Report (AR6)
		Direct emissions from refrigerant leakages	AC maintenance records and equipment history card	IPCC (2006) default EF	IPCC 6th Assessment Report (AR6)
Scope 2	Electricity Consumption & T and D loss	Indirect GHG emissions from Electricity Consumption & T and D loss	Monthly electricity bills issued by the Ceylon Electricity Board	Sri Lanka Energy balance 2022, published by Sri Lanka Sustainability Energy Authority	IPCC 6th Assessment Report (AR6)

2) CLIMATE-RELATED PHYSICAL RISKS

LIOC evaluates climate-driven physical hazards, including heavy monsoon bursts, cyclonic storms, floods, and landslides that pose direct risks to terminal and retail infrastructure. The Company is currently developing a comprehensive framework to precisely identify the specific operations, logistics corridors, and geographical areas vulnerable to these extreme weather threats. The quantitative amount of corporate assets or business activities vulnerable to climate-related physical risks will be formally disclosed in the coming financial year as data tracking infrastructure matures.

CLIMATE-RELATED TRANSITION RISKS

The Company faces severe long-term transition risks driven by Sri Lanka's policy targets of achieving 70% renewable electricity by 2030 and carbon neutrality by 2050, which will structurally reduce demand for conventional automotive fuels. In accordance with the transitional provisions permitted under the SLFRS S2 standard, the Company is currently applying transitional reliefs regarding value chain disclosures. LIOC expects to formally disclose the specific amount of assets or business activities vulnerable to climate-related transition risks (such as margin compression from strict pricing formulas and changing compliance obligations) in the coming financial year.

CLIMATE-RELATED OPPORTUNITIES

Business activities aligned with climate-related opportunities focus on opening non-fossil fuel revenue streams and driving clean energy innovation. Key tracked opportunities include scaling up retail outlet solar coverage, which successfully generated Rs. 104 Mn as of February 2025 and completing feasibility assessments to invest in utility-scale solar farms, coastal wind projects, battery storage systems, and EV charging facilities through asset-light revenue-share partnerships.

CAPITAL EXPENDITURE

LIOC is actively directing capital expenditure toward climate-resilient upgrades and infrastructure redundancy to manage its material exposures.

FY 2025-26 Allocated Capital Investments:

- Rs. 180 Mn to reinforce canopies across 47 weather-vulnerable retail outlets.
- Rs. 403 Mn to replace 180 automated dispensing units across 100 retail outlets to minimize downtime and enable remote monitoring and asset resilience.
- Rs. 57 Mn to install a new DG set in Trincomalee.
- Rs. 64 Mn to replace old jetty transfer pipelines in Trincomalee.
- Rs.96 Mn to upgrade the Trincomalee firefighting facility (foam pourers/sprinklers). Refer Note 11 PPE

Anticipated FY 2026/27 Capital Investments:

- Rs. 244 Mn to complete the next phase of canopy reinforcement for the 47 identified outlets.
- Rs. 100 Mn to replace 50 additional automated dispensing units.
- Rs. 76 Mn to continue replacing old jetty pipelines in Trincomalee.

INTERNAL CARBON PRICING

The Company is currently not applying internal carbon pricing in decision making and however will explore the possibilities of apply carbon pricing in its decision making as part of a forward-looking action plan, where applicable.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

REMUNERATION

As at March 31, 2026, remuneration is not yet formally linked to specific SRROs.

Industry Specific Metrics

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX

OIL & GAS – REFINING & MARKETING SUSTAINABILITY ACCOUNTING STANDARD (VERSION 2023-12)

Table 1: Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	DISCLOSURE REFERENCE AND/OR RESPONSE
Greenhouse Gas Emissions	Gross global Scope 1 emissions	Quantitative	tCO_2e	EM-RM-110a.1	Emissions would be 160.31 tCO_2e
Greenhouse Gas Emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions and emissions reduction targets	Discussion & Analysis	n/a	EM-RM-110a.2	The Company continues to improve energy efficiency, increase renewable energy utilization, optimize logistics operations, and evaluate low-carbon business opportunities including solar energy and EV charging infrastructure. Lanka IOC tied up with LOLC to facilitate EV charging station in FY 2026-27.
Air Quality	Air emissions of NOx, SOx, VOCs and particulate matter	Quantitative	Metric tons (t)	EM-RM-120a.1	Currently air quality is not measured
Energy Management	Total energy consumed and percentage grid electricity	Quantitative	GJ, %	EM-RM-130a.1	960.46 tCO_2e
Water Management	Total water withdrawn and percentage in regions with high water stress	Quantitative	Cubic meters (m^3)	EM-RM-140a.1	17,210KL
Ecological Impacts	Description of environmental management policies and programs	Discussion & Analysis	n/a	EM-RM-160a.1	Environmental management systems and operational controls are maintained to minimize adverse environmental impacts associated with fuel storage and distribution activities.
Health, Safety & Emergency Management	Process safety events and spill management	Quantitative / Discussion	Number, Volume	EM-RM-320a.1	Lanka IOC maintains emergency response procedures, spill prevention controls, business continuity arrangements and disaster preparedness measures across key operational facilities.
Workforce Health & Safety	Employee health and safety programs	Discussion & Analysis	n/a	EM-RM-320a.2	Refer Annual Report 2025-26 page 98

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE	DISCLOSURE REFERENCE AND/OR RESPONSE
Business Ethics & Governance	Description of policies and practices for business ethics and regulatory compliance	Discussion & Analysis	n/a	EM-RM-510a.1	The Company operates under a robust governance framework supported by Board oversight, internal controls, compliance procedures and risk management processes.
Climate Change Adaptation	Physical and transition climate risks affecting operations	Discussion & Analysis	n/a	EM-RM-450a.1	Material climate-related risks identified include extreme weather events and long-term demand shifts arising from the global energy transition.

Table 2: Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	DISCLOSURE REFERENCE AND/OR RESPONSE
Petroleum products sold	Quantitative	Metric tons (MT)	EM-RM-000.A	999,191MT
Number of retail fuel stations	Quantitative	Number	EM-RM-000.B	273 Retail Fuel Stations
Storage terminal capacity	Quantitative	Kilolitres (KL)	EM-RM-000.C	16 Storage tanks located in Trincomalee Terminal
Lubes & Grease production and sales volume	Quantitative	MT	EM-RM-000.D	Lubricants remain an important segment contributing to revenue Streams with an annual capacity of 18000 MT. Grease plant which is operating under the lube blending plant is the one and only grease manufacturing plant in the country with a annual capacity of 3,000 MT in Sri Lanka.
Marine bunkering volumes	Quantitative	MT	EM-RM-000.E	304,617 MT
Renewable energy investments	Quantitative	Rs. Mn	EM-RM-000.F	85 Retail outlets solarized

CLIMATE-RELATED TARGETS

Currently, LIOC has not yet set climate related targets.

SLFRS SUSTAINABILITY RELATED FINANCIAL DISCLOSURES

National Cleaner Production Centre, Sri Lanka

ISO/IEC 17029
VVB 003-01

Greenhouse Gas Verification Opinion

The Greenhouse Gas Statement of

Lanka IOC PLC

has been verified in accordance with the ISO 17029: 2019 and ISO 14064-3: 2019 standards
as meeting the requirements of ISO 14064-1: 2018 standards

Opinion No	: NCPC/CFP/OL/2026/09
Period of Assessment	: 01/04/2025-31/03/2026
Date of Issue	: 29/05/2026
Level of Assurance	: Reasonable Level Assurance
Selected Boundary	: Operationally controlled business operations of Lanka IOC PLC including 85 of their owned fuel stations across Sri Lanka

Summary of Greenhouse Gas Inventory – 2025/26

Category 01-Direct GHG emissions and removals	: 160.31 tonnes CO_2e
Category 02-Indirect GHG emissions from imported energy	: 960.46 tonnes CO_2e
Total GHG emission	**: 1,120.77 tonnes CO_2e**

According to the GHG Protocol Corporate Standard,

Scope 01-Direct GHG emissions	: 160.31 tonnes CO_2e
Scope 02-Indirect GHG emissions from electricity	: 960.46 tonnes CO_2e
Total GHG emission	**: 1,120.77 tonnes CO_2e**

Samantha Kumarasena
Chief Executive Officer

This statement is not valid without the full verification scope, objectives, criteria, conclusion available on report no GHG/OL/ON/2026/09

CORPORATE GOVERNANCE

TRUST AS OUR COMPASS

Upholding the highest standards of governance, accountability, and integrity to safeguard stakeholder interests and strengthen long-term resilience.



CORPORATE GOVERNANCE

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE



Corporate Governance: Building Trust, Resilience and Sustainable Value

At Lanka IOC, we firmly believe that strong corporate governance is fundamental to sustaining stakeholder trust, strengthening organizational resilience, and delivering long-term value creation. In an increasingly complex operating environment characterized by geopolitical uncertainty, evolving regulatory expectations, economic volatility, technological disruption, and the ongoing transformation of the global energy sector, sound governance practices have become more critical than ever.

As a Company entrusted with supporting Sri Lanka's energy security and economic continuity, we recognize that governance extends well beyond compliance. It encompasses accountability, ethical conduct, transparency in decision-making, responsible leadership, and a commitment to acting in the best interests of all stakeholders.

Our governance framework is designed to ensure the effective alignment of strategy, risk management, and performance. The Board remains actively engaged in overseeing the Company's strategic direction while ensuring that key risks arising from market volatility, supply chain disruptions, operational continuity, cybersecurity, regulatory developments, and the evolving energy transition landscape are identified, assessed, and managed in a timely and effective manner. In an industry increasingly shaped by external uncertainties and changing stakeholder expectations, maintaining the balance between resilience and strategic agility remains a key priority.

The Board and Management work collaboratively to embed risk management into business planning and operational decision-making. This integrated approach enables Lanka IOC to respond effectively to emerging challenges while pursuing sustainable growth opportunities across both traditional energy businesses and future-oriented initiatives.

Equally important to our long-term success is the culture that defines Lanka IOC. We continue to foster a workplace culture rooted in integrity, accountability, collaboration, inclusivity, innovation, and operational excellence. Our employees have consistently demonstrated exceptional resilience, commitment, and professionalism, particularly during periods of national and global uncertainty. Their dedication has enabled the Company to maintain operational continuity, deliver value to stakeholders, and uphold the trust placed in us.

Recognizing the growing importance of sustainability as a strategic business imperative, Lanka IOC continues to strengthen its sustainability governance, reporting, and risk management frameworks in line with evolving global and local disclosure requirements. During the year, the Company further enhanced its approach to identifying, assessing, and managing sustainability-related risks and opportunities while integrating sustainability considerations into strategic planning and key business decisions.

As part of this commitment, Lanka IOC is progressively aligning its reporting practices with the requirements of SLFRS S1 – General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 – Climate-related Disclosures. This reflects the Company's commitment to enhanced transparency, stronger climate governance, improved stakeholder engagement, and the integration of sustainability considerations into corporate decision-making. Through these efforts, we aim to strengthen organizational resilience, create sustainable value for stakeholders, and enhance our preparedness for an increasingly sustainability-conscious and climate-sensitive business environment.

During the year, we were also pleased to welcome new appointments to the Board, further enhancing the collective expertise, independence, and diversity of perspectives within our governance structure. Their experience and strategic insight will support Lanka IOC as the Company continues to navigate a rapidly evolving energy landscape and pursue its long-term strategic aspirations.

On behalf of the Board, I extend my sincere appreciation to our shareholders, employees, customers, regulators, business partners, and all other stakeholders for their continued trust and confidence in Lanka IOC. As we move forward, we remain committed to upholding the highest standards of corporate governance, maintaining transparency and accountability in all our actions, and guiding the Company with prudence, integrity, and a clear focus on sustainable value creation for generations to come.



Mr. Anuj Jain
Chairman
Lanka IOC PLC

17th April 2026

STATEMENT OF COMPLIANCE ON CORPORATE GOVERNANCE REPORTING

The subsequent sections provide an overview of how the Board created value for the organisation during the year, including its key focus areas, operational priorities, and deliverables. Detailed disclosures on the Company's compliance with the Corporate Governance Directions under the Listing Rules of the Colombo Stock Exchange, as well as the Code of Best Practice on Corporate Governance (2023), are provided on pages 146 - 158 of this Report.

BOARD OF DIRECTORS

NEW APPOINTMENTS TO THE BOARD

Recognizing the importance of dynamic and forward-thinking leadership, we continued to strengthen our Board through the appointment of new Directors who bring diverse expertise, fresh perspectives, and deep industry insight.

THE BOARD OF DIRECTORS

Mr. Anuj Jain	**Chairman**
Mr. K Raghu	**Managing Director**
Mr. Saumitra P Srivastava	**Non-Executive Director**
Mr. Rajesh Singh	**Non-Executive Director**
Mr. H M A Jayesinghe	**Senior Independent Non-Executive Director**
Mr. S.Renganathan	**Independent Non-Executive Director**

As per the Listing Rule 9.11.5 of CSE, the Nominations and Governance Committee recommended to the Board of Directors for the re-election of the following Directors as per the Company's Articles of Association. The Board approved the re-election of Directors at the Board meeting held on 17.04.2026.

Mr. H M A Jayesinghe will retire by rotation in terms of Article 29 (2), and offers himself for re-election as a Director at the forthcoming Annual General Meeting.

Mr. S Renganathan will retire by rotation in terms of Article 29(2), and offers himself for re-election as a Director at the forthcoming Annual General Meeting.

Indian Oil Corporation Ltd nominated Mr. Anuj Jain Non-Executive Director/ Chairman in place of Mr. Satish Kumar Vaduguri, Non-Executive Director/ Chairman with effect from 22nd August 2025. He will vacate his position as in terms of Article 27 (6) and offers himself for re-election at the forthcoming Annual General Meeting.

Mr. Saumitra P Srivastava, Non-Executive Director and Mr. Rajesh Singh, Non-Executive Director, were appointed to the Board of Directors with effect from 22nd August 2025 in place of Mr. N D Mathur, Non-Executive Director and Mr. R V N Vishweshwar Non-Executive Director. They will vacate their position as in terms of article 27 (6) and offer themselves for reelection at the forthcoming Annual General Meeting.

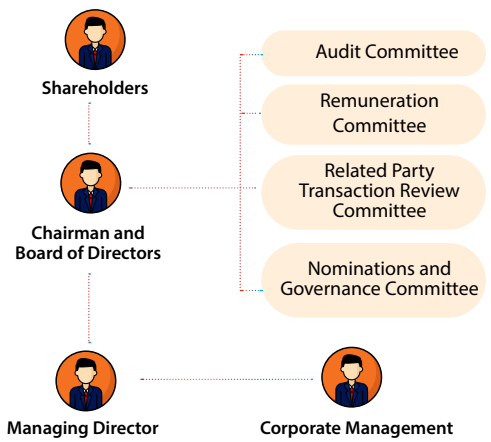
APPROACH TO GOVERNANCE

The resilient performance demonstrated by Lanka IOC PLC over the past few years stands as a compelling testament to the strength and effectiveness of our corporate governance framework. This resilience is deeply rooted in our unwavering commitment to upholding the highest standards of governance, which we recognize as a cornerstone in building sustainable value for all stakeholders.

We firmly believe that good governance is not merely a compliance requirement but a strategic imperative that drives integrity, ethical conduct, and responsible decision-making across every level of the organization. As such, we remain resolute in our pursuit of continuous improvement, actively benchmarking our governance practices against global best practices and emerging trends.

In an evolving regulatory and risk landscape, we continue to strengthen our internal controls, enhance Board oversight, and cultivate a culture of accountability, transparency, and ethical leadership. These efforts are supported by a robust governance structure that promotes diversity of thought, prudent risk management, and stakeholder inclusivity.

GOVERNANCE FRAMEWORK

EXTERNAL REGULATIONS	INTERNAL GOVERNANCE STRUCTURE	INTERNAL REGULATIONS
Corporate Governance Rules published by the CSE Companies Act No. 7 of 2007 Code of Best Practice on Corporate Governance 2023 Sri Lanka Accounting Standards (LKAS and SLFRS) Act No.15 of 1995 Inland Revenue Act No. 24 of 2017 Independent audit Customs Ordinance No.17 of 1869 Foreign Exchange Act No.12 of 2017 Industrial Dispute Act No.43 of 1950 The Shop and Office Employees Act No.15 of 1954		Articles of Association Terms of References of Board sub-committees Code of Business Ethics Internal Control System Enterprise Risk Management Framework HR Policies Comprehensive Framework of Board approved Policies. DOA - Delegation of Authority.

CORPORATE GOVERNANCE

GOVERNANCE PRINCIPLE

STEWARDSHIP	ACCOUNTABILITY, CONTROL AND ASSURANCE	SUSTAINABILITY IN BUSINESS	VALUE AND ETHICS
Governance and Structure	Annual Report	Embedding ESG considerations	Embedding policy commitments
Board Composition	Risk management and internal controls	Diversity and gender equality	Remediating negative impacts
Delegation of Authority	External Audit	CSR	Whistle blowing
Board Responsibility			Communication of critical concerns
Company Secretary			Anti- bribery and anti-corruption
Nomination and Selection			Anti-competitive behaviour
Appointment, retirement and resignation			Conflict of interest
Independence			
Board Evaluation			
Training			

GOVERNANCE OUTCOMES AND SHAREHOLDER VALUE CREATION

Strategy, Performance and Reporting → **Oversight on Risk Management** → **Shaping Organisational Culture** → **Driving Responsible Corporate Citizenship**

GOVERNANCE STRUCTURE

BOARD COMPOSITION AND EXPERTISE

The Board of Directors is ultimately responsible for ensuring that Lanka IOC PLC functions within a rigorous and effective governance structure. The Board provides ethical and entrepreneurial leadership, to safeguard stakeholder value creation within a framework of robust and effective controls. The Board is well balanced and competent to discharge their statutory and fiduciary duties, objectively and effectively. Careful consideration has been given to ensure that the Board has the right mix of skills and experience as well as varying perspectives.

As of the end of March 2026, the Board comprises Six (06) Directors including One (01) Executive Director, One (01) Senior Independent Non-Executive Director, One (01) Independent Non-Executive Director and Three (03) Non-Executive Directors. The Board evaluates the independence yearly using annual declarations submitted by the Directors according to the CSE rule 9.8.3. This process ensures whether such Directors are independent of the management and free of any business or other relationship that could interfere with the exercise of their unfettered and independent judgment.

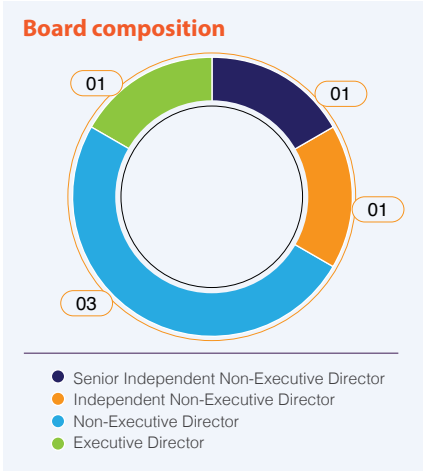
The Company Secretary obtained declarations from the Board of Directors on confirmation of satisfying the Fit and Proper Assessment Criteria set out in the Listing Rules of the Colombo Stock Exchange.

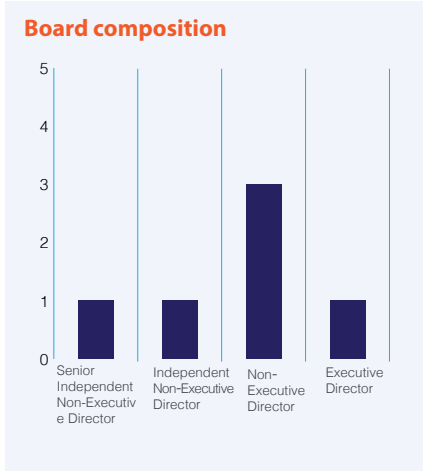
The Board is diverse in its expertise, skills, experience, and demographics, which aligns with the current and future needs of the Company. The Board brings rich perspectives to the Board, enhancing the depth of discussions and quality of decision-making. Please refer pages 32-37 for brief profiles of the Board of Directors. The Board appointments including nominee directors follow a transparent and rigorous process with the recommendations of the Nominations & Governance Committee. The Board periodically assesses its skill composition to ensure that its expertise remains relevant in driving the Company's strategic agenda.

BOARD COMPOSITION

The Board of Directors of Lanka IOC PLC comprises of 06 Directors

01	Senior Independent Non-Executive Director
01	Independent Non-Executive Director
03	Non-Executive Directors
01	Executive Director

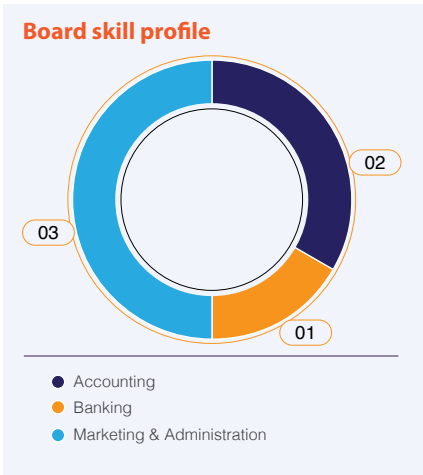




BOARD SKILL PROFILE

02	Accounting
01	Banking
03	Marketing & Administration

Please refer profiles of Board of Directors on pages 175 to 178





DIVERSITY OF AGE

02	50-55 Years Directors
02	56-60 Years Directors
02	61-70 Years Directors

GENDER



06 Male

CORPORATE GOVERNANCE

THE BOARD'S CONTRIBUTION TO VALUE CREATION IN 2025-26

STRATEGY

Formulation of the strategic direction to create shared and sustainable stakeholder value. Given the unprecedented operating conditions that prevailed during the year, the Board engaged proactively with the business to ensure continuity of operations amidst volatile business conditions.

SHAPING THE CORPORATE CULTURE

Board members model ethical behaviour in their decisions and actions and their conduct sets the tone for the entire organisation. The Board maintains transparency in Board activities and decisions to build trust and accountability.

RISK MANAGEMENT

The Board assisted by the Risk and Audit Committee ensures effective risk management. Effective risk management is underpinned by the Company's risk management framework which has been designed to optimise risk-reward factors.

STAKEHOLDER ENGAGEMENT

The Board plays a pivotal role in fostering robust stakeholder engagement, which is crucial for building trust, enhancing reputation, and ensuring long-term success. By establishing clear channels for stakeholder interaction and ensuring regular, honest updates, the Board maintains an ongoing dialogue with all stakeholders.

EFFECTIVE LEADERSHIP

As the apex governing body, the Board of Directors is responsible for setting the Company's strategic direction, effectively managing risks within its risk appetite and setting the right ethical tone at the top. Comprising of senior professionals in their respective fields, the Board also plays a vital role in shaping organizational culture and driving accountability, transparency, and integrity across the organization. This generates and delivers sustainable stakeholder value, which is the ultimate enforcer of the Company's corporate Governance Standards.

The Board collectively and Directors individually, recognise their duty to ensure that procedures and processes are in place to ensure that the Company complies with all applicable laws and regulations. In order to preserve the independence of the Board and to strengthen the decision-making, the Board seeks independent professional advice when deemed necessary. The Governance Framework outlines the procedure to be followed in obtaining independent professional advice.

Moreover, the Board receives adequate information from the Management in a timely manner. The Board receives regular reports and presentations on strategies and developments in relation to its business lines and performance. The Chairman ensures that all Directors are briefed adequately on issues arising at Board meetings.

THE FOLLOWING ARE THE BOARD'S ROLE AND RESPONSIBILITIES.

AREA OF FOCUS	RESPONSIBILITIES
Strategic Planning	The Board of Directors is responsible for setting the strategic direction of the organization, including approving strategic plans, setting long-term goals and objectives, and monitoring progress towards achieving them.
Policy and Decision Making	The Board of Directors establishes policies and makes key decisions that guide the Company's operations. This includes approving budgets and making decisions on major investments, acquisitions, or divestitures.
Managing Director Oversight	The Board of Directors provides oversight of the Managing Director's performance and ensures that the Managing Director is leading the Company effectively and in alignment with the Board's expectations.

AREA OF FOCUS	RESPONSIBILITIES
Risk Management and Compliance	The Board of Directors oversees the Company's risk management practices, including identifying and mitigating risks, ensuring compliance with applicable laws and regulations, and implementing effective internal controls.
Financial Oversight	The Board of Directors monitors the Company's financial performance, including reviewing and approving financial reports, budgets, and financial policies and publishing quarterly and the Annual Report on time. It ensures that the Company's financial resources are used effectively and that appropriate financial controls are in place.
Stakeholder Relations	The Board of Directors represents the interests of shareholders or stakeholders and maintains effective communication and engagement with them. This includes providing regular updates on the Company's performance, addressing stakeholders' concerns, and acting in the best interests of the Company and its stakeholders.
Board Composition and Governance	The Board of Directors is responsible for establishing and maintaining effective governance practices within the Company. This includes setting the size and composition of the Board, establishing Board Sub-Committees, defining Board roles and responsibilities, and ensuring compliance with corporate governance principles and regulations.
Ethical and Legal Responsibilities	The Board of Directors upholds the highest ethical standards within the Company and ensures compliance with applicable laws and regulations. This includes establishing and monitoring a Code of Conduct, addressing conflicts of interest, and promoting a culture of integrity and accountability.
Succession Planning	The Board of Directors plans for the succession of leadership in the Company, including identifying and developing potential successors for key positions, and ensuring a smooth transition during times of leadership changes.
Performance Evaluation	The Board of Directors evaluates its own performance, as well as the performance of the Managing Director and other top executives, to ensure effectiveness and accountability.
Crisis Management	The Board of Directors provides guidance and oversight during times of crisis or emergencies, such as natural disasters, financial crises, or reputational issues, to ensure the Company responds effectively and mitigates risks.
Legal and Fiduciary Duties	The Board of Directors has legal and fiduciary duties to act in the best interests of the Company and its shareholders or stakeholders, and to fulfil its obligations under applicable laws, regulations, and corporate governance principles.
ESG	The Board ensures that business is handled in accordance with environmental, social, and governance considerations.

CORPORATE GOVERNANCE

DELEGATION OF AUTHORITY

Delegation of authority of Board sub-committees, allows the main Board to allocate sufficient time to matters reserved for its decision making, while ensuring delegated matters receive detailed attention. It also allows the Board to capitalize on the specific expertise of individual Board members. The Committees are governed by Board approved mandates and Terms of References.

AUDIT COMMITTEE	1 Senior Independent Non-Executive Director 1 Independent Non-Executive Director 1 Non-Executive Director	Financial Reporting Internal Controls Internal Audit External Audit S1 & S2	Managing Director Senior Vice President (Finance) Vice President (Finance)
REMUNERATION COMMITTEE	1 Senior Independent Non-Executive Director 1 Independent Non-Executive Director 1 Non-Executive Director	Remuneration of Key Management Personnel HR Policies including Remuneration Policy, Organisation Structure	Managing Director Senior Vice President (RS & HR)
RELATED PARTY TRANSACTION REVIEW COMMITTEE	1 Senior Independent Non-Executive Director 1 Independent Non-Executive Director 1 Non-Executive Director 1 Managing Director	Related Party Transaction Policy and processes Market disclosures on related party transactions Quarterly and annual disclosures of related party transactions	Managing Director Senior Vice President (Finance) Vice President (Finance)
NOMINATIONS AND GOVERNANCE COMMITTEE	1 Senior Independent Non-Executive Director 1 Independent Non-Executive Director 1 Non-Executive Director	Evaluate the appointments of Directors to the Board and Board Committees. Consider and recommend (or not recommend) the re-appointment/ re-election of Directors. Establish and maintain a formal and transparent procedure to evaluate, select and appoint/ re-appoint Directors of the Company. Periodically update Corporate Governance Policies, Listing Rules and other Regulations.	Managing Director Senior Vice President (Finance) Vice President (Finance)
RISK COMMITTEE	Managing Director and all Heads of Divisions	Categorize and monitor risks Analyze risk mitigating strategies	Senior Vice President (Finance) as the Chief Risk Officer
ESG SUSTAINABILITY COMMITTEE	Managing Director and all Heads of Divisions	Implementation of SLFRS S1 & S2 standards	Senior Vice President (Finance) Vice President (Finance)

The Board has appointed senior executives with specific responsibilities for monitoring and managing the impacts on the economy, environment and people. The organization's senior management is tasked with setting strategies, setting goals, and implementing initiatives to address and minimize negative impacts while maximizing positive contributions. These employees are provided with adequate training, guidance and ongoing support to improve their capabilities in impact management. While delegating responsibilities to senior executives and other employees, the Board maintains overall oversight to ensure accountability and progress.

Role of Chairman

- Providing leadership to the Board.
- Promoting a culture of good governance practices and maintaining the standards of integrity.
- Fostering a culture of inclusivity by encouraging the expression of diverse views by Board members and ensuring the participation of all Directors during discussions.
- Ensuring shareholders concerns are appropriately addressed

Role of the Managing Director

- Management of the various businesses in tandem with the strategy and commercial objectives agreed by the Board and subject to the limits of authority established by the Board.
- Implementation of the strategic decisions made by the Board and leading the team towards the achievements of these goals.
- Identification, assessment and management of risks and establishing appropriate internal controls to mitigate such risks.
- Ensuring compliance to all applicable laws and regulations
- Development of the succession plan for the Senior Management.
- Building a culture that is based on the Company's values.

SENIOR INDEPENDENT DIRECTOR

The requirement of appointing a Senior Independent Director (SID) is set out in Section 9.6.3 (a) iii of the Listing Rules on Corporate Governance of the Colombo Stock Exchange (CSE). The Chairman of Lanka IOC is an appointed ex-officio by the parent Company Indian Oil Corporation Ltd and the SID is appointed in compliance with CSE Listing Rules as he is a related party.

BOARD MEETINGS

All Directors have attended a majority of the meetings and have devoted their time adequately to matters of the Board and the Company Board meetings and Board Committee meetings are scheduled well in advance.

All Board meetings are conducted as per a pre-determined agenda. The notice of Board meetings are circulated at least seven (7) days prior to the scheduled meeting, and the Board agendas are uploaded to the Board PAC giving adequate time for the Directors to review and request any additional information or clarifications needed in order to prepare for the meetings.

Attendance of the Members at the Board Meetings and Board Sub Committee Meetings for the period from 1st April 2025 to 31st March 2026.

Name of Director	Directorship Status	Date of Appointment	Board Meetings	Audit Committee Meetings	Related Party Transaction Review Committee Meetings	Nominations and Governance Committee Meetings	Remuneration Committee Meetings
No. of meetings held in year 2025/2026			**5**	**7**	**4**	**1**	**1**
Mr.Anuj Jain	Chairman	22.08.2025	3	2	2	1	–
Mr.K Raghu	Managing Director	25.02.2026	1	–	–	–	–
Mr. Saumitra P Srivastava	Non-Executive Director	22.08.2025	3	–	–	–	–
Mr. Rajesh Singh	Non-Executive Director	22.08.2025	3	–	–	–	–
Mr. H M A Jayesinghe	Senior Independent Non-Executive Director	01.01.2025	5	7	4	1	1
Mr. S Renganathan	Independent Non-Executive Director	01.01.2025	5	7	4	1	1
Mr. Satish Kumar Vaduguri	Chairman (Ceased to be a Director on 01.08.2025)	01.09.2024	2	–	–	–	–
Mr. Dipak Das	Managing Director (Ceased to be a Director on 25.02.2026)	14.04.2023	4	–	4	–	–
Mr. N D Mathur	Non-Executive Director (Ceased to be a Director on 22.08.2025)	20.03.2024	2	–	–	–	–
Mr. R V N Vishweshwar	Non-Executive Director (Ceased to be a Director on 22.08.2025)	20.03.2024	2	3	2	–	–

CORPORATE GOVERNANCE

BOARD INDEPENDENCE

Stakeholders, stock exchange, and regulatory organizations around the world are placing a greater emphasis on independence of the Board. The Company believes that in order for a Board to be effective, corporations must take steps, both in their structures and nomination methods, to support independent decision-making while limiting any conflicts of interest. There is evidence that the stated vision of improved governance and greater independence can be realized through multiple checks and balances, while not jeopardizing a corporate's basic operating model. These checks and balances may include, among other things, the implementation of various assurance methods, the use of systematic and comprehensive Board review processes, and independent director-led participation.

BOARD AND SUBCOMMITTEE PERFORMANCE EVALUATION

The Board acknowledges that reviewing the performance of the Board and its Committees is critical to monitoring the Board's and Committees' effectiveness. The Board and Board Committees are evaluated on a yearly basis. Commencing 2025, each Director separately completes a questionnaire to assess the Board's and its Committees' performance by a self appraisal form. Non-Executive Directors evaluate Managing Director's performance. The tabulated data are then used to improve efficacy. Lanka IOC PLC maintains several Board sub-committees, including the Board Audit Committee, Related Party Transaction Review Committee, Nominations and Governance Committee, and Remuneration Committee.

The Managing Director is entrusted by the Board to conduct day-to-day operations effectively to attain strategic targets/goals. Managing Director's performance targets are aligned with the business strategies of the Company. Financial and non-financial targets are set at the beginning of every financial year which is in line with the short, medium and long term objectives of the Company.

ACCESS TO INFORMATION

Directors have access to timely, relevant, and accurate information, which enables them to discharge their duties effectively. The Company Secretary, under the direction of the Managing Director, is responsible for ensuring that the Board and its Sub-Committees receive such information for review in sufficient time ahead of each meeting. Prior to Board meetings, Directors are provided with information including periodic operational and financial performance reports, budgets and forecasts and information on stakeholder concerns, among others.

COMPANY SECRETARY

The Company Secretary ensures the Company's compliance with legal and regulatory requirements. Company Secretary acts as a liaison between the Company and regulatory authorities, maintains statutory records, and advises the Board on governance matters and plays a role in ensuring Board decisions are implemented and documented.

KEY RESPONSIBILITIES:

- Ensuring the Company adheres to the Companies Act and other relevant regulations, including filing annual returns, maintaining statutory registers, and notifying the Registrar of Companies of changes.
- Advising the Board on governance matters, ensuring compliance with corporate governance codes, and facilitating effective communication between the Board and stakeholders.
- The Company Secretary is responsible for organizing Board meetings and shall ensure that all Directors have complete and timely access to necessary data prior to each meeting.
- Preparing and maintaining minutes of Board meetings, organizing meetings, and ensuring proper documentation of resolutions.
- Maintaing statutory Registers. Such as register of Members, Directors & sectreary. Interest Register and seal Register.
- Acting as a bridge between the Company and its stakeholders, including shareholders, regulators, and government authorities.

ROLE OF COMPANY SECRETARY AT BOARD MEETINGS

PRE - BOARD MEETINGS

Coordinate with the Board of Directors and management to develop the agenda for the Board meeting. Prior to each meeting, the agenda and all Board materials are distributed electronically to Board members. Specific reports and timetables are also distributed with Board papers as necessary. Ensures that prior meeting minutes are distributed to Board members. Board members can instantly contact the Company Secretary for clarification.

DURING MEETINGS

Minutes of discussion and decisions are recorded in the Board minute books in an appropriate manner.

POST BOARD MEETING

Board minutes are prepared and distributed to the Board prior to the following meeting.

NOMINATION AND SELECTION

The Nomination and Governance Committee of Lanka IOC PLC is responsible for actively identifying and evaluating candidates for the Board of Directors and key management positions, ensuring a comprehensive assessment of their skills, competencies, experience and attributes. The Committee also focuses on maintaining a diverse and well-rounded Board by considering factors such as independence and diversity standards. This selection process aims to secure individuals who best align with the Company's business needs.

APPOINTMENT, RETIREMENT AND RE-ELECTED OF DIRECTORS

The appointment of Directors at Lanka IOC follows a robust process that involves both the shareholders and the Board of Directors. During the Annual General Meeting, shareholders have the authority to re-elect Directors based on the recommendations put forth by the Board, who receives guidance from the Nomination and Governance Committee. In the event of any casual vacancies arising during the year, the Board is empowered to fill such positions. The suitability of these appointed Directors is assessed based on their Independence/Non- Independence. These Directors hold office until the next annual general meeting, where shareholders exercise their voting rights to re-elect Directors.

CORPORATE GOVERNANCE

At each annual general meeting, one-third of the Directors in office retire, starting with the longest-serving Directors. Retiring Directors are eligible for re-election, ensuring continuity and stability within the Board.

Notably, the retirement by rotation provision in the Company's Articles of Association does not apply to the Director who holds the position of Managing Director, ensuring consistent leadership.

BOARD REMUNERATION

The Remuneration Policy of the Company ensures that remuneration is fair, responsible and transparent and we follow a structured approach to remuneration that aligns with our corporate levels. The Committee sets the principles, parameters and governance framework of the Company's remuneration policy and recommends the terms and conditions of employment of the Senior Management.

Independent Non-Executive Directors receive a monthly fee and an additional fee for attending Board Meeting and Committee Meetings. They are not eligible for performance linked bonuses or variable pay.

Independent Directors' fees are determined by the Board supported by the Remuneration Committee. The report of the Board Remuneration Committee is presented on page 161 Directors' remuneration is disclosed on page 218.

ACCOUNTABILITY, CONTROL AND ASSURANCE

ANNUAL REPORT

Lanka IOC is committed to fair and transparent reporting with emphasis on integrity, timeliness and relevance of information. This report provides a balanced assessment of the Company's financial position, performance and prospects in compliance with applicable laws and voluntarily adopted reporting standards, codes and frameworks set out on Pages 146 to 158 The Board of Directors approves the Annual Report and third- party assurance has been obtained where relevant, to enhance credibility.

RISK MANAGEMENT AND INTERNAL CONTROLS

A continuous process is in place for identifying, assessing, managing, monitoring and reporting on the level of risks encountered by the Company and our internal control systems facilitate this process. The effectiveness of the internal control system in place is reviewed by the Board with the support of the Board Audit Committee as well as the Risk Committee. Internal controls are established with emphasis on safeguarding assets, making available accurate and timely information and imposing greater discipline on decision making. It covers all controls required, including financial, operational and compliance controls, and risk management.

Key focus areas addressed during the year are discussed in detail in the Enterprise Risk Management report (pages 169-174), Report of the Audit Committee (pages 159 to 160), Risk Committee Report (page 166) and ESG Sustainability Committee Report (Pages 167-168).

MANAGING IT AND CYBER SECURITY RISKS

The Company's IT division supported by a highly skilled IT team that ensures that IT risks and vulnerabilities are managed in a holistic and consistent manner.

Matters are escalated to the Board when deemed necessary considering risk, impact, and other prudential measures.

EXTERNAL AUDIT

The Board Audit Committee reviews the independence, the skills and experience and the work of the external auditors annually and recommends appointment/ re-appointment accordingly to the Board. Messrs. BDO Partners Sri Lanka was re-appointed as the External Auditors of the Company for the year at the previous AGM. The Audit Committee remains satisfied with the independence, objectivity and effectiveness of Messrs. BDO Partners Sri Lanka in rendering their audit and non-audit services. At the previous Audit Committee Meeting held on 17th April 2026, Messrs. BDO Partners submitted their Annual Statement confirming independence in relation to the external audit as required by the Companies Act No. 07 of 2007 and their re-appointment for the year 2026-27 will be recommended to the Shareholders at the forthcoming AGM by the Board of Directors.

SUSTAINABILITY IN BUSINESS

EMBEDDING ESG CONSIDERATIONS

Lanka IOC has always remained committed to understanding and being responsive to the interests and expectations of stakeholders in creating a sustainable business and believes that good ESG attributes facilitate better performance and boost stakeholder confidence. ESG value creation across the various capitals have been integrate into the Company's strategy, business model, risk management and reporting processes and this annual report has been prepared in the form of an integrated report addressing the relevant ESG aspects required by the Code and in compliance with the CSE Listing Rules Page Nos 146 to 154.

DIVERSITY AND GENDER EQUALITY

The Board acknowledges the important contribution that gender diversity offers and seeks to promote fair representation and equal opportunity within the organization. Flexibility and concern towards maintaining a healthy work-life balance helps our female employees to fulfill their career aspirations.

VALUES AND ETHICS

EMBEDDING POLICY COMMITMENTS

Our business processes are established ensuring that all employees act in an ethical and responsible manner. The policies incorporated and the Code of Conduct clearly defines the way employees should conduct themselves, and the basic conduct they need to maintain while on duty as well as off duty. These policies are documented in a clear manner, ensuring that all employees and other relevant parties can easily refer to the policies whenever needed and effective channels of communication are used to introduce and explain policy commitments.

Actions taken to support ESG oversight in 2025-26

1. Contributions to re-build Sri Lanka Fund and The President's Fund.
2. Donation of Dry Rations to Ditwah Cyclone Victims.
3. Developing action plans to comply with SLFRS S1& SLFRS S2 regulations.
4. Adherence to Corporate Governance Regulations

The Board considers the outcomes of the due diligence and impact management processes when making decisions and setting policies. This includes identifying risks, evaluating performance, and assessing compliance with applicable laws, regulations, and industry standards. The outcomes of the due diligence processes provide valuable information about the organization's impacts on the economy, environment, and people and guides decision-making, development of strategies and policies.

COMPANY POLICIES

The Company has established and is maintaining the policies in terms of CSE Listing Rule No. 9.2.1 which are disclosed in the Company website (weblink https://www.lankaioc.com/online-report/). There are changes to the existing policy of Matters Related to the Board of Directors by including the functions of Senior Independent Director and by increasing the number of equivalent positions held by Independent Directors in other listed companies. Also, a clause was included in the same policy stating that a Director must attend at least 50% subject to minimum of 02 Board meetings in the year.

In terms of Listing Rule 9.5.1 the Company has restabled and is maintaining a formal policy governing matter relating to the Board of Directors.

REMEDIATING NEGATIVE IMPACTS

The Company is committed to addressing and remediating any negative impacts we have caused or contributed to. We have established various processes to ensure remediation. We have implemented an approach to identify and address grievances, which includes the establishment of grievance mechanisms. These mechanisms provide stakeholders with a platform to voice their concerns and seek redress. In addition to our internal processes, we collaborate and cooperate with relevant stakeholders, including affected communities and organizations, to address and remediate negative impacts. We recognize the importance of working together to achieve sustainable solutions. We actively involve stakeholders, who are the intended users of the grievance mechanisms, in the design, review, operation, and improvement of these mechanisms. Their input and feedback play a crucial role in enhancing the effectiveness of our remediation processes. We have implemented monitoring and evaluation systems to track the effectiveness of our grievance mechanisms and other remediation processes. We gather stakeholder feedback and report examples of their effectiveness, highlighting the outcomes and improvements achieved through these mechanisms.

WHISTLE BLOWING

The corporate culture is moulded by the Code of Conduct which articulates the standards of conduct expected by all Directors and employees. To encourage a culture of transparency and accountability, we have implemented a whistle-blower policy. This policy enables employees to anonymously report any unethical or unlawful behaviour, particularly in relation to possible inappropriate financial reporting, internal controls, or other matters. It aims to instill confidence among stakeholders and provides a safe space for them to voice concerns or ask questions, ensuring confidentiality throughout the process.

As part of our commitment to responsible business conduct, we provide mechanisms for seeking advice and raising concerns.

Our employees have access to a dedicated channel where they can seek guidance on implementing our policies and practices for responsible business conduct. Additionally, we have established a confidential reporting system that allows employees to raise concerns about any issues related to our organization's business conduct. These mechanisms create a transparent and supportive environment, ensuring that our employees feel empowered to address any questions or concerns they may have.

By emphasizing the importance of our Code of Conduct, implementing a whistleblowing policy, and providing mechanisms for seeking advice and raising concerns, we foster a corporate culture that prioritizes integrity, transparency, and accountability. These initiatives not only ensure compliance with ethical and legal standards but also promote a positive and responsible work environment for all stakeholders.

COMMUNICATION OF CRITICAL CONCERNS

The organization recognizes the importance of effectively communicating critical concerns to the highest governance body. To facilitate this, the Board has established grievance mechanisms that allow workers and affected communities to raise concerns without fear of reprisal. However, the organization understands the significance of taking appropriate actions in response to evaluations, including making changes to the composition of the highest governance body and organizational practices. When evaluations identify shortcomings or gaps in governance, organizations consider altering the composition of their highest governance

CORPORATE GOVERNANCE

body. This may involve adding new members with diverse skills, expertise, or perspectives to enhance effectiveness and accountability. Transparency and accountability are strengthened based on evaluation findings. This can include improving reporting mechanisms, enhancing disclosure practices, and establishing clearer lines of responsibility and oversight.

Evaluations also prompt organizations to adopt sustainability policies and practices. They set specific targets and goals related to environmental or social performance, implement responsible sourcing or supply chain management practices, and integrate sustainability considerations into decision-making processes. Stakeholder engagement is enhanced as evaluations emphasize the importance of considering diverse perspectives. Organizations develop formalized stakeholder engagement strategies, establish regular dialogue channels, and create mechanisms for soliciting and responding to stakeholder feedback. Training and capacity-building initiatives are implemented to address knowledge or skills gaps identified through evaluations. This involves providing training on sustainability principles, ethical practices, and responsible business conduct to employees at all levels. To align with best practices or address identified weaknesses, organizations review and revise policies and procedures based on evaluation findings. Thorough reviews of governance, sustainability, ethics, and other relevant policies are conducted, resulting in necessary updates or improvements.

By connecting critical concerns, actions taken in response to evaluations, and subsequent organizational practices, the organization demonstrates its commitment to continuous improvement and responsible governance.

ANTI-BRIBERY AND ANTI-CORRUPTION, ANTI-COMPETITIVE BEHAVIOR

There were no legal actions for anti-competitive behavior, anti-trust and monopoly practices in 2025-26.

CONFLICT OF INTEREST

A Director or a person considered Key Management Personnel (KMP) is prohibited from using his or her position, or confidential or price sensitive information, for personal benefit or benefit of any third party, whether financially or otherwise. Directors notify the Board promptly of any conflicts of interest they may have in relation to particular items of business or other Directorships. Directors do not participate in and excuse themselves from the meeting when the Board considers matters in which a conflict may arise. Processes established for the highest governance body to ensure that conflicts of interest are prevented and mitigated.

STATEMENT OF COMPLIANCE UNDER SECTION 9 OF THE LISTING RULES OF THE CSE ON CORPORATE GOVERNANCE MANDATORY PROVISIONS - FULLY COMPLIANT

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)/COMMENTS
9.1	**APPLICABILITY OF CORPORATE GOVERNANCE RULES**		
9.1.3	A statement confirming compliance with Corporate Governance Rules	**YES**	Page 134 of Corporate Governance Commentary
9.2	**POLICIES**		
9.2.1	Listed Entities shall establish and maintain the stated policies and disclose the fact of existence of such policies together with the details relating to the implementation of such policies by the Entity on its website	**YES**	Page 145 of Corporate Governance Commentary
9.2.2	Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted by the Listed Entity shall be fully disclosed in the Annual Report	**N/A**	
9.2.3	Listed Entities shall disclose in its Annual Report (i) the list of policies that are in place in conformity Rule 9.2.1 above, with reference to its website (ii) details pertaining to any changes to policies adopted by the Listed Entities in compliance with Rule 9.2 above	**YES**	Page 145 of Corporate Governance Commentary
9.2.4	Listed Entities shall make available all such policies to shareholders upon a written request being made for any such Policy	**YES**	Shareholder can make a written request

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)/COMMENTS
9.3	**BOARD COMMITTEES**		
9.3.1	Listed entities shall ensure that the following Board Committees are established and maintained at a minimum and are functioning effectively. The said Board Committees at minimum shall include; (a) Nominations and Governance Committee (b) Remuneration Committee (c) Audit Committee (d) Related Party Transaction Review Committee	**YES**	Pages 159-168 of Board Committee reports
9.3.2	Listed entities shall comply with the composition, responsibilities and disclosures required in respect of the above Board Committees as set out in these Rules	**YES**	Sections 9.11, 9.12, 9.13 and 9.14
9.3.3	The chairperson of the Board of Directors of the listed Company shall not be the chairperson of the Board Committees referred to in rule 9.3.1	**YES**	Pages 159-165 of Committee Reports
9.4	**ADHERENCE TO PRINCIPLES OF DEMOCRACY IN THE ADOPTION OF MEETING PROCEDURES AND THE CONDUCT OF ALL GENERAL MEETINGS WITH SHAREHOLDERS**		
9.4.1	Listed entities shall maintain records of all resolutions and the following information upon a resolution being considered at any General Meeting of the entity. The entity shall provide copies of the same at the request of the Exchange and/or the SEC. (a) The number of shares in respect of which proxy appointments have been validly made (b) The number of votes in favor of the resolution (c) The number of votes against the resolution (d) The number of shares in respect of which the vote was directed to be abstained	**YES**	The Secretary of the Company maintains the records of the said information along with the meeting minutes of the shareholders
9.4.2	Listed entities shall maintain effective communication and relations with shareholders and investors	**YES**	Stakeholder Relations on Pages 146-158 of the Corporate Governance Commentary and details of the contact personnel are disclosed under Corporate Information
9.5	**POLICY ON MATTERS RELATING TO THE BOARD OF DIRECTORS**		
9.5.1	Listed entities shall establish and maintain a formal policy governing matters relating to the Board of Directors	**YES**	As per Listing Rule No.9.2.1 (a) list of policies has been uploaded to the Company's website
9.5.2	Listed Entities shall confirm compliance with the requirements of the policy referred to in Rule 9.5.1 above in the Annual Report and provide explanations for any non- compliance with any of the requirements with reasons for such non-compliance and the proposed remedial action	**YES**	There were no non-compliances during the year. Therefore, no remedial actions are to be disclosed
9.6	**CHAIRPERSON AND CEO**		
9.6.1	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, unless otherwise a SID is appointed by such entity in terms of Rule 9.6.3	**N/A**	

CORPORATE GOVERNANCE

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)/COMMENTS
9.6.2	Where the Chairperson of a Listed Entity is an Executive Director and/or the positions of the Chairperson and CEO are held by the same individual, such Entity shall make a Market Announcement within a period of one (1) month from the date of implementation of these Rules or an Immediate Market Announcement if such date of appointment and/or combination of the said roles falls subsequent to the implementation of these Rules.	**N/A**	
9.6.3	The Requirement for a SID; A listed entity shall appoint an Independent Director as the SID in the following instances: i. The Chairperson and CEO are the same person ii. The Chairperson and CEO are Close Family Members or Related Parties iii. The Chairperson is an Executive Director	**YES**	Page 141
9.6.4	Where a Listed Entity has appointed a SID as required in terms of Rule 9.6.1 above, such Entity shall set out the rationale for such appointment in the Annual Report of the Entity	**YES**	Page 141 of Corporate Governance Commentary
9.7	**FITNESS OF DIRECTORS AND CEOS**		
9.7.1	Company to take necessary steps to ensure that their Directors and the CEO are, at all times, fit and proper persons in terms of the rules	**YES**	Page 136 of Corporate Governance Commentary
9.7.2	Listed entities shall ensure that persons recommended by the Nominations and Governance Committee as Directors are fit and proper as required in terms of these Rules before such nominations are placed before the shareholders' meeting or appointments are made	**YES**	Page 136 of Corporate Governance Commentary
9.7.3	Assessment criteria: Honesty, Integrity and Reputation, Competence and capability and financial soundness	**YES**	
9.7.4	Listed entities shall obtain declarations from their Directors and CEO on an annual basis confirming that each of them has continuously satisfied the Fit and Proper Assessment Criteria set out in these Rules during the financial year concerned and satisfies the said criteria as at the date of such confirmation	**YES**	Page 136 of Corporate Governance Commentary
9.7.5	Disclosures in the Annual Report of Listed entities; (a) A statement that the Directors and CEO of the Listed entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange (b) Any non-compliance/s by a director and/or the CEO of the Listed entity with the Fit and Proper Assessment Criteria set out in these Rules during the financial year and the remedial action taken by the Listed entity to rectify such noncompliance/s	**YES** **N/A**	Page 136 of Corporate Governance Commentary
9.8	**BOARD COMPOSITION**		
9.8.1	The Board of Directors of a listed entity shall, at a minimum consist of 5 Directors	**YES**	The Company has 6 members in Board of Directors.
9.8.2	Minimum number of Independent Directors (a) The Board of Directors of Listed Entities shall include at least two (2) Independent Directors or such number equivalent to one third (1/3) of the total number of Directors of the Listed Entity at any given time, whichever is higher.	**YES**	2 out of 6 are Independent Directors. Page 134 of Corporate Governance Commentary

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)/COMMENTS
9.8.3	Criteria for determining indepence of the Directors	**YES**	Page 136 of Corporate Governance Commentary
9.8.5	The Board of Directors of Listed entities shall require: (a) Each Independent Director to annually submit a signed and dated declaration of their 'independence' or 'non-independence' using the specified criteria and format in Appendix 9A (b) Annually assess the 'independence' or 'non-independence' of each Independent Director based on their declaration and other available information, listing the names of 'independent' Directors in the Annual Report (c) If the Board of Directors determines that the independence of an Independent Director has been impaired against any of the criteria set out in Rule 9.8.3, it shall make an immediate Market Announcement thereof.	**YES**	All Independent Directors submitted the signed declaration of their independence to the Board
9.9	**ALTERNATE DIRECTORS**		
	Alternate directors shall only be appointed in exceptional circumstances and shall comply with Rule 9.9 and such requirements shall also be incorporated into the Articles of Association of the Company	**YES**	The Articles of Association of the Company has been amended in accordance with the Listing Rules
9.10	**DISCLOSURES RELATING TO DIRECTORS**		
9.10.1	Listed entities shall disclose its policy on the maximum number of directorships 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 noncompliance in the manner specified in Rule 9.5.2 above	**YES**	Maximum number is not exceeded
9.10.2	Listed entities shall, upon the appointment of a new Director to its Board, make an immediate market announcement	**YES**	
9.10.3	Listed entities shall make an immediate market announcement regarding any changes to the composition of the Board and Board Committees	**YES**	
9.10.4	Listed entities shall also disclose the following in relation to the Directors in the Annual Report: (a) name, qualifications and brief profile (b) the nature of his/her expertise in relevant functional areas (c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Listed entity (d) whether Executive, Non-Executive and/or independent Director	**YES**	Please refer the Profiles of the Board of Directors on pages 32 to 37 and Corporate Governance Commentary Page 137.

CORPORATE GOVERNANCE

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)/COMMENTS
	(e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel indicating whether such companies are listed or unlisted Companies and whether such Director functions in an executive or non-executive capacity, provided that where he/she holds directorships in companies within a Group of which the Listed entity is a part, their names (if not listed) need not be disclosed; it is sufficient to state that he/she holds other directorships in such companies (f) number of Board meetings of the Listed entity attended during the year (g) names of Board Committees in which the Director serves as Chairperson or a member (h) Details of attendance of Committee Meetings of the Audit, Related Party Transaction Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member (i) The terms of reference and powers of the SID (where applicable) * Please refer to the Corporate Governance commentatory for the number of Board meetings attended by the Board of Directors during the year * Please refer to the Committee reports for the details of attendance of Committee meetings		
9.11	**NOMINATIONS AND GOVERNANCE COMMITTEE**		
9.11.1	Listed entities shall have a Nominations and Governance Committee	**YES**	Pages 164 – 165 of Nominations and Governance Committee Report
9.11.2	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	**YES**	Pages 164 – 165 of Nominations and Governance Committee Report
9.11.3	The Nominations and Governance Committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meetings	**YES**	Pages 164 – 165 of Nominations and Governance Committee Report
9.11.4	1. Composition of the Committee (a) Comprise of a minimum of 3 Directors of the Listed Entity out of which a minimum of 2 members shall be Independent Directors of the Listed Entity. (b) Not comprise of Executive Directors of the Listed Entity 2. An Independent Director shall be appointed as the Chairperson of the Nominations and Governance Committee by the Board of Directors 3. The Chairperson and the members of the Nominations and Governance Committee shall be identified in the Annual Report of the Listed Entity	**YES**	Pages 164 – 165 of Nominations and Governance Committee Report
9.11.5	The required functions of the Committee are met	**YES**	Pages 164 – 165 of Nominations and Governance Committee Report
9.11.6	Disclosures in the Annual Report The Annual Report of the Listed Entity shall contain a report of the Committee signed by its Chairperson	**YES**	Pages 164 – 165 of Nominations and Governance Committee Report

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)/COMMENTS
9.12	**REMUNERATION COMMITTEE**		
9.12.2	Listed entities shall have a Remuneration Committee	**YES**	Page 161 of Remuneration Committee Report
9.12.3	The Remuneration Committee shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual Directors. No Director shall be involved in fixing his/her own remuneration	**YES**	Page 161 of Remuneration Committee Report
9.12.4	Remuneration for Non-Executive Directors should be based on a policy which adopts the principle of nondiscriminatory pay practices among them to ensure that their independence is not impaired	**YES**	Page 161 of Remuneration Committee Report
9.12.5	Remuneration Committee shall have a written terms of reference clearly defining its scope, authority, duties, and matters pertaining to the quorum of meetings	**YES**	Page 161 of Remuneration Committee Report
9.12.6	1. Composition of the Committee (a) The remuneration committee should comprise of a minimum of three (03) Directors of the listed entity, out of which a minimum of two (02) shall be Independent Directors of the listed entity (b) The members of the Remuneration Committee shall not comprise of Executive Directors of the listed entity 2. An Independent Director shall be appointed as the Chairperson of the Remuneration Committee by the Board of Directors	**YES**	Page 161 of Remuneration Committee Report
9.12.7	The required functions of the Committee are met	**YES**	Page 161 of Remuneration Committee Report
9.12.8	Disclosures in the Annual Report The Annual Report of the Listed Entity shall contain a report of the Committee signed by its Chairperson including the remuneration policy and aggregate remuneration of the Executive and Non-Executive Directors	**YES**	Page 161 of Remuneration Committee Report
9.13	**AUDIT COMMITTEE**		
9.13.1	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	**YES**	Pages 159 to 160 of Audit Committee Report
9.13.2	The Audit Committee shall have a written terms of reference clearly defining its scope, authority and duties	**YES**	Pages 159 to 160 of Audit Committee Report
9.13.3	Composition of the Committee 1. (a) The Audit Committee shall comprise of a minimum of 3 Directors of the Listed Entity, out of which a minimum of 2 or a majority of the members, whichever higher shall be independent Directors (b) The Audit Committee shall not comprise of Executive Directors of the Listed Entity 2. The quorum for a meeting of the Audit Committee shall require that the majority of those in attendance to be Independent Directors 3. 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	**YES**	Pages 159 to 160 of Audit Committee Report

CORPORATE GOVERNANCE

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)/COMMENTS
	4. An Independent Director shall be appointed as the Chairperson of the Audit Committee by the Board of Directors 5. Unless otherwise determined by the Audit Committee, the CEO and the Chief Financial Officer (CFO) of the Listed Entity shall attend the Audit Committee meetings by invitation Provided however where the Listed Entity maintains a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation 6. The Chairperson of the Audit Committee shall be a Member of a recognized professional accounting body.		
9.13.4	The required functions of the Committee are met	**YES**	Pages 159 to 160 of Audit Committee Report
9.13.5	Disclosures in the Annual Report	**YES**	Pages 159 to 160 of Audit Committee Report
	The Annual Report of the Listed Entity shall contain a report of the Committee signed by its Chairperson including; - The status of risk management and internal control of the Listed entity and as a Group - A statement that it has received assurance from the CEO and the CFO of the entity's operations and finances - An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements - How the internal audit assurance is achieved and a summary of the work of the internal audit function - The effective discharge of its functions and duties for the financial year - A statement confirming that the external auditors approved by the SEC have provided written assurance confirming their independence throughout the audit engagement, in accordance with all relevant professional and regulatory standards - a statement confirming that the Audit Committee has determined the independence of auditors and the basis of such determination, including the details on the number of years the external auditor and the audit partner were engaged. If the external auditor provides non audit services, it should explain on how auditor objectivity and independence are safeguarded		
9.14	**RELATED PARTY TRANSACTION REVIEW COMMITTEE**		
9.14.1	Listed entities shall have a Related Party Transaction Review Committee (RPT) that conforms to the requirements set out in Rule 9.14 of these Rules	**YES**	Pages 162 to 163 of Related Party Transaction Review Committee Report

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)/COMMENTS
9.14.2	Composition of the Committee 1. The Related Party Transaction 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. It may also include Executive Directors, at the option of the Listed entity. An Independent Director shall be appointed as the Chairperson of the Committee	YES	Pages 162 to 163 of Related Party Transaction Review Committee Report
9.14.3	The required functions of the Committee are met	YES	Pages 162 to 163 of Related Party Transaction Review Committee Report
9.14.4	1. The Related Party Transaction Review Committee shall meet at least once a calendar quarter. It shall ensure that the minutes of all meetings are properly documented and communicated to the Board of Directors.	YES	Pages 162 to 163 of Related Party Transaction Review Committee Report
	2. The members of the Related Party Transaction Review Committee should ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed Related Party Transactions, and where necessary, should obtain appropriate professional and expert advice from an appropriately qualified person.	YES	Pages 162 to 163 of Related Party Transaction Review Committee Report
	3. Where necessary, the Committee shall request the Board of Directors to approve the 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	YES	Pages 162 to 163 of Related Party Transaction Review Committee Report
	4. If a Director of the Listed Entity has a material personal interest in a matter being considered at a Board Meeting to approve a Related Party Transaction as required in Rule 9.14.4(3), such Director shall not: (a) be present while the matter is being considered at the meeting; and, (b) vote on the matter	YES	Pages 162 to 163 of Related Party Transaction Review Committee Report
9.14.5	Requirements on reviewing of Related Party Transactions by the Related Party Transaction Review Committee	YES	Pages 162 to 163 of Related Party Transaction Review Committee Report
9.14.6	Shareholder Approval where necessary	YES	There were no any Related Party Transactions which require shareholders approval for the reporting year
9.14.7	Immediate market disclosures	YES	There were no any immediate market disclosure during the reporting year

CORPORATE GOVERNANCE

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)/COMMENTS
9.14.8	Disclosures in the Annual Report The Annual Report of the Listed Entity shall contain a report of the Committee signed by its Chairperson including; - details of recurrent and non-recurrent Related Party Transactions - a statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors - policies and procedures adopted by the Committee for reviewing the Related Party Transactions	**YES**	Pages 162 to 163 of Related Party Transaction Review Committee Report
9.14.9	Acquisition and disposal of Assets from/to related parties	**YES**	As per our records, there were no acquisitions/disposals with related parties during the reporting year
9.17	**ADDITIONAL DISCLOSURES BY THE BOARD OF DIRECTORS**		
	i 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	**YES**	None during the reporting year
	ii 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, and, if unable to make any of these declarations an explanation on why it is unable to do so	**YES**	Pages 159 to 160 of Audit Committee report
	iii 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	**YES**	Pages 146 to 158 of Corporate Governance Commentary
	iv Disclosure 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	**YES**	None during the reporting year

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE (CSE) ON ANNUAL REPORT DISCLOSURE

MANDATORY PROVISIONS - FULLY COMPLIANT

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)
i	Names of persons who during the financial year were directors of the Entity.	**YES**	Page 134 of Corporate Governance Commentary
ii	Principal activities of the entity and its subsidiaries during the year, and any changes therein	**YES**	Page 189 of this Report
iii	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	**YES**	Page 230 of Shareholder Information
iv	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the Minimum Public Holding requirement The public holding percentage in respect of non-voting Shares (where applicable)	**YES**	Page 231 of Shareholder Information
v	A statement of each Director's holding and Chief Executive Officer's holding in shares of the Entity	**YES**	Page 230 of Shareholder Information
vi	Information pertaining to material foreseeable risk factors of the Entity	**YES**	Page 171 of Risk Management
vii	Details of material issues pertaining to employees and industrial relations of the Entity	**YES**	Page 169 of Risk Management
viii	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	**YES**	Pages 226 to 228 of Notes to the Financial Statement
ix	Number of shares representing the Entity's stated capital	**YES**	Page 229 of Shareholder Information
x	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	**YES**	Page 229 of Shareholder Information
xi	Market price related ratios and information	**YES**	Page 231 of Shareholder Information
xii	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year	**YES**	Pages 226 to 228 of Extents, Locations & the No. of Buildings of Lanka IOC's Landholdings
xiii	Details of funds raised via IPO and further issues during the year	**N/A**	
xiv	Information in respect of Employee Share Ownership or Stock Option Schemes	**N/A**	
xv	Disclosures pertaining to Corporate Governance practices in terms of Rules Section 9 of the Listing Rules	**YES**	Pages 146 to 158 of Corporate Governance Commentary
xvi	Details of Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower.	**N/A**	

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE PERTAINING TO COMPANIES ACT NO. 7 OF 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

	RULE	COMPLIED	REFERENCE (WITHIN THE REPORT)
168 (1) (a)	Nature of business of the Company or any of its subsidiaries and the classes of business in which the Company has an interest	**YES**	Page 189 of the Report
168 (1) (b)	Signed financial statements of the Group and the Company	**YES**	Financial Statements from pages 185 to 225
168 (1) (c)	Auditor's Report on financial statements	**YES**	Independent Auditor's Report on Pages 182 to 184
168 (1) (d)	Accounting policies and any changes therein	**YES**	Significant Accounting Policies on pages 189 to 225 of Notes to the Financial Statements
168 (1) (e)	Particulars of the entries made in the Interests Register	**YES**	Page 175 of the Annual Report of the Board of Directors
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company	**YES**	Page 175 of the Annual Report of the Board of Directors
168 (1) (g)	Corporate donations made by the Company	**YES**	Page 178 of the Annual Report of the Board of Directors
168 (1) (h)	Names of the Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	**YES**	Pages 146 to 158 of the Annual Report of the Board of Directors
168 (1) (i)	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Company	**YES**	Notes to Financial Statements (Note 6)
168 (1) (j)	Auditor's relationship or any interest with the Company and its subsidiaries	**YES**	Audit Committee Report on pages 159 to 160
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board	**YES**	Page 178 of the Annual Report of the Board of Directors
168 (2)	Information as per Section 168 (1) (b) to (j) in relation to the subsidiaries	**N/A**	

VOLUNTARY PROVISIONS

COMPLIANCE WITH CODE OF BEST PRACTICE ON THE CORPORATE GOVERNANCE 2023 ISSUED BY CA SRI LANKA.

A. Directors	
◌	The Company is led by an effective Board that possesses the skills, experience and financial acumen enabling independent judgment on a variety of subjects.
◌	Regular meetings of Board are held and at the minimum once a quarter, with access to information, the advice of Company Secretary and independent professional advice, as required.
◌	The Board collectively and as individual Directors are aware of their obligations and act in accordance with the laws of the Country.
◌	Board balance is maintained in line with the code including Independent Non-Executive Directors who are fully independent from management and free from any relationships that could impair their judgment.
◌	Annually each Non-Executive Director is submitting a declaration regarding their Independence and Non-Independence.
◌	The Board has annually reviewed and determined that the Independent Non-Executive Directors continue to meet the criteria of Independence.
◌	The Senior Independent Director is available for the confidential Discussion with other directors on significant issues affecting the Company and attends all the meetings with shareholders to understand concerns of minority shareholders conveyed through the Company Secretary.
◌	Whilst there is a transparent procedure for Board appointments under the oversight of the Nominations and Governance Committee, election and re-election, subject to shareholder approval, takes place at regular intervals.

B. Directors' Remuneration	
◌	The Non-Executive Directors including Chairman do not draw remuneration or sitting fees from Lanka IOC.
◌	The remuneration of the Executive Director is paid as per the International Deputation policy of the Parent Company.
◌	Independent Director is granted an allowance for their services rendered to the Company.

C. Relations with Shareholders	
◌	There is constructive use of the AGM, as per Code. Notice of Meeting, with adequate details, is circulated to shareholders as per statute.
◌	The Company proposes separate resolution for each issue.
◌	All the valid proxy appointments are secured, recorded and counted by the Company.
◌	The Board is available to answer any queries if necessary.

CORPORATE GOVERNANCE

D. Accountability and Audit

- Interim and other price sensitive and statutorily mandated reports are disclosed to Regulators. As evident from the Annual Report of the Board of Directors, the Company carried out all business in accordance with regulations and applicable laws, equitably and fairly.
- The Company continues to be a going concern and remedial action for any material events is in place. All related party transactions are reported under the Notes to the Financial Statement.
- There is an annual review of the effectiveness of the Company's risk management and internal controls which ensures the maintenance of a sound system of internal controls.
- The internal audit function and the Audit Committee, functions as stipulated by the code, and are discussed under the Audit Committee section.
- A Related Party Transaction Review Committee is in place and functions in line with the Code.
- There were no violations of the Company's Code of Conduct and Ethics during the year.
- All Corporate Governance disclosures under the CSE Rules have been complied with.

E. Institutional Investors

- The Company conducts regular and structured dialogue with all stakeholders based on mutual understanding of objectives as when required.

F. Other Investors

- Individual shareholders investing directly in shares of the Company are encouraged to carry out adequate analysis and seek independent advice in all investing and/or divesting decisions. They are encouraged to participate at the AGM and any General Meetings that are convened and to exercise their voting rights and seek clarity, whenever required.

G. Sustainability

- ESG is a pivotal consideration in the Company's decision making. In reporting performance, the Annual Report covers ESG disclosures pertaining to IFRS S1 and IFRS S2.

H. Special Considerations for Listed Entities

- The Company maintains policies relating to its governance and matters relating to Board of Directors in line with the Listing Rules of the CSE and the Code.

REPORT OF THE AUDIT COMMITTEE



MR. H M A JAYESINGHE
Chairman
Audit Committee

The Audit Committee operates under a formal Terms of Reference approved by the Board, which defines its scope of responsibilities.

COMPOSITION OF THE COMMITTEE

The Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.

The Audit Committee of the Company was reconstituted with effect from 22nd August 2025. The composition of the Committee during the financial year under review was as follows:

As of March 31, 2026, and the date of this Report, the Committee consists of:

Name	Nature of Directorship	Date of Appointment to the Committee
Mr. H M A Jayesinghe	Chairman of the Audit Committee/ Senior Independent Non-Executive Director	01.01.2025
Mr. S Renganathan	Member / Independent Non-Executive Director	01.01.2025
Mr. Anuj Jain	Member / Non-Executive Director	22.08.2025

Cessations

Mr. R V N Vishweshwar	Member / Non-Executive Director	Ceased to be a member on 22.08.2025

A brief profile of each member appears on pages 32 to 37 of this Report.

MEETINGS AND ATTENDANCE

Name of Director	Eligible to Attend/ No. of meetings attended
Mr. H M A Jayesinghe	7/7
Mr. S Renganathan	7/7
Mr. Anuj Jain	2/4
Mr. R V N Vishweshwar	3/3

REGULAR ATTENDEES

Managing Director
Senior Vice President (Finance)
Vice President (Finance)
Secretary to the Committee

ROLE OF THE COMMITTEE

TERMS OF REFERENCE (TOR)

The primary role of the Audit Committee is to assist the Board in fulfilling its responsibilities through the systematic oversight of the Company's financial reporting, internal controls, internal audit, and external audits.

KEY RESPONSIBILITIES

- Oversee the Company's financial reporting process and the disclosure of financial information to ensure that the financial statements are true, complete, and credible.
- Ensure the integrity of financial reporting, including compliance with the Companies Act, Sri Lanka Accounting Standards, and all applicable financial reporting regulations.
- Assess the adequacy and effectiveness of the Company's internal control systems in conjunction with the statutory auditors and internal auditors, and in consultation with Management.
- Discuss with the internal auditors the annual internal audit programme, significant audit findings, and follow-up actions on such matters.
- Assess the independence, objectivity, and performance of the external auditors.
- Hold post-audit discussions to identify any concerns or issues arising from the audit process.
- Review the Company's financial and risk management policies and monitor their implementation.
- Make recommendations to the Board on the appointment, re-appointment, and removal of external auditors, and approve the remuneration and terms of engagement of such auditors.

REPORT OF THE AUDIT COMMITTEE

FINANCIAL REPORTING

The Committee reviewed and discussed the financial reporting system adopted by the Company with the Management and the External Auditors in relation to the preparation, presentation, and adequacy of disclosures in the annual financial statements.

It ensured,

- compliance with the Sri Lanka Accounting Standards (SLFRS/LKAS) and other applicable regulatory requirements and underlying processes.
- the consistency of the accounting policies and methods applied.
- In reviewing the financial statements, the Committee placed particular emphasis on the following areas.
- the accuracy and reliability of information presented in the financial statements.
- any significant accounting and reporting issues arising during the period.
- the implications of new and revised accounting standards on the Company's financial reporting.
- the Company's internal control mechanisms relating to financial reporting, compliance, and operational integrity.
- sustainability-related risks and opportunities that may affect financial reporting
- the going-concern assumption in the financial statements

Based on these evaluations, the Committee is satisfied that the existing framework provides reasonable assurance regarding the reliability of financial reporting and the effectiveness of risk oversight aligned with the Company's operational model.

INTERNAL AUDIT, INTERNAL CONTROLS AND RISK ASSESSMENT

The Audit Committee regularly reviews the scope of the Company's internal audit function, which has been outsourced to KPMG, Chartered Accountants. The Committee broadly oversees and evaluates the following:

- The annual audit plan
- Scope of the audit plan
- Internal audit findings
- Remedial action taken on the recommendations of the Internal Auditors

The Committee also provides independent assurance on the overall system of internal controls and the associated risk management framework.

The Committee is satisfied that an effective system of internal controls is in place to provide reasonable assurance on safeguarding the Company's assets and is content with the reliability of the Financial Statements.

The Committee has also received assurances from the Managing Director and Chief Financial Officer regarding the Company's finances and operations.

EXTERNAL AUDIT

The Committee reviewed the independence and objectivity of the Independent External Auditors and is satisfied that their independence has not been impaired by any relationship, service, or circumstance that could give rise to a conflict of interest.

Key audit matters were discussed with the External Auditors, with due consideration given to the judgments and assumptions applied, as well as the measures adopted by both the Company and the Auditors to ensure their validity and appropriateness.

The Committee also reviewed the fees payable to the Statutory Auditors for the audit services provided during the year and recommended the same for approval by the Board of Directors.

M/s BDO Partners has served as the External Auditor since 2023, with Mr. Sasanka Rathnaweera, Senior Partner, leading the audit engagement since that time. The firm does not provide non-audit services to Lanka IOC PLC.

The Committee obtained written confirmation from BDO Partners affirming that they have remained independent throughout the audit engagement and complied with all applicable professional and regulatory requirements.

REGULATORY COMPLIANCE

The Committee obtained representations regarding the adequacy of provisions for potential liabilities and reviewed reports tabled by the Managing Director certifying compliance with relevant statutory requirements. The Committee also receives quarterly updates from the Managing Director on the Company's compliance with applicable laws and regulations.

The Committee confirms that the Company is fully compliant with the applicable corporate governance requirements under the Listing Rules of the Colombo Stock Exchange (CSE), the Companies Act, and other relevant financial reporting-related regulations and requirements.

CONCLUSION

The Audit Committee confirms the effectiveness of the Company's internal control and risk management systems, as well as its compliance framework, thereby supporting the safeguarding of assets and the accuracy of financial reporting. It further affirms the independence of the External Auditors and is satisfied that appropriate accounting policies have been applied to ensure that the financial statements present a true and fair view.



H M A Jayesinghe
Chairman
Audit Committee
17th April 2026

REPORT OF THE REMUNERATION COMMITTEE



MR. H M A JAYESINGHE
Chairman
Remuneration Committee

The Remuneration Committee operates under clearly defined Terms of Reference, which set out its scope, authority, duties, quorum requirements, and overall composition, role, and responsibilities.

COMPOSITION OF THE COMMITTEE

The Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.

The Remuneration Committee of the Company was reconstituted with effect from 22nd August 2025. The composition of the Committee during the financial year under review was as follows:

As of March 31, 2026, and the date of this Report, the Committee consists of:

Name	Nature of Directorship	Date of Appointment to the Committee
Mr. H M A Jayesinghe	Chairman of the Remuneration Committee/ Senior Independent Non-Executive Director	01.01.2025
Mr. S Renganathan	Member / Independent Non-Executive Director	01.01.2025
Mr. Anuj Jain	Member / Non-Executive Director	22.08.2025

Cessations

Mr. R V N Vishweshwar	Member / Non-Executive Director	Ceased to be a member on 22.08.2025

A brief profile of each member appears on pages 32 to 37 of this Report.

MEETINGS AND ATTENDANCE

Name of Director	Eligible to Attend/ No. of meetings attended
Mr. H M A Jayesinghe	1/1
Mr. S Renganathan	1/1
Mr. Anuj Jain	0/1

REGULAR ATTENDEES

Managing Director

Senior Vice President (Finance)

Vice President (Finance)

Secretary to the Committee

ROLE OF THE COMMITTEE

TERMS OF REFERENCE

The Remuneration Committee provides independent oversight of remuneration policies to ensure fairness, transparency, and alignment with the Company's performance and long-term shareholder interests.

The aggregate remuneration of the Independent Non- Executive Directors is given on page no. 218 finance of this Report.

KEY RESPONSIBILITIES

- Examine, evaluate, and recommend to the Board of Directors the remuneration packages, annual increments, and bonuses of the staff.
- Lay down guidelines and parameters for the compensation structures of directly recruited Executives and Staff of the Company.
- Provide policy direction for the Human Resource Strategy of the Company.

PROFESSIONAL ADVICE

The Committee has the authority to seek independent professional advice on matters within its purview.

REMUNERATION POLICY

The remuneration policy is designed to attract, motivate, and retain the Company's workforce through the provision of competitive remuneration and benefits to support the overall business growth and value creation. Accordingly, appropriate compensation commensurate with the employees' qualifications and experience is provided, giving due consideration to individual performance standards and industry norms.



H M A Jayesinghe
Chairman
Remuneration Committee
17th April 2026

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE



MR. S RENGANATHAN
Chairman
Related Party Transaction Review Committee

The Related Party Transaction Review Committee was established by the Board of Directors in February 2016, in accordance with the provisions set out in Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

COMPOSITION OF THE COMMITTEE

The Committee comprises two (2) Independent Non-Executive Directors, one (1) Non-Executive Director, and the Managing Director.

The Related Party Transaction Review Committee of the Company was reconstituted twice during the financial year, with effect from 22nd August 2025 and 25th February 2026 respectively. The composition of the Committee during the financial year under review was as follows:

Name	Nature of Directorship	Date of Appointment to the Committee
Mr. S Renganathan	Chairman of the Transaction Review Committee / Independent Non-Executive Director	01.01.2025
Mr. H M A Jayesinghe	Member / Senior Independent Non-Executive Director	01.01.2025
Mr. Anuj Jain	Member / Non-Executive Director	22.08.2025
Mr. K Raghu	Member / Managing Director	25.02.2026

Cessations

Mr. R V N Vishweshwar	Member / Non-Executive Director	Ceased to be a member on 22.08.2025
Mr. Dipak Das	Member / Managing Director	Ceased to be a member on 25.02.2026

A brief profile of each member appears on pages 32 to 37 of this Report.

MEETINGS AND ATTENDANCE

Name of Director	Eligible to Attend/ No. of meetings attended
Mr. H M A Jayesinghe	4/4
Mr. S Renganathan	4/4
Mr. Anuj Jain	2/2
Mr. R V N Vishweshwar	2/2
Mr Dipak Das	4/4

REGULAR ATTENDEES

Senior Vice President (Finance)

Vice President (Finance)

Secretary to the Committee

ROLE OF THE COMMITTEE

TERMS OF REFERENCE (TOR)

TOR of the Related Party Transactions Review Committee clearly sets out the purpose, membership, authority, duties, and responsibilities of the Committee.

OBJECTIVE

The primary objective of these rules is to ensure that the interests of all shareholders are duly considered in the evaluation and execution of related party transactions, and to safeguard against potential misuse of authority by Directors, Key Management Personnel, or Substantial Shareholders.

The Committee ensures that all recurrent and non-recurrent related party transactions are conducted on a fair and independent basis, without preferential treatment or undue influence. Every quarter, the Committee reviews and assesses ongoing relationships with related parties to ensure compliance with the Listing Rules.

KEY RESPONSIBILITIES OF THE COMMITTEE

- Ensure that the interests of shareholders, as a whole, are duly considered in the evaluation and execution of related party transactions.
- Ensure the Company's full compliance with the Listing Rules of the Colombo Stock Exchange.
- Report to the Board of Directors on related party transactions on a quarterly basis.
- Establish appropriate threshold values for related party transactions, including those requiring prior approval of the Board, advance review, or annual review, in accordance with applicable requirements governing listed companies.

- Ensure the timely and appropriate disclosure of relevant transactions to the market, as required under the Listing Rules.

CONCLUSION

The Committee affirms that during the year under review, the Company has complied with the related party transactions rules set out in Section 9 of the Listing Rules of the Colombo Stock Exchange.



S Renganathan
Chairman
Related Party Transaction
Review Committee
17th April 2026

REPORT OF THE NOMINATIONS AND GOVERNANCE COMMITTEE



MR. H M A JAYESINGHE
Chairman
Nominations and Governance Committee

The Board's Nominations and Governance Committee (NGC) operates in accordance with its Terms of Reference, which encompass the provisions of Section 9.11.5 of the Listing Rules of the Colombo Stock Exchange. The Nominations and Governance Committee maintains a formal and transparent policy and procedure to evaluate, select, and appoint/re-appoint Directors to the Board.

COMPOSITION OF THE COMMITTEE

The Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Executive Director.

The Nominations and Governance Committee of the Company was reconstituted with effect from 22nd August 2025. The composition of the Committee during the financial year under review was as follows:

As of March 31, 2026, and the date of this Report, the Committee consists of:

Name	Nature of Directorship	Date of Appointment to the Committee
Mr. H M A Jayesinghe	Chairman of the Remuneration Committee/ Senior Independent Non-Executive Director	01.01.2025
Mr. S Renganathan	Member / Independent Non-Executive Director	01.01.2025
Mr. Anuj Jain	Member / Non-Executive Director	22.08.2025

Cessations

Mr. R V N Vishweshwar	Member / Non-Executive Director	Ceased to be a member on 22.08.2025

A brief profile of each member appears on pages 32 to 37 of this Report.

MEETINGS AND ATTENDANCE

Name of Director	Eligible to Attend/ No. of meetings attended
Mr. H M A Jayesinghe	1/1
Mr. S Renganathan	1/1
Mr. Anuj Jain	1/1

REGULAR ATTENDEES

Managing Director

Senior Vice President (Finance)

Vice President (Finance)

Secretary to the Committee

ROLE OF THE COMMITTEE

The Board established the Nominations and Governance Committee in line with best practices in corporate governance.

TERMS OF REFERENCE

The Committee operates under a written Terms of Reference that outlines its key responsibilities.

KEY RESPONSIBILITIES

- Provide advice and recommendations to the Board on the appointment of Independent Non-Executive Directors.
- Evaluate and recommend the appointment/ re-appointment of Directors to the Board and Board Committees.
- Periodically review and report to the Board on Corporate Governance policies, Listing Rules, and securities market regulations.
- Hold periodical meetings to inform the Independent Directors of significant issues and concerns related to Lanka IOC PLC.
- Initiate periodic Board self-appraisals in accordance with the approved policy on matters relating to the Board of Directors.
- Ensure that the independent Directors meet the prescribed criteria for independence.

BOARD DIVERSITY

Please refer to page 133 for information relating to the Board's diversity in terms of experience, skills, age and gender.

DIRECTOR ROTATION

In terms of Article 29(2) of the Articles of Association of the Company, one-third (1/3) of the Directors, excluding the Managing Director, shall retire by rotation at each Annual General Meeting. The retiring Directors shall be eligible for re-election. The Directors to retire each year shall be those who have served the longest in office since their last election/re-election.

In terms of Article 27(6), the Board shall have the power at any time to appoint any person as an additional Director. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation.

RECOMMENDATIONS

The Nominations and Governance Committee has recommended the re-election of the following Directors, who retire by rotation in terms of Article 29(2) and are eligible for re-election at the forthcoming Annual General Meeting.

The Board of Directors Recommended the following Directors for Re-election in terms of Article 29 (2)

Name of Director	Date of Election to the Board	Directorships and Other Commitments Held in Other Listed Entities (Past 3 Years)	Board Committees Served On	Material Relationships
Mr. H M A Jayesinghe	01.01.2025	Refer to the Profile Page 36	Refer to the Page 36	N/A
Mr. S Renganathan	01.01.2025	Refer to the Profile Page 37	Refer to the Page 37	N/A

The Nominations and Governance Committee has recommended the re-election of the following Directors, who were appointed in terms of Article 27(6) and are eligible for re-election at the forthcoming Annual General Meeting.

Name of Director	Date of Appointment	Directorships and Other Commitments Held in Other Listed Entities (Past 3 Years)	Board committee served on	Material Relationship
Mr. Anuj Jain	22.08.2025	N/A	Refer to the Page 32	N/A
Mr. Saumitra P Srivastava	22.08.2025	N/A	N/A	N/A
Mr. Rajesh Singh	22.08.2025	N/A	N/A	N/A



H M A Jayesinghe
Chairman
Nominations and Governance Committee
17th April 2026

REPORT OF THE RISK MANAGEMENT COMMITTEE



MR. K RAGHU
Chairman
Risk Management Committee

The Risk Management Committee mandate outlines the composition, role, and responsibilities of the committee.

COMPOSITION OF THE COMMITTEE

The committee comprises six (6) members, including the Managing Director, three (3) Senior Vice Presidents, and two (2) Vice Presidents.

The composition of the Committee during the financial year under review was as follows. As of March 31, 2026, and the date of this Report, the Committee consists of:

Name	Nature of Directorship	Role in Committee
Mr. K Raghu	Managing Director	Chairman
Mr. Avinash Singhal	Senior Vice President (Finance)	Member/ Chief Risk Officer
Mr. Jitendra Sharma	Senior Vice President (Retail Sales & HR)	Member
Mr. Prashant Raut	Senior Vice President (LM & P)	Member
Mr. Sunil Kanta Maharana	Vice President (OPS & Bunker)	Member
Mr. Sandeep Gupta	Vice President (Engineering & Admin)	Member

ROLE OF THE COMMITTEE

The heads of divisions constantly monitor risks pertaining to their areas of concern, and the Risk Management Committee Meetings are held as and when the requirement arises, and 01 meeting was held during the year.

TERMS OF REFERENCE (TOR)

The objective of the Committee is to assist the Board in providing oversight of all aspects of risk management and to ensure that the Company maintains a comprehensive risk management framework, together with appropriate compliance policies and risk management systems.

KEY RESPONSIBILITIES OF THE COMMITTEE

- Review the Company's risk management framework, including significant policies, processes, and systems.
- Review the risk appetite of the Company.
- Review the Company's compliance with all applicable laws and regulations.

RISK MANAGEMENT POLICY

Lanka IOC PLC maintains a well-defined Risk Management Policy, supported by robust monitoring and reporting mechanisms to manage its business risks. The Policy establishes the requisite risk management framework to facilitate its effective implementation across the organisation, together with structured monitoring and performance evaluation through periodic reporting to Management.

The Policy outlines the principles of risk management, the approach to be adopted by the Company in managing identified risks, and defines the organisational structure required for effective risk management.

Risks are categorised into 'A' and 'B', as identified by each functional area of Lanka IOC PLC. However, as additional risks may arise over time, the respective Heads of Division shall continuously monitor and assess the risk environment.

PROFESSIONAL ADVICE

In addition to the independent judgment by the heads of division, the Committee takes into account the Risks identified by the Statutory/Internal Auditors and takes mitigation action accordingly.

The Committee is authorized to obtain legal or other professional advice internally and/or externally as and when it deems necessary, at the Company's expense.

ACTIVITIES 2025-2026

- Cost optimization measures to offset margin pressure in the Auto Fuel segment
- Introduction of new products
- To increase supplier base
- Adopting sustainability standards



K Raghu
Chairman
Risk Management Committee
17th April 2026

REPORT OF THE ESG SUSTAINABILITY COMMITTEE



MR. K RAGHU
Chairman
ESG Sustainability Committee

The ESG Sustainability Committee was newly established by the Board of Directors, and its mandate defines the Committee's purpose, membership, authority, duties, and responsibilities.

COMPOSITION OF THE COMMITTEE

The Committee comprises eight (8) members, including the Managing Director, three (3) Senior Vice Presidents, and four (4) Vice Presidents.

The composition of the Committee during the financial year under review was as follows.

Name	Designation	Role in Committee
Mr. K Raghu	Managing Director	Chairman
Mr. Avinash Singhal	Senior Vice President (Finance)	Member
Mr. Prashant Raut	Senior Vice President (LM & P)	Member
Mr. Jitendra Sharma	Senior Vice President (Retail Sales & HR)	Member
Mr. Sandeep Gupta	Vice President (Engineering & Admin)	Member
Mr. Sunil Kanta Maharana	Vice President (OPS & Bunkering)	Member
Mr. K Adi Narayana Prabhu	Vice President (Finance)	Member
Mr. Naveen Kumar	Vice President (OPS, IMP & LBP)	Member

The heads of the ESG Sustainability Committee proactively oversee and monitor environmental, social, and governance (ESG) matters within their respective areas of responsibility, and Committee meetings are convened as and when the requirement arises, and 01 meeting was held during the year.

TERMS OF REFERENCE (TOR)

The ESG Sustainability Committee operates under TOR that defines its purpose, membership, authority, and responsibilities, in alignment with the Colombo Stock Exchange (CSE) Listing Rules on Sustainability Disclosure.

The Committee provides oversight, guidance, and strategic insight in identifying sustainability-related risks and opportunities (SRROs) and in formulating and strengthening the Company's ESG strategy.

THE PURPOSE

The Committee's core purpose is to provide strategic oversight and guidance on the Company's Environmental, Social, and Governance (ESG) commitments.

This includes overseeing the development of the Company's ESG strategy, recommending it for Board approval, and monitoring its implementation, including the approval of related initiatives and projects.

KEY RESPONSIBILITY OF THE COMMITTEE

1. Oversee the transition of the Company's climate reporting to align with SLFRS S1 and SLFRS S2, ensuring readiness for mandatory sustainability-related financial disclosures.

2. Review ESG content in the annual report, sustainability report, and other applicable mandatory/ voluntary disclosures.

4. Review the Company's Code of Conduct, Anti-Corruption, and Data Privacy policies to ensure they meet global compliance standards.

5. Ensure that appropriate strategies are in place to respond to Climate Related Risks and Opportunities (CRROs)

6. Provide advice on ESG-related risks and opportunities impacting operations and reputation.

PROFESSIONAL ADVICE

The Committee has the authority to seek independent professional advice on matters within its purview.

INTERNAL GOVERNANCE FRAMEWORK

As part of the internal governance framework, the Sustainability Committee operates in accordance with established Terms of Reference, which clearly define its respective roles, responsibilities, and reporting lines.

EXTERNAL GOVERNANCE FRAMEWORK

The external governance framework is anchored in Section 9 of the Colombo Stock Exchange (CSE) Listing Rules, which necessitates the implementation of a comprehensive ESG policy. The Committee remains committed to transparency and accountability by adhering to both mandatory and voluntary sustainability reporting standards, ensuring robust engagement with all stakeholders.

REPORT OF THE ESG SUSTAINABILITY COMMITTEE

ACTIVITIES OF 2025/2026

- Provided strategic direction for the implementation of SLFRS S1 and SLFRS S2 within the Company.
- Carried out community development programmes under the Company's CSR initiatives.
- Strengthened fire-fighting infrastructure and introduced measures to minimise oil spillages to enhance environmental protection initiatives.
- Contributed funds to the Clean Sri Lanka Programme initiated by the Government of Sri Lanka, including investments in infrastructure to support environmentally sustainable operations.
- Contributed funds to International Coastal Cleanup Day and marine clean-up programmes to mitigate environmental pollution, including oil spillages.
- Identification of climate related Risk and Opportunities and formulating of strategies for mitigating risk.
- Measurement of carbon Emission.

ESG COMPLIANCE

The ESG Sustainability Committee will continue to fulfill its oversight responsibilities, as set out in its Terms of Reference, by providing strategic direction and governance for key sustainability initiatives, ensuring alignment with internal policies, national priorities, and international standards.

Through the refinement of the ESG policy, the development of a climate policy, the adoption of SLFRS S1 and SLFRS S2, and the implementation of initiatives aligned with the United Nations Sustainable Development Goals, the Committee ensures that sustainability considerations are systematically embedded across the Company's operations.

ACTION PLAN FOR 2026/2027

The Action Plan for 2026-2027 is directed toward operationalizing Climate Resilience and Revenue Diversification.

Key strategic initiatives:

- Strengthen Supply Chain Contingency: Implement a dual-terminal strategy to mitigate the impact of extreme weather events and ensure uninterrupted energy security.
- Investment in Infrastructure and Risk Mitigation: Execute a capital investment programme focused on jetty pipelines, fire and power safety infrastructure automation of dispensing units.
- Advance the Energy Transition and Human Capital: Deliver a comprehensive capability development programme to equip the workforce with specialised skills in disaster recovery and clean energy technologies, supporting the transition.
- Improve ESG Transparency: Enhance ESG data management and disclosures in line with local and global frameworks, and obtain independent third-party assurance to strengthen transparency.



K Raghu
Chairman
ESG Sustainability Committee
17th April 2026

RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT FRAMEWORK

As an integrated energy solutions provider operating across auto fuels, lubricants, bitumen, bunkering, petrochemicals, industrial fuels and energy infrastructure, Lanka IOC operates within a highly interconnected risk environment influenced by geopolitical developments, global energy markets, regulatory changes, climate considerations, technological disruption and evolving stakeholder expectations.

The Group's Enterprise Risk Management (ERM) framework is designed to proactively identify, assess, monitor and mitigate risks that could impact strategic objectives, operational continuity, financial performance, reputation and long-term value creation. The framework aligns risk oversight with strategic decision-making, enabling Lanka IOC to respond effectively to emerging challenges while capitalising on opportunities arising from a dynamic energy landscape.

RISK GOVERNANCE STRUCTURE

Level	Responsibility	Key Focus Areas
Board of Directors	Ultimate oversight of risk governance and risk appetite	Strategic risks, emerging risks, capital allocation, sustainability risks
Audit & Risk Committee	Reviews risk profile and control effectiveness	Enterprise risks, compliance, cyber security, financial controls
Managing Director & Executive Committee	Operational ownership of risks	Risk mitigation, business continuity, crisis management
Business Unit Heads	First line risk ownership	Operational, commercial, safety and compliance risks
Risk Champions & Functional Teams	Monitoring and reporting	KRIs, incidents, corrective actions

ENTERPRISE RISK MANAGEMENT PROCESS

Step	Description	Outputs
Risk Identification	Environmental scanning, stakeholder engagement, incident reviews, audits and strategic planning exercises	Risk register
Risk Assessment	Evaluation of likelihood, impact, velocity and preparedness	Risk heat maps
Risk Prioritisation	Identification of principal and emerging risks	Enterprise risk profile
Risk Mitigation	Development of treatment plans and controls	Action plans
Monitoring & Reporting	Continuous review of KRIs and risk indicators	Board reporting
Review & Enhancement	Annual reassessment and stress testing	Improved resilience

RISK CULTURE

At Lanka IOC, risk management is not viewed as a standalone compliance function but as an integral component of strategic decision-making, operational excellence and sustainable value creation. The Company fosters a strong risk-aware culture that encourages proactive identification, assessment and management of risks across all levels of the organisation. This culture is anchored on accountability, transparency and prudent decision-making, ensuring that risk considerations are embedded into business planning, capital allocation, investment decisions and day-to-day operations.

The Board of Directors sets the tone at the top by promoting responsible risk-taking and maintaining robust governance practices. Risk ownership resides with business and functional leaders who are responsible for managing risks within their respective areas, while oversight is provided through the Board Risk Committee and established governance structures. Continuous monitoring, reporting and stakeholder engagement strengthen organisational resilience and ensure emerging risks are identified and addressed in a timely manner.

RISK MANAGEMENT

The Company's risk culture is underpinned by:

- Board-led risk oversight and governance
- Clearly defined risk ownership and accountability
- Integration of risk considerations into strategic and operational planning
- Continuous monitoring of emerging and evolving risks
- Strong emphasis on safety, compliance and environmental stewardship
- Transparent reporting and escalation mechanisms
- Continuous employee awareness and capability building
- Commitment to ethical business conduct and responsible corporate citizenship

RISK APPETITE

Lanka IOC adopts a prudent yet progressive approach to risk-taking, recognising that sustainable growth requires balancing opportunity with disciplined risk management. The Company's risk appetite reflects the level of risk it is willing to accept in pursuit of its strategic objectives while safeguarding financial stability, operational continuity, stakeholder trust and long-term value creation. This aligns with leading enterprise risk management practices where risk appetite serves as a strategic guide for decision-making and capital allocation.

The Company maintains a moderate appetite for strategic and growth-related risks where opportunities exist to strengthen market position, expand product portfolios and invest in future energy solutions. However, it maintains a low tolerance for risks that could compromise safety, regulatory compliance, environmental integrity, business continuity or corporate reputation.

Lanka IOC Risk Appetite Framework

Risk Dimension	Risk Appetite
Financial Performance	**Moderate** – Pursues growth and investment opportunities while maintaining strong liquidity, profitability and capital discipline
Strategic Growth and Expansion	**Moderate to High** – Supports investments that enhance long-term competitiveness, diversification and future readiness
Energy Transition and Innovation	**Moderate to High** – Encourages investments in renewable energy, cleaner fuels and emerging technologies
Market and Competitive Positioning	**Moderate** – Accepts competitive pressures while protecting market share and customer relationships
Supply Chain and Sourcing	**Low to Moderate** – Seeks supply diversification while maintaining uninterrupted product availability
Operational Reliability	**Low** – Limited tolerance for disruptions affecting fuel availability, storage infrastructure or distribution networks
Health, Safety and Environment	**Very Low** – Zero tolerance for major safety incidents, environmental breaches and oil spill events
Regulatory and Compliance	**Very Low** – Zero tolerance for deliberate violations of laws, regulations and governance requirements
Reputation and Stakeholder Trust	**Very Low** – Low tolerance for actions that may undermine stakeholder confidence or brand equity
Cybersecurity and Information Security	**Low** – Limited tolerance for cyber incidents affecting critical operations, customer data or business continuity
Sustainability and ESG	**Low** – Strong commitment to responsible business practices and environmental stewardship

THREE LINES OF DEFENCE

Lanka IOC's risk governance framework is supported by a clearly defined Three Lines of Defence model that promotes accountability and effective oversight across the organisation.

Line of Defence	Responsibility
First Line	Business units and operational functions identify, assess and manage risks within approved policies, procedures and delegated authorities.
Second Line	Risk management, compliance and governance functions provide oversight, establish risk frameworks, monitor emerging risks and support effective risk management practices.
Third Line	Internal Audit provides independent assurance on the effectiveness of governance, risk management and internal control systems.

RISK MANAGEMENT PHILOSOPHY

As an integrated energy solutions provider operating in an increasingly complex and interconnected environment, Lanka IOC recognises that effective risk management is fundamental to protecting value and enabling sustainable growth. The Company continuously monitors strategic, financial, operational, geopolitical, environmental and emerging risks to strengthen resilience and support informed decision-making. Through a proactive enterprise risk management framework, Lanka IOC seeks not only to mitigate downside risks but also to identify opportunities arising from market transformation, technological advancement and the global energy transition, thereby ensuring long-term value creation for all stakeholders.

STRATEGIC RISK LANDSCAPE

Financial Capital Risks

Safeguarding financial resilience, profitability and long-term value creation amid market volatility and global uncertainty.

Strategic Risk	Strategic Context	Potential Impact on Value Creation	Strategic Response	Outlook
Strategic investment effectiveness	Capital deployment may not generate anticipated returns due to changing market conditions, regulatory shifts or execution challenges.	Reduced returns on invested capital, impairment risks, constrained growth capacity and diminished shareholder value.	Strengthen capital allocation frameworks, investment governance, scenario modelling, post-investment reviews and portfolio optimisation.	Stable
Business portfolio concentration	Overreliance on selected revenue streams may limit resilience against market disruptions and evolving energy consumption patterns.	Earnings volatility, concentration risk and reduced ability to withstand segment-specific downturns.	Continue diversification across lubricants, bitumen, bunkering, petrochemicals and emerging energy solutions.	Stable
Geopolitical instability and conflict	Regional conflicts, sanctions and geopolitical tensions continue to influence global energy markets and supply chains.	Supply disruptions, procurement cost escalation, working capital pressures and pricing uncertainty.	Diversify sourcing corridors, strengthen market intelligence capabilities and maintain strategic inventory buffers.	Increasing
Global oil price volatility	Commodity price fluctuations remain a defining feature of the energy landscape.	Margin compression, inventory valuation fluctuations and earnings volatility.	Dynamic procurement strategies, active inventory management and continuous market monitoring.	Increasing
Foreign exchange exposure	Dependence on imported fuel products exposes the Company to currency fluctuations.	Increased landed costs, margin pressure and liquidity challenges.	Strengthen treasury management, optimise foreign currency exposure and maintain prudent liquidity reserves.	Increasing
Trade restrictions and sanctions	Evolving trade regulations and sanctions may affect sourcing flexibility and procurement efficiency.	Increased compliance obligations, sourcing constraints and higher procurement costs.	Enhance trade compliance frameworks and broaden sourcing partnerships.	Increasing
Global demand-supply imbalance	Shifts in global energy demand and refinery capacity may create supply shortages and price shocks.	Procurement uncertainty, supply shortages and increased inventory carrying costs.	Strengthen forecasting capabilities and maintain agile procurement strategies.	Increasing

RISK MANAGEMENT

MANUFACTURED CAPITAL RISKS

Ensuring the resilience, reliability and operational continuity of critical energy infrastructure and supply networks.

Strategic Risk	Strategic Context	Potential Impact on Value Creation	Strategic Response	Outlook
Supply chain continuity	Business success depends on uninterrupted access to imported fuel and efficient distribution networks.	Product shortages, operational disruptions, customer dissatisfaction and revenue leakage.	Strengthen storage capacity, maintain inventory buffers and enhance business continuity planning.	Increasing
Shipping and logistics disruption	Global freight markets remain vulnerable to congestion, route disruptions and geopolitical pressures.	Delivery delays, increased logistics costs and reduced service reliability.	Develop multi-route logistics capabilities and strengthen supply chain visibility.	Increasing
Supplier dependency	Dependence on limited suppliers may reduce sourcing flexibility during periods of disruption.	Procurement delays, supply shortages and increased operational risk.	Diversify supplier base and strengthen supplier risk management processes.	Stable
Climate-related physical events	Extreme weather events are becoming more frequent and severe across the region.	Damage to terminals, storage facilities and retail infrastructure, resulting in operational downtime and higher recovery costs.	Invest in climate-resilient infrastructure and disaster recovery capabilities.	Increasing

HUMAN CAPITAL RISKS

Building a future-ready workforce capable of supporting transformation, innovation and operational excellence.

Strategic Risk	Strategic Context	Potential Impact on Value Creation	Strategic Response	Outlook
Talent and capability readiness	The evolving energy landscape requires new technical, digital and leadership capabilities.	Skills shortages, succession gaps, reduced productivity and slower execution of strategic priorities.	Strengthen leadership pipelines, succession planning and continuous capability development programmes.	Stable

INTELLECTUAL CAPITAL RISKS

Leveraging innovation, technology and digital transformation to sustain competitiveness.

Strategic Risk	Strategic Context	Potential Impact on Value Creation	Strategic Response	Outlook
Technology and innovation disruption	Rapid advances in digital technologies, artificial intelligence, automation and alternative energy solutions continue to reshape the industry.	Obsolescence of legacy systems, cybersecurity vulnerabilities and loss of competitive advantage.	Accelerate digital transformation, strengthen cybersecurity resilience and enhance data-driven decision making.	Increasing

SOCIAL AND RELATIONSHIP CAPITAL RISKS

Protecting stakeholder trust, customer loyalty and the Company's licence to operate.

Strategic Risk	Strategic Context	Potential Impact on Value Creation	Strategic Response	Outlook
Competitive intensity	Increasing competition from both traditional and emerging energy providers is reshaping customer expectations.	Market share erosion, margin pressures and declining customer loyalty.	Enhance customer experience, strengthen brand differentiation and expand value-added services.	Increasing
Market liberalisation	Ongoing reforms may alter industry dynamics and intensify competition.	Increased customer churn, pricing pressure and changing stakeholder expectations.	Strengthen stakeholder engagement, improve operational efficiency and deepen customer relationships.	Increasing
Brand and reputation resilience	Reputation remains a strategic asset in a highly visible and regulated industry.	Loss of stakeholder trust, regulatory scrutiny and long-term brand erosion.	Maintain robust governance, transparent communication and proactive stakeholder engagement.	Increasing

NATURAL CAPITAL RISKS

Managing environmental stewardship while navigating the global energy transition.

Strategic Risk	Strategic Context	Potential Impact on Value Creation	Strategic Response	Outlook
Energy transition and decarbonisation	Accelerating adoption of renewable energy, EVs and low-carbon technologies is reshaping energy demand patterns.	Long-term reduction in conventional fuel demand, asset obsolescence risks and changing customer preferences.	Advance energy diversification, explore renewable opportunities and build transition-ready business models.	Increasing
ESG and sustainability expectations	Investors, regulators and communities increasingly expect measurable sustainability performance.	Reputational exposure, compliance costs and reduced access to sustainable capital.	Strengthen ESG governance, environmental performance and sustainability disclosures.	Increasing
Carbon regulation and climate policy	Carbon pricing mechanisms and climate-related regulations continue to evolve globally.	Increased compliance costs, operational adjustments and investment requirements.	Develop climate transition plans, enhance emissions management and align with emerging sustainability frameworks.	Increasing

MANAGING RISK ACROSS A GLOBAL ENERGY ECOSYSTEM

In an increasingly interconnected world, risks seldom occur in isolation. Geopolitical tensions, supply chain disruptions, climate events, technological threats and regulatory shifts can rapidly cascade through global energy markets, influencing sourcing decisions, operational continuity, customer service delivery and financial performance.

As Sri Lanka's leading integrated energy solutions provider, Lanka IOC recognises that effective risk management is not merely a defensive function but a strategic capability that strengthens resilience, protects stakeholder value and enables sustainable growth.

The Company's Enterprise Risk Management Framework provides a structured and forward-looking approach to identifying, assessing and managing risks across the value chain. Supported by strong governance, disciplined controls and continuous monitoring, the framework enables Lanka IOC to anticipate emerging challenges, strengthen preparedness and respond with agility in an evolving risk landscape.

RISK MANAGEMENT

GLOBAL FORCES SHAPING RISK

- GEOPOLITICAL INSTABILITY
- ENERGY SECURITY CONCERNS
- GLOBAL SUPPLY CHAIN DISRUPTIONS
- ECONOMIC & MARKET VOLATILITY
- CLIMATE CHANGE & EXTREME WEATHER
- TECHNOLOGICAL & CYBER THREATS
- REGULATORY AND POLICY SHIFTS

THE GLOBAL RISK LANDSCAPE

Risk Driver	Potential Impact on Lanka IOC
Middle East conflicts	Supply disruptions and oil price volatility
Maritime security challenges	Shipping delays and increased freight costs
Economic slowdown	Reduced industrial and commercial demand
Inflationary pressures	Increased operating costs
Currency volatility	Higher import costs and working capital requirements
Climate events	Disruptions to logistics and infrastructure
Energy transition policies	Long-term demand shifts
Cyber warfare	Critical infrastructure vulnerabilities

Emerging risks 2025-26

Immediate Horizon (0-2 Years)

- Middle East geopolitical escalation
- Global shipping route disruptions
- Currency and commodity volatility
- Cyberattacks targeting critical infrastructure
- Climate-related extreme weather events

Medium-Term Horizon (3-5 Years)

- Carbon taxation and emissions regulations
- Alternative fuel adoption
- Evolving customer mobility patterns
- Artificial intelligence-related cybersecurity threats

Long-Term Horizon (5+ Years)

- Electric vehicle penetration
- Renewable energy substitution
- Fundamental shifts in transportation energy demand
- Climate adaptation requirements

Value protection model

Through proactive risk management, disciplined governance and continuous monitoring, Lanka IOC strengthens organisational resilience, safeguards critical operations, protects stakeholder interests and positions itself to create sustainable value in an increasingly complex global energy landscape



GLOBAL RISKS

↓

ENTERPRISE RISKS

↓

RISK GOVERNANCE

↓

MITIGATION CONTROLS

↓

BUSINESS RESILIENCE

↓

STAKEHOLDER TRUST

↓

LONG-TERM VALUE CREATION

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

To the Shareholders

To Board of Directors have pleasure in presenting the 24th Annual Report of Lanka IOC PLC for the financial year ended 31st March 2026, that included and covers the Audited Financial Statements, Chairman's Message, Managing Director's Review, Management Discussion and Analysis, Stakeholder Engagement Report, Capital Reports, Governance Reports, Impact Management Report, Statements of Responsibility, Auditor's Report, Independent Assurance on Non-Financial Reporting and other relevant information.

The Directors confirm that the financial statements have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) which have been consistently applied and supported by reasonable and prudent judgments and estimates.

The Audited Financial Statements were approved by the Directors at the Board Meeting held on 17th April 2026.

REVIEW OF THE YEAR

The Chairman's statement describes in brief the Company's affairs and its performance during the year.

FINANCIAL STATEMENTS

The Financial Statements of the Company for the year ended 31st March 2026, which include the comprehensive Income Statement, Financial statement, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements, are given from page 185 onwards.

PRINCIPAL ACTIVITIES OF THE COMPANY

The main activities of the Company are importing, blending, distributing, selling of petroleum products including Lubricants, Bitumen, Petrochemical and Bunkering in Sri Lanka.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is set out on page No. 182.

ACCOUNTING POLICIES

The financial statements are prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka (ICASL). The financial statements are prepared under the historical cost convention. Accounting policies have been consistently applied by the Company in preparing the Financial Statements of the Company in conformity with SLFRS/LKAS which require the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies.

PURCHASING AND PRICING POLICY

Imports of products are made against global tender floated to various petroleum product suppliers registered with LIOC, all over the world. All transactions with the Parent Company – Indian Oil Corporation Limited, India are on purely commercial terms and conditions of contract that are applicable/ applied to similar such other suppliers of the respective products. The parent company is treated at par with any other such supplying company without any preferences whatsoever.

LIOC is required to price petrol and diesel within monthly ceiling prices published by MOPE. Pricing of non-registered products are determined by the Company based on market dynamics.

ENTRIES IN THE INTERESTS REGISTER

Under the provisions of Section 168(1) (e) of the Companies Act No.07 of 2007, the Interests Register is maintained by the Company and the Directors have made the necessary declarations, in terms of the Section 192 (2) of the Companies Act No.07 of 2007 which are recorded in the Interests Register and this is available for inspection in terms of the Act. Particulars of entries in the interest register is given below:

DIRECTORS' INTERESTS IN TRANSACTIONS

The Directors of the Company have made the general disclosure provided for in Section 192(2) of the Companies Act No.07 of 2007. Note 23.2 to the Financial Statements deals with the Directors' interest in contracts and related party transactions with the Company respectively.

DIRECTORS' INTERESTS IN SHARES

There were no share dealings by any of the Directors of the Company (Sec.200) during the financial year.

REMUNERATION AND OTHER BENEFITS OF DIRECTORS

The aggregate remuneration and other benefits of Directors of the Company for the financial year 2025- 26 amounts to Rs. 2.95 Mn.

DIRECTORS

The Directors of the Company for the F/Y 2025-26 were:

Mr. Anuj Jain	Chairman – Appointed w.e.f. 22.08.2025
Mr. K Raghu	Managing Director – Appointed w.e.f. 25.02.2026
Mr. Saumitra P Srivastava	Non-Executive Director – Appointed w.e.f. 22.08.2025
Mr. Rajesh Singh	Non-Executive Director – Appointed w.e.f. 22.08.2025
Mr. H M A Jayesinghe	Senior Independent Non-Executive Director
Mr. S Renganathan	Independent Non-Executive Director
Mr. Satish Kumar Vaduguri	Chairman – Ceased to be a Director w.e.f. 01.08.2025
Mr. Dipak Das	Managing Director – Ceased to be a Director w.e.f.25.02.2026
Mr. N D Mathur	Non-Executive Director – Ceased to be a Director w.e.f. 22.08.2025
Mr. R V N Vishweshwar	Non-Executive Director – Ceased to be a Director w.e.f. 22.08.2025

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

As per the Listing Rules 9.11.5 of CSE, the Nominations and Governance Committee recommend to the Board of Directors for the re-election of the following Directors as per the Company's Articles of Association. The Board approved the re-election of Directors at the Board meeting held on 17th April 2026.

Mr. Hector Manil Anthony Jayesinghe will retire by rotation in terms of Article 29 (2) and offers himself for re-election as a Director at the forthcoming Annual General Meeting.

Mr. Sivakrishnarajah Renganathan will retire by rotation in terms of Article 29(2) and offers himself for re-election as a Director at the forthcoming Annual General Meeting.

Indian Oil Corporation Ltd nominated Mr. Anuj Jain, Non- Executive Director/ Chairman, in place of Mr. Satish Kumar Vaduguri, Non-Executive Director/Chairman, with effect from 22nd August 2025. He will vacate his position as in terms of Article 27(6) and offers himself for re-election at the forthcoming Annual General Meeting.

Mr. Saumitra Priya Srivastava, Non-Executive Director and Mr. Rajesh Singh, Non-Executive Director, were appointed to the Board of Directors with effect from 22nd August 2025 in place of Mr. N D Mathur, Non-Executive Director and Mr. R V N Vishweshwar, Non-Executive Director.

RELATED PARTY TRANSACTIONS

The Board of Directors declares as follows:

The related party transactions during the FY 2025-26 have been reviewed by the Related Party Transaction Review Committee and the related party transactions entered during the FY 2025-26 are exempted as per terms of Rule 9.14.10 of Section 9 of CSE listing rules.

Compliance On Transfer Pricing Regulations Issued in terms of Paragraph (d) of Regulation 6 of Extraordinary Gazette Notification No. 2217/07 dated 02nd March 2021, issued under Section 76, 77 and 194 of the Inland Revenue Act No. 24 of 2017

Pursuant to Paragraph (d) of Regulation 6 of the Extraordinary Gazette Notification No. 2217/07 dated 02 March 2021, issued under Sections 76, 77 and 194 of the Inland Revenue Act No. 24 of 2017, it is confirmed that the Company has complied with the applicable Transfer Pricing Regulations.

The Company has prepared and maintained the required transfer pricing documentation and disclosures in accordance with the said Regulations. Based on our assessment, we believe that the transactions entered into with associated undertakings during the period from 1 April 2025 to 31 March 2026 have been conducted at arm's length, are not prejudicial to the interests of the Company, and have not been carried out for profit shifting purposes.

Appropriate records and information relating to such transactions have been maintained to support compliance with the arm's length principle, in line with the requirements of the Inland Revenue Act and the applicable regulations.

RE-APPOINTMENT OF STATUTORY AUDITORS

M/s BDO Partners Chartered Accountants are willing to continue as the Auditors of the Company and a resolution proposing their re-appointment will be tabled at the Annual General Meeting.

The Independent Auditor's Report is in the Financial Statements section of the Annual Report. The Audit Committee reviews the re- appointment of the Auditors, in addition to their effectiveness, independence, and relationship with the Company including the level of audit and non-audit fees paid to the Auditor.

AUDITORS RELATIONSHIP OR ANY INTEREST WITH THE COMPANY

The Directors are satisfied that, based on written representations made by the independent auditors to the Board, the auditors did not have any relationship or any interest with the Company that would impair their independence. Details of the Auditors' remuneration are set out in Note 06 to the Financial Statements on page 205.

M/s. KPMG were engaged as Internal Auditors and a remuneration of Rs. 1.3 Mn (2024-25 - Rs. 1.3 Mn) was incurred for the services rendered by them for internal audit and allied services.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment during the years ended 31st March 2026 and 31st March 2025 are set out in Note 11 to the Financial Statements.

STATED CAPITAL AND RESERVES

There was no change in the stated capital of the Company during the year under review. Majority of the shares i.e: 75.12% are held by the Indian Oil Corporation Limited, India. The total retained earnings of the Company as at 31st March 2026 amounted to Rs. 81,375.73 Mn (2024-25-Rs 73,466.05 Mn).

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the employees and the Government, up to the balance sheet date, have been made.

CONTRIBUTION TO THE EXCHEQUER

Your Company has been making an enormous contribution to the exchequer. During the year, Rs.102,224 Mn (2024-25 Rs. Rs. 105,638 Mn) was paid to the exchequer in the form of various duties, taxes and other statutory levies to the relevant authorities.

STATED CAPITAL AND CONTROL

There are no restrictions on the voting rights attaching to the Company's ordinary shares of 532,465,705 which are fully paid up and listed on the Colombo Stock Exchange.

TURNOVER

LIOC recorded revenue of Rs. 280.65 billion during the year under review against Rs. 276.29 billion in year 2024-25 despite the challenging operating competitive context. The main contributor to the topline was the Auto Fuel segment which counted 76% of the revenue of Rs. 213.51 billion. With the regularity and continuity of the fuel supply,

LIOC earned the trust of people at large as all its retail outlets continued to meet requirements of all sections of the society despite competitive landscape.

EARNING OF FOREIGN EXCHANGE

During the financial year under review, your company has earned valuable foreign exchange revenue amounting to US $ 173.08 Mn (2024-25 – US $ 203.13 Mn) through its operations.

RETAIL SALES

The Automotive Fuels segment of Lanka IOC continued its transformation and modernization journey during FY 2025-26, with a strong focus on enhancing customer experience, expanding market reach, and promoting sustainable fuel solutions.

During the year, the Company introduced XTRAGREEN Premium Diesel at select outlets, offering customers an improved driving experience while contributing to a lower carbon footprint and supporting environmental sustainability initiatives.

As part of its ongoing infrastructure enhancement programme, the Company continued the replacement of aging fuel dispensing equipment across its retail network. During the financial year, 108 old dispensing units were replaced with modern systems to improve operational efficiency and customer convenience. In parallel, the Company accelerated its retail automation drive and has set an ambitious target of automating all fuel stations within the next year.

Expanding accessibility to quality fuel remains a key priority. Accordingly, the Company strengthened its retail footprint by commissioning seven new fuel stations during FY 2025-26, particularly in underserved locations where access to fuel outlets was limited.

The Company also continued to promote digital payment solutions across its retail network, enabling faster, safer, and more convenient transactions for customers. Management remains committed to delivering a superior refueling experience through a modernized network of fuel stations, enhanced infrastructure, and a wider portfolio of premium fuel products. Despite these achievements, the Company continues to face challenges arising from declining gross marketing margins following successive fuel price reductions. To ensure that customers continue to receive fuel at globally competitive prices while maintaining the Company's financial resilience, management remains focused on optimizing sourcing strategies, reducing logistics costs, improving operational efficiencies, and exercising prudent cost management across the value chain.

LUBES

The Company delivered a strong performance in its lubricants segment during the year under review, driven by focused market development initiatives, strategic customer acquisitions, and enhanced brand-building efforts. Small pack lubricant sales recorded a remarkable growth of 51%, increasing from 1,240 KL in the previous year to 1,870 KL during the current year.

Further strengthening its institutional business, Lanka IOC successfully secured lubricant supply contracts from state-owned enterprises, including the Ceylon Electricity Board (CEB) and expanded its presence in the automotive sector through the acquisition of the prominent dealership business across the island during the year.

The Company continued to invest significantly in strengthening the SERVO brand across Sri Lanka. As part of a major brand promotion initiative, SERVO-branded dealer boards were installed at approximately 1,400 retail outlets across the country, covering a substantial portion of the estimated 3,000 dealer locations. Additionally, 105 SERVO-branded Traffic Police booths were established island-wide, significantly enhancing brand visibility and consumer awareness.

The Company also hosted its Distributor Awards Ceremony for FY 2025-26 to recognize and reward the outstanding contributions of its distribution partners. These initiatives have further strengthened the Company's market presence and reinforced the positioning of the SERVO brand as a trusted lubricant solution in Sri Lanka.

BUNKERING SALES

The Company has continued to maintain healthy volume growth in the bunker business during FY 2025-26. This has been possible due to the focus of the management on sourcing products at highly competitive prices and maintaining adequate inventory at different ports. The Company placed a higher capacity barge of 2,800 MT at Trincomalee port. This helped in catering to larger bunker orders, improving our service capacity and turnaround time. The Company is also upgrading the infrastructure facility at Trincomalee port to increase its bouquet of offerings and cater to HSFO requirement of shipping lines. The Company has been able to mitigate its inventory risk through a dynamic trigger pricing strategy and at the same time offer market linked rates to its customers. This has also helped not only the Company but also the country to garner additional business volumes by offering competitive prices in comparison to other nearby ports.

PETROCHEMICALS

The Company has grown its petrochemical volumes by 104% during FY 2025-26. This has been possible due to the multifaceted approach taken by management due to the proactive customer reach and enhanced product portfolio with special focus on PE grades. The Company has also offered samples to manufacturers who are in the process of testing the PROPEL brand of petrochemical offerings by Lanka IOC. Management is focused on developing this new line of business by the Company.

TAXATION

The Company is a Board of Investment [BOI] registered entity, registered under Section 17 (2) of the BOI Act No 4, 1978 and accordingly, the Company is liable to pay tax at the rate of 15% on business income and 30% on other income.

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

OTHER OPERATING INCOME

In continuous efforts to optimize its income from various sources, the Company earned Rs. 228.59 Mn (2024-25 - Rs.185.61 Mn) during the year lease rentals of hoardings, space and amenities, solarization at the various retail outlets, terminal services and from other resources.

FUNDING OPERATIONS

In order to have funding and other credit facilities with banks at the most competitive rates and terms, the Company renewed Facility Agreements with different banks based in Colombo at very attractive interest rates.

INTERNAL CONTROL

The Company has adequate internal controls in place commensurate with the size, growth and span of business operations. Policies and procedures covering HR, Finance, Engineering, Secretarial, Plant and Terminal Operations are in place. Adequacy of Internal Control is being evaluated and strengthened on regular basis. The Internal Auditors of the Company are M/s KPMG, Chartered Accountants, Colombo and the scope of their audit covers internal procedures, controls and systems, risk analysis, financial operations, statutory compliance etc. Auditors directly report their observations to the Audit Committee of the Board with recommendations. Management committee reviews the systems and practices, risks faced by the Company due to changes in the business environment, developments in the market, Govt policies etc, and regularly initiate appropriate actions to mitigate the risks and reorient business strategies.

The Management holds Risk Management Meetings comprising of Managing Director and all its Heads of Departments to analyze the existing, impending risks etc., encountered or to be encountered by the Company and take appropriate action to mitigate these risks.

CSR PROJECT

During the year, several community outreach initiatives were undertaken, including the donation of dialysis machines to government hospitals with limited facilities and the distribution of dry rations to underprivileged families, elders, and children's homes, and those who were affected by the Ditwah Cyclone. Lanka IOC also contributed Rs. 50 million to the Rebuild Sri Lanka Fund following the cyclone and donated a further Rs. 100 million to the President's Fund during the financial year. In support of environmental protection, funding was provided for coastal conservation initiatives. In addition, smart vision glasses were donated to visually impaired graduates, and school equipment was provided to underprivileged schools. These efforts represent a selection of the many CSR initiatives carried out during the year. As a responsible corporate citizen, the Company remains committed to engaging in meaningful dialogue with all stakeholders, while continuously striving to enhance the social, environmental, and economic performance of its operations. Projects covering the environment, health, and education were implemented during the year, The total amount of donations made during the year were Rs.220.78 Mn. (2024-25 Rs. 108.85 Mn.).

ADOPTION OF SUSTAINABILITY STANDARDS SLRFS S1 AND S2

Sri Lanka's Institute of Chartered Accountants (CA Sri Lanka) has announced the adoption roadmap for IFRS S1 and IFRS S2 as SLFRS S1 and SLFRS S2, following the International Sustainability Standards Board (ISSB) framework. The mandate begins with Top 100 market capitalized listed entities on the Colombo Stock Exchange (CSE). Accordingly, Lanka IOC PLC, which has fallen among the top 100 market-capitalized companies, must be adopted the SLFRS S1 and SLFRS S2 with effect from FY 2025-26. The Board has delegated to the proposal that the Audit Committee provide oversight, guidance, and strategic insight into the identification and management of sustainability related risks and opportunities (SRROs) within Lanka IOC's business operations, short and medium term planning, and long term strategy.

The Board also approved the establishment of an ESG Sustainability Management Committee, reporting to the Audit Committee.

GOING CONCERN

The Directors have adopted the going concern basis in preparing the financial statements. The Directors after making inquiry and following a review of the Company's budget, future cash flows and borrowing facilities, consider the Company has adequate resources to continue in operation.

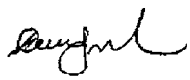
POST BALANCE SHEET EVENTS

No events have occurred since the balance sheet date which would require adjustments to, or disclosure, in the financial statements.

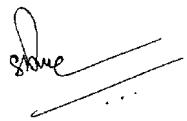
Signed on behalf of the Board



K Raghu
Managing Director



Mr. Manil Jayasinghe
Director



Amali Liyanapatabendi
Company Secretary

17th April 2026

FINANCIAL STATEMENTS

STRENGTH IN EVERY NUMBER

A reflection of disciplined execution, operational excellence, and the financial resilience that supports our future aspirations.

FINANCIAL CALENDAR

Interim Financial Statements are published as per Rule 7.4 of the Colombo Stock Exchange

PERIOD	PUBLISHED ON
April-June 2025	15th July 2025
July-September 2025	15th October 2025
October-December 2025	14th January 2026
January-March 2026	17th April 2026

PERIOD	PUBLISHED ON
2024-25 (Tenth Integrated Report)	02nd June 2025
2023-24 (Ninth Integrated Report)	07th June 2024
2022-23 (Eight Integrated Report)	16th June 2023
2021-22 (Seventh Integrated Report)	08th August 2022
2020-21 (Sixth Integrated Report)	31st August 2021

MEETING	DATE OF MEETING
23rd Annual General Meeting	19th June 2025
22nd Annual General Meeting	01st July 2024
21st Annual General Meeting	29th June 2023
20th Annual General Meeting	19th September 2022

STATEMENT OF DIRECTORS' RESPONSIBILITY

The following statements, which should be read in conjunction with the Auditor's Statement of their responsibilities set out in their report, is made with a view to distinguish the respective responsibilities of the Directors and of the Auditors, in relation to the financial statements contained in this Annual Report.

The Directors are required by sections 150(1) and 151(1) of the Companies Act No. 07 of 2007, to prepare financial statement for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss and the cash flows of the company for the financial year. The Directors are required to prepare these financial statements on going concern basis, unless it is not appropriate. Since the Directors are satisfied that the Company has resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the said basis.

The Directors are also responsible, under section 148 of the Companies Act No. 07 of 2007, for ensuring that proper accounting records are kept to enhance the determination of financial position with reasonable accuracy, preparation of Financial Statements and audit of such statements are being carried out in accordance with statutory guidelines.

The Directors confirm that in preparing the financial statements exhibited on pages 185 to 225 inclusive, appropriate accounting policies have been selected and applied on a consistent basis, and reasonable prudent judgments have been made so that the form and substance of transactions are properly reflected.

The Directors have taken action to safeguard the assets of the Company by implementing appropriate internal control systems to prevent and detect fraud and other irregularities.

The Directors are confident that they have discharged their responsibility as set out in this statement and confirm that to the best of their knowledge, all statutory payments payable by the Company as at the Balance Sheet date have been paid or where relevant, provided for.

By Order of the Board,



K Raghu
Managing Director
17th April 2026

CHIEF EXECUTIVE OFFICER'S & CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

The financial statements of Lanka IOC PLC as at 31st March 2026 are prepared and presented in conformity with the requirements of the following:

Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, Companies Act No. 07 of 2007, Sri Lanka Accounting & Auditing Standards Act No. 15 of 1995, Listing Rules of the Colombo Stock Exchange, Code of Best Practice on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka and other applicable statutes.

The Significant Accounting Policies applied in the preparation of the Financial Statements are appropriate and are consistently applied as revealed in the Notes to Financial Statements. There are no material deviations from the prescribed Accounting Standards in their adoption. Comparative information has been reclassified wherever necessary to comply with the current presentation. The Company has adopted New Sri Lanka Accounting Standards which are effective from 01st January 2025. During the year, application of Significant Accounting Policies and estimates that involve a high degree of judgment and complexity were discussed with the Audit Committee and Independent Auditors.

The Board of Directors and Management of our Company accept responsibility for the integrity and objectivity of these Financial Statements. The Estimates and Judgments relating to Financial Statements were made on a prudent and reasonable basis, in order that the Financial Statements reflect in a true and fair manner, the form and substance of transactions and reasonably present the company's state of affairs. We also confirm that the company has adequate resources to continue in operation and has applied the Going Concern basis in preparation of these Financial Statements.

To ensure this, the company has taken proper and sufficient care in putting in place an effective system of internal checks and controls, to ensure the accuracy of financial transactions recorded in the books of account, safeguarding assets and for preventing and detecting frauds as well as other irregularities, which is reviewed, evaluated and updated on an ongoing basis.

Our Internal Auditors M/s.KPMG Chartered Accountants have conducted periodic audits to provide reasonable assurance that the established policies and procedures of the company were consistently followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounting.

The Financial Statements were audited by M/s. BDO Partners Chartered Accountants, the Independent Auditors.

The Audit Committee of our company meets periodically with the Internal Auditors and the Independent Auditors to review the manner in which these auditors are performing their responsibilities and to discuss auditing, internal control and financial reporting issues. To ensure complete independence, the Independent Auditors and the Internal Auditors have full and free access to the members of the Audit Committee to discuss any matter of substance.

WE CONFIRM TO THE BEST OF OUR KNOWLEDGE;

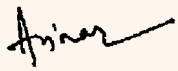
The Company has complied with all applicable laws, regulations and prudential requirements and there are no material litigations that are pending against the Company other than disclosed in note 25 under contingencies.

FINANCIAL STATEMENTS

All Taxes, duties, levies and all statutory payments by the Company and all contributions, levies and taxes paid on behalf of and in respect of the employees of the Company as at the Statement of Financial Position date have been paid or where relevant provided for.



K Raghu
Managing Director



Avinash Singhal
Senior Vice President (Finance)

17th April 2026

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LANKA IOC PLC

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E-mail : bdopartners@bdo.lk
Website : www.bdo.lk

Chartered Accountants
"Charter House"
65/2, Sir Chittampalam A Gardiner Mawatha
Colombo 02
Sri Lanka

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the Financial Statements of Lanka IOC PLC ("the Company"), which comprise the statement of financial position as at 31st March 2026 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 a summary of material accounting policy information as set out on pages 189 to 225.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at 31st March 2026 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the 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.

Key audit matter	How our audit addressed the key audit matter
Refer note 2.12.15 of the Financial Statements for revenue recognition and note 03 for the disclosure of revenue from contract with customers. The Company's revenue consists of the sale of petroleum products. The Company's most significant revenue stream from petroleum products involves the sale of automotive fuel. Automotive fuel includes Lanka Auto Diesel, Lanka Petrol 92 Octane, Xtrapremium Euro 3, Xtramile, Xtrapremium 95, Lanka Super Diesel and XP-100, Xtragreen diesel as disclosed in note 03. In line with SLFRS 15, the Company recognises the revenue when a performance obligation is satisfied by transferring control over promised goods to the customer. For sale of automotive fuel, the point of revenue recognition is when the invoice is raised, and the customer acknowledges the goods. A significant proportion of automotive fuel revenue is generated at the delivery point of Ceylon Petroleum Storage Terminals Limited (CPSTL) LIOC Trinco Terminal in the business of storage and distribution of petroleum products. The original source documents (i.e., invoice and customer acknowledgement) pertaining to each sale generated at CPSTL's location on behalf of the Company are placed at CPSTL. Also, the system in which these source documents are generated and maintained is outsourced to and managed by CPSTL. However, the management gets comfort over the occurrence of a sales transaction initiated at the delivery point of CPSTL by way of accessing and referring to the details of the ERP (i.e SAP) of CPSTL.	Our audit procedures include, amongst others, the following procedures: • reviewed the revenue recognition policy applied by the Company and its compliance with SLFRS 15 Revenue from Contracts with Customers • tested the effectiveness of relevant controls over revenue recognition relating to sale of automotive fuels • performed cut off procedures to ensure that the automotive fuel sales are recorded in the proper accounting period • performed test of details on the automotive fuel revenue generated through the period by checking the source documents in the ERP • performed test of controls to ensure proper controls are placed to recognise revenue at correct amount and period • performed test of details to ensure the occurrence of automotive sales transactions by checking the sales invoice and customer settlements based on bank statements for a sample of sales transactions • conducted an invoice cut off testing to ensure that sales transactions are recorded in the correct accounting period • reviewed the credit notes issued before and after the period end to ensure automotive fuel sales were recorded in the correct accounting period

Partners : Sujeewa Rajapakse FCA, ACCA, FCMA, MBA. Ashane J.W. Jayasekara FCA, FCMA (UK), MBA. H. Sasanka Rathnaweera FCA, ACMA.
F. Sarah Z. Afker FCA, FCMA (UK), CGMA, MCSI (UK). Dinusha C. Rajapakse FCA, LLB (Hons)(Colombo), CTA, Attorney at Law.
Nirosha Vadivel Bsc (Acc.), FCA, ACMA. R. D. Chamika N. Wijesinghe FCA, BBA (Acc.) Sp. H. M. R. Thilina Ranaweera FCA, BBMgt (Acc.) Sp.

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Key audit matter	How our audit addressed the key audit matter
Further, the handling of fuel inventory is also commonly stored and maintained by CPSTL where the distribution for sale happens from a common pool. Therefore, the issuance of inventory to recognise the revenue and origin of revenue at the point of sale also occurrs in the system of the associate company, CPSTL. Due to the magnitude of automotive fuel revenue generated at CPSTL and the inventory movements during the year, we assessed that a higher risk is associated with a point of revenue recognition and measurement. Accordingly, the recognition and measurement of automotive fuel revenue was considered a Key Audit Matter.	Our audit procedures include, amongst others, the following procedures: • assessed the reasonableness of selling price for key products including automotive fuel by comparing average price per unit derived by dividing product wise monthly revenue by quantity sold with respective approved sales prices for the period • assessed the adequacy of related disclosures on revenue in the Financial Statements with reference to the disclosure requirements given in SLFRS 15

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 identified above, when it becomes available, and in doing so, consider whether the other information is materially consistent with the Financial Statements and our knowledge obtained during the audit, or otherwise, whether it 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 judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LANKA IOC PLC

- 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 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 the threats, or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of the most significance in the audit of the Financial Statements of the current period and are, therefore, the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit, and as far as it 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 4324.

BDO Partners

CHARTERED ACCOUNTANTS
Colombo

17th April 2026
HSR/cc

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31st March		2026	2025
	Note	Rs '000	Rs '000
Revenue from Contracts with Customers	3	**280,653,187**	276,287,407
Cost of Sales		**(258,588,323)**	(255,263,005)
Gross Profit		**22,064,864**	21,024,402
Other Operating Income	4	**228,585**	185,612
Administrative Expenses		**(3,260,470)**	(3,142,285)
Selling and Distribution Expenses		**(10,462,002)**	(8,723,186)
Operating Profit		**8,570,977**	9,344,543
Finance Income	5.1	**5,328,020**	5,024,589
Finance Expenses	5.2	**(340,244)**	(505,602)
Finance Income – Net		**4,987,776**	4,518,987
Profit Before Tax	6	**13,558,753**	13,863,530
Income Tax Expenses	7.1	**(2,996,202)**	(2,714,925)
Profit for the Year		**10,562,551**	11,148,605
Other Comprehensive Income/(Loss)			
Items that will not be re-classified to profit or loss:			
Actuarial Loss on Defined Benefit Obligations	8.3	**(14,127)**	(2,130)
Changes in the Fair Value of Equity Investment at Fair Value Through Other Comprehensive Income		**1,440,000**	737,000
Income Tax on Other Comprehensive Income	9.2	**2,119**	320
Other Comprehensive Income for the Year, Net of Tax		**1,427,992**	735,190
Total Comprehensive Income for the Year, Net of Tax		**11,990,543**	11,883,795
Earnings Per Share	10	**19.84**	20.94

Figures in brackets indicate deductions.

The accounting policies and notes on pages 189 to 225 form an integral part of the Financial Statements.

17th April 2026
Colombo

STATEMENT OF FINANCIAL POSITION

As at 31st March		2026	2025
	Note	Rs '000	Rs '000
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	11	**5,306,510**	5,162,848
Financial Assets at Fair Value Through Other Comprehensive Income	12	**7,620,200**	6,180,200
Intangible Assets	13	**673,876**	673,876
Right -of-use Assets	14.1	**541,158**	579,624
Financial Assets at Amortised Cost	17.2	**193,425**	165,367
Long Term Investments	22.2.1	**31,879,396**	15,403,055
Total Non-Current Assets		**46,214,565**	28,164,970
Current Assets			
Inventories	15	**37,621,018**	43,737,259
Trade Receivables	16	**6,589,189**	6,915,472
Financial Assets at Amortised Cost	17.1	**7,226,744**	7,848,299
Other Current Assets	18	**1,230,879**	670,107
Short Term Investments	22.2.2	**27,276,827**	29,519,567
Cash and Bank Balances	19.1	**1,746,416**	1,923,740
Total Current Assets		**81,691,073**	90,614,443
Total Assets		**127,905,638**	118,779,413
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated Capital	20	**7,576,574**	7,576,574
Other Reserve		**3,089,000**	1,649,000
Retained Earnings		**81,375,728**	73,466,048
Total Equity		**92,041,302**	82,691,622
Non Current Liabilities			
Defined Benefit Obligation (Net)	8.2	**26,078**	10,914
Lease Liabilities	14.2	**391,708**	490,964
Deferred Tax Liability (Net)	9.1	**108,006**	36,688
		525,792	538,566
Current Liabilities			
Trade and Other Payables	21	**32,681,476**	27,303,080
Lease Liabilities	14.2	**111,807**	81,117
Interest Bearing Borrowings	22.1	**1,518,435**	7,444,789
Income Tax Payable		**1,026,826**	720,239
Total Current Liabilities		**35,338,544**	35,549,225
Total Equity and Liabilities		**127,905,638**	118,779,413

Figures in brackets indicate deductions.

The accounting policies and notes on pages 189 to 225 form an integral part of the Financial Statements.

I certify that these Financial Statements are in compliance with the requirements of the Companies Act No. 07 of 2007.

Mr. Avinash Singhal
Senior Vice President (Finance)

The Board of Directors is responsible for these Financial Statements, signed for and on behalf of the Board.

Mr. K Raghu
Director

Mr. Manil Jayesinghe
Director

17th April 2026
Colombo

STATEMENT OF CHANGES IN EQUITY

	Note	Stated Capital Rs '000	Other Reserve (Financial Assets at FVOCI) Rs '000	Retained Earnings Rs '000	Total Rs '000
As at 1st April 2024		**7,576,574**	**912,000**	**64,981,583**	**73,470,157**
Dividends Paid	27	-	-	**(2,662,329)**	**(2,662,329)**
Profit for the Year		-	-	**11,148,605**	**11,148,605**
Other Comprehensive Income/(Loss)		-	**737,000**	**(1,810)**	**735,190**
As at 31st March 2025		**7,576,574**	**1,649,000**	**73,466,048**	**82,691,622**
Dividends Paid	27	-	-	**(2,662,329)**	**(2,662,329)**
Forefeited Dividend		-	-	**21,466**	**21,466**
Profit for the Year		-	-	**10,562,551**	**10,562,551**
Other Comprehensive Income/(Loss)		-	**1,440,000**	**(12,008)**	**1,427,992**
As at 31st March 2026		**7,576,574**	**3,089,000**	**81,375,728**	**92,041,302**

Figures in brackets indicate deductions.

The accounting policies and notes on pages 189 to 225 form an integral part of these Financial Statements.

17th April 2026
Colombo

STATEMENT OF CASH FLOWS

For The Year Ended 31st March	Note	2026 Rs '000	2025 Rs '000
Cash Flows From Operating Activities			
Profit Before Income Tax Expense		**13,558,753**	13,863,530
Adjustments for:			
Finance Income	5.1	**(5,328,020)**	(5,024,589)
Finance Expenses	5.2	**340,244**	505,602
Dividends Income	4	**(50,000)**	-
Increase in Allowances for Impairment	16.1	**115,823**	33,070
Gain in Disposal of Property, Plant and Equipment	4	**(197)**	(3,623)
Defined Benefit Plan Cost	8.3	**10,392**	11,101
Depreciation	11.2	**623,739**	568,453
Adjustment to Right-to-use Assets	14.1	**-**	19,794
Amortisation of Right-of-use Assets	14.1	**60,097**	40,135
Interest on Lease Liabilities	14.2	**20,146**	5,751
Exchange (Gain)/Loss on Borrowings		**(20,682)**	7,718
Operating Profit before Working Capital Changes		**9,330,295**	10,026,942
Decrease/(Increase) in Inventories		**6,116,241**	(17,435,056)
Decrease in Trade Receivable, Other Receivables and Other Current Assets		**243,185**	3,630,103
Increase in Trade and Other Payables		**5,367,086**	4,609,204
Cash Generated From Operations		**21,056,807**	831,193
Income Taxes Paid		**(2,578,510)**	(3,220,966)
Interest Paid	5.2	**(340,244)**	(505,602)
Defined Benefit Paid		**(27,307)**	(24,326)
Net Cash Flows Generated From/(Used in) Operating Activities		**18,110,746**	(2,919,701)
Cash Flows from Investing Activities			
Dividends Income		**50,000**	-
Acquisition of Property, Plant and Equipment	11.1	**(767,439)**	(831,964)
Interest Received		**5,328,020**	5,024,589
Proceeds from Property, Plant and Equipment		**235**	3,998
Net Withdrawal in Gratuity Fund		**1,749**	(2,395)
Investment In TPTL		**-**	(39,200)
Investments in Long-Term Investments		**(16,476,340)**	(15,403,055)
Investments in Short-Term Investments		**2,242,740**	9,409,379
Net Cash Used in Investing Activities		**(9,621,035)**	(1,838,647)
Cash Flows From Financing Activities			
Proceeds from Interest Bearing Borrowings	22.1.1	**42,709,311**	68,224,599
Repayments of Interest Bearing Borrowings	22.1.1	**(48,614,983)**	(65,094,144)
Dividends Paid	27	**(2,651,021)**	(2,650,814)
Payment of Lease Creditor	14.2	**(110,342)**	(74,993)
Net Cash (Used in)/Generated from Financing Activities		**(8,667,035)**	404,649
Net Increase in Cash and Cash Equivalents		**(177,324)**	(4,353,699)
Cash and Cash Equivalents at the Beginning of the Year		**1,923,740**	6,277,439
Cash and Cash Equivalents at the End of the Year	19.1	**1,746,416**	1,923,740
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash in Hand and at Bank		**1,746,416**	1,923,740

Figures in brackets indicate deductions.

The accounting policies and notes on pages 189 to 225 form an integral part of these Financial Statements.

17th April 2026
Colombo

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Lanka IOC PLC ("the Company") is a Public Quoted Company with limited liability incorporated and domiciled in Sri Lanka. The registered office of the Company is located at Level 20 and 21, West Tower, World Trade Centre, Echelon Square, Colombo 01.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Company were importing, selling and distributing petroleum products.

The Company has been granted a Petroleum Products License by the Minister of Power and Energy which gives authority to import, export, store, transport, distribute, sell and supply petrol, auto diesel, heavy diesel (industrial diesel), furnace oil and kerosene, naphtha and other mineral petroleum including the premium petrol and premium diesel but excluding the aviation fuel and liquid petroleum gas. The license is valid for a period of 20 years from 22nd January 2024 and renewable thereafter.

1.3 Parent Entity and Ultimate Controlling Party

The Company's immediate and ultimate parent entity is the Indian Oil Corporation Limited headquartered in India and the ultimate controlling party is the Government of India.

1.4 Date of Authorisation for Issue

The Financial Statements of Lanka IOC PLC for the year ended 31st March 2026 were authorised for issue in accordance with a resolution of the Board of Directors on 17th April 2026.

1.5 Responsibility For Financial Statements

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company as per the provisions of the Companies Act No. 07 of 2007 and in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) laid down by the Institute of Chartered Accountants of Sri Lanka.

These Financial Statements include the following components;

- A statement of comprehensive income providing information on the financial performance of the Company for the year under review
- A statement of financial position providing information on the financial position of the Company as at the year end
- A statement of changes in equity depicting all changes in shareholders' funds during the year under review of the Company
- A statement of cash flows providing the information to users, on the ability of the Company to generate cash and cash equivalents and the needs of entities to utilise those cash flows
- Notes to the Financial Statements comprising accounting policies and other explanatory information

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Statement of Compliance

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 comprise Statements of Recommended Practices (SoRPs), Statements of Alternate Treatments (SoATs) and Financial Reporting Guidelines issued by the Institute of Chartered Accountants of Sri Lanka.

The preparation and presentation of these Financial Statements are in compliance with the Companies Act No. 07 of 2007.

2.2 Basis of Preparation

The Financial Statements have been prepared on a historical cost basis, except for defined benefit obligation which is measured at the present value of the obligation and investment in unit trust and equity instruments which are at fair value.

2.3 Changes in accounting standards

(a) New standards, interpretations and amendments adopted from 1st January 2025

The Company applied certain standards and amendments for the first time, which are effective for annual periods beginning on or after 01st January 2025.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

Accounting standard	Description	Effective date
Amendments to LKAS 21 The Effects of Changes in Foreign Exchange Rates	Lack of exchangeability	01st January 2025
SLFRS S1 - General Requirements for Disclosure of Sustainability related Financial Information	To disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions	01st January 2025
SLFRS S2 Climate-related Disclosures	To disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions	01st January 2025

The above amendments do not materially impact the financial performance and financial position of the Company. The Company produces separate disclosures on the SLFRS S1 and S2 – Sri Lanka Standards on Sustainability related Financial Information.

(b) New standards and amendments issued but not yet effective or effective from 01st January 2026

The Institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for financial periods beginning on or after 01st January 2026 or at a later date.

The new and amended standards that are issued but are not yet effective at the date of issuance of these Financial Statements are disclosed below.

Accounting standard	Description	Effective date
SLFRS 17 – Insurance Contracts	Measure Insurance Contract Liability at a current fulfilment value and provide a more uniform measurement and presentation approach for all insurance contracts	01st January 2026
SLFRS 17 – Insurance Contracts	Measure Insurance Contract Liability at a current fulfilment value and provide a more uniform measurement and presentation approach for all insurance contracts	01st January 2026
Amendments to SLFRS 9 and SLFRS 7	Classification and Measurement of financial instruments including sustainability linked financial information and nature-dependent electricity contracts	01st January 2026

Accounting standard	Description	Effective date
SLFRS 18 – Presentation of Financial Statements	Enhanced presentation requirements in the statement of profit or loss, establishes a consistent definition of operating profit, and strengthens disclosure requirements, particularly in relation to management-defined performance measures	01st January 2027
SLFRS 19 - Subsidiaries without Public Accountability: Disclosures	Reduced disclosure requirements for eligible subsidiaries that do not have public accountability, while continuing to apply full SLFRS recognition and measurement principles	01st January 2027

2.4 Presentation and Functional Currency

These Financial Statements are presented in Sri Lankan Rupees, the Company's functional and presentation currency, which is the primary economic environment in which the Company operates.

2.5 Going Concern

The Company's 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 with no interruptions or curtailment of operations. Furthermore, the Management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Financial Statements are prepared on the going concern basis.

2.6 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period

Or

- it does not have a right at reporting date to defer the settlement of the liability by transfering cash or other assets for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.7 Segment Reporting

The Company deals only in Petroleum products. There are no separate activities other than the petroleum segment in the Company.

2.8 Offsetting

Assets and liabilities or income and expenses, are not offset unless required or permitted by Sri Lanka Accounting Standards.

MATERIAL ACCOUNTING POLICY INFORMATION TO THE FINANCIAL STATEMENTS

2.9 Comparative information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant, for better presentation and to be comparable with those of the current year.

2.10 Materiality and aggregation

Each material class of similar items has been presented separately in the Financial Statements. Items of a dissimilar nature or function have been presented separately unless they are immaterial.

2.11 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements requires the application of certain critical accounting estimates and assumptions relative to the future. Further, it requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Other disclosures relating to the Company's exposure to risks and uncertainties include:

- Capital risk management Note 28.5
- Financial instruments risk management and policies Note 28
- Sensitivity analysis disclosures Notes 8.8 and 28.1

2.11.1 Critical Judgments in Applying the Accounting Policies

In the process of applying the Company's accounting policies, the management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Statements.

a) Investment in Ceylon Petroleum Storage Terminal Limited

The Company owns a 33 1/3% of stake in Ceylon Petroleum Storage Terminal Limited. The management has decided to carry the investment at fair value through other comprehensive income on the grounds that the Company has no significant influence on the financial and operating decisions of Ceylon Petroleum Storage Terminal Limited due to the government's influence and the sensitivity of the industry towards the national economy. Further information is disclosed in Note 12.1

b) Investment in Trinco Petroleum Terminal (Private) Limited

The Company owns a 49% stake in Trinco Petroleum Terminal (Private) Limited. The management has decided to carry the investment at fair value through other comprehensive income on the grounds that the Company has no significant influence on the financial and operating decisions of Trinco Petroleum Terminal (Private) Limited due to the government's influence and the sensitivity of the industry towards the national economy. Further information is disclosed in Note 12.2.

c) Critical judgments 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 land, buildings and plants, the following factors are normally the most relevant:

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

Most extension options in building and motor vehicle 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 judgments 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.

2.11.2 Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Estimation of net realisable value for inventory

Inventory disclosed in Note 15 is stated at the lower of cost and net realisable value (NRV). NRV is assessed with reference to market conditions and prices existing at the reporting date and in the light of recent market transactions.

b) Impairment losses on Trade Receivables

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

In accordance with SLFRS 9, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the Trade Receivables.

Simplified Approach

The Company follows a 'simplified approach' for recognition of impairment loss allowance on Trade Receivables. The application of the simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the Company estimates provision on Trade Receivables at the reporting date. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense.

The impairment loss on Trade Receivables is disclosed in Notes 16.

c) Defined Benefit Obligation

The present value of the gratuity obligation 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 and future salary increase and staff turnover ratio. 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 defined benefit 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 defined benefit obligation.

Other key assumptions for gratuity obligations are based in part on current market conditions. Additional information is disclosed in Note 8.

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d) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to, or significant future investments that will enhance the performance of the assets of the Cash Generating Unit (CGU) being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Further information is disclosed in Note 13.

e) Estimation of Useful Lives of Property, Plant and Equipment

The Company reviews annually the estimated useful lives of Property, Plant and Equipment disclosed in Note 11 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 Property, Plant and Equipment would increase the recorded depreciation charge and decrease the Property, Plant and Equipment balance.

2.12 Summary of Material Accounting Policy Information

2.12.1 Foreign Currency Translation

The Financial Statements are presented in Sri Lankan Rupees, which is the Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.12.2 Property, Plant and Equipment

Property, Plant and Equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such costs include the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

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

Land is not depreciated as it is deemed to have an indefinite life. 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 the date of availability for use. On disposal of assets, depreciation ceases on the date that the asset is derecognised.

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted, if appropriate, at least at each financial year end. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the Statement of comprehensive income.

2.12.3 Intangible assets

a) Goodwill

Goodwill represents the excess of purchase consideration paid in 2003 to the Government of Sri Lanka over the net assets value representing applicable shares allotted in the acquisition of the retail outlets, which were vested with Independent Petroleum Marketers Limited (IPML). The IPML was subsequently amalgamated in 2004 with Lanka IOC PLC and dissolved under a court order. Due to the amalgamation and subsequent dissolution of this acquired company, no consolidated financial statements are prepared.

Goodwill is attributed to the future economic benefits arising from other assets which were acquired from the above business combination that were not individually identified and separately recognised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) License fees on computer software

License fees represent costs pertaining to the licensing of software applications purchased. License fees are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of 5 years.

2.12.4 Investment in Ceylon Petroleum Storage Terminal Limited and Trinco Petroleum Terminal (Private) Limited

Investment in the aforesaid companies are measured at fair value through other comprehensive income and are classified as a long-term investment in the statement of financial position. The Company has no significant influence in the financial and operating policy decisions of the investee as explained in Note 12.

2.12.5 Accounting for leases - where the Company is the lessee

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises the right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made on or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Trinco Tank Farm - Lease period of 50 years
- Trinco Tank Land – Lease period of 50 years
- WTC 20th Floor – Lease period of 10 years
- WTC 21st Floor – Lease period of 10 years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate

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used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Right-to-use Lease Liability (see Note 14.2).

2.12.6 Financial Instruments

2.12.6.1 Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

With the exception of trade receivable that does not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, but transaction costs. Trade receivables do not contain a significant financing component. Refer to the accounting policies in Note 2.7 Changes in Accounting Policies and Disclosures.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely the payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in the following three categories.

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through Other Comprehensive Income (FVTOCI)
- Financial assets at fair value through profit or loss (unless measured at amortised cost or FVTOCI)

a) Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met.

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely the payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include cash and short-term deposits, trade and other receivables and other financial assets.

b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Company's financial assets at fair value through profit or loss include investment in unit trust and investment through portfolio management services.

c) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading and which the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments, and the Company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely the principal and interest and the objective

of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets.

The Company's financial assets at fair value through other comprehensive income include investments in equity instruments of Ceylon Petroleum Storage Terminal Limited and Trinco Petroleum Terminal (Private) Limited.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.12.6.2 Impairment of Financial Assets

The Company recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flow from the sale of collateral held or other credit enhancement that are integral to the contractual terms.

ECLs are recognised in two stages, for credit exposures for which there has not been a significant increase in credit risk since initial recognition. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.12.6.3 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, Right-to-use Lease Liability, Bank Overdrafts and Loans and Borrowings.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Loans and Borrowings (Financial Liabilities at Amortised cost)

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings

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are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 22.1.

2.12.6.4 Financial Liabilities

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.12.6.5 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if currently there is an enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12.6.6 Fair Value of Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.12.6.7 Fair Value of Measurement

For assets and liabilities that are recognised in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes.

- Quantitative disclosures of fair value measurement hierarchy Note 29
- Financial instruments (including those carried at amortised cost) Note16, 17,19, 21 and 22

2.12.7 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow-moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing the inventories to their present location and condition is accounted using the following cost formulae:

Fuel Products	-	First in first out basis
Other Products	-	First in first out basis
Goods in Transit	-	At purchase price

2.12.8 Trade and other receivables

Trade and other receivables are recognised at the amounts they are estimated to realise net of allowance for impairment. Other receivables and dues from related parties are recognised at fair value less allowance for impairment. The amount of the allowance is recognised in the statement of profit or loss and other comprehensive income. Trade receivables are initially recognised at fair value and subsequently, at amortised cost using the effective interest method, less provision for impairment.

2.12.9 Cash and Short-Term Deposits

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and are subject to and insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with original maturities of three months or less are also treated as cash equivalents.

2.12.10 Liabilities and provisions

2.12.10.1Liabilities

Liabilities classified under current liabilities in the statement of financial position are those expected to fall due within one year from the statement of financial position date. Items classified as non-current liabilities are those expected to fall due at a point in time after one year from the reporting date.

Trade and other payables

Trade creditors and other payables are stated at amortised cost. Trade payables are the aggregate amount of obligations to pay for goods and services, that have been acquired in the ordinary course of business.

2.12.10.2Short-term borrowing

Short-term borrowings are interest bearing borrowings of the Company which fall due within 12 months of the end of the financial year.

2.12.11 Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that the recovery will be received and the amount of the receivable can be measured reliably.

All the contingent liabilities are disclosed as notes to the Financial Statements unless the outflow of resources is remote.

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2.12.12 Employee Benefits

a) Defined Benefit Obligation – Gratuity

The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method by an independent qualified actuaries firm, Messrs Prime Actuarial Solutions (Private) Limited who carried out actuarial valuation as at 31st March 2026.

Recognition of Actuarial Gains and Losses

Actuarial gains and losses are recognised in Other Comprehensive Income in the year in which they arise.

b) Defined Contribution Plans

The Company also operates a defined contribution plan. The contribution payable to a defined contribution plan is in proportion to the services rendered to the Company by the employees and is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

The Company contributes to the following Schemes:

Employees' Provident Fund

The Company and employees contribute 15% and 10% respectively of the employee's monthly gross salary (excluding overtime) to the Provident Fund for Trincomalee based (erstwhile CPC) and 12% and 8% for other employees.

Employees' Trust Fund

The Company contributes 3% of the employee's monthly gross salary excluding overtime to the Employees' Trust Fund maintained by the Employees Trust Fund Board.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to a defined contribution pension plan are recognised as an employee benefit expense in profit or loss when they are due.

2.12.13 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit for the year except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current Taxes

The Company has entered into agreements with the Board of Investment of Sri Lanka (BOI), as specified below. Such agreements specify that the sections of the Inland Revenue Act relating to the imposition, payment and recovery of income tax should not apply to the Company, as explained below.

Pursuant to the agreement between the Company and the Board of Investment of Sri Lanka, the Company was entitled to a ten year "tax exemption period" on its profits and income, commencing from the year of which the company has commenced its commercial operations.

The 10 year tax exemption period commenced in the year of assessment 2002/2003 and ended in the year of assessment 2012/2013. Thereafter, the Company is taxed at 15% on its business profits.

Current Income Tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. The Provision for Income Tax is based on the elements of income and expenditure as reported in the Financial Statements and computed in accordance with the provisions of the relevant tax legislation.

Deferred Taxation

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and

the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Sales Tax (Value Added Tax and Social Security Contribution Levy)

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognised as a part of the cost of the asset or part of the expense items as applicable and receivable and payable that are stated with the amount of sales tax included. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Statement of Financial Position.

IFRIC 23 uncertainly over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainly that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12 nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specially addresses the following.

I. **whether an entity treats uncertain tax treatments separately**
II. **the assumptions an entity makes about the examination of tax treatments by taxation authorities**
III. **how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates**
IV. **how an entity considers changes in facts and circumstances**

The Company applies significant judgment in identifying uncertainties over income tax treatments. Since the Company operates in a complex environment, it assessed whether the interpretation had an impact on its Financial Statements.

Upon adoption of the Interpretation, the Company considers whether it has any uncertain tax positions, and the Company determines that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the Financial Statements of the Company.

2.12.14 Commitments

All material commitments as at the reporting date have been identified and disclosed in the notes to the Financial Statements.

2.12.15 Revenue Recognition

Sales are recognised when the performance obligation is satisfied, 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 stand-alone selling prices of the obligations. The stand-alone selling price of each obligation deliverable in the contract

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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 stand-alone basis. Where the Company does not sell equivalent goods or services in similar circumstances on a stand-alone basis it is necessary to estimate the stand-alone price. When estimating the stand-alone price, the Company maximises the use of external input; observing the stand-alone prices for similar goods and services when sold by Ceylon Petroleum Corporation or using a cost-plus reasonable margin approach.

a) Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods; with the Company not retaining neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. There is no contract asset as at reporting date.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company executes performance obligations under the contract.

a) Rental Income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

The lease term is the fixed period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Premiums received to terminate leases are recognised in the Statement of Comprehensive Income when they arise.

b) Finance Income

Finance Income is recognised using the effective interest rate method unless collectability is in doubt.

c) Dividend income

Dividend income is recognised when the right to receive payment is established.

d) Others

Other income is recognised on an accrual basis.

Net gains and losses on the disposal of property, plant and equipment have been accounted for in the income statement, having deducted from proceeds on disposal, the carrying amount of the assets and related selling expenses.

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

2.12.16 Expenditure Recognition

All expenditure incurred in the running of the business and in maintaining the Property, Plant and Equipment in a state of efficiency has been charged to the statement of comprehensive income for the period.

2.12.17 Finance Cost

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value through OCI financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the statement of profit or loss and other comprehensive income. Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

2.12.18 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where the borrowing costs, which are directly attributable to the acquisition, construction or production of qualifying assets which are the assets that necessarily take a substantial period of time to get ready for their intended purpose, are added to the cost of those assets until such time, as the assets are substantially ready for their intended use or sale.

Investment income, earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

2.12.19 Dividend Distribution

Final 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.

2.12.20 Events after the reporting period

All material events occurring after the statement of financial position date have been considered and where necessary, adjustments or disclosures have been made in the respective notes to the Financial Statements.

2.12.21 Related party transactions

Disclosures are made in respect of the transactions in which the Company has the ability to control or exercise significant influence over the financial and operating decisions/policies of the other, irrespective of whether a price is charged.

Transactions with related parties are carried out in the ordinary course of business. Sales and purchases from related parties are made on terms equivalent to those that prevail in arm's length transaction. Intercompany interest bearing borrowings/receivables are included in the Financial Statements.

2.12.22 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the number of voting or non-voting ordinary shares. The Company does not have any potentially dilutive components in its equity, therefore the diluted EPS is identical to the basic EPS disclosed in the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

For The Year Ended 31st March	2026	2025
	Rs '000	Rs '000
Lanka Auto Diesel	**89,647,614**	87,913,785
Xtramile	**3,536,971**	2,234,993
Lanka Super Diesel	**4,395,848**	3,669,617
Lanka Petrol 92 Octane	**102,282,788**	98,748,333
Xtrapremium Euro 3	**5,050,191**	3,614,520
Xtrapremium 95	**8,538,016**	6,802,095
XP-100	**15,037**	59,559
Xtragreen diesel	**43,070**	-
Lubricants	**11,231,564**	10,979,079
Marine Gas Oil	**7,577,841**	7,675,628
IFO380/LSFO	**45,281,224**	52,738,118
Bitumen	**504,122**	463,125
Petrochemical	**2,548,901**	1,388,554
Total Sales of Petroleum Products	**280,653,187**	276,287,407

3.1 Segment Information

The Company is dealing only in Petroleum products. There are no separate activities other than the petroleum segment in the Company.

3.2 The Revenue from contracts with customers is recognised at a point in time upon satisfying the performance obligation.

4. OTHER OPERATING INCOME

For The Year Ended 31st March	2026	2025
	Rs '000	Rs '000
Dividend	**50,000**	-
Rental	**120,920**	130,104
Sundry	**57,468**	51,886
Gain on Disposal of Property, Plant and Equipment	**197**	3,623
	228,585	185,612

5. FINANCE INCOME AND EXPENSES

For The Year Ended 31st March	2026	2025
	Rs '000	Rs '000
5.1 Finance Income		
Income from Investments and Deposits	**5,184,537**	4,761,408
Interest on Others	**132,916**	193,670
Exchange Gain	**10,567**	69,511
	5,328,020	5,024,589
5.2 Finance Expenses		
Interest Expenses	**340,244**	505,602
	340,244	505,602

6. PROFIT FROM OPERATING ACTIVITIES

For The Year Ended 31st March	2026	2025
	Rs '000	Rs '000
Stated after Charging		
Directors' Emoluments	**76,037**	81,539
Salaries and Wages	**1,217,316**	1,208,478
Defined Benefit Obligation : Charge for the year (Note 8)	**10,788**	12,131
Audit Fee - Current year	**1,650**	1,500
Rent	**108,915**	89,631
Depreciation Charge for the year (Note 11.2)	**623,739**	568,452
Depreciation of Right-of-Use Assets (Note 14.1)	**60,097**	40,135
Allowance for expected losses from trade receivables	**115,823**	33,070

7. INCOME TAX EXPENSES

The major components of income tax expense for the years ended 31st March 2026 and 31st March 2025 are as follows.

7.1 Income Statement

For The Year Ended 31st March	2026	2025
	Rs '000	Rs '000
Current Income Tax:		
Current Tax Expense	**2,926,874**	2,707,714
Under/(Over) Provision of Current Taxes in respect of Prior Year	**(4,109)**	(1,021)
Deferred Tax:		
Deferred Taxation Charge (Note 9.2)	**71,317**	7,912
Income Tax Expense Reported in the Income Statement	**2,994,082**	2,714,605

7.2 Reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31st March 2026 and 31st March 2025 are as follows :

For The Year Ended 31st March	2026	2025
	Rs '000	Rs '000
Accounting Profit Before Tax	**13,558,753**	13,863,530
Tax calculated at a statuary income tax rate of 15% (2025 - 15%)	**2,033,813**	2,079,530
Tax impact of expenses deductible/not deductible for tax purpose	**324,841**	59,972
Tax impact of income taxable at different rate	**(718,312)**	(667,593)
Tax impact of income not subject to tax	**(89,285)**	(84,154)
Adjustment due to the estimated deferred tax base in previous year	**-**	-
Tax charge on profit from trade or business	**1,551,057**	1,387,754
Txable Other Income	**22,183**	61,911
Taxable Interest Income	**4,538,876**	4,337,956
Tax calculated at a tax rate of 30%	**1,368,318**	1,319,960
Tax charge on Interest Income	**1,368,318**	1,319,960
Taxable Dividend income	**50,000**	-
Tax calculated at a tax rate of 15% (2025 - 15%)	**7,500**	-
Tax charge on Dividend Income	**7,500**	-
Total tax charge for the year	**2,926,874**	2,707,714

8. DEFINED BENEFIT OBLIGATION

	2026	2025
	Rs '000	Rs '000
Balance as at 01st April	**154,975**	152,149
Current Service Cost	**10,092**	10,691
Interest Cost	**16,253**	17,186
Actuarial Loss (Note 8.4)	**13,745**	2,502
Benefits Paid	**(27,307)**	(27,553)
Balance as at 31st March	**167,758**	154,975

8.1 Reconciliation of Fair Value of Plan Assets

	2026	2025
	Rs '000	Rs '000
Balance as at 01st April	**144,061**	125,616
Contribution by Employer	**8,615**	28,608
Expected Return	**15,557**	15,746
Remeasurement	**(381)**	372
Benefit Paid	**(26,173)**	(26,281)
Balance as at 31st March	**141,679**	144,061

8.2 Reconciliation of Fair Value of the Plan Assets and Defined Benefit Obligation

As At 31st March	2026	2025
	Rs '000	Rs '000
Defined Benefit Obligation at the end of the year	**167,758**	154,975
Fair value of the plan assets at the end of the year	**(141,680)**	(144,061)
Amount recognised in statement of financial position	**26,078**	10,914

8.3 Expenses recognised on Defined Benefit Plan

For The Year Ended 31st March	2026	2025
	Rs '000	Rs '000
Income Statement		
Current Service Cost for the year	**10,092**	10,691
Net Interest Cost for the year	**695**	1,440
Transfers	**(395)**	(1,030)
	10,392	11,101
Other Comprehensive Income		
Actuarial Loss (Note 8.4)	**13,745**	2,502
Remeasurement	**382**	(372)
	14,127	2,130

8.4 Actuarial Loss during the year has resulted from the following.

For The Year Ended 31st March	2026	2025
	Rs '000	Rs '000
Expected maturity analysis of undiscounted retirement benefit obligations		
Changes in Financial Assumptions	**2,908**	(16,027)
Experience Adjustments	**10,837**	18,529
	13,745	2,502

3.5 Actuarial valuation of Retirement Benefit Obligation as at 31st March 2026 was carried out by Messrs. Prime Actuarial Solutions, a firm of professional actuaries using "Projected Unit Credit Method" as recommended by LKAS 19 - 'Employee Benefits'.

8.6 Principal Actuarial Assumptions

Principal Actuarial Financial Assumptions underlying the valuation are as follows.

For The Year Ended 31st March	2026	2025
Discount Rate	**11.26%**	11.5%
Salary Incremental Rate	**1-7%**	1-7%
Staff Turnover	**0-3%**	0-3%
Retirement Age	**60 years**	60 years
Return on Plan Assets	**11.26%**	11.5%

Assumptions regarding future mortality are based on 67/70 Mortality Table issued by Institute of Actuaries, London.

8.7 Maturity Profile of the Defined Benefit Obligation Plan

As At 31st March	2026	2025
	Rs '000	Rs '000
Less than 1 year	**10,660**	8,001
Between 2-5 years	**63,823**	64,958
Beyond 5 years	**431,615**	409,284

8.8 Sensitivity of Assumptions in Actuarial Valuation of Retirement Benefit Obligation

The following table demonstrates the sensitivity to a possible change in key assumptions employed with all other variables held constant in the Retirement Benefit Obligation measurement as at 31st March 2026. The sensitivity of the Statement of Financial Position and Statement of Comprehensive Income is the effect of the assumed changes in the discount rate and salary increment on the profit or loss and Retirement Benefit Obligation for the year.

Increase/(Decrease) in Discount Rate	Increase/ (Decrease) in Salary Increment Rate	Increase/ (Decrease) in Staff Turnover Rate	Sensitivity Effect on Statement of Comprehensive Income	Sensitivity Effect on Defined Benefit Obligation
			Rs '000	Rs '000
1%			11,587	(11,587)
-1%			(13,073)	13,073
	1%		(13,738)	13,738
	-1%		12,343	(12,343)
		25%	(2,465)	2,465
		-25%	2,665	(2,665)

8.9 Defined Benefit Plan

As per Company policy, plan asset is maintained under the assets and liability matching strategy. Plan asset is invested in a fund management entity and that entity is responsible for the administration of plan assets and for definition of the investment strategy.

A major categories of Plan assets is as follows :

For The Year Ended 31st March	2026	2025
Insurer-managed funds	100%	100%

8.10 The weighted average duration of defined benefit obligation is 9.32 years.

9. DEFERRED TAX ASSETS - NET

As At 31st March	2026	2025
	Rs '000	Rs '000
9.1 Deferred Tax		
Deferred Tax Relates to the Following:		
Deferred Tax Assets Arising on:		
Retirement Benefit Obligation	**25,164**	23,247
ECL Provision	**48,707**	31,334
Unrealized Exchange Gain	**-**	46,088
	73,871	100,669
Deferred Tax Liability Arising on:		
Property, Plant and Equipment	**(156,095)**	(137,357)
Unrealised Exchange Loss	**(25,782)**	-
	(181,877)	(137,357)
Net Deferred Tax Liability	**(108,006)**	(36,688)

9.2 Deferred Tax Movement

As At 31st March	2026	2025
Balance brought forward	**36,688**	28,775
Deferred Income Tax Charge - Income Statement	**73,437**	8,233
Deferred Income Tax Credit - Statement of Other Comprehensive Income	**(2,119)**	(320)
Net Deferred Tax Liability	**108,006**	36,688

10. EARNINGS PER SHARE

10.1 Earnings Per Share is calculated by dividing the net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the period and the previous period are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue.

10.2 The following reflects the income and share data used in the Earnings Per Share computation.

For The Year Ended 31st March	2026	2025
	Rs '000	Rs '000
Amounts Used as the Numerator		
Profit for the year Attributable to Ordinary Shareholders for Basic Earnings Per Share	**10,562,551**	11,148,605
Number of Ordinary Shares used as the Denominator:		
For The Year Ended 31st March	**2026**	**2025**
Weighted Average Number of Ordinary Shares	**532,465,705**	532,465,705
Basic Earning Per Share (Rs.)	**19.84**	20.94

11. PROPERTY, PLANT AND EQUIPMENT

11.1 Gross Carrying Amounts

	Balance as at 01.04.2025	Additions	Transfers	Disposals	Balance as at 31.03.2026
At Cost	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Freehold Land	1,953,857	-	-	-	**1,953,857**
Building and Fixtures	2,360,029	9,884	-	-	**2,369,913**
Plant and Equipment	5,479,617	502,340	205,404	-	**6,187,361**
Office Equipment	104,382	48,856	-	(22,828)	**130,410**
Furniture and Fittings	663,884	93,441	4,952	-	**762,276**
Motor Vehicles	17,006	-	-	-	**17,006**
Capital Work-In-Progress	235,494	112,918	(210,356)	-	**138,056**
	10,814,269	767,439	-	(22,828)	**11,558,879**

11.2 Depreciation

	Balance as at 01.04.2025	Charge for the year	Transfers	Disposals	Balance as at 31.03.2026
At Cost	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Building and Fixtures	1,689,989	89,526	-	-	**1,779,514**
Plant and Equipment	3,455,640	425,563	-	-	**3,881,202**
Office Equipment	89,742	15,868	-	(22,791)	**82,819**
Furniture and Fittings	399,043	92,783	-	-	**491,826**
Motor Vehicles	17,006	-	-	-	**17,006**
	5,651,419	623,739	-	(22,791)	**6,252,367**

11.3 Net Book Value

As At 31st March	2026	2025
	Rs '000	Rs '000
Freehold Land	**1,953,857**	1,953,857
Building and Fixtures	**590,399**	670,040
Plant and Equipment	**2,306,158**	2,023,978
Office Equipment	**47,590**	14,639
Furniture and Fittings	**270,450**	264,841
Motor Vehicles	**-**	-
Capital Work-In-Progress	**138,056**	235,494
Total Carrying Value of Property, Plant and Equipment	**5,306,510**	5,162,848

11.4 During the financial year, the Company acquired Property, Plant and Equipment to an aggregate value of Rs 767 Mn. (2025 - Rs. 832 Mn).

11.5 The Useful Lives of the Assets are Estimated as Follows:

As At 31st March	2026	2025
Building and Fixtures	**15 Years**	15 Years
Plant and Equipment	**8 Years**	8 Years
Office Equipment	**4 Years**	4 Years
Furniture and Fittings	**5 Years**	5 Years
Motor Vehicles	**5 Years**	5 Years

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2026	2025
	Rs '000	Rs '000
At the Beginning of the year	**6,180,200**	5,404,000
Add: Investment made in Trinco Petroleum Terminal (Private) Limited	**-**	39,200
Change in Fair value of CPSTL	**1,440,000**	737,000
Balance at the end of the year	**7,620,200**	6,180,200

12.1 INVESTMENT - CPSTL

At the Beginning and end of the year	**6,043,000**	5,306,000
Change in Fair value of CPSTL	**1,440,000**	737,000
At the end of the year	**7,483,000**	6,043,000

12.1.1 The Company owns 33 1/3% of the 750,000,000 shares of Ceylon Petroleum Storage Terminal Limited (CPSTL), also known as the "Common User Facility" (CUF). The Company paid USD 45 million to the Treasury on 22nd January 2004 for the acquisition of 250,000,000 shares. The Ceylon Petroleum Corporation owns 66 2/3% of 750,000,000 shares of CPSTL and controls through the nomination of six of the nine board members. The Company nominates the balance three board members. Due to the government's influence and the sensitivity of the industry towards the national economy, the directors nominated by the Company do not have significant influence over decisions of CPSTL. Accordingly, the investment is recorded at Fair value through OCI.

12.2 INVESTMENT -TPTL

	2026	2025
	Rs '000	Rs '000
At the beginning and end of the year	**137,200**	98,000
Add: Investment made in Trinco Petroleum Terminal (Private) Limited	**-**	39,200
At the end of the year	**137,200**	137,200

12.2.2 The Company acquired 49% of the shares in the newly formed Joint Venture Trinco Petroleum Terminal (Private) Limited (TPTL) for the development of Sixty-One (61) tanks, the related area, and allied facilities in the Upper Tank Farm of the China Bay Oil Tank Farm. The Company has also entered into a Modalities Agreement with CPC and TPTL for the possession, development, and use of the China Bay Oil Tank Farm by the Company (LIOC), CPC and TPTL. The Company paid Rs. 49 million for TPTL shareholding in January 2022. The Ceylon Petroleum Corporation owns 51% shares of TPTL and nominates four board members including the Chairman out of the seven board members. The Company nominates the balance three board members including the Managing Director. As such, the investment is recorded at Fair value through OCI.

13. INTANGIBLE ASSETS

13.1 Gross Carrying Amounts

	Goodwill	License fees on computer software	Total
	Rs '000	Rs '000	Rs '000
At the beginning of the year	759,298	14,437	773,734
At the end of the year	759,298	14,437	773,734

13.2 **Amortisation**

	Goodwill	License fees on computer software	Total
	Rs '000	Rs '000	Rs '000
At the Beginning of the Year	85,421	14,437	99,858
At the End of the Year	85,421	14,437	99,858
13.3 **Net Book Value as at 31.03.2025**	673,876	-	673,876
13.4 **Net Book Value as at 31.03.2026**	**673,876**	**-**	**673,876**

13.5 Goodwill represents the excess of purchase consideration paid in 2003 to the Government of Sri Lanka over the net assets value representing applicable shares allotted in the acquisition of the retail outlets, which were vested with Independent Petroleum Marketers Limited (IPML). The IPML was subsequently amalgamated in 2004 with the Company and dissolved. Goodwill represents future economic benefits arising from other assets which were acquired from the above business combination that were not individually identified and separately recognised. Accumulated amortisation cost of Rs. 85 Mn. as at the statement of financial position date included the amortisation charge recognised up to 2007 based on 20 years of useful life. Goodwill is tested for impairment annually. Impairment is determined for goodwill by assessing the recoverable amount of cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

13.6 The Company assesses the recoverable amount of the Goodwill using value in use calculation and found that the recoverable amount exceeds its carrying value, as such the Goodwill is not impaired.

The key assumptions used to determine the recoverable amount are as follows:

Earnings Before Interest and Tax (EBIT)

The basis used to determine the value assigned to the budgeted EBIT is the EBIT achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the industry growth rates of one to five years immediately subsequent to the budgeted year. Cash flows beyond the five year period are extrapolated using 0% growth rate.

14. LEASES

As a lessee

The Company has lease contracts for two office floor with Overseas Reality. The office building's original lease term of 4 years, has been extended to 10 years with the new addition. Lease contracts of 14 Tanks at Lower Tank Farm area of Trincomalee Terminal and the respective lad are for a period of 50 years commencing 16th January 2022. The Company's obligation under its leases are secured by the lessor's title to the leases assets.

The Company also has certain leases with a lease term of 12 months or less and leases with low value. The Company applies the 'short-term lease' and lease of low-value assets' recognition exceptions for these leases.

NOTES TO THE FINANCIAL STATEMENTS

14. LEASES (CONTD...)

14.1 Right-of-use assets

Set out below are the carrying amount of Right-of-use Assets recognised and movements during the year.

	2026	2025
Cost	Rs '000	Rs '000
Balance as at 01st April	**747,098**	174,238
Addition and Improvement	**21,630**	560,351
Adjustment for the opening balance	**-**	12,509
Balance as at 31st March	**768,728**	747,098
Accumulated Amortisation		
Balance as at 01st April	**167,474**	127,339
Charge for the year	**60,097**	40,135
Balance as at 31st March	**227,571**	167,474
Net Book Value as at 31st March	**541,158**	579,624

14.2 Lease Liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year.

	2026	2025
	Rs '000	Rs '000
Balance as at 01st April	**572,081**	53,016
Additions	**21,630**	560,351
Adjustment for the opening balance	**-**	27,955
Accretion of Interest	**20,146**	5,751
Payments	**(110,342)**	(74,993)
Balance as at 31st March	**503,515**	572,081
Current Liability	**111,807**	81,117
Non-Current Liability	**391,708**	490,964
	503,515	572,081

14.3 Maturity Analysis of Lease Liability - Undiscounted Contractual Cash Flows

As At 31st March	2026	2025
	Rs '000	Rs '000
Not later than one month	**9,148**	8,373
Later than one month but not later than three months	**18,296**	16,745
Later than three months but not later than one year	**84,501**	75,354
Later than a year but not later than five year	**527,559**	468,366
Later than five years	**1,098,775**	934,022
	1,738,279	1,502,859

14.4 Following are the amounts recognised in profit or loss:

As At 31st March	2026	2025
	Rs '000	Rs '000
Depreciation expenses of right-of-use assets	**60,097**	40,135
Interest expenses on lease liability	**20,146**	5,751
Expenses relating to short-term and low value leases included in administrative expenses	**28,673**	43,745
Total amount recognised in profit or loss	**108,916**	89,631

The total cashflows made with respect to leases is Rs.110 Mn. (2025 - Rs. 75 Mn).

15. INVENTORIES

As At 31st March	2026	2025
	Rs '000	Rs '000
Auto Fuel	**25,296,321**	31,282,646
Base Oil and Other Raw Materials	**1,832,488**	3,603,181
Bunker Fuel	**9,635,170**	7,740,275
Lubricants	**602,061**	556,105
Bitumen	**54,641**	-
Petrochemicals	**77,855**	15,552
Goods in Transit	**122,482**	539,500
	37,621,018	43,737,259

16. TRADE RECEIVABLE

As At 31st March	2026	2025
	Rs '000	Rs '000
Trade Receivable from Third Party Customers	**6,976,430**	7,186,890
Allowance for Impairment	**(387,241)**	(271,418)
	6,589,189	6,915,472

16.1 Set out below is the movement in the allowance for expected credit losses of trade receivables.

As At 31st March	2026	2025
	Rs '000	Rs '000
As at 01st April	**271,418**	238,348
Allowance for Expected Credit Losses	**115,823**	33,070
As at 31st March	**387,241**	271,418

16.2 As at 31st March, the age analysis of net - trade receivables is set out below.

			Past Due but not Impaired				
	Total	Neither Past due nor Impaired	Less than 30 days	31-90 days	91-180 days	181-365 days	>365 days
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
2026	6,976,430	6,764,647	55,445	43,497	10,878	12,139	89,825
2025	7,186,890	6,120,665	526,625	244,751	69,845	62,808	162,197

16.3 Allowance for impairment Rs. 387 Mn. (2025 Rs. 271 Mn.) includes allowance for Expected Credit Loss line with accounting policy applicable for trade receivable for which Company has applied the simplified approach. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned in Note 28.2.

16.4 The carrying amounts of trade receivables are denominated in the following currencies.

As At 31st March	2026	2025
	Rs '000	Rs '000
US Dollars	**5,021,918**	3,768,694
Sri Lankan Rupees	**1,954,512**	3,418,196
	6,976,430	7,186,890

17. FINANCIAL ASSETS AT AMORTISED COST

17.1 Financial Assets At Amortised Cost - Current

As At 31st March	2026	2025
	Rs '000	Rs '000
Claims, Refunds, Staff loans and Others	**17,918**	13,874
VAT Receivables	**7,028,197**	7,650,970
Deposits	**180,629**	183,455
	7,226,744	7,848,299

17.2 Other Receivables At Amortised Cost - Non-Current

As At 31st March	2026	2025
	Rs '000	Rs '000
Staff Loans	**161,391**	130,847
Prepaid-deferred employee benefit	**32,034**	34,520
	193,425	165,367

17.3 The carrying amounts of financial assets at amortised cost are denominated in Sri Lankan Rupees.

17.4 For other receivables, the Company applies the three stage-model approach permitted by SLFRS 9, which requires Company to follow 12 months expected credit loss method or life time expected credit loss method in assessing the losses to be recognised from initial recognition. On that basis, the loss allowance as at 31 March 2026 and 31 March 2025 were immaterial.

18. OTHER CURRENT ASSETS

As At 31st March	2026	2025
	Rs '000	Rs '000
Advance Payments	**672,183**	179,028
Prepayments	**558,696**	491,079
	1,230,879	670,107

19. CASH AND CASH EQUIVALENTS

As At 31st March	2026	2025
	Rs '000	Rs '000
19.1 Cash and Cash Equivalent balances		
Cash and Bank Balances	**1,746,416**	1,923,740
Total Cash and Cash Equivalent balances	**1,746,416**	1,923,740

20. STATED CAPITAL

As At 31st March	2026	2025
20.1 Stated Capital as at 31st March (Rs '000)	**7,576,574**	7,576,574
20.2 Number of Ordinary Shares	**532,465,705**	532,465,705

21. TRADE AND OTHER PAYABLES

As At 31st March	2026	2025
	Rs '000	Rs '000
Trade Payables - Related Parties (Note 21.2)	**13,539,285**	236,921
- Others (Note 21.1)	**14,109,136**	21,828,763
Other Payables- Related Parties (Note 21.3)	**495,843**	267,694
Sundry Creditors Including Accrued Expenses	**1,353,834**	3,940,879
Provision for Sales Tax (Note 25.2)	**3,183,378**	1,028,823
	32,681,476	27,303,080

21.1 Trade Payables - Related Parties

As At 31st March	Relationship	2026	2025
		Rs '000	Rs '000
Indian Oil Corporation Limited	Immediate Parent	**13,539,285**	236,921
		13,539,285	236,921

21.2 Other Payables - Related Parties

	Relationship		
Indian Oil Corporation Limited	Immediate Parent	**74,185**	125,306
Ceylon Petroleum Storage Terminal Limited	Affiliate	**421,658**	142,388
		495,843	267,694

22. OTHER FINANCIAL ASSETS AND LIABILITIES

22.1 Interest Bearing Borrowings

As At 31st March	2026	2025
	Rs '000	Rs '000
Short-Term Loans from Banks (Note 22.1.1)	**1,518,435**	7,444,789

The interest rates are as follows:

Short - term loans SOFR + Margin

The SOFR rate (monthly) at the date of statement of financial position was 3.66%

22.1.1 Short-Term Loans from Banks Movement

	2026	2025
	Rs '000	Rs '000
Balance as at 01st April	**7,444,789**	4,306,616
Proceeds from bank loans	**42,709,311**	68,224,599
Repayments of bank loans	**(48,614,983)**	(65,094,144)
Exchange (Gain) / Loss on bank loans	**(20,682)**	7,718
Balance as at 31st March	**1,518,435**	7,444,789

22.1.2 The short term loans from banks Rs 1,518 Mn (2025- Rs 7,445 Mn) are unsecured except for the loans from State Bank of India Colombo branch which amounts to Nil as on 31st March 2026 (2025- Rs 2,552Mn). These loans are secured against hypothecation over trading stock held at Kolonnawa, Muthurajawala and Trincomalee terminals.

NOTES TO THE FINANCIAL STATEMENTS

As At 31st March	2026	2025
	Rs '000	Rs '000
22.2 Total Investments	**59,156,223**	44,922,622

22.2.1 Long-Term Investments

As At 31st March	2026	2025
	Rs '000	Rs '000
Long-term Bank Deposits	**16,663,255**	15,403,055
Investment in Treasury/Corporate Bonds	**15,216,141**	-
	31,879,396	15,403,055

22.2.2 Short-Term Investments

As At 31st March	2026	2025
	Rs '000	Rs '000
Investment in Unit Trust (Note 22.2.4)	**10,744,340**	7,941,226
Investment Through PMS	**9,100,025**	21,578,341
Short-Term Bank Deposit (Note 22.2.3)	**7,432,462**	-
	27,276,827	29,519,567

As At 31st March	2026	2025
	Rs '000	Rs '000
22.2.3 Bank Deposits		
Total Bank Deposits	**24,095,717**	15,403,055
Less: Short-Term Bank Deposits	**(7,432,462)**	-
Long-term Bank Deposits	**16,663,255**	15,403,055

TThe short- term deposit is repayable within 12 months after the reporting date.

22.2.4 Investment in Unit Trust - Fair Value Through Profit or Loss

	2026	2025
	Rs '000	Rs '000
Balance as at 01st April	**7,941,225**	14,842,272
Net Investments/(withdrawal)	**1,761,886**	(8,244,539)
Fair Value Gain	**1,041,229**	1,343,492
Balance as at 31st March	**10,744,340**	7,941,225

23. RELATED PARTY DISCLOSURES

23.1 Transactions with the Related Entities

	2026	2025
	Rs '000	Rs '000
23.1.1 Transactions with Parent		
Nature of Transaction		
Amounts Receivable as at 01st April	**-**	-
Amounts Payable as at 01st April	**(362,226)**	(1,070,677)
Fund Transfers/Payment Made	**10,938,027**	2,251,881
Purchases of Goods/Services	**(23,519,778)**	(1,469,539)
Expenses Reimbursed	**(74,184)**	(73,891)
Amounts Receivable as Advances as at 31st March	**595,308**	-
Amounts Payable as at 31st March	**(13,613,470)**	(362,226)
Net Balance as at 31st March	**(13,018,162)**	(362,226)

23.1.2 The Company paid adavnce payment of Rs 595 Mn. as of 31st March 2026 against procuring Petrochemicals.

23.1.3 During the year, the Company paid a gross dividend of Rs 2,662 Mn with respect to the financial year ended 31 March 2025, out of which Rs 2,000 Mn was paid to Indian Oil Corporation Limited.

23.1.4 Transactions with Ceylon Petroleum Storage Terminal Limited (CPSTL) - Affiliate

As At 31st March	2026	2025
	Rs '000	Rs '000
Nature of Transaction		
Amounts Receivable as at 01st April	**(142,388)**	(316,886)
Amounts Payable as at 01st April	**2,903,959**	1,818,836
Fund Transfers/Payment Made	**(3,233,229)**	(1,644,338)
Services Rendered	**50,000**	-
Dividend		
Amounts Receivable as at 31st March	**-**	-
Amounts Payable as at 31st March	**(421,658)**	(142,388)

23.1.5 Transactions with Trinco Petroleum Terminal Limited (TPTL) - Affiliate

As At 31st March	2026	2025
	Rs '000	Rs '000
Nature of Transaction		
Amounts Receivable as at 01st April	**-**	(7,813)
Amounts Payable as at 01st April	**-**	-
Fund Transfers/Payment Made	**-**	(31,387)
Investments In Equity	**-**	39,200
Payment made on account of TPTL Tanks Lease Rental	**-**	-
Amounts Receivable as at 31st March	**-**	-
Amounts Payable as at 31st March	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

23.1.6 Transactions with IOC Global Capital Management IFSC Ltd - Affiliate

As At 31st March	2026	2025
	Rs '000	Rs '000
Nature of Transaction		
Amounts Receivable as at 01st April		
Amounts Payable as at 01st April	**2,083,981**	-
Interest on Loan	**81,658**	80,395
Loan Availment	**4,546,740**	6,336,280
Repayment	**(6,087,418)**	(4,332,695)
Amounts Receivable as at 31st March		-
Amounts Payable as at 31st March	**624,960**	2,083,981

23.1.7 Terms and Conditions

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. The intention of the Company is to settle such related party dues within a short-term (less than one year).

23.2 Transactions with Key Management Personnel of the Company or its Subsidiaries

a) "The Key Management Personnel are the members of the Board of Directors of the Company.

Payments made to Key Management Personnel during the year were as follows:

For the Year ended 31 March	2026	2025
	Rs '000	Rs '000
Fees for Directors	**2,950**	2,875
Emoluments	**64,947**	68,810
Short-Term Employment Benefits	**8,140**	9,854
	76,037	81,539

23.3

Apart from the transactions reported above, the Company has transactions with other Government of India related entities, which include but are not limited to goods/services etc. These transactions are conducted in the ordinary course of the Company business on the terms comparable to other entities.

The Company enters into transactions, arrangements and agreements with the Government of India related entities and the Summary of transactions have been reported as follows.

For the Year ended 31 March		2026	2025
	Nature of the transactions	Rs '000	Rs '000
(a) Items in Statement of Comprehensive Income	Finance Expenses	**53,261**	33,224
	Purchases	**109,030**	109,030
(b) Items in Statement of Financial Position	Interest bearing Loans	**2,553,752**	2,553,752
	and Borrowings		
	Investment in Gratuity Fund	**144,061**	144,061
	Trade Payable	**-**	-
(c) Off statement of Financial Position Items	Letters of credit	**2,636**	9,651

24. COMMITMENTS

There were no material commitments as at the reporting date except the following:

24.1 Capital Commitments

Capial expenditure contracted for at end of the period but not yet incurred amounts to Rs. 407 Mn (2025 - Rs. 669 Mn).

24.2 Purchase Commitments

Letters of Credit opened with Banks Favouring Suppliers as at 31st March 2026 amounted to Rs 2,639 Mn (2025 - Rs. 21,123 Mn).

25. PROVISIONS AND CONTINGENCIES

There were no material contingencies as at the reporting date except for the following:

25.1 Guarantees issued by Banks on behalf of the Company as at 31st March 2026 amounted to Rs. 922 Mn. (2025 - Rs. 917 Mn).

25.2 NBT cases for the assessment period October 2012 to December 2015 and April 2016 to March 2017 were in favour of the Company by Tax Appeal Commission (TAC). Inland Revenue Department of Sri Lanka (IRD) has appealed in the Court of Appeal (COA) against TAC determination and these cases are being heard at COA. Further, for the period January 2012 to June 2012, the cases are pending before COA.

COA has given its judgment for the period July to September 2012 in December 2023 in favour of the Company. IRD has filed the appeal in the Supreme Court (SC) and Leave to Appeal was refused by SC in July 2025 and the case has been concluded in the Company's favour. Contingent Liability of Rs. 549.15 Mn has been recognised for the above case by the Company in addition to the provision already accounted in the books.

Social Security Contribution Levy (Amendment) Act No.24 of 2025 published on 26th December 2025, exempts the sale of Petrol and Diesel with effect from 01st July 2025. Excess amount on SSCL paid to IRD during Quarter 2 of 2025/2026 will be recognised based on the guidelines issued by the IRD. A tax provision has been accounted for, in the books during financial year 2025/2026 towards Marine Gas Oil (MGO) and fuel oil supply made during the last three years.

26. ASSETS PLEDGED

The short-term loans from banks Rs 1,518Mn (2025- Rs 7,445 Mn) are unsecured except for the loans from State Bank of India Colombo branch amounting to Nil as at 31st March 2026 (2025- Rs 2,552Mn). These loans are secured against hypothecation over trading stock held at Kolonnawa, Muthurajawala and Trincomalee terminals.

Except for the above, no assets have been pledged as at the reporting date..

27. DIVIDENDS

	2026	2026	2025	2025
Equity Dividend on Ordinary shares	Per Share	Rs '000	Per Share	Rs '000
Declared and Paid during the year	5.00	2,662,329	5.00	2,662,329

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Company's management oversees the management of these risks. The Company's Board of Directors is supported by an Audit Committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The Audit Committee provides guidance to the Company's Board of Directors that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

28.1 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

An analysis of the carrying amount of financial instruments based on the currency they are denominated are as follows.

As at 31st March	Denominated in Rs	Denominated in USD
	Rs '000	Rs '000
2026		
Cash at bank and in hand	**1,363,787**	382,630
Interest Bearing Loans and Borrowings	**-**	1,394,262
Investment in Unit Trust	**10,744,340**	-
Investment Through PMS	**24,316,166**	-
Bank Deposit - Long term	**14,420,628**	9,675,089
Trade Receivables	**1,954,512**	5,021,918
Other Receivables at Amortised cost	**7,402,966**	667,416
Trade and Other Payables	**4,461,605**	26,065,315

As at 31st March	Denominated in Rs	Denominated in USD
	Rs '000	Rs '000
2025		
Cash at bank and in hand	**1,572,654**	351,085
Interest Bearing Loans and Borrowings	**-**	7,444,789
Investment in Unit Trust	**7,941,226**	-
Investment Through PMS	**21,578,341**	-
Bank Deposit - Long term	**6,283,186**	9,119,870
Trade Receivables	**3,418,197**	3,768,694
Other Receivables at Amortised cost	**8,013,667**	-
Trade and Other Payables	**7,184,830**	20,118,250

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations, Unit Trust investments and other investments. The Company manages its interest rate risk by daily monitoring and managing the cash flow, by keeping the borrowings to a minimum and negotiating favourable rates on borrowings.

As at 31st March	Increase/ decrease in interest rate	Effect on Profit Before Tax
		Rs '000
2026		
Sensitivity only using borrowings		
Increase	**+1%**	**(13,943)**
Decrease	**-1%**	**13,943**
Sensitivity using Investment in deposits		
Increase	**+1%**	**350,605**
Decrease	**-1%**	**(350,605)**

As at 31st March	Increase/ decrease in interest rate	Effect on Profit Before Tax
2025		
Sensitivity only using borrowings		
Increase	+1%	(74,448)
Decrease	-1%	74,448
Sensitivity using Investment in deposits		
Increase	+1%	295,196
Decrease	-1%	(295,196)

b) Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's USD denominated loans, short-term investments, Trade Receivables and Trade Payables.

The following table demonstrates the sensitivity to a reasonably possible changes in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of USD denominated liabilities).

As at 31st March	Average Value	Year End Exchange Rate	Change in USD Rate	Effect on Profit Before Tax
	Rs '000			Rs '000
2026				
Bank Deposits (USD)	**9,675,089**	**314.66**	**+/- 1%**	**+/- 96,751**
Interest Bearing Loans and Borrowings (USD)	**1,394,262**	**314.66**	**+/- 1%**	**+/- 13,943**
Trade and Other Receivables (USD)	**5,689,334**	**314.66**	**+/- 1%**	**+/- 56,893**
Trade and Other Payables (USD)	**26,065,315**	**314.66**	**+/- 1%**	**+/- 260,653**
2025				
Bank Deposits (USD)	9,119,870	296.59	+/- 1%	+/- 91,199
Interest Bearing Loans and Borrowings (USD)	7,444,789	296.59	+/- 1%	+/- 74,448
Trade and Other Receivables (USD)	3,768,694	296.59	+/- 1%	+/- 37,687
Trade and Other Payables (USD)	20,118,250	296.59	+/- 1%	+/- 201,182

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD...)

28.1 Market Risk (Contd…)

b) Foreign currency risk (Contd)

The movement on the post-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

28.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. 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

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management

The following policies are implemented within the group in order to manage credit risk related to receivables:

- Outstanding customer receivables are regularly monitored with regular trade debtor review meetings.
- Contractual obligation to release assets only upon full payment of receivable, for related contracts and assets.

For trade receivables, the Company has applied the simplified approach in SLFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect the current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Set out below is the information about the credit risk exposure on the Company's trade receivable using the provision matrix:

	2026		2025	
	Carrying amount at default	Expected credit loss	Carrying amount at default	Expected credit loss
	Rs '000	Rs '000	Rs '000	Rs '000
Current	**6,764,647**	**301,196**	6,120,665	43,726
< 30 days	**55,444**	**1,334**	526,625	19,401
31-90 days	**43,497**	**3,301**	244,751	17,937
91-180 days	**10,878**	**2,175**	69,845	6,405
181-365 days	**12,139**	**5,357**	62,808	27,524
>365 days	**89,825**	**73,878**	162,197	156,426
	6,976,430	**387,241**	7,186,890	271,418

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with Company policy. Investments of surplus funds are made only with the approved counterparties. Counterparty credit limits for trade debtors are reviewed and approved by the Managing Director. The limits are set to minimise the concentration of risks and therefore, mitigate the financial loss through a counterparty's potential failure to make payments.

For other receivable at amortised cost, bank deposits and cash and bank balances the Company applies the three stage model approach permitted by SLFRS 9, which requires the Company to follow the 12-month expected credit loss method or life time expected credit loss method in assessing the losses to be recognised from initial recognition. On that basis, the loss allowance as at 31st March 2026 and 31st March 2025 were immaterial.

28.3 Liquidity risk

The Company monitors its risk to a shortage of funds by forecasting its operational cash requirements on an annual basis and project cash flow requirements as per the project implementation period. The Company's objective is to maintain a balance between the continuity of funding and flexibility through the use of bank overdrafts, and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and financing for current operations is already secured..

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

As at 31st March	Less than 1 year	More than 1 year	Total
2026	Rs '000	Rs '000	Rs '000
Interest Bearing Loans and Borrowings	**1,518,435**	**-**	**1,518,435**
Lease Liabilities	**111,807**	**391,708**	**503,515**
Trade and Other Payables	**32,681,476**	**-**	**32,681,476**
	34,311,718	**391,708**	**34,703,426**

As at 31st March	Less than 1 year	More than 1 year	Total
2025	Rs '000	Rs '000	Rs '000
Interest Bearing Loans and Borrowings	7,444,789	-	7,444,789
Lease Liabilities	81,117	490,964	572,081
Trade and Other Payables	27,303,080	-	27,303,080
	34,828,986	490,964	35,319,950

28.4 Price Risk

The Company is exposed to the commodity price risk of petroleum products.

The Company monitors price of petroleum products on a dynamic basis and adjust inventory levels to minimise the impact.

28.5 Capital Risk Management

The Company's objectives when managing the 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. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, capital is monitored on the basis of the desired gearing ratio within 40%..

As at 31st March	2026	2025
	Rs '000	Rs '000
Total borrowings (Note 22.1)	**1,518,435**	7,444,789
Less :- Cash and Cash Equivalents (Note 19.1)	**(1,746,416)**	(1,923,740)
Net debt	**(227,981)**	5,521,049
Total Equity	**92,041,302**	82,691,622
Total Capital	**93,559,737**	90,136,411
Gearing ratio	**2%**	8%

29. FAIR VALUES

The carrying amounts of the Company's financial instruments by classes, that are not carried at fair value in the Financial Statements are not materially different from their fair values.

a) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 31st March, the Company held the following financial instruments carried at fair value on the statement of financial position:

As at 31st March	2026	Level 1	Level 2	Level 3
b) Financial Assets measured at fair value	Rs '000	Rs '000	Rs '000	Rs '000
Financial Assets At Fair Value Through Profit or Loss				
- Investment in Unit Trust (Note 22.2.4)	**10,744,340**	**10,744,340**	**-**	**-**
Financial Assets At Fair Value Through				
Other Comprehensive Income				
- Investment in CPSTL (Note 12.1)	**7,483,000**	**-**	**-**	**7,483,000**
- Investment in TPTL (Note 12.2)	**137,200**	**-**	**-**	**137,200**
Investment Through Portfolio Management Services (Note 22.2)	**9,100,025**		**9,100,025**	

As at 31st March	2025	Level 1	Level 2	Level 3
	Rs '000	Rs '000	Rs '000	Rs '000
Financial Assets At Fair Value Through Profit or Loss				
- Investment in Unit Trust (Note 22.4)	7,941,225	7,941,225	-	-
Financial Assets At Fair Value Through				
Other Comprehensive Income				
- Investment in CPSTL (Note 12.1)	6,043,000	-	-	6,043,000
- Investment in TPTL (Note 12.2)	137,200	-	-	137,200
Investment Through Portfolio Management Services (Note 22.2)	21,578,341		21,578,341	

During the reporting period ended on 31st March 2026, there were no transfers between Level 1 and Level 2 fair value measurements.

30. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

Financial assets and financial liabilities are measured on an ongoing basis at either fair value or amortised cost. The summary of significant accounting policies describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses are recognised. The following table analyses the carrying amount of financial assets and liabilities by category as defined in SLFRS 9 - Financial Instruments: Recognition and measurement and by Statement of Financial Position headings.

As at 31st March 2026		Financial Assets and Liabilities at FVTPL	Financial Assets and Liabilities at FVOCI	Financial Assets and Liabilities at Amortised Cost	Total
	Note	Rs '000	Rs '000	Rs '000	Rs '000
Financial Assets					
Financial Assets at Amortised Cost	**17**	**-**	**-**	**7,420,169**	**7,420,169**
Trade Receivables	**16**	**-**	**-**	**6,976,430**	**6,976,430**
Bank Deposits	**22.2.3**	**-**	**-**	**24,095,717**	**24,095,717**
Investment in Unit Trust	**22.2.4**	**10,744,340**	**-**	**-**	**10,744,340**
Financial Assets At Fair Value Through					
Other Comprehensive Income	**12**	**-**	**7,620,200**	**-**	**7,620,200**
Investment Through Portfolio Management Services	**22.2.2**	**9,100,025**	**-**	**-**	**9,100,025**
Cash and Bank Balances	**19**	**-**	**-**	**1,746,416**	**1,746,416**
Total Financial Assets		**19,844,365**	**7,620,200**	**40,238,732**	**67,703,297**
Financial Liabilities					
Trade and Other Payables	**21**	**-**	**-**	**32,681,476**	**32,681,476**
Interest Bearing Loans and Borrowings	**22.1**	**-**	**-**	**1,518,435**	**1,518,435**
Total Financial Liabilities		**-**	**-**	**34,199,911**	**34,199,911**

As at 31st March 2025		Financial Assets and Liabilities at FVTPL	Financial Assets and Liabilities at FVOCI	Financial Assets and Liabilities at Amortised Cost	Total
	Note		Rs '000	Rs '000	Rs '000
Financial Assets					
Financial assets at amortised cost	17	-	-	8,013,665	8,013,665
Trade Receivables	16	-	-	7,186,890	7,186,890
Bank deposits	22.2.3	-	-	15,403,055	15,403,055
Investment in Unit Trust	22.2.4	7,941,225	-	-	7,941,225
Financial Assets At Fair Value Through					
Other Comprehensive Income	12	-	6,180,200	-	6,180,200
Investment Through Portfolio Management Services	22.2.2	21,578,341	-	-	21,578,341
Cash and Bank Balances	19	-	-	1,923,740	1,923,740
Total Financial Assets		29,519,566	6,180,200	32,527,350	68,227,116
Financial Liabilities					
Trade and Other Payables	21	-	-	27,303,080	27,303,080
Interest Bearing Loans and Borrowings	22.1	-	-	7,444,789	7,444,789
		-	-	34,747,869	34,747,869

EXTENTS, LOCATIONS & THE NO. OF BUILDINGS OF LANKA IOC'S LANDHOLDINGS

SR. NO	CUSTOMER CODE	NAME OF COMPANY OWNED LOCATION	EXTENT OF THE AREA AS ON 31.03.2026		NO. OF BUILDINGS	NO. OF CANOPIES
			Roots	Perches		
1	102389	SAMPATH ENTERPRISES,	01R	00.03P	1	2 (Main + 2-3wheeler Canopy)
2	102432	CADILLAC IOC FILLING STATION PVT LTD	01R	27.44P	1	1
3	102320	HOMAGAMA MULTIPURPOSE CO-OPERATIVE SOCIETY LTD		32.30P	3 (PORTA CABIN + ELECTRICAL ROOM+wash Room)	1
4	102313	S.S. KOTALAWALA & CO		25.29P	1	1
5	102357	A.W. DAVITH APPUHAMY & SONS		30.70P	3 (Sales Room +Service station+Generator Room)	Nil
6	102362	PASSARA MULTIPURPOSE CO-OPERATIVE SOCIETY LTD		24.32P	1	Nil
7	102334	SINHA ASSOCIATES		12.14P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
8	102402	SINHA AUTO IOC SERVICES (PVT) LTD		28.70P	1	1
9	102351	GAMPOLA MPCS LTD		26.00P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
10	102317	LANKA IOC SERVICE MART (PVT) LTD	01R	11.83P	1	1
11	102391	S & D ENTERPRISES		36.94P	1	1
12	102365	MRS. R.P. JAYASINGHE		21.98P	1	1
13	102350	DON DAMINDA JAYAMAL DIAS	02R	00.72P	2 (PORTA CABIN + ELECTRICAL ROOM)	2
14	102361	W. PALIHAWADANA & SONS		25.25P	1	1
15	102331	COLOMBO SOUTH COOPERATIVE SOCIETY LTD	01R	35.45P	2 (Sales Room+ Service Stn)	1
16	102332	COLOMBO SOUTH COOPERATIVE SOCIETY LTD		24.29P	1	1
17	102380	DERANIYAGALA PANAWELA MPCS LTD		27.84P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
18	102431	MRS. WIMALA SIRISENA		34.11P	1	1
19	102424	DWM FERNANDO & SONS (PVT) LTD		36.94P	1	1
20	102449	M/S. THILAKA FILLING STATION		38.33P	1	1
21	102322	MAHARAGAMA MPCS LTD		36.67P	1	1
22	102324	KOLONNAWA MPCS LTD		29.73P	1	1
23	102383	HEWAGAM KORALE EAST MPCS LTD		20.00P	1	1
24	102390	HEWAGAM KORALE EAST MPCS LTD		34.76P	1	1
25	102406	MR. HARSHA D. WEERAKOON		38.56P	2 (Sales Room+ Service Stn)	1
26	102436	A.H.M. HUSSAIN HADJIAR SONS	01R	10.74P	1	1
27	102318	MRS. SOMA ABEYWARDHANA		24.00P	1	1
28	102321	KOTTAWA LANKA FILLING STATION		21.73P	1	1
29	102381	EHELIYAGODA MPCS LTD		34.52	2 (Sales Room+ Service Stn)	1
30	109753	W. CALISTUS PERERA & SONS (PVT) LTD	01R	19.34P	2 (Sales Room+ Service Stn)	1
31	102434	TANGALLE MPCS LTD		24.00P	1	1
32	102412	KATANA MPCS LTD		37.68P	1	1
33	102425	AMBALANGODA MPCS LTD		19.00P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
34	102409	MR. K.H. JAYASINGHE		22.44P	1	1

SR. NO	CUSTOMER CODE	NAME OF COMPANY OWNED LOCATION	EXTENT OF THE AREA AS ON 31.03.2026		NO. OF BUILDINGS	NO. OF CANOPIES
			Roots	Perches		
35	102445	RANGIRI DAMBULLA MPCS LTD		22.23P	1	1
36	102316	SLIPTO AGENCIES (PVT) LTD	01R	07.23P	2 (Sales Room+ Service Stn)	2 (Main+2- 3wheeler)
37	102394	M/S. LIYANAGE ASSOCIATES		34.00P	2 (Sales Room+ Service Stn)	1
38	102450	MRS. C.R. SAMARASINGHE	02R	00.05P	2 (Sales Room+ Service Stn)	1
39	102429	DEWATA IOC FILLING STATION		23.48P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
40	102312	MINERAL SPRINGS (PVT) LTD	01R	12.94P	2 (Sales Room+ Service Stn)	1
41	102314	MR. A.W. RANASINGHE		15.39P	1	1
42	102336	MR. C.J. ABEYRATNE		17.20P	1	1
43	102426	MRS. K.A.A.H. DE SILVA		20.1P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
44	102341	MR. S.N. JAYASINGHE	01R	06.17P	1	1
45	102310	M/S. FELIX PEREIRA & SON	02R	01.15P	2 (Sales Room+ Service Stn)	1
46	102353	G.K. SAMIE & SONS		15.41P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
47	102319	M.G. SAMSON & SONS		36.78P	2 (Sales Room+Store Room)	1
48	102444	MR. M. SELVARAJAH		33.97P	1	1
49	102411	SANDALANKAWA NEW MPCS LTD	01R	08.36P	1	1
50	102433	KOTAPOLA MPCS LTD		13.27P	1	1
51	102385	RAIGAM UDAGAHAPATTU MPCS LTD		22.23P	0	1
52	102384	B.D.P. GUNASEKERA & SON		27.36P	1	1
53	102358	MR. P.G.W. SAMARASEKERA	01R	03.66P	2 (Sales Room+ Service Stn)	1
54	102335	S.R.B. ENTERPRISES		39.44P	1	1
55	105569	PULLENDRAN FUEL STATION		43.62P	1	1
56	102387	KALUTARA MPCS LTD		28.15P	2 (Sales Room+Panel Room)	1
57	102311	MR. H.K.S. RANASINGHE		38.83P	1	1
58	102395	MR. SARATH COLONNE		35.50P	1	1
59	102379	BALANGODA MPCS LTD		34.39P	1	1
60	102356	W.A. PERERA & SONS	01R	14.84P	3 (Sales Rooms+ Service Stn)	1
61	102396	RATNAPURA MPCS LTD		34.9P	1	1
62	102451	MUTTUR AGA DIVISION MPCS LTD	01R	29.86P	2 (Sales Room + Service Stn)	1
63	102340	ATTANAGALLA MPCS LTD		12.10P	2 (Sales Room+Gen Room)	1
64	102342	LIANFIRM (PVT) LTD		36.89P	1	1
65	102352	HALIELA MPCS LTD		24.50P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
66	102388	MR. S.P. GUNASINGHE	01R	02.02P	1	Nil
67	102354	M/S. HUNNASGIRIYA AGENCIES		12.57P	1	1
68	102447	GALGAMUWA MPCS LTD		13.00P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
69	102386	KALAWANA MPCS LTD		12.89P	1	1
70	102343	POLGAHAWELA MPCS LTD		13.48P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
71	102363	YATINUWARA MEDA PALATA MPCS LTD		31.04P	1	1
72	102323	WIJERAMA ENTERPRISE		24.62P	1	1

EXTENTS, LOCATIONS & THE NO. OF BUILDINGS OF LANKA IOC'S LANDHOLDINGS

SR. NO	CUSTOMER CODE	NAME OF COMPANY OWNED LOCATION	EXTENT OF THE AREA AS ON 31.03.2026		NO. OF BUILDINGS	NO. OF CANOPIES
			Roots	Perches		
73	102339	MAWANELLA HEMMATHAGAMA MPCS LTD		24.24P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
74	102423	A.H. WIMALATUNGE & SON (PVT) LTD		39.63P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
75	102427	MRS H N W PRIYANGANI DE SILVA		29.91P	1	1
76	102435	TISSAMAHARAMA MPCS LTD	01R	00.00P	1	1
77	102401	BINGIRIYA MPCS LTD		10.46P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
78	102430	WELDISI (PVT) LTD	01R	03.58P	1	1
79	102377	SAMARANAYAKA SAHA SAMARANAYAKA		13.65P	1	1
80	102408	MR. L.P.P. PATHIRATNE	01R	01.94P	1	1
81	102446	GALEWELA MPCS LTD		23.36P	1	1
82	102315	SWASTHIKA MILLS LTD	01R	03.96P	2 (Sales Room+ MiniMart)	2 (Main+2- 3wheeler)
83	102364	A.V. HINNIAPPUHAMY & COMPANY		26.37P	1	1
84	102404	JOE PERERA & SONS		14.81P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
85	102355	M M NOOHU MARIKAR		22.20P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
86	102403	DIVULAPITIYA MPCS LTD		06.68P	1	Nil
87	102392	PELMADULLA MPCS LTD		24.41P	1 (PORTA CABIN)	Nil
88	102407	MAWATHAGAMA MPCS LTD		11.93P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
89	102337	KEGALLE MPCS LTD		14.44P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
90	102448	KAHATAGASDIGILIYA MPCS LTD		39.77P	1	1
91	102378	D.H.J. JAYAKODY BROTHERS		25.62P	1 (Service Station)	1
92	102393	MR. P.D.H.P. KARUNARATNE SS BANDARA		18.67P	1	1
93	102360	ACQUIRING A LAND (13.75 P @ RS 475,000/-)		37.81	1	1
94	102338	E.P.B. DE SOYSA & SONS (PVT) LTD		13.00P	1	1
95	102359	MR. R.M. SENEVIRATNE		24.56P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
96	102428	WIPULA DHARMADASA		15.06P	1	1
97	102333	M/S PERERA & CO & SONS		26.50P	1	1
98	102405	K.W. SUSIRIPALA ASSOCIATES		14.48P	2 (PORTA CABIN + ELECTRICAL ROOM)	1
99	102344	ATTANAGALLA MPCS LTD		22.30P	Nil	Nil

In Compliance with Section 7.6 (viii) and (xii) of the CSE Listing Rules, the Company's lands were revalued as at 31.03.2016 by Mr. Kumar Subramaniam, Chartered Valuation Surveyor as an independent Consultant empanelled by M/s SJMS Associates, Charted Accountants, based on the current open Market Value of lands for their existing use as lands approved for the establishment of Fuel retail outlets, amounting to Rs. 6,766 Mn. However, this has not been adjusted in the Financial Statements to conform to the existing cost model being followed by the company as per its Accounting Policy as stated in Note 2.10.7 which is in line with Sri Lanka Accounting Standards LKAS -16

SHAREHOLDER INFORMATION

RESIDENT & NON-RESIDENT SHAREHOLDING

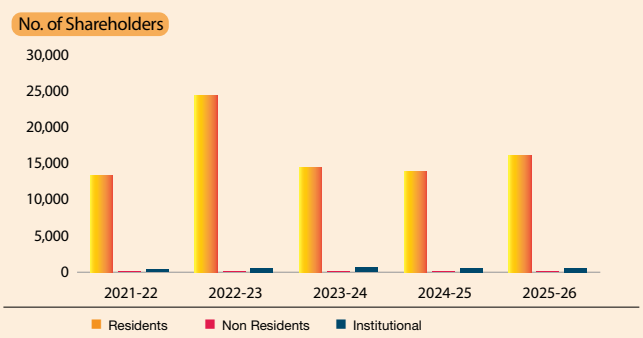
AS AT 31 MARCH 2026	Resident			Non-Resident			Total		
Share Range	No. of Share Holders	No. of Shares	Holding %	No. of Share Holders	No. of Shares	Holding %	Total No. of Share Holders	No. of Shares	Total Share holding %
1 - 1,000	11,326	3,154,185	0.59	27	13,062	0.00	11,353	3,167,247	0.59
1,001 - 10,000	3,983	11,417,633	2.14	46	192,072	0.04	4,029	11,609,705	2.18
10,001 - 100,000	632	20,852,764	3.92	19	675,963	0.13	651	21,528,727	4.04
100,001 - 1,000,000	138	40,061,988	7.52	12	2,924,627	0.55	150	42,986,615	8.07
1,000,001 - & Above	19	53,173,406	9.99	1	400,000,005	75.12	20	453,173,411	85.11
TOTALS	**16,098**	**128,659,976**	**24.16**	**105**	**403,805,729**	**75.84**	**16,203**	**532,465,705**	**100.00**

COMPANY & INDIVIDUAL SHAREHOLDING

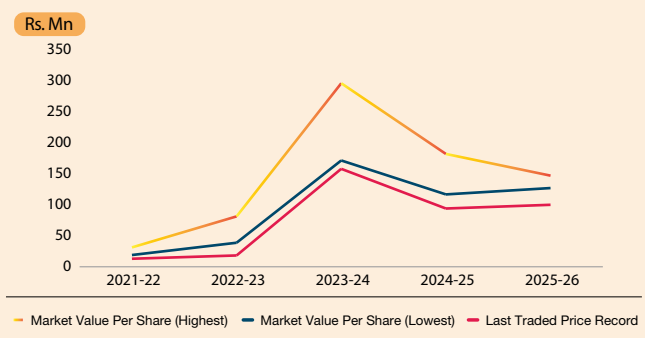
AS AT 31 MARCH 2026	Company			Individual			Total		
Share Range	No. of Share Holders	No. of Shares	Holding %	No. of Share Holders	No. of Shares	Holding %	Total No. of Share Holders	No. of Shares	Total Share holding %
1 - 1,000	105	46,661	0.01	11,248	3,120,586	0.59	11,353	3,167,247	0.59
1,001 - 10,000	191	876,122	0.16	3,838	10,733,583	2.02	4,029	11,609,705	2.18
10,001 - 100,000	148	6,002,540	1.13	503	15,526,187	2.92	651	21,528,727	4.04
100,001 - 1,000,000	76	22,876,659	4.30	74	20,109,956	3.78	150	42,986,615	8.07
1,000,001 - & Above	14	441,767,860	82.97	6	11,405,551	2.14	20	453,173,411	85.11
TOTALS	**534**	**471,569,842**	**88.56**	**15,669**	**60,895,863**	**11.44**	**16,203**	**532,465,705**	**100.00**

Financial Year	Resident Shareholders	Non Resident Shareholders	Institutional Shareholders
01.04.2021 - 31.03.2022	13,314	85	577
01.04.2022 - 31.03.2023	24,408	86	650
01.04.2023 - 31.03.2024	14,419	108	610
01.04.2024 - 31.03.2025	13,972	96	579
01.04.2025 – 31.03.2026	**16,098**	**105**	**534**

Shareholders Information



Share Price Movements



SHAREHOLDER INFORMATION

LANKA IOC PLC - TOP 20 SHAREHOLDERS AS AT 31ST MARCH 2026

NO	NAME	HOLDING	%
1	INDIAN OIL CORPORATION LIMITED	**400,000,005**	**75.12**
2	J.B. COCOSHELL (PVT) LTD	**8,317,958**	**1.56**
3	SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND	**7,975,875**	**1.50**
4	HATTON NATIONAL BANK PLC- SENFIN GROWTH FUND	**4,579,718**	**0.86**
5	MR. K.A.S.R. NISSANKA	**4,450,519**	**0.84**
6	BANK OF CEYLON A/C CEYBANK UNIT TRUST	**4,158,839**	**0.78**
7	EMPLOYEES TRUST FUND BOARD	**2,939,352**	**0.55**
8	ODYSSEY CAPITAL PARTNERS (PRIVATE) LIMITED	**2,742,969**	**0.52**
9	EMPLOYEE'S PROVIDENT FUND	**2,346,558**	**0.44**
10	MR. L.J.M.A. JAYASUNDARA & MRS. R.R. JAYASUNDARA	**1,794,459**	**0.34**
11	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	**1,794,026**	**0.34**
12	MR. N. SAMARASURIYA & MRS. C. SAMARASURIYA	**1,704,000**	**0.32**
13	SEYLAN BANK PLC/K.L.G.UDAYANANDA	**1,647,668**	**0.31**
14	INSITE HOLDINGS (PVT) LTD	**1,471,137**	**0.28**
15	ASSETLINE FINANCE LIMITED/BRITISH AMERICAN TECHNOLOGIES PVT LTD	**1,451,796**	**0.27**
16	MR. R.P. WEERASOORIYA	**1,335,307**	**0.25**
17	NATIONAL SAVINGS BANK	**1,241,959**	**0.23**
18	MERCHANT BANK OF SRI LANKA & FINANCE PLC/J.A.S.M. JAYAWICKRAMA	**1,100,000**	**0.21**
19	MR. M.A. JAFFERJEE	**1,085,009**	**0.20**
20	MR. S.V. SOMASUNDERAM	**1,036,257**	**0.20**
	Total Top 20 Shareholders	**453,173,411**	**85.11**
	Other Shareholders	**79,292,294**	**14.89**
	Total Shareholders	**532,465,705**	**100.00**

DIRECTORS' SHAREHOLDING AS ON 31ST MARCH 2026

Mr. Anuj Jain	Nil
Mr. K Raghu	Nil
Mr. Saumitra P Srivastava	Nil
Mr. Rajesh Singh	Nil
Mr. H . M. A. Jayesinghe	Nil
Mr. S Renganathan	Nil

HIGHEST, LOWEST PRICES AND THE MARKET VALUE FIGURES

LIOC SHARE PERFORMANCE AT COLOMBO STOCK EXCHANGE (CSE)	01 April 2025 - 31 March 2026
No. of Share transactions for the year	51,879
No. of Shares traded	89,790,503
Value of Shares Traded (Rs)	12,174,424,881.25
Price Movements	
Highest (Rs) 3rd March 2026	158.00
Lowest (Rs) 9th April 2025	121.00
Closing Price (Rs) 31st March 2026	140.00
Market Capitalization (Closing Price * Issued Quantity)	74,545,198,700.00
Float Adjusted Market Capitalization (Rs Mn)*	18,545,198,000.00
Public Holding as % of Issued Share Capital	24.88.%
Total No of shares Public Holding	132,465,700
Total No. of Public Shareholders	16,202

LIOC SHARE PERFORMANCE AT COLOMBO STOCK EXCHANGE (CSE)	01 April 2024 - 31 March 2025
No. of Share transactions for the year	47,730
No. of Shares traded	88,237,504
Value of Shares Traded (Rs)	11,050,565,096.50
Price Movements (Rs)	
Highest (Rs) 28th January 2025	147.00
Lowest (Rs) 11th September 2024	100.00
Closing Price (Rs) 31st March 2025	127.00
Market Capitalization (Rs Mn) (Closing Price* Issued Quantity)	67,623,144,535.00
Float Adjusted Market Capitalisation (Rs Mn)*	16,823,143,900.00
Public Holding as % of Issued Share Capital	24.88%
Total No. of shares public Holding	132,455,700
Total No. of Public shareholders	16,202

Investing Information	Metrics	2025-26	2024-25
Earning Per Share	Rs	19.84	20.94
Net Assets per Share	Rs	172.86	155.30
Price Earning Ratio (PE Ratio)	Times	7	6
Price to Book Value	Times	0.8	0.8
Dividend per Share (Paid Basis)	Rs	5	5
Dividend Payout	%	20	19

*Compliant under option 1 of CSE Listing Rule 7.13.1(i) a

GRI CONTEXT INDEX

Statement of use	Lanka IOC PLC has reported in accordance with the GRI Standards for the period from 1st April 2025 to 31st March 2026
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	GRI 11: Oil and Gas Sector 2021

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	9-12	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	2-2 Entities included in the organization's sustainability reporting	4-5				
	2-3 Reporting period, frequency and contact point	4-5				
	2-4 Restatements of information	4-5				
	2-5 External assurance	178-180				
	2-6 Activities, value chain and other business relationships	10-15				
	2-7 Employees	93-99				
	2-8 Workers who are not employees	93-99				
	2-9 Governance structure and composition	130				
	2-10 Nomination and selection of the highest governance body	130				
	2-11 Chair of the highest governance body	130				
	2-12 Role of the highest governance body in overseeing the management of impacts	130				
	2-13 Delegation of responsibility for managing impacts	137				
	2-14 Role of the highest governance body in sustainability reporting	137				
	2-15 Conflicts of interest	142				
	2-16 Communication of critical concerns	141-142				
	2-17 Collective knowledge of the highest governance body	133				
	2-18 Evaluation of the performance of the highest governance body	138				
	2-19 Remuneration policies	140				
	2-20 Process to determine remuneration	140				
	2-21 Annual total compensation ratio	-				
	2-22 Statement on sustainable development strategy	114 - 117				
	2-23 Policy commitments	134 - 135				
	2-24 Embedding policy commitments	134 - 140				
	2-25 Processes to remediate negative impacts	163 - 168				
	2-26 Mechanisms for seeking advice and raising concerns	141 - 142				
	2-27 Compliance with laws and regulations	142 - 168				
	2-28 Membership associations					
	2-29 Approach to stakeholder engagement	53 - 56				
	2-30 Collective bargaining agreements	95 - 96				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	57	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.			
	3-2 List of material topics	59				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics	70 - 72				11.14.1
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	70, 72, 73				11.14.2
	201-2 Financial implications and other risks and opportunities due to climate change	-		Information unavailable	This information is not available at present	
	201-3 Defined benefit plan obligations and other retirement plans	203, 204 Note 8				
	201-4 Financial assistance received from government	-		Not applicable	LIOC does not receive any financial assistance from the government	
Indirect economic impacts						
GRI 3: Material Topics 2021	3-3 Management of material topics	80 - 81				11.14.1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	80 - 85				11.14.4
	203-2 Significant indirect economic impacts	13 - 15, 20				11.14.5
Procurement practices						
GRI 3: Material Topics 2021	3-3 Management of material topics	107 - 108				11.14.1
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	107 - 108				11.14.6
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics	202				11.21.1
GRI 207: Tax 2019	207-1 Approach to tax	202, 205				11.21.4
	207-2 Tax governance, control, and risk management	205				11.21.5
	207-3 Stakeholder engagement and management of concerns related to tax	205				11.21.6
	207-4 Country-by-country reporting	-		Not applicable	LIOC does not have subsidiaries operating in overseas locations	11.21.7
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	110				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	-		Information unavailable	This information is not available at present	
	301-2 Recycled input materials used	-		Not applicable	LIOC does not use recycled input materials in its processes	
	301-3 Reclaimed products and their packaging materials	-		Not applicable	This information is not available at present	

GRI CONTEXT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	110, 111				11.1.1
GRI 302: Energy 2016	302-1 Energy consumption within the organization	110, 111				11.1.2
	302-2 Energy consumption outside of the organization	-		Information unavailable	LIOC does not measure this	11.1.3
	302-3 Energy intensity	-		Information unavailable	This information is not available at present	11.1.4
	302-4 Reduction of energy consumption	112, 113		Information unavailable	This information is not available at present	
	302-5 Reductions in energy requirements of products and services	-				
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	110, 111				11.6.1
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	111				11.6.2
	303-2 Management of water discharge-related impacts	111, 113				11.6.3
	303-3 Water withdrawal	111				11.6.4
	303-4 Water discharge	-		Information unavailable	This information is not available at present	11.6.5
	303-5 Water consumption	-		Information unavailable	This information is not available at present	11.6.6
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	110, 111				11.5.1
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	111				11.5.2
	306-2 Management of significant waste-related impacts	111, 113				11.5.3
	306-3 Waste generated	-		Information unavailable	This information is not available at present	11.5.4
	306-4 Waste diverted from disposal	-		Information unavailable	This information is not available at present	11.5.5
	306-5 Waste directed to disposal	-		Information unavailable	This information is not available at present	11.5.6
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	107, 108				
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	107, 108				
	308-2 Negative environmental impacts in the supply chain and actions taken	107, 108				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	95 - 96				11.10.1
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	95				11.10.2
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	95 - 96				11.10.3
	401-3 Parental leave	95				11.10.4

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Labor/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	95 - 96				
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	95 - 96				11.10.5
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	98				11.9.1
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	98				11.9.2
	403-2 Hazard identification, risk assessment, and incident investigation	98				11.9.3
	403-3 Occupational health services	98				11.9.4
	403-4 Worker participation, consultation, and communication on occupational health and safety	98				11.9.5
	403-5 Worker training on occupational health and safety	98				11.9.6
	403-6 Promotion of worker health	98				11.9.7
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	98				11.9.8
	403-8 Workers covered by an occupational health and safety management system	98				11.9.9
	403-9 Work-related injuries	98				11.9.10
	403-10 Work-related ill health	98				11.9.11
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	97				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	93				11.10.6
	404-2 Programs for upgrading employee skills and transition assistance programs	97				11.10.7
	404-3 Percentage of employees receiving regular performance and career development reviews	97, 98				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	99				11.11.1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	99				11.11.5
	405-2 Ratio of basic salary and remuneration of women to men	99				11.11.6
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	99				11.11.1
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	99				11.11.7
Freedom of association and collective bargaining						
GRI 3: Material Topics 2021	3-3 Management of material topics	99				
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	99				

GRI CONTEXT INDEX

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Child labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	107				11.12.1
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	107				11.12.1
Forced or compulsory labor						
GRI 3: Material Topics 2021	3-3 Management of material topics	107				11.12.1
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	107				11.12.1
Local communities						
GRI 3: Material Topics 2021	3-3 Management of material topics	107				11.15.1
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	107				11.15.2
	413-2 Operations with significant actual and potential negative impacts on local communities	-	413-2 a.	Not applicable	The company has not identified such potential negative impacts	11.15.3
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	100				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	101				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	101				
Marketing and labeling						
GRI 3: Material Topics 2021	3-3 Management of material topics	101				
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	101				
	417-2 Incidents of non-compliance concerning product and service information and labeling	103				
	417-3 Incidents of non-compliance concerning marketing communications	103				

NOTES

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 24th Annual General Meeting of the shareholders of Lanka IOC PLC will be held on 9th July 2026 at 11.00 a.m virtually for the following purposes;

Agenda

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and Statement of Compliance and the Financial Statements of the Company for the financial year ended 31st March 2026 with the Report of the Auditors thereon.

2. To declare a first & final dividend of Rs. 5.00 per share for the Financial Year 2025-26 as recommended by the Board.

3. (i) To re-elect Mr. H M A Jayesinghe as a Director of Lanka IOC PLC who retires by rotation as per Article 29(2) of the Articles of Association of the company and offers himself for re-election.

   (ii) To re-elect Mr. S Renganathan as a Director of Lanka IOC PLC who retires by rotation as per Article 29(2) of the Article of Association of the company and offers himself for re-election.

   (iii) To re-elect Mr. Anuj Jain who retires in terms of Article 27(6) of the Articles of Association of the Company and being eligible has offered himself for re-election.

   (iv) To re-elect Mr. Saumitra P Srivastava who retires in terms of Article 27(6) of the Articles of Association of the Company and being eligible has offered himself for re-election

   (v) To re-elect Mr. Rajesh Singh who retires in terms of Article 27(6) of the Articles of Association of the Company and being eligible has offered himself for re-election

4. To re-appoint Messrs, B D O Partners Sri Lanka Chartered Accountants, as recommended by the Board of Directors as the Auditors of the Company for the ensuing year; and to authorize the Board of Directors to determine their remuneration.

The Annual Report of Lanka IOC PLC for 2025-26 will be available via the below links, once the Financial Statements for the year ended 31st March 2026 are released to the Colombo Stock Exchange:

(1) Corporate Website https://www.lankaioc.com under investor section

(2) The Colombo Stock Exchange – https://www. cse.lk/pages/company-

Shareholders may also access the Annual Report and Financial Statements on their mobile phones by scanning the following QR code.

By Order of the Board

[Ms] Amali Liyanapatabendi
Company Secretary
Lanka IOC PLC.

16th June 2026
Colombo

1. A duly registered and entitled holder of the Company's shares is entitled to attend, speak and vote at the AGM and is entitled to appoint a proxyholder to attend, speak and vote on his/ her behalf;

2. A proxyholder need not be a shareholder of the Company; A proxy so appointed shall have the same right as the shareholder to vote on a show of hands or on a poll as well as to speak at the AGM;

3. The Form of Proxy is enclosed for this purpose. The completed Form of Proxy must be deposited at the Registered Office of the Company situated at Level 20, West Tower, World Trade Centre, Echelon Square, Colombo 01 or forwarded via e-mail to agmlankaioc@gmail.com, not less than forty-eight (48) hours before the appointed hour of the meeting.

4. Members are encouraged to vote by Proxy through the appointment of a member of the Board of Directors to vote on their behalf and to include their voting preferences on the resolutions to be taken up at the Meeting in the Form of Proxy.

5. Instructions given in the Circular to shareholders dated 16th June 2026 must be followed to join the meeting via audio – visual means.

FORM OF PROXY

I/We.....[Full Name]

.....[NIC No] of.....[being a

a member/s of Lanka IOC PLC, hereby appoint Mr/Mrs/Miss.....

[NIC No] .....of.....whom failing:

Mr. Anuj Jain	whom failing
Mr. K Raghu	whom failing
Mr. Saumitra P Srivastava	whom failing
Mr. Rajesh Singh	whom failing
Mr. H M A Jayesinghe	whom failing
Mr. S. Renganathan	whom failing

as my/our Proxy holder to represent me/us to speak at the meeting and to vote on a show of hands or on a poll for me/us on my/our behalf, as indicated below at the 24th Annual General Meeting of the Company to be held on 9th July 2026 virtually and at any adjournment thereof and at every poll which may be taken in consequence thereof.

		For	Against
1.	To receive, consider and adopt the Annual Report for the financial year ended 31st March 2026 with the Report of the Auditors thereon	☐	☐
2.	To declare a first & final dividend of Rs. 5.00 per share for the Financial Year 2025-26.	☐	☐
3.	(i) To re-elect Mr. H M A Jayesinghe as a Director of Lanka IOC PLC who retires by rotation as per Article 29 (2) of the Article of Association of the Company and offered himself for re-election	☐	☐
	(ii) To re-elect Mr.S Renganathan as a Director of Lanka IOC PLC who retires by rotation as Per Article 29(2) of the Article of Association of the Company and offered himself for re-election	☐	☐
	(iii) To re-elect Mr. Anuj Jain who retires in terms of Article 27(6) of the Article of Association of the company and being eligible has offered himself for re-election	☐	☐
	(iv) To re-elect Mr.Saumitra P Srivastava who retires in terms of Article 27(6) of the Article of Association of the company and being eligible has offered himself for re-election	☐	☐
	(v) To re-elect Mr. Rajesh Singh who retires in terms of Article 27(6) of the Article of Association of the company and being eligible has offered himself for re-election	☐	☐
4.	To re-appoint Messrs, B D O Partners Sri Lanka Chartered Accountants, as Auditors of the Company for the ensuing year and authorize the Board of Directors to their remuneration	☐	☐

In witness I/we set my/our hand/Seal hereto on this.....day of.....2026

.....

NIC Number

.....

Signature/s

Notes

1. A Proxy need not be a shareholder of the Company
2. Instructions as to completion are noted on the reverse hereof

Instructions as to Completion

- Please perfect the Form of Proxy by filling in legibly your full name, NIC No and address as well as the full name and NIC number of the proxy holder, by signing in the space provided and filling in the date of signature.
- The completed Form of Proxy should be deposited at Lanka IOC PLC, Level 20, West Tower, World Trade Centre, Colombo 01 or emailed to agmlankaioc@gmail.com not less than 48 hours before the time appointed for the holding of the Meeting.
- If the appointer is a Company or Corporation, this Form must be executed under its Common Seal or the hand of a duly Authorized Officer of the Company, in accordance with its Articles of Association.
- If the Form of Proxy is signed by an Attorney, the relative Power of Attorney should accompany the Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.
- If this Form of Proxy is returned without any indication of how the person appointed as Proxy shall vote, then the Proxy shall exercise his/her discretion as to how he/she votes or, whether or not he/she abstains from voting.

Please fill in the following details:

NIC No : .....

Full Name : .....

Address : .....

.....

Jointly with : .....

Tel No : .....

email ID : .....

CORPORATE INFORMATION

NAME OF COMPANY

Lanka IOC PLC Company Registration Number: PQ 179

BOI REGISTRATION NO.

2613/05/12/2002

LEGAL FORM

A Public Quoted Company with Limited Liability, incorporated in Sri Lanka on 29th August 2002 under the provisions of the Companies Act No.17 of 1982 and re-registered under the Companies Act No.07 of 2007.

STOCK EXCHANGE LISTING

The Ordinary Shares of the Company are listed in the Colombo Stock Exchange

REGISTERED OFFICE

Level 20, West Tower, World Trade Centre, Echelon Square, Colombo 01, Sri Lanka

Telephone : + 94 11 2475720

Website : www.lankaioc.com

ASSOCIATE COMPANIES

Ceylon Petroleum Storage Terminals Limited
Trinco Petroleum Terminal (Pvt) Ltd

BOARD OF DIRECTORS

Mr. Anuj Jain (Chairman)
(Appointed w.e.f. 22nd August 2025)

Mr. K Raghu (Managing Director)
(Appointed w.e.f. 25th February 2026)

Mr. Saumitra P Srivastava
(Appointed w.e.f. 22nd August 2025)

Mr. Rajesh Singh
(Appointed w.e.f. 22nd August 2025)

Mr. H M A Jayesinghe

Mr. S Renganathan

Mr. Satish Kumar Vaduguri
(Ceased to be a Director w.e.f. 1st August 2025)

Mr. Dipak Das
(Ceased to be a Director w.e.f. 25th February 2026)

Mr. N D Mathur
(Ceased to be a Director w.e.f. 22nd August 2025)

Mr. R V N Vishweshwar
(Ceased to be a Director w.e.f. 22nd August 2025)

COMPANY SECRETARY

(Ms) Amali Liyanapatabendi

REGISTRARS

Central Depository System (Pvt) Ltd, Ground Floor, M & M Centre. 341/5, Kotte Road, Rajagiriya.

AUDITORS - STATUTORY

BDO Partners - Chartered Accountants, "Charter House" 65/2, Sir Chittampalam A Gardiner Mawatha, Colombo 02.

AUDITORS - INTERNAL

KPMG Chartered Accountants,
32/A, Sir Mohamed Macan Mawatha, Colombo 03.

LAWYERS

F J & G de Saram, Attorneys-at-Law # 216, de Saram Place, Colombo 10

BANKERS

Standard Chartered Bank
State Bank of India,
Colombo HSBC Bank
Bank of Ceylon
Commercial Bank of Ceylon
Hatton National Bank
Deutsche Bank
Citibank N. A.

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