

MIRA INFORM REPORT

Report No. :	532435
Report Date :	02.10.2018

IDENTIFICATION DETAILS

Name :	CHEVRON LUBRICANTS LANKA PLC
Registered Office :	Chevron House, No.490, Galle Road, Colombo - 3
Country :	Sri Lanka
Date of Incorporation :	1992
Com. Reg. No.:	PQ 54
Legal Form :	Public Limited Liability Company (In Operation) listed in Colombo Stock Exchange
Line of Business :	Manufacturing and marketing quality lubricants under the brands of Caltex, Havoline, Delo and Lanka in the Sri Lankan market
No. of Employees :	Approximately 150

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Sri Lanka	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

SRI LANKA - ECONOMIC OVERVIEW

Sri Lanka is attempting to sustain economic growth while maintaining macroeconomic stability under the IMF program it began in 2016. The government's high debt payments and bloated civil service, which have contributed to historically high budget deficits, remain a concern. Government debt is about 79% of GDP and remains among the highest of the emerging markets. In the coming years, Sri Lanka will need to balance its elevated debt repayment schedule with its need to maintain adequate foreign exchange reserves.

In May 2016, Sri Lanka regained its preferential trade status under the European Union's Generalized System of Preferences Plus, enabling many of its firms to export products, including its top export garments, tax free to the EU. In 2017, Parliament passed a new Inland Revenue Act in an effort to increase tax collection and broaden the tax base in response to recommendations made under its IMF program. In November 2017, the Financial Action Task Force on money laundering and terrorist financing listed Sri Lanka as non-compliant, but reported subsequently that Sri Lanka had made good progress in implementing an action plan to address deficiencies.

Tourism has experienced strong growth in the years since the resolution of the government's 26-year conflict with the Liberation Tigers of Tamil Eelam. In 2017, the government promulgated plans to transform the country into a knowledge-based, export-oriented Indian Ocean hub by 2025.

Source : CIA

BASIC INFORMATION AT A GLANCE

- a. Name of Subject of Inquiry : CHEVRON LUBRICANTS LANKA PLC
- b. Legal Form & Status : Public Limited Liability Company (In Operation) listed in Colombo Stock Exchange
- c. Chairperson : Ms. Rochna Kaul
- Managing Director/CEO : Deshamanya Dr. Kishu Gomes (until 22nd may, 2018)
Ms. Rochna Kaul (Acting until 31st August 2018)
Mr. Patrick McCloud (from 01 September, 2018)
- d. Primary Line of Business : Manufacturing and marketing quality lubricants under the brands of Caltex, Havoline, Delo and Lanka in the Sri Lankan market
- e. Head office & Place of Business : Chevron House
No.490, Galle Road,
Colombo - 03
Sri Lanka
- Tel. No: (00 94 11) 452 4524
Fax No: (00 94 11) 452 4506
E-Mail: contactus@chevron.com
- g. No. of Employees : Approximately 150

COMPANY DETAILS

Registration and Shareholder Details

- a. Registration No : PQ 54
- b. Date of Registration : 1992
- c. Registered Office : Chevron House, No.490, Galle Road, Colombo - 3
- d. Board of Directors : Rochna Kaul (Ms) Chairperson
As At Patrick McCloud Managing Director
01st September 2018 Teek Hong Kee Director
Devassiri Rodrigo Director
Harsha Amarasekera Director
Anura Perera Director
- e. Issued Share Capital : Rs. 600,000,000.00
- f. Issued Shares : 240,000,000
- g. Nominal Value of Share : Not stated vide Companies Act #7 of 2007

CHEVRON LUBRICANTS LANKA PLC - 532435

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h.	Major Share Holders	No. of Shares
Major Share Holders As At 31st December 2017 Total no. of Shareholders: 5,552	Chevron Ceylon Limited Renuka Hotel Limit BNYM SA/NV- Blackrock Frontiers Investment Trust PLC BNYM SA/NV-NEON LIBERTY EMERGING MARKETS FUND LP RBC Investor Services Bank- COELI SICAV I- FRONTIER MARKETS FUND Northern Trust Global Services London S/A VERDIPAPIRONDET ODIN EMERGING MARKETS	122,400,000 5,201,918 4,443,434 4,177,352 4,175,502 3,444,194
Individual 5,206 93.77% Institutional 346 6.23%		
Resident 5,402 97.30% Non- Resident 150 2.70%		
Public holdings: 5,550 49% TotalHoldings:117,599,600		
i. Auditors	: PricewaterhouseCoopers, 100, Braybrooke Place, Colombo 2.	
j. Company Secretaries	: Anura Perera, Chevron house, #490, Galle Road, Colombo 03.	
k. Bankers	: Citibank NA Deutsche Bank Commercial Bank of Ceylon PLC	

Director's Shareholdings: (Source- Annual report 2017)

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

Anura Perera 400 (31.12.2016– 200)

None of the other Directors hold shares in the Company

FINANCIAL DETAILS

Most recent available Financial Information Income Statement

(all amounts in Sri Lanka Rupees)

	Notes	Year ended 31 December	
		2017	2016
Sales	5	11,052,496,295	12,089,110,879
Cost of sales		(6,311,851,231)	(6,418,424,438)
Gross profit		4,740,645,064	5,670,686,441
Other income	8	5,461,315	3,175,351
Distribution expenses		(658,950,701)	(537,596,553)
Administrative expenses		(681,273,893)	(620,822,598)
Operating profit	6	3,405,881,785	4,515,442,641
Finance income	9	95,056,335	187,266,438
Finance costs	9	(5,153,034)	(38,161)
Finance income - net	9	89,903,301	187,228,277
Profit before tax		3,495,785,086	4,702,670,918
Income tax expenses	10	(930,564,872)	(1,222,260,985)
Profit for the year		2,565,220,214	3,480,409,933
Earnings per share attributable to the owners of the Company during the year			
Basic earnings per share (LKR)	11	10.69	14.50

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FINANCIAL DETAILS - Most recent available Financial Information (Cont/d....)

Financial position

(all amounts in Sri Lanka Rupees)

	Notes	As at 31 December	
		2017	2016
Assets			
Non-current assets			
Property, plant and equipment	13	2,066,550,702	2,132,857,872
Trade and other receivables	14	77,294,180	74,915,018
		2,143,844,882	2,207,772,890
Current assets			
Inventories	17	2,045,959,622	1,789,584,711
Trade and other receivables	14	1,266,382,881	1,138,882,023
Cash and cash equivalents	18	139,732,757	1,910,266,703
		3,452,075,260	4,838,733,437
Total assets		5,595,920,142	7,046,506,327
Equity and liabilities			
Capital and reserves			
Stated capital	19	600,000,000	600,000,000
Retained earnings		3,406,913,996	3,260,622,616
		4,006,913,996	3,860,622,616
Non-current liabilities			
Retirement benefit obligations	20	162,227,628	119,511,188
Deferred tax liabilities	16	245,717,527	246,303,605
		407,945,155	365,814,793
Current liabilities			
Trade and other payables	21	661,176,026	2,139,094,343
Current income tax liabilities		404,851,459	680,974,575
Borrowing	22	115,033,506	Nil
		1,181,060,991	2,820,068,918
Total liabilities		1,589,006,146	3,185,883,711
Total equity and liabilities		5,595,920,142	7,046,506,327

CURRENT INVESTIGATION

Company logo



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- **History.**

The Subject Company **CHEVRON LUBRICANTS LANKA PLC** is a Public Limited liability Company incorporated in 1992 under registration number **PQ 54**. And also the Subject Company is listed with **Colombo Stock Exchange**

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

- **Location.**

The Subject Company's Head Office is located at **Chevron House, No.490, Galle Road, Colombo – 3**. The client **P.O. Box 06, Kolonnawa, Sri Lanka** is the factory address of the Subject Company.

- **Operational Details.**

General

The subject company primary line of business is **Manufacturing and marketing quality lubricants under the brands of Caltex, Havoline, Delo and Lanka in the Sri Lankan market**

Chevron Lubricants Lanka PLC engages in blending, manufacturing, importing, distributing, and marketing lubricants oils, greases, brake fluids, and specialty products in Sri Lanka. The Company offers its products for industrial, commercial, and consumer applications. Chevron Lubricants Lanka PLC markets its products under Chevron, Caltex, and Texaco brands. The Company was incorporated in 1992 and is based in Colombo, Sri Lanka.



Products

- Petrol Car Engine oils
- Diesel Vehicle Engine Oils
- Motor Cycles and Outboard Engine Oils
- Coolants
- Brake Fluids
- Industrial Lubricants
- Grease
- Specialties
- Other Products

Services:

- In-service oil monitoring
- Lube specialist course
- Workshop for Channel partners
- Systematic failure analysis expertise
- Lubrication surveys

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Vehicle clinics etc.

Export Countries

- Maldives
- Bangladesh

Brand Name

- Caltex
- Havoline
- Delo
- Lanka

Employees

Approximately 150

- **Financial Data**

Obtained from company annual report 2017

Events after the end of reporting period: Source- Annual report 2017

No events have occurred since the statement of financial position date which would require adjustments to, or disclosure in, the financial statements apart from the following disclosure.

The fourth interim dividend of LKR 2.25 per share amounting to LKR 540,000,000 was declared on 08 February 2018 and paid on 02 March 2018.

- **Trade references**

The subject is a well known company.

- **Summery**

No computerised data bases exist to make checks whether the partners or the company has any legal action or lawsuit initiated against any of them but informal (but not in-depth) checks do not indicate any such cases in the public knowledge.

INFORMATION DENIED

Management non-co-operative (000 94 11) 452 4524

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.80
UK Pound	1	INR 94.88
Euro	1	INR 84.38
LKR	1	INR 0.43

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Information Gathered by :	AKS
Analysis Done by :	DIV
Report Prepared by :	TRU

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)