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NEWS ROUND UP

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Contents

CSE and SEC launch SME capital market 'Empower

Launching the Small and Medium Enterprise Board, Securities and Exchange Commission of Sri Lanka Chairman Ranel T. Wijesinha yesterday urged banking and professional bodies to engage and assist entrepreneurs in the sector.

"I am seeking a dividend on behalf of the Small and Medium Enterprises community of the country. We need to recognise and have our feet firmly planted in Sri Lanka. We cannot have the best of bluechips alone being provided with the best of advice from you. If I discounted 60% of my fees for SMEs when working overseas because it was the policy of my firm, I don't see any reason the same cannot happen in Sri Lanka. That would be, in my mind, an inherent corporate social responsibility initiative," he said, speaking at the Small and Medium Enterprise Boardlaunch event.

The Board, named Empower, a joint initiative of the Colombo Stock Exchange and SEC, lists SMEs in the country and providesa range of new methods of raising equity-based capital. The facility, available for the SME sector as a means of raising equity-based capital, will offer a host of services and help in attracting strategic investors.

"We intend to bring together all these arms of this nation's Charted Accountants,the Banking community and the chambers to bring much more than value," Wijesinha said.

Quoting from the strategy for industrialisation written in December 1989, advocating the first ever set of incentives for capital market development given by the Premadasa Government, Wijesinha said the need for incentives was still there.

"We have forgotten how these incentives propelled the market almost 29 years ago.Those incentives were realised only because they were presented with the purpose of empowering entrepreneurship and incentivising Small and Medium Enterprises which 29 years ago we felt were needed and even today we feel there is a compelling need," he said.

Speaking at the event, Finance and Media Minister Mangala Samaraweera welcomed the initiative that can could support the Government's policy to promote SMEs.

"This is an important step in the empowerment of private enterprise in Sri Lanka, which is a key tenet of the Government's economic program. The SME Board will be an important complement to the Enterprise Sri Lanka initiative which was launched recently at developing entrepreneurs and the SME sector of the country," he said.

The SME Board will play a crucial role as Sri Lankan entrepreneurs graduate to the next step from a start-up economy to capital markets, the Minister said.

Samaraweera, advocating a move away from State-led development, said that the Government would support companies in their early stages.

"But eventually companies must evolve to stand on their own feet and grow into larger enterprises," he said.

"I understand that the SME Board will provide the necessary flexibility to encourage the listing of small businesses and gradually expose them to the expectations of mature capital markets. The launch of the SME Board is indeed a crucial step in the evolution and development of Sri Lanka's capital markets. It will also play a major role in expanding access to finance in Sri Lanka," he said. (DailyFt)

No debt trap; China says its loan is 10.6% of SL's total and over 60% concessionary

China yesterday denied it was leading Sri Lanka into a debt trap saying that its financial assistance was only 10.6% of total debt and over 60% was concessional.

Spokesperson for the Chinese Embassy and its Chief of Political Section Luo Chong told journalists that as a most important development partner of Sri Lanka, China has provided great support including financial assistance to Sri Lanka for its post-war reconstruction and national development at its most needed and crucial moments.

Quoting Central Bank of Sri Lanka data, he said Chinese loans were not the main part of Sri Lanka's foreign debt.

"According to the Annual Report 2017 of the Central Bank of Sri Lanka, the total external debt of the island country counts $ 51.824 billion, among which outstanding Chinese loans takes up only about 10.6% with the amount of $ 5.5 billion. Besides, 61.5% the Chinese loans ($ 3.38 billion) are concessional ones with a much lower interest rate than the international market," Luo said.

The commercial loans from China were also negotiated at an appropriate rate by the two sides according to the then prevailing international market, he added.

"The so-called 'debt trap' is a false proposition created by the Western media, with a direct attempt to obstruct the joint development of China and other developing countries including Sri Lanka, while the fundamental purpose is to maintain the Western world's 'traditional' superior position in the international and regional politics and economics," the spokesman emphasised.

"The so-called Chinese taking advantage of the debt for its hidden agenda and other attempts are simply untenable," he added.

"Sri Lanka is indeed trapped, not by Chinese debt but lack of development due to historical and external reasons. What China has been doing is to provide all kinds of support including financial assistance to help Sri Lanka pulling out of the trap, while some foreign forces without willingness and abilities to help, are fabricating lies only trying to obstruct the joint development of China and other developing countries including Sri Lanka and keep Sri Lanka in the trap of less development," Luo asserted.

The spokesman clarified that the Chinese projects in Sri Lanka adhere to the golden rules of "extensive consultation, joint contribution and shared benefits".

Most of the major projects related to the national economy and people's livelihood such as ports, roads, airports, power stations, and water conservancy. They are based on the urgent needs of the economic and social development of Sri Lanka, and proposed by the successive governments on the basis of sufficient feasibility studies.

However, Sri Lanka itself lacks relevant funds, experience and technicians to meet the difficulties of large capital requirements, low returns, high risks, long return times, and high technical thresholds of these projects. As a result, Sri Lanka turns to request cooperation from the international community including China.

From the friendly bilateral relations, the Chinese Government has made special arrangements in terms of funds, while Chinese companies work hard to overcome the difficulties and actively participate in projects construction. This has greatly stimulated Sri Lanka's economic growth, largely provided employment opportunities, and well improved people's livelihood, which completely renewed the economic and social outlook of the country.

The spokesman said China was pleased to see that the major projects and technical talents built and trained with the support of the Chinese side have become valuable assets of the Sri Lankan nation and people, and will provide a continuous momentum for the all-round development of the future. China is full of confidence in the future development of Sri Lanka.

He said just as the construction of the Hambantota Port project, the transfer of operation of the port was also proposed by the Sri Lankan Government to the Chinese side, and finally agreed through rounds of friendly and equal commercial negotiations. The purpose was to fully exploit the geographical advantages of Hambantota, improve operational efficiency and revitalise good assets, so as to further develop the port economy of Sri Lanka.

"At present, the port business is operated by Sino-Sri Lankan joint ventures, the port revenue is shared by both sides, and the port security is entirely under the responsibility of the Sri Lankan Government. The so-called Chinese taking advantage of the debt for its hidden agenda and other attempts are simply untenable."

The spokesman reiterated that China would continue to provide selfless support including much-needed funds for the development of Sri Lanka, and would like to work together with Sri Lankan governments, business community, media and the general public to eliminate interference, strengthen confidence, and jointly promote the pragmatic cooperation for the benefit of the two countries and the two peoples.
(DailyFt)

CSE gains most in over 7 months on bargain hunting

Shares rose 1.2% yesterday, the most in seven-and-a-half months, as investors bought into blue chips such as Ceylon Tobacco Co PLC and John Keells Holdings PLC after three straight sessions of sharp fall.

However, continued foreign investor selling and concerns about lower economic growth limited the gains, analysts said.

The Colombo stock index ended 1.22% higher at 6,117.86, in its sharpest daily gain since 21 November, after declining 1.5% earlier in the session. It hit its lowest close since 30March 2017 on Wednesday, and has declined for a 17th session in 20 through yesterday.

"Market bounced backed as stocks were attractive and investors must have seen the value in those blue-chip counters," said Softlogic Stockbrokers Deputy Chief Executive Hussain Gani.

"It looks like 6,100 is the resistance level and we might see market holding on at these levels."

Meanwhile, the Central Bank is likely to keep key interest rates unchanged at its policy review today, but a rate hike cannot be ruled out as the authorities struggle to ease depreciation pressure on the rupee.

Foreign investors sold Sri Lankan equities for an 11th consecutive session, extending the foreign outflow to Rs. 1.3 billion ($8.19 million).

They net sold equities worth Rs. 163.3 million, extending the year-to-date foreign outflows to Rs. 2.07 billion.

Turnover was Rs. 512.2 million, less than this year's daily average of Rs. 922.8 million.

John Keells closed 1.5% higher, Ceylon Tobacco rose 1.2%, Distillers Co of Sri Lanka PLC ended 10.4% firmer, and leading fixed line telephone operator Sri Lanka Telecom PLC gained 3.8%.

Investors are waiting for some positive news both on the economic and political fronts, said analysts, adding that the government's policy implementation had been sluggish since both main parties in the ruling coalition lost local polls in February.

Finance Minister Mangala Samaraweera said last month that the economy was likely to grow about 4.5% this year, below a Central Bank estimate of 5%.

The International Monetary Fund (IMF) said on 20 June that Sri Lanka's economy remained vulnerable to adverse shocks because of sizable public debt and large refinancing needs.

Ratings agency Moody's said last week a strengthening dollar since mid-April has increased the credit risk of several emerging markets, including Sri Lanka, due to currency depreciation.

Moody's said a strong dollar would also lead to a drop in foreign exchange reserves of countries such as Argentina, Ghana, Mongolia, Pakistan, Sri Lanka, Turkey and Zambia.
(DailyFt)

Rupee extends losses on importer dollar demand

The rupee ended lower for a fourth straight session yesterday as demand for importer dollar outpaced inflows from inward remittances, dealers said.

The rupee ended at 158.90/159.10 per dollar, compared with Wednesday's close of 158.60/75 per dollar.

"There was demand today, and we did not see the State bank's dollar selling in the market. The regional currencies are also under pressure. That impact is also there," a currency dealer said.

Dealers said the downward pressure on currencies seen in emerging markets was due to the hike in US Federal rates, the trade war between China and the United States, and the rise in oil prices. The spot rupee hit an all-time low of 160.17 per dollar on 20 June and is down 3.4% so far this year.

A strengthening dollar since mid-April has increased the credit risk of several emerging markets, including Sri Lanka, due to currency depreciation, ratings agency Moody's said.

A strong dollar would also lead to a drop in foreign exchange reserves of countries such as Argentina, Ghana, Mongolia, Pakistan, Sri Lanka, Turkey and Zambia, Moody's said. The downward pressure on the rupee has shown signs of easing after the Nation received more than half a billion dollars from a Chinese port operator last month.

China Merchants Port Holdings made a $ 584 million payment as part of a $ 1.12 billion deal to operate the deep sea Hambantota port.

The International Monetary Fund (IMF) said last month that Sri Lanka's economy remains vulnerable to adverse shocks because of sizable public debt and large refinancing needs.

Foreign investors sold government securities worth a net Rs. 3.5 billion ($ 22.11 million) in the week ended 27 June, bringing the outflows so far this year to Rs. 29 billion, Central Bank data showed.
(DailyFt)

Activity remains dull ahead of monetary policy announcement

Activity in the secondary bond market remained dull yesterday ahead of today's monetary policy announcement, the fourth for 2018, due at 7.30 a.m.

The Central Bank of Sri Lanka kept policy rates unchanged at its previous announcement on 11 May 2018.

Limited trades were seen on the 01.07.19, 15.09.19, 01.05.21, 01.10.22, 15.03.23, 01.01.24 and 01.09.28 at levels of 9.45%, 9.50%, 10.10%, 10.40%, 10.47%, 10.60% to 10.70% and 10.75% respectively.

The total volume of bonds transacted in the secondary market on 4 July 2018 was Rs. 5.81 billion.

Given below are the closing, secondary market yields of the most frequently traded T-bills and bonds.

Meanwhile, in money markets, the OMO Department of Sri Lanka was seen injecting an amount of Rs. 40 billion on an overnight basis by way of a reverse repo auction at a weighted average of 8.38% as the net liquidity shortage stood at Rs. 37.46 billion yesterday with a further amount of Rs. 17.60 billion being drawn down from its Standing Lending Facility at 8.50% against an amount of Rs. 20.14 billion, which has been deposited at CBSL's Standing Deposit Facility (SDF) at the rate of 7.25%.

The overnight call money and repo rates averaged 8.48% and 8.47% respectively.

Rupee continues

to slide

The USD/LKR rate on spot contracts were seen depreciating further yesterday to close the day at Rs. 158.90/00 against its previous day's closing of Rs. 158.65/80 on the back of continued importer demand outpacing export conversions.

The total USD/LKR traded volume for 4 July 2018 was $ 42.25 million.

Given below are some of the forward USD/LKR rates that prevailed in the market.

1 Month - 159.70/90

3 Months - 161.35/55

6 Months - 163.85/05
(DailyFt)

Fitch upgrades Amãna Bank's rating outlook to 'Positive'

In its latest rating review concluded in June 2018, Fitch Ratings Lanka has upgraded Amãna Bank's rating outlook to Positive from Stable whilst affirming its National Long Term Rating at BB(lka).

According to the communiqué issued by Fitch Ratings "The Outlook revision on Amãna takes into account our expectation that the bank will continue to improve its financial profile on better profitability metrics and enhanced capital position arising from future capital raising."

The bank's profitability has consistently improved since breaking even in August 2014 and topped Rs. 500 million in PAT for 2017, whilst recording a bottom line of Rs. 162.8 million for Q1 2018. In this positive backdrop, the Bank recently announced an interim dividend of seven cents per share for the year 2018.

Fitch Ratings also commented on the bank's financing margin stating that it is the highest among its peer group as the bank maintains a high share of low-cost current account saving accounts (46% of deposits), which has been sustained despite rising deposit rates.

Commenting on its capital ratio, Fitch Ratings expects the bank's Fitch Core Capital (FCC) ratio to moderate to 15%-16% in the medium term, from 21% at end-Q1 2018, owing to balance sheet growth, but to still remain higher than that of most peers.

Sharing his views, the bank's Chief Executive Officer Mohamed Azmeer said: "We are honoured to have our rating outlook revised to Positive from Stable, which demonstrates our sustained growth in financial performance during the last few years. With a healthier Core Capital ratio, we believe that the bank is on a strong footing to further expand on our financial success in line with our five-year Strategic Plan, which we expect to reflect positively on future ratings. I am indeed thankful, to our customers, who have been of immense strength throughout our journey, to the shareholders for continuing to have confidence in us, and of course to our staff who have been the cornerstone of our success."

Amãna Bank PLC is a stand-alone institution licensed by the Central Bank of Sri Lanka and listed on the Colombo Stock Exchange with Jeddah based IDB Group being the principal shareholder having a 29.97% stake of the bank. The IDB Group is a 'AAA' rated multilateral development financial institution with an authorised capital base of over $ 150 billion which has a membership of 57 countries. Amãna Bank does not have any subsidiaries, associates or affiliated institutions representing the bank.
(DailyFt)

Commercial Leasing and Finance records Rs. 2.9 b PBT in FY18

Commercial Leasing and Finance PLC (CLC) posted a strong growth during the financial year of 2017/18, recording a Rs. 2.9 billion in profit before taxes; surging 32% in growth in comparison to the previous financial year, while the post-tax profits increased to Rs. 2.1 billion, which marked a 27% year-on-year growth.

Year 2017/18 financial year has been an excellent one for CLC as the profitability of the company was strengthened by strong growth in net interest income which recorded a steady growth of 33%, churning out Rs. 6.3 billion of net income, surpassing industry rivalry and competition.

Overall, the company recorded an ROE of 13.98 % and ROA of 3.84 %, and the asset base stands at Rs.

73.5 billion. The company has been able to register a continuous acceleration in the year-on-year profits since the year 2014, benefiting mostly from the improved net interest margins coupled with portfolio yields.

CLC's deposit base expanded by Rs. 7.5 billion, enabling the companies deposit book to surpass

Rs. 23 billion for the first time in its 30-year history. Growing at an average of 47% in 2018, CLC's total deposit base reached Rs. 23.4 billion as at the reporting date. Deposit growth was driven by the robust increase in term savings and fixed deposits. On the other hand, the leasing business grew significantly from the previous year. CLC grew their lending portfolio by Rs. 5.8 billion over the last year.

Heralding a legacy of 30 years, CLC's strong customer base continued to grow this year as well by 120%, inclusive of the customer base acquired through microfinance. CLC also managed to accomplish an unwavering growth in all their key business units despite challenging macro-economic situations that prevailed within the country during the last financial year.

In terms of balance sheet performance, the company's total assets stood at Rs. 73.5 billion at the end of the financial year. The company's earnings per share (EPS) grew by 27%, which is a significant improvement from 2.08 % reported in 2016/17.

According to the Central Bank, the minimum capital requirement for a finance company to operate in business should be Rs. 1000 million. Settling beyond the regulatory requirement, Commercial Leasing and Finance PLC maintains equity of Rs. 16.5 billion which makes CLC one of the financial giants in terms of the highest stated equity capital within the industry.

CLC is rated "A, with stable outlook" by the ICRA Lanka (a ratings agency that is part of the Moody's Investors Service group) in recognition of the year-on-year performance of Commercial Leasing & Finance PLC, which has validated its capacity to overcome the challenges of a challenging macroeconomic environment through solid governance and risk management initiatives.

Currently, all the branches of the CLC footprint are fully dedicated to serving customers with utmost professional care. As a futuristic company, CLC has never failed to evolve on a diversified range of products and services, including fixed deposits, savings, leasing, Islamic finance, factoring, microfinance, Flexi Cash and CLC online, with the availability of an island-wide ATM network.
(DailyFt)

Asian equities extend losses on eve of US tariff deadline

Asian stocks fell for the fourth day and major currencies traded in tight ranges yesterday, with financial markets jittery before a US deadline to impose tariffs on Chinese imports just a day away.

Spreadbetters expected European stocks to open little changed, with Britain's FTSE flat, Germany's DAX 0.02% lower and France's CAC down 0.1%.

MSCI's broadest index of Asia-Pacific shares outside Japan, which has been drifting lower since Monday, was down 0.5%. The index has lost about 2% this week, during which it plumbed a nine-month low.

S&P 500 futures edged up 0.1% while Dow futures lost 0.1%, pointing to a mixed start for Wall Street later in the day when trading resumes following Wednesday's Independence Day holiday.

Japan's Nikkei lost 1%, South Korea's KOSPI slipped 0.75%, Hong Kong's Hang Seng was off 0.9% and the Shanghai Composite Index fell 0.9%.

"The markets lack strong direction without incentives from the United States, where their markets were closed yesterday. Moves by Chinese shares and the yuan remain a key factor in the meantime," said Masahiro Ichikawa, senior strategist at Sumitomo Mitsui Asset Management in Tokyo.

The United States plans to implement tariffs on $50 billion worth of imports from China as both nations remained locked in a bitter trade dispute that has convulsed global financial markets in recent weeks.

On 6 July, tariffs on $34 billion worth of imports will take effect, and Beijing has promised to retaliate in kind.

However, China's finance ministry did say on Wednesday that it will "absolutely not" fire the first shot in a trade war with the United States and will not be the first to levy tariffs.

China has put pressure on the European Union to issue a strong joint statement against US President Donald Trump's trade policies, European officials told Reuters.

"The $ 34 billion US tariffs figure has been mostly factored by the markets and focus is now on what the United States says on the remaining $16 billion," Ichikawa said.

In currencies, the euro was little changed at $1.1655. The single currency fell to as low as $1.1630 overnight after weaker confidence in the euro zone overshadowed better-than-expected data on business activity.

The Chinese yuan was slightly lower, its recovery from an 11-month low stalling. A rebound in the yuan was triggered in the past two sessions after the central bank sought to calm nervous markets midweek and stem the currency's recent tumble.

The yuan was a touch lower after gaining 0.2% against the dollar on Wednesday.

The longer term direction for the yuan was still unclear. China appears broadly comfortable with a weakening yuan and would intervene only to prevent any destabilising declines or to restore market confidence, policy insiders told Reuters.

"The 6 July deadline for the imposition of US tariffs on China imports looms large. Although we do not believe China will weaponise its currency, we do believe the current trajectory of Chinese yuan depreciation is justified," strategists at Bank of America Merrill Lynch wrote in a note.

The dollar was 0.1% lower at 110.365 yen, trapped in a narrow range the previous day due to the US holiday, awaiting minutes from the June Federal Reserve policy meeting due later in the day for immediate cues.

The dollar index against a basket of six major currencies was 0.15% lower at 94.553.

Copper and zinc were stuck near one-year lows, having declined steadily over the past month on fears that the US-China trade spat could reduce demand for industrial metals.

Copper on the London Metal Exchange (LME) traded at $6,391.50 per ton after slumping to a low of $6,344 the previous day, its weakest since August 2017.

LME zinc was at $2,695 a ton after dropping to $2,687.50 overnight, the lowest since June last year.

Brent crude futures were down 0.7% at $77.69 a barrel, losing some steam after two successive days of gains after US President Donald Trump sent a tweet demanding that OPEC reduce prices for crude.

Brent had risen on Wednesday on a threat from an Iranian commander and a drop in US crude inventories.
(DailyFt)

Standard Chartered appoints Group Head of Retail Banking

Standard Chartered has appointed Vishu Ramachandran in the new role of Group Head, Retail Banking, further strengthening a team that is focused on delivering world-class banking services to customers in Asia, Africa and the Middle East.

Building on the significant progress we have already made in Retail Banking, Vishu will continue accelerating our efforts to digitise our business, enhance our value proposition, and grow our affluent and emerging affluent client base.

He will report to Ben Hung, Chief Executive Officer of Retail Banking and Wealth Management and Regional CEO of Standard Chartered, Greater China and North Asia. He will take up the new role on 16 July.

"I'm delighted to have Vishu in this crucial role as we continue to bring more of our global and regional capabilities together for our clients," said Ben. "His long experience in retail banking, and strong track record of managing different aspects of the business, make him an ideal choice to lead the team as we help our clients around the world achieve their financial goals through simple, convenient, secure banking."

Vishu's experience across a range of banking roles will help ensure that we deliver transformational initiatives that aim to ensure simple, convenient and secure banking for our clients around the world. These include new digital capabilities such as chat, video banking, voice recognition platforms and new payment options on mobile, disrupting new and existing markets, and partnering with fintech, bigtech and world-class multinationals.

Vishu has three decades of banking experience, including as Standard Chartered's Head of Retail Banking for South Asia, the Middle East, Pakistan and Africa. His roles at the bank have included Chief Financial Officer, Chief Credit Officer and Chief Operating Officer of the retail bank, and he has been the Global Chief Risk Officer for Retail Banking since 2015.

"I am delighted and honoured to have the opportunity to lead the retail bank," Vishu said. "With retail market pools forecast to double in Asia, Africa and the Middle East over the next decade, we are focused on offering a differentiated customer value proposition in all our markets, delivering cutting edge, convenient banking services to clients in more than 30 countries. We're also investing significantly in our future – in digital, wealth management and infrastructure - which will ensure that we continue to be a banking partner of choice for clients across our network."

Standard Chartered banks affluent and emerging affluent clients across Asia, Africa and the Middle East, attracting new customers who favour our respected international brand, cross-border reach and wealth management capabilities. A relationship manager-led approach, combined with investment in digital

services ranging from mobile banking to fintech partnerships and global alliances, is making banking more convenient for all types of clients.
(DailyFt)

Vallibel One rolls out 5-year strategy on AI tools to optimise decision-making

Creating history and disrupting corporate decision-making culture in Sri Lanka, Vallibel One Plc yesterday announced a five-year strategy to implement Artificial Intelligence (AI) tools that will assist the group to reduce cost without increasing retail prices and overcome any negative economic cycles.

Addressing the occasion of the inclusion of Vallibel One to the S&P 20 index in the Colombo Stock Exchange (CSE) on Wednesday, its Chairman Dhammika Perera confirmed that they had capitalised on high-tech tools to explore opportunities in its cost reduction strategy and would carry out implementation from next month.

The company now has over 45 subsidiaries spanning over several sectors with a workforce of over 13,000 people, paying over Rs. 10 billion in taxes in a single year and a market capitalisation of Rs. 18.6 billion. The Group has aligned its growth in keeping with the broader economy and appears to be closely aligned with the country's key growth sectors of manufacturing, leisure, and finance, among others.

"We conducted a cost reduction program last year and while being in the process physically we realised that there wasn't sufficient use of technology in decision making. Cost reduction is a major challenge we all businesses face. Within the next six months all the board meetings of our companies will be conducted with the use of Business Intelligence (BI) tools, while the first company will use it next month," he added.

Describing it a proud moment for the company and the management, Perera said they were happy about its performance within a relatively short period of just seven years of listing and that it has met the S&P criteria in terms of size, liquidity and financial viability.

With the use of BI at board meetings, he pointed out that all board meetings would take a different shape from next month. He said data referred by directors would appear on a screen within two minutes, thereby none of the managing directors or the employees of the company could no longer rely on the excuses of bad economic or industry performance, as everyone would be held accountable.

However, he admitted that he foresaw major challenges in the business environment if his group didn't opt to implement AI to its business model.

"Despite the status of the economy in the next five years, the implementation of the BI tools will enable all my companies to be on a comfortable level. We have solutions for the next five years," Perera asserted.

Perera said two data scientists were flown into the country yesterday from India and Europe to articulate the BI tools.

It was revealed that he constantly engages in brainstorming sessions with top industry individuals on the use of new technology to optimise performances of the companies. "Recently, I had a brainstorming session with Hitachi's Head of AI. When I asked him what they have done, he told me that they have

achieved almost the same level that we are embarking on. I think it is a proud moment for us as the gap that we intend to achieve and what they have achieved doesn't have a huge difference."

He did not disclose the investment allocated by the companies to adopt AI tools, stating that it was not a staggering amount and the percentage was quite insignificant. "It is like another day-to-day expense of the companies and not a huge amount," he added.

Citing Rocell (Royal Ceramic) as an example, Perera said that the firm designs around 200 tiles per year, but only 60 of them really take off while others are considered as tests, which he described a massive cost. However, with the implementation of AI in its business model he pointed that it allowed the company to design 80 tiles per year where 60 of them would take off.

"This will save a massive production cost, time and other resources of the company. I think this will set a good example to all other companies in Sri Lanka. They should be aware of such tools and shouldn't be all doomed about overcoming future obstacles," he stressed.

Highlighting that Lanka Tiles had started three Original Equipment Manufacturing (OEM) locations in India, Perera emphasised he was the top importer of tiles, where 120 containers were imported every month, in addition to being the only manufacturer at home.

Justifying why he hadn't come up with any marketing tools for Vallibel One shares during the past seven years, which is trading below the IPO price, he said that it was a decision taken to retain the retail investors in the market without affecting them.

"Considering the interest rate and foreign currency appreciation, it is natural to encounter rollercoaster effects, but if you look at our net asset value it has increased to Rs. 42. My objective it to build the asset because the market share is not important in this instance. The key issue of the retailers is if they can afford the shares in the market. Once we attract retail investors and if they don't have holding power, they face difficulties. This is why I haven't developed any marketing tools. In case we build a marketing tool, then the retail investors will get into the roller-coaster effect, they will lose their investments. It is not a big deal to implement it as other listed companies have done, but as a policy we have taken a decision not to do so," he explained.
He also challenged anyone to come up with a strategy to reduce prevailing interest rates. "It is easy for a politician to accuse of high interest rates, but what is the strategy?" he asked.

CSE Chief Executive Officer Rajeeva Bandranaike commended the charismatic and decisive leadership with transformative ideas that had enabled the Group to achieve the success it has gained over the past seven years.

He said that it also meant that Vallibel One was better placed than most companies to attract foreign investors.
(DailyFt)

Sunshine Holdings gets shareholder approval for Rs. 775 m private placement with SBI Ven Holdings

Diversified Sri Lankan conglomerate Sunshine Holdings PLC announced that its shareholders unanimously approved the proposed private placement to raise Rs. 775 million with SBI Ven Holdings Ltd., the overseas private equity firm of Japan's financial giant SBI Holdings Inc.

The Board proposed to issue 11.9 million ordinary Sunshine shares to SBI Ven Holdings at a price of Rs.

65 per share, which was approved by the shareholders at the EGM held on 28 June in Colombo. Through this private placement, Sunshine Holdings looks to reduce its net debt and net finance cost. Moreover, the capital raised through the private placement would be utilised to pay the interest and capital arising from bank borrowings.

The SBI Group is a key player in the Japanese securities industry and has keen interests in the financial services sector in Japan. With over 5,000 employees and assets under management in excess of $ 3 billion, SBI Group has offices in over 15 countries and invested in about 800 companies globally.

Commenting on the placement, Sunshine Holdings Group Managing Director Vish Govindasamy said: "The unanimous approval by shareholders of our private placement with SBI Ven Holdings marks an important milestone for Sunshine. We believe we have earned a significant premium over market price and this signals substantial unrealized value in the share."

"Moreover, this transaction brings in vital foreign direct investments (FDI) at a time when it is much needed in the market and the economy. This represents further validation of Sunshine Holdings' long term vision and strong corporate governance framework—ideally suited to the needs of foreign investors—which has won the confidence of a leading global equity firm like SBI Ven Holdings," Govindasamy commented further.

Sunshine Group has worked with strong international partners before, especially in consumer and agribusiness sectors where the Group had a long and mutually beneficial partnership with TATA Global Beverages (TGBL) and Wilmar International.

TGBL exited the partnership in December 2017 as part of its global restructures, which allowed Sunshine Group to consolidate its stake in consumer and agribusiness sectors when the Group bought over 6.7 million shares of Estate Management Services Ltd. (EMS) from TGBL for Rs. 1.6 billion.

In April last year, SBI Ven Holdings acquired a 10.99% stake in Sunshine Holdings for Rs. 742.5 million. The stake, which amounted to 14.85 million shares, was done at Rs. 50 each. SBI Ven Holdings is the third largest shareholder of the diversified conglomerate.

(DailyFt)

Mahesh Wijewardena appointed Chief Operating Officer at Singer

Singer Sri Lanka announced the appointment of Mahesh Wijewardena as the Chief Operating Officer (COO) with effect from 1 July.

Mahesh has been at Singer Sri Lanka for over two decades, having joined in 1996 as the Materials Manager at the Piliyandala Factory. He was transferred to the Management Office in 2001 when he was promoted as the Commercial Manager and took over the Company's Commercial Division.

In January 2005 he was appointed as the Commercial Director. In addition, Mahesh took responsibility for Marketing operations in 2013, when he was appointed Director – Marketing and Commercial and three years later, became Director – Sales and Commercial in charge of the Company's main retail channel. Mahesh previously handled After Sales Service operations and has had exposure to Commercial, Marketing, Sales and Service at Singer. He also heads the company's CSR initiatives and activities. He was appointed as an Alternate Director to the Board in 2006.

Over the years, Mahesh has received many awards and accolades from the Company. In 2001 he was selected as the Best Executive of the Year in the Singer group and in 2014 he became the Most Valuable Player of Singer Asia (Runner-up) an accomplishment awarded to only one key manager within all of Singer Asia.

Mahesh holds a Master's Degree in Business Administration from the University of Southern Queensland where he received the Dean's Award for Outstanding Academic Achievement. He has a Diploma in General Management from the Open University of Sri Lanka and is a Past Chairman of the Imports Section of the Ceylon Chamber of Commerce and a Past Chairman of Sri Lanka - China Business Council. He is a Past President of the Mercantile Cricket Association and was adjudged the Best All Round Student at Wesley College.

Group Chairman Mohan Pandithage and Singer Group CEO Asoka Pieris both commented: "We are pleased to congratulate Mahesh and wish him all the best in the prestigious new role of Chief Operating Officer."

(DailyFt)

Asian Stocks Mixed as Tariffs Kick In; Yuan Drops: Markets Wrap

Asian stocks traded mixed Friday as the U.S. imposed tariffs on Chinese imports prompting a promise of retaliation. The dollar edged higher and Treasuries were little changed.

Stocks in Japan rose while those in Hong Kong and China slipped. Shares in Singapore sank after the government unexpectedly tightened curbs on the property market. Earlier, U.S. equity benchmarks gained as minutes from the June Federal Reserve meeting showed confidence in the economic outlook, despite risks from trade disputes. Copper dropped for a fifth day, while oil drifted and the yen fluctuated.

With Asian equities on course for a fourth week of losses, many stocks are trading at levels some technical analysts call oversold and buyers are being lured to Chinese shares after the slide. U.S. President Donald Trump fired the biggest shot yet in the global trade war by imposing tariffs on $34 billion of Chinese imports. The milestone marks a new and damaging phase in a conflict that's roiled markets and threatened to curb global growth.

Chinese central bankers have sought to shore up confidence after the recent battering for the nation's assets, with a key policy maker late Thursday voicing support for the country's currency and cautioning against bearish bets.
Fed Minutes Reaffirm Gradual Interest-Rate Path

Fed officials reaffirmed their commitment to gradually raising rates amid rising risks from trade battles.
Source: Bloomberg

Elsewhere, traders are watching out on America's monthly employment report, and keeping an eye on Trump's social-media accounts after his comment before the numbers in June.

These are some key events for the remainder of this week:

- U.S. jobs report for June. Consensus sees 195,000 new jobs, down from 223,000 in May.

- Also on Friday, the U.S. is scheduled to impose tariffs on $34 billion of Chinese goods and Beijing has said it will slap tariffs on an equal value on U.S. exports including agricultural and auto exports.

Here are the main market moves:
Stocks

- The MSCI Asia Pacific Index rose 0.1 percent as of 1:10 p.m. Tokyo time.
- Topix index climbed 0.6 percent.
- Hong Kong's Hang Seng Index fell 0.5 percent.
- Kospi index fell 0.1 percent.
- Australia's S&P/ASX 200 Index rose 0.7 percent.
- Futures on the S&P 500 Index fell less than 0.05 percent.

Currencies

- The Bloomberg Dollar Spot Index rose 0.1 percent.
- The Japanese yen fell less than 0.05 percent to 110.65 per dollar.
- The euro fell less than 0.05 percent to $1.1689.
- The onshore yuan declined 0.3 percent to 6.66 per dollar.

Bonds

- The yield on 10-year Treasuries rose less than one basis point to 2.83 percent.
- Australia's 10-year yield increased one basis point to 2.608 percent.

Commodities

- West Texas Intermediate crude fell 0.2 percent to $72.82 a barrel.
- Gold fell 0.3 percent to $1,254.47 an ounce.
- LME copper dipped 1.7 percent to $6,237.00 per metric ton (Bloomberg)