2018 Budget Proposals

Driving sustainable growth amidst debt obligations

Kanishka Perera
kanishka@asiasecurities.lk
+94 11 772 2044

Lakshini Fernando
lakshini@asiasecurities.lk
+94 11 772 2045

Mangalee Goonetilleke
mangalee@asiasecurities.lk
+94 11 772 2042

Naveed Majeed
naveed@asiasecurities.lk
+94 11 772 2043

Yesterday, the Minister for Finance presented the 4th budget of the Unity Government in Parliament. Following the presentation, the proposals will be debated until the 9th of December at which point the vote will be taken. The proposals are focused on driving sustainable growth while meeting debt repayment obligations. The budget proposals make no material impact to our view on the relative attractiveness of asset classes made in June this year on our report on the new Inland Revenue Act. We reiterate that equities remain our asset class of choice. In the near-term we believe that the construction sector will see an uptick in growth but, will remained constrained by high raw material prices and labour shortages. The banking sector sees the biggest negative with the transaction levy resurfacing. We do not see any major politically sensitive proposals which would cause implementation issues. Broadly, we believe that the budget will take the economy in the right direction but, are concerned on some of the proposals which hit key sectors.

Sector view	
Construction	Positive
Consumer	Positive
Property	Positive
Banking	Negative
Manufacturing	Negative
Logistics	Negative
Telecom	Negative
Energy	Neutral
Healthcare	Neutral
Leisure	Neutral
NBFI	Neutral

Source: Asia Securities

Government gears up for debt repayments while driving sustainable growth
Unsurprisingly, the key focus area of the budget is debt repayments while driving sustainable growth. Apart from the new Inland Revenue Act (to be implemented in April 2018), telcos and banks face new taxes. We see a keen focus on developing new enterprises and the maritime and leisure sectors. The government is targeting the following for CY18E: 1) GDP growth of 5.0% (we forecast the same), 2) a budget deficit of 4.5% (we forecast 4.7%), and 3) inflation of 6.0% (we forecast 4.5%).

Relative attractiveness of asset classes see no material changes
We do not see any material changes to our view on the relative attractiveness of different asset classes published in our report on the new Inland Revenue in June this year (equities – positive, FI – negative, property – negative). Property may see some level of upside with the proposed removal of foreign ownership restrictions but, the imposition of capital gains tax at 10.0% would offset some of this benefit. Fixed income assets see no changes. Equities would receive a small boost if the non-strategic SOEs are listed as per the budget proposals while listing state owned banks would lead to a more sustained uptick. As such, we continue to view equities as our asset class of choice.

Construction most positive, Consumer sees some positives, Banks negative
In a change from last year's budget, we believe that the construction sector sees most of the positives. There are multiple projects which the government is launching on flood prevention, reconstruction, and affordable housing which would lead to an uptick in demand for the raw material supplies as well as new projects from contractors. However, the sector will continue to face pressure from high raw material prices and lack of labour. The consumer sector will see some positives on the back of a tax reductions on essentials along with a proposal to setup fair price shops. We see the banking sector facing the biggest negative on the resurfacing of a proposal for a transaction levy in the middle of facing capital pressure for meeting Basel III requirements.

Key indicators	2014	2015	2016	2017E	2018E	2019E
GDP growth (%)	5.0	4.8	4.4	4.4	5.0	5.3
Headline inflation (%)	3.3	0.9	4.0	5.8	4.5	5.2
Core inflation (%)	3.2	4.5	4.4	5.2	4.2	5.0
Fiscal balance (% of GDP)	(5.7)	(7.6)	(5.4)	(5.1)	(4.7)	(4.5)
Trade balance (% of GDP)	(10.4)	(10.4)	(11.2)	(11.7)	(11.6)	(11.6)
Current balance (% of GDP)	(2.5)	(2.3)	(2.4)	(2.5)	(2.3)	(2.0)
FX reserves (months of imports)	5.1	4.6	3.7	4.1	4.4	4.7
12M T-Bill yield (%)	5.99	7.30	10.17	10.00	9.24	9.00
LKR/USD	131.05	144.06	149.80	155.00	160.00	165.80

Source: CBSL, MoF, Asia Securities

Table of Contents

Macro – Govt gears up for sustainable growth

2018 revenue proposals to bring in LKR 110bn
The platform for the 2018 budget was set forth by the Finance Minister, which emphasized on a number of key areas including policies to attract greater Foreign Direct Investment (FDI), the introduction of agriculture insurance in the wake of the recent extreme weather conditions and greater emphasis on enhancing the maritime economy.

There was significant emphasis on projecting expenditure towards enhancing a skilled workforce, specially the youth which are to be geared for non-traditional areas of robotics, IT and hospitality management while also assisting the youth through entrepreneurship programs through the Government's "Enterprise Sri Lanka" vision.

On the revenue collection side, in addition to the expected implementation of the Inland Revenue Act in April 2018, there were no significant changed to tariffs or taxes apart from a further taxation and duty revisions imposed on the banking (in the form of a debt repayment levy), telecommunication and alcoholic beverages sectors. In total, the Government expects to collect LKR 110bn in CY18E through the new revenue proposals. Some of the key revenue avenues are as follows;

Proposal	Revenue (LKR bn)
Duty revisions on liquor	10
Motor vehicles excise duty and luxury tax revisions	25
Duty revisions on VAT and NBT	25
Cellular tower levy & SMS-advertising levy	15
Debt repayment levy	20

Source: MoF, Asia Securities

The Govt expects the budget deficit to be 4.5% of GDP for CY18E while we expect this to come in at a slightly higher 4.7%

Given the recent slash of commodity levies of six essential food items which is expected to cost the Government ~LKR 1.5bn a month, we expect the introduction of these new taxes to help maintain the fiscal deficit at 4.7% of GDP in CY18E, 0.2pp higher than the Government's target of 4.5% for CY18E.

We believe a significant level of continued fiscal consolidation will be required to achieve these targets, given the implementation of the IRA and other tax implementations during the year. This is already reflected in revenue collections during the first seven months of 2017, where government revenue as a percentage of estimated GDP increased to ~8.3% (~7.3% for 7M CY16).

Tourism and maritime economy to help sustain growth in the long term
We expect the tourism sector to be boosted through the support extended towards the industry in the means of 1) the introduction of the homestay program where the informal sector will be helped through credit facilities, 2) development of key tourist sites including forts, railway stations and domestic airports and 3) promotions on branding Sri Lanka. We expect this to help GDP growth to some extent in the longer run.

Furthermore, we believe that the recent supply side food shocks resulting from extreme weather conditions will be managed to some extent through the introduction of a weather indexed insurance scheme covering six main crops including paddy, and five emerging crops such as maize, soya, big onions, potatoes and chili peppers. While we don't expect there to be a significant contribution to growth from the agri sector, we expect such schemes will help reduce major fluctuations of farmers' incomes.

The budget also addressed the rapidly growing maritime economy through easing the restrictions on ownership on shipping and freight forwarding agencies which we believe will help attract international shipping lines and logistic operators into the country amidst the Government's plans outlined to create a logistics hub in the country. We believe that the maritime economy will have significant potential in Sri Lanka given its strategic location in terms of major international sea routes. Once implemented, we believe this will be a factor for a faster growth momentum in the country.

We continue to expect GDP growth to be at 4.4% in CY17E, but pick up in CY18E

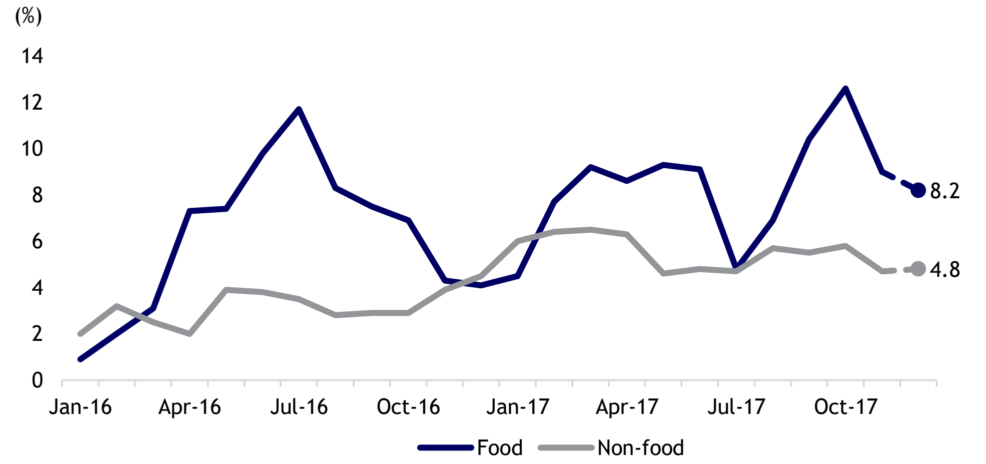
Looking ahead, we expect the expenditure on education and the expenditure allocated towards the SME sector, particularly youth entrepreneurship to reap benefits in the longer term which will result in a higher skilled labor force with higher per capita income.

We continue to expect GDP growth to come in at 4.4% YoY in CY17E and 5.0% in CY18E on the back of the construction and services sectors, while we expect agri to be flat.

Inflation likely to see lower volatility

With the introduction of essential food commodities to be sold at concessionary prices, we expect food inflation to come in at 8.2% YoY in CY17E while non-food inflation is forecasted at 4.8% YoY. Overall, we forecast headline inflation to come in at 5.8% in CY17E, higher than the IMF's center point but, below the upper level limit of 6.1%.

Food inflation to come in at 8.2% by CY17E



Source: DoCS, Asia Securities

We expect inflation to come in lower in CY18E with the end of prolonged extreme weather conditions

We expect inflation to come in lower in CY18E with the end of the prolonged extreme weather conditions which the country has been experiencing since late 2016. Furthermore, we perceive the weather indexed insurance scheme to be a positive together with the Government's intentions of creating "fair priced shops" in collaboration with the private sector which we believe will help reduce sharp price fluctuations. We expect the normalization of food supply will help bring headline inflation down to 4.5% YoY in CY18E on the back of lower volatilities in food inflation. We don't expect a significant change in non-food inflation given that the 4.0pp VAT increase has already been factored in.

Trade deficit to remain flat despite export development initiatives

The budget proposals to improve trade facilitation through Free Trade Agreements and the removal of para tariffs on almost 1,200 import items in line with the country's World Trade Organization commitments is likely to attract higher imports into the country. The Government also emphasized its support to local authorities in the form of introducing a strong anti-dumping and countervailing laws which we see as required in the event of such reductions of para tariffs.

On the export front, we expect the "National Export Strategy" and "Export market access program" aimed at supporting not only the industries currently exposed to international markets but those which have not yet accessed international markets but, has the capacity to do so. Furthermore, with the Government's plans of establishing a Development Bank with an EXIM window enabling long term financing, we believe will help sustain the overall export momentum seen in most of CY17.

However, we don't expect these proposals to improve the trade deficit to a significant extent in the short term. We expect the overall trade deficit to come in at 11.7% of GDP for CY17E and 11.6% for CY18E.

Removal of land restrictions a driver for FDIs

We expect the Government's incentives to attract FDIs through measures such as creating a one stop shop for business registrations through a single identification system to help reduce the current time taken for this process.

Furthermore, by removing the restrictions of land ownership rights of listed companies with foreign ownership, together with the removal of restrictions on a foreigner's ability to purchase condominiums below the 4th floor we believe will help attract FDI to a certain extent.

Special levy for debt payments to help mounting debt payments

The special levy on bank transactions is expected to bring in LKR 20bn a year for the next 3 years

With LKR 7.0tn worth of debt payments coming up in the next three years, of which LKR 1.9tn is expected in CY18E, a special levy for debt repayment of LKR 0.20 per every LKR 1,000 was imposed on total transactions made through banks from the 1st of April 2018 for the next three years. The Government expects a revenue of LKR 20bn per year from this levy. The duty revisions on VAT and NBT are expected to bring in LKR 25bn for the year, which we also expect to help maintain fiscal consolidation during the CY18E.

Furthermore, with the budget outlining the Government's plans on divesting its holdings on non-strategic SOE's, we expect the debt burden ease. As such, we expect debt/GDP to come in at 79.2% in CY17E and improve to 78.6% in CY18E.

Interest rates and currency forecast remains unchanged

Amidst the tight monetary policy measures taken since 2016, we have seen credit growth come down to 17.5% YoY in September (+18.0% in Aug '17, +20.4% in Dec '16) amidst strengthening reserves and inflation fueled by supply side shocks which are largely normalizing. We expect a Loose monetary policy in 1Q CY18E on the back of lower credit growth and slow GDP growth.

We continue to expect the LKR/USD at 155.00 for CY17E and 160.00 in FY18E, depreciating at a slower rate than seen in the past.

Estimates revisions	17E - O	17E - N	% Δ	18E - O	18E - O	% Δ	19E - O	19E - O	% Δ
GDP growth (%)	4.4	4.4	-	5.0	5.0	-	5.3	5.3	-
Headline inflation (%)	5.8	5.8	-	4.5	4.5	-	5.2	5.2	-
Core inflation (%)	5.2	5.2	-	4.2	4.2	-	5	5	-
Fiscal balance (% of GDP)	(5.1)	(5.1)	-	(4.7)	(4.7)	-	(4.5)	(4.5)	-
Trade balance (% of GDP)	(11.7)	(11.7)	-	(11.6)	(11.6)	-	(11.6)	(11.6)	-
Current balance (% of GDP)	(2.5)	(2.5)	-	(2.3)	(2.3)	-	(2.0)	(2.0)	-
FX reserves (months of imports)	4.1	4.1	-	4.4	4.4	-	4.7	4.7	-
12M T-Bill yield (%)	10.00	10.00	-	9.24	9.24	-	9.00	9.00	-
LKR/USD	155.00	155.00	-	160.00	160.00	-	165.80	165.80	-

Source: CBSL, MoF, Asia Securities

Budget summary	2014	2015	2016	2017E	2018E
Total revenue and grants	**1,264**	**1,534**	**1,774**	**1,997**	**2,326**
Total revenue	1,254	1,528	1,766	1,989	2,316
Tax revenue	1,050	1,356	1,464	1,749	2,034
Income tax	198	263	259	308	375
Taxes on goods and services	616	804	842	1,054	1,239
Taxes on external trade	236	289	363	387	420
Non-tax revenue	145	99	222	152	184
Provincial councils tax sharing and devolved revenue	59	73	80	88	98
Grants	9	6	7	8	10
Total expenditure	**1,855**	**2,363**	**2,414**	**2,677**	**3,001**
Recurrent	1,382	1,775	1,838	2,053	2,250
Salaries and wages including provincial councils	487	618	633	663	705
Other goods and services including provincial councils	142	201	170	198	218
Interest	436	527	611	725	820
Subsidies and transfers	318	428	425	467	507
Public investment	487	603	594	633	761
Other	(14)	(14)	(18)	(9)	(10)
Revenue surplus (+)/deficit(-)	(128)	(247)	(72)	(64)	66
Primary surplus (+)/deficit (-)	(155)	(302)	(29)	45	145
Budget surplus (+)/deficit(-)	(591)	(830)	(640)	(680)	(675)
Total financing	**591**	**830**	**640**	**680**	**675**
Total foreign financing	316	369	429	330	300
Foreign borrowings-gross	423	556	574	550	580
Project and programme loans	173	173	208	230	240
Foreign commercial	250	383	366	320	340
Debt repayment	(107)	(187)	(145)	(220)	(280)
Total domestic financing	276	460	211	350	375
Non-bank borrowings	193	197	399	110	195
Foreign investments in t-bills and t-bonds	21	223	-121	70	60
Bank borrowings	62	41	-67	170	120
Revenue and Grants/GDP (%)	12.2	14.0	15.0	1 5.4	16.4
Total Revenue/GDP (%)	12.1	14.0	14.9	1 5.3	16.3
Tax Revenue/GDP	10.1	12.4	12.4	13.5	14.3
Non Tax Revenue/GDP (%)	1 .4	0.9	1 .9	1.2	1.3
PC Tax Sharing and Devolved Revenue/	0 .6	0.7	0 .7	0.7	0.7
Grants/GDP (%)	0.1	0.1	0.1	0.1	0.1
Total Expenditure/GDP (%)	17.9	21.6	20.4	2 0.6	21.1
Recurrent Expenditure/GDP (%)	13.3	16.2	15.5	15.8	15.8
Non Interest including Provincial	9 .1	11.4	10.4	10.2	10.1
Interest/ GDP (%)	4 .2	4.8	5 .2	5.6	5.8
Public Investment/ GDP (%)	4 .7	5.5	5 .0	4.9	5.4
Revenue Surplus (+)/Deficit (-) GDP (%)	(1.2)	(2.3)	(0.6)	(0.5)	0.5
Primary Surplus (+)/Deficit (-) GDP (%)	(1.5)	(2.8)	(0.2)	0.3	1.0
Budget Surplus (+)/Deficit (-) GDP (%)	(5.7)	(7.6)	(5.4)	(5.2)	(4.8)

Source: MoF, Asia Securities

Key figures (USD mn)	2010	2011	2012	2013	2014	2015	2016	6M 2017
Agriculture	4,820	5,766	5,098	5,696	6,083	6,582	6,117	3,111
Industry	15,115	18,278	20,618	21,666	22,075	22,001	22,036	11,693
Services	30,995	36,000	38,074	41,875	45,277	46,120	46,314	22,406
Nominal GDP	56,728	65,290	68,436	74,294	79,359	80,564	81,311	41,813
Fiscal balance	(3,957)	(4,054)	(3,832)	(3,997)	(4,529)	(6,101)	(4,398)	(2,188)
Trade balance	(4,825)	(9,710)	(9,417)	(7,609)	(8,287)	(8,387)	(9,091)	(4,754)
Current balance	(1,075)	(4,615)	(3,982)	(2,541)	(2,018)	(1,883)	(1,942)	(708)^
Total revenue	7,889	9,461	8,973	9,529	9,676	10,742	11,631	5,773
Total expenditure	(11,845)	(13,515)	(12,806)	(13,527)	(14,204)	(16,841)	(15,579)	(7,961)
Exports	8,626	10,559	9,774	10,394	11,130	10,546	10,309	5,398
Imports	(13,451)	(20,269)	(19,190)	(18,003)	(19,417)	18,935	19,400	10,151
Workers' remittances	4,116	5,145	5,985	6,407	7,018	6,980	7,241	3,355
Earnings from tourism	576	830	1,039	1,716	2,431	2,981	3,519	1,734
M2b	16,036	19,830	20,323	23,691	26,505	29,843	33,129	35,133
Gross official reserves	7,197	6,749	7,106	7,495	8,208	7,304	6,019	6,709
Gross external debt	21,762	25,887	35,792	40,257	43,609	44,839	46,586	na
LKR/USD (annual average)	113.06	110.57	127.60	129.11	130.56	135.95	145.60	149.83
LKR/USD (year-end)	110.95	113.90	127.16	130.75	131.05	144.06	149.80	153.73

Key ratios	2010	2011	2012	2013	2014	2015	2016	6M 2017
Real GDP growth (%)	8.0	8.2	6.3	3.4	4.5	4.8	4.4	3.9
Headline inflation (%)	6.2	6.7	7.6	6.9	3.3	0.9	4.0	6.1
Core inflation (%)	7.0	6.9	5.8	4.4	3.5	3.1	4.4	5.1
Unemployment (%)	4.9	4.2	4.0	4.4	4.6	4.7	4.4	4.3
Agriculture (% of total GDP)	8.5	8.8	7.4	7.7	8.0	8.2	7.5	7.1
Industry (% of total GDP)	26.6	28.0	30.1	29.2	28.3	27.3	27.1	28.7
Services (% of total GDP)	54.6	55.1	55.6	56.4	56.9	57.3	57.0	58.0
Agriculture (% of labour force)	32.7	33.0	31.0	31.5	30.4	28.7	27.1	28.5
Industry (% of labour force)	24.2	24.1	26.1	26.2	25.5	25.8	26.4	26.0
Services (% of labour force)	43.1	42.9	42.9	42.3	44.1	45.6	46.5	45.5
Total revenue/GDP (%)	13.9	14.5	12.6	12.4	12.2	13.0	16.3	7.1
Total expenditure/GDP (%)	20.9	20.7	18.4	17.9	18.0	19.1	22.3	9.8
Fiscal balance/GDP (%)	(7.0)	(6.2)	(5.5)	(5.4)	(5.7)	(7.6)	(5.4)	(2.7)
Total debt/GDP (%)	70.4	71.6	68.7	70.8	71.3	77.6	79.3	na
Trade balance/GDP (%)	(8.5)	(14.9)	(13.8)	(10.2)	(10.4)	(10.4)	(11.2)	(6.0)
Current balance/GDP (%)	(1.9)	(7.1)	(5.8)	(3.4)	(2.5)	(2.3)	(2.4)	(0.8)^
Gross external debt/GDP (%)	38.4	39.6	52.3	54.2	54.1	55.7	57.3	53.5
Net FDI/GDP (%)	0.8	1.5	1.4	1.3	1.2	1.2	1.1	0.8
FX reserves (months of imports)	7.7	4.7	5.4	5.7	6.1	4.6	3.7	4.5
LKR/USD (annual average) (% Δ)	(1.6)	(2.2)	15.4	1.2	1.1	4.1	7.1	5.7
LKR/USD (year-end) (% Δ)	(3.0)	0.7	11.6	2.8	0.2	9.9	3.9	5.5
12M government bond yield (%)	7.6	9.3	12.3	8.9	6.0	7.3	10.2	10.6
External debt/XGS (%)	190.0	183.0	261.0	265.0	258.0	257.9	na	na
Total debt service/XGS (%)	12.2	9.2	14.6	13.3	14.7	18.7	na	na
Interest payments/ XGS (%)	5.7	3.4	4.2	4.3	4.2	4.2	na	na

Source: CBSL, DoCS, World Bank, Asia Securities | ^3M 2017

Asset classes – Equities remain asset class of choice

We see no major changes to our view on the relative attractiveness of different asset classes which we made with the new Inland Revenue Act in June and the amendments to it made in September this year.

Equities remain our asset class of choice given that it remains exempt from capital gains tax along with declining deposit rates. Listing of the non-strategic SOEs would provide a small impetus to the market but, we believe that the main boost will be from the state bank listing. However, we believe that state bank listing is beyond CY18E.

The property market may see some upside if foreign land ownership restriction are removed within the year but, will see some headwinds on the 10.0% capital gains tax.

We see no changes to the pressure that fixed income instruments will see on the back of tax exemptions being removed from corporate investors into unit trusts and mutual funds. However, the amendments in September removed WHT on government securities for individual investors while allowing notional tax credits.

Sector summary – Construction is the main positive

Summary impact on companies from budget proposals

Sector	Positive view	Neutral view	Negative view
Consumer	LION, SHL, HHL	NEST, KFP, JKH, SINS, REG, CARG	CTC, MELS, DIST, CCS
Construction	AEL, KAPI, TKYO, TILE, PARQ, ALUM, ACL, SIRA	RCL	
Energy		LGL	LLUB, LIOC
Insurance		CINS, JINS, HASU, PINS, AAIC	
Healthcare		ASIR, LHCL	
Telecommunications			DIAL, SLTL
Pharmaceuticals		HHL	
Leisure		KHL, AHPL, AHUN	
Banking		SDB	COMB, HNB, SAMP, SEYB, NDB, DFCC, NTB, UBC, PABC, ABL
NBFI		PLC, CFIN, LFIN, COCR, CDB	
Automotive			UML, DIMO, COLO
Manufacturing		HAYL, DIPD, HAYC, GLAS	MGT, TJL
Property	JKH	RIL	
Logistics			EXPO, HHL

Source: Asia Securities

Construction – Positive

Flood prevention projects forms a key demand driver
With lieu of the severe impact of the floods in 2017, the government is taking measures to build a flood protection wall in the interim at the Kelani basin. However, in the long run, the government looks to build reservoirs upstream at Wee Oya, Nawatha, Holombuwa and Reucastle to enhance the water retention capacity. Similar reservoirs will be looked into with regard to other perennial rivers including, Kalu, Nilwala and Gin rivers. We note that both AEL and KAPI have interest in government funded construction projects. Hence, we believe these companies will benefit from the government's continuing infrastructure drive.

Construction of flood affected roads and expressways to drive growth
The government plans to invest LKR 4bn to improve the road networks in rural areas and flood impacted areas while the LKR 10bn worth drive on the expressways continue. The reiterations of the ongoing projects reaffirm our positive view on the construction names such as TKYO and AEL. We note that some of the contracts for the Central Expressway have already been awarded to both AEL and KAPI.

Residential construction buoyed by government sponsored programs

Housing construction to drive residential construction demand
The government announced that 20k houses will be built for the low-income families under the Urban Regeneration Project (URP). Under this programme, 5,856 units have already been completed, while the government allocates LKR 17.5bn in 2018 for the project. Furthermore, the government will facilitate a further 25k houses with an investment of LKR 2bn for the plantation sector while another LKR 3bn will be allocated to provide housing facilities in the North and East during 2018-20.

We believe this is a key positive for the companies exposed to the residential construction industry, particularly TKYO, ALUM, PARQ and TILE. These projects will ensure sustained demand for housing construction materials, which will be key revenue drivers for these companies in the medium to long-term

Consumer – Positive

Near-term cost of living support through price reductions of essential items
In order to ease cost of living, the Government reduced import taxes of several essential items, effectively reducing the selling prices. These reductions went in to effect on the 08 November 2017.

Prices of essentials reduced

Product	Current price (LKR)	New prices (LKR)	% change
B-Onions (1kg)	185	150	-18.9
Dhal (1kg)	162	150	-7.4
Potatoes (1kg)	115	80	-30.4
Dried fish (1kg)	762	750	-1.6
Edible oils (1kg)	375	350	-6.7

Source: Ministry of Finance, Asia Securities

While these are not drastic concessions compared to the ones given in the 2016 budget, we note that with food inflation at 12.6% (CCPI) in October 2017, that these price reductions will provide some relief to consumers. We note that much of the food inflation was driven by the drought situations which were prevalent in the country for most of 2017.

Introduction of 'Fair Price Shops' in collaboration with the private sector
The Government proposed to introduce 'Fair price shops' through established retailers in public spaces provided by the Government, free of charge. The objective is for the operators to commit to offer-for-sale consumer items below the market price for the benefit of the consumer.

The concept is aimed to deliver price benefit to the low income earning consumers

While this bodes well for a majority of the consumers, particularly low earning and rural consumers, we note a few factors. Firstly, this is very much similar to the Sathosa concept, which on its own is on an expansion drive to increase its store base to 500 across the island. On the other hand, the cost benefit from the free rental space should offset any impact from selling items below the market price.

Taxes on polythene and plastic products to have minimal impact on retailer costs
To discourage the use of polythene and plastic products, the budget proposed to impose an excise duty of LKR 10/kg for plastic resins. The private sector will be incentivised to convert to environmentally friendly alternatives and to manufacture bags and packing materials out of biodegradable materials such as banana fiber, palm leaves, coir, bamboo etc.

CARG and CCS introduced reusable bags well ahead of the polyethene ban

While this could increase costs for retailers, we note that the two major retailers in our coverage universe, CCS and CARG, have been using reusable bags ahead of the polythene ban. Apart from this, they have also introduced biodegradable polythene bags. As a result, while there could be some cost increases for the retailers, we believe it would not be substantial.

Excise duties introduced for sugary drinks to curb diabetes
With the ongoing effort of the Government to reduce diabetes and obesity, particularly among children, the budget proposed to introduce an excise duty of 50 cents/gram of sugar in beverages with effect from midnight 09 November 2017. We believe this is a follow up from last year's regulations to indicate the sugar level on the labeling. We also note that earlier this year, import duties on sugar were also increased. Hence, as a result of this new duty, we believe manufactures will see an impact on COGS which will trickle down to lower margins.

In our space, we believe CCS's beverage business and CARG's cordial business will be impacted. However, we do note that CCS has significantly reduced the sugar content in its beverages with the use of stevia as a substitute. While CCS intends to increase the use of stevia, we believe in the short-run, the duties will have an impact on margins. The impact on the CARG's FMCG business may not be as high given that nectars and cordials account only for a smaller percentage of the FMCG business.

VAT refund scheme for tourists bode well consumer durable companies
In keeping with the Government's vision to make Sri Lanka a shopping hub, the budget proposed a VAT refund scheme for foreign passport holders. We believe this move bodes very well for consumer durable companies such as SINS, SHL, and ABNS.

SHL could be a clear winner due to both consumer durables business and branded stores

In particular, we believe SHL would be a strong winner as the company has heavily invested in its consumer electronics business, and clothing and footwear brands. Its clothing store chain Odel, in particular its flagship shop, is the preferred shopping destination for most tourist coming in to the city. In addition, it has also introduced close to 25 international brands across footwear, clothing and accessories in Colombo which would benefit from this proposal.

This is expected to be implemented at the Airports and Sea Ports with effect from 01st May 2018.

Tighter regulations for importing cosmetic and personnel care products.
The budget proposed imposing much tougher regulations on quality and standards required when importing cosmetics and personal care products. Currently the Sri Lankan market is flooded with cheap imports and products with questionable quality. Should these regulations be imposed, it would bode well for local manufacturers. From our coverage, we expect HHL to benefit from such a move. However, the impact from this proposal is dependent upon how stringent the regulations will be.

Issue of liquor licenses to be simplified with a view to promote tourism
The budget proposed for the liquor licensing fee structure to be rationalized. License issuance mechanism will be revamped with a view to promoting tourism, especially in Guest houses, Boutique Hotels etc. We believe this bodes well for the manufacturers as there will be increased room for further distribution, resulting in higher sales.

NBT introduced to hard liquor; excise duties increased

Higher taxes for alcohol and ethanol to impact hard liquor manufactures
The alcoholic beverage industry as usual was impacted from several sides. Firstly, the budget proposed to introduce Nation Building Tax (NBT) which is a 2.0% tax on revenues. Secondly, the budget proposed to increase excise duties charged for hard liquor manufacturers. This increase, as per our calculations, is a 2.0% increase. We believe the manufactures would pass this on to the consumers as done in the past, as it has become impossible to absorb these costs given the continuous tax increases over the years. We believe this will have a direct impact on demand. NBT is expected to go into effect from 01 April 2018.

Duties on ethanol go up increasing cost of production for DIST

Thirdly, the budget proposed an excise duty to be imposed on raw materials used for manufacturing of Ethanol. We note that as per industry sources, 30.0% of the ethanol is produced locally while the remainder is imported. There is already a tax on the imported ethanol while the manufacturers also are impacted by FX fluctuations when importing. However, now with the ethanol manufactured locally being imposed with an additional tax, we expect an increase in COGS impacting profitability. This increase will be in effect from midnight 09 November 2018.

Excise duty taxes lowered for beer
On a positive note, the excise duties introduced for beer on an equivalent alcohol basis saw duties reduced by 30.0-40.0%, as seen below.

30-40% reduction in beer excise duties

Excise duties of beer reduced

Product	Current duty (LKR)	New duty (LKR)	% change
Light beer	3,958	2,400	-39.0
Strong beer	3,580	2,400	-33.0

Source: Ministry of Finance, Asia Securities | * prices on an equivalent alcohol basis

We believe, the reduction in beer excise duties was mainly to discourage hard liquor consumption. We believe this move will bode well for LION who has seen consumers switch to hard liquor since late 2015 due to higher taxes for beer and market share losses due to the floods in May 2016. In addition, the budget also proposes to remove the excise duty on canned beer. We believe this will lead to another migration of consumers from hard liquor to beer, increasing profitability of LION.

Government to issue licenses to import cigarettes and cigars
Over the past year, on the back of increased taxes, cigarette prices have increased by nearly 43.0% YoY. Due to this, there has been a flood of smuggled cigarettes in to the country as these are much cheaper compared to the locally manufactured legal products. As per CTC, these smuggled cigarettes would account for nearly 8.0% of market volumes by end of 2017 compared to ~2.0% in 2016.

Smuggled cigarettes to account for ~8.0% of local volumes by end 2018

As a part of combating the smuggling, the Government proposed to issue licences to import Cigarettes and Cigars. While this would allow the Government to collect new revenues, we believe this would have a significant impact on the local cigarette manufacturer CTC. However, the extent of the impact is dependent upon how much of duties these imported cigarettes would have to pay.

In addition, we note that there were no tax increases for the beedi manufacturers who now account for nearly 44.0% of the volumes in the local cigarette market. The tax increases for the beedi industry has been significantly favourable. Including taxes, a beedi would cost around LKR 5.00-10.00/stick while CTC's cheapest cigarette is LKR 20.00/stick.

Property - Positive

Restrictions removed on foreign ownership of condominiums
The budget proposed to remove restrictions that limit the land ownership rights of listed companies with foreign ownership together with the restrictions on foreigners' ability to purchase condominiums below the fourth floor. Removal of the latter restriction in particular, bodes well for property developers who will now be able to promote their products to foreign buyers. On our coverage universe, we believe JKH is well positioned to benefit from this as it as two residential projects in the works; Cinnamon Life and the planned new 800-unit residential project in Central Colombo.

Banking – Negative

Transaction levy resurfaces at 0.02% of cash transactions
The previous budget had a rather unwelcome proposal in the form of a 0.05% levy on all transactions carried out by Financial Institutions (FI) which had to be borne by the FI rather than being passed on to customers which would have led to substantial pressure on earnings. The industry had a strong negative reaction to this and ultimately, it was not implemented. However, it has resurfaced under a different name on the budget for 2018.

Transaction levy would shave off ~6.8% of sector earnings

It proposes to implement a Debt Repayment Levy (DRL) of 0.02% on all cash transactions carried out by FIs. Key differences being 1) a lower rate, 2) limitation to cash transactions, and 3) implementation for only 3 years. But, we believe that this has more teeth as the government expects to raise ~LKR 20bn compared to LKR ~8.0bn expected last year. At present, there is insufficient details to make an accurate evaluation of the impact but, our back of the envelope calculations indicate that it would shave off ~6.8% from annual earnings for the sector. The larger hit will be for the Banks with a greater CASA exposure given that these are used for daily transactions which are more likely to be done in the form of cash.

We highlight that five LCBs have raised LKR 39bn so far in CY17. If the DRL is implemented in the current form, assuming no changes in cash transaction volumes, it will lead to LKR 60bn being taken out from the financial system over the next three years neutralizing the capital issuances carried out so far. With the facts at hand we take a negative view on the sector echoing our sentiment from the previous budget. However, we cautiously optimistic that final implementation of this will be softened as the government itself is concerned on the low capitalization of state owned banks, in the context of a Basel III world, and is looking at external capital.

State banks to raise equity capital
However, the Minister stated that the three state owned banks are facing capital pressure on the back of Basel III implementation. As such, the BOC and PB will be allowed to raise capital internationally but subject to a couple of stipulations:

1) The State will not relinquish controlling ownership
2) Depositors and employees are given the option of being shareholders

In the interim, the BOC will receive an equity capital infusion of LKR 5.0bn in 2017 while another LKR 5.0bn will be infused in 2018E. We believe that the best form of implementation on this will be through the CSE as it would allow depositors and employees to liquidate their holding if so required. Listing these two entities will in our opinion provide a longer-term meaningful improvement in the capital markets. But, we do note that when this happens, investor appetite could shift away from the present large scale listed banks leading to lower valuations for incumbents.

Furthermore, the PSB (formerly known as the RDB) will be infused with LKR 2.5bn to meet the upcoming minimum capital rules.

Logistics - Negative

Restrictions on foreign ownership of shipping/freight forwarding agencies lifted
Currently any foreign entity looking to invest in shipping or freight forwarding operations in Sri Lanka needs to partner with a local entity. However, the 2018 budget proposed that these restrictions be lifted, enabling major international shipping lines and logistics operators to base their operations in Sri Lanka.

We believe that this could have a negative impact on the already established local players who will now have to compete with much larger global operators who will be able to offer competitive prices due to scale of operations.

Manufacturing – Negative

Yarn/Fabrics will no longer be exempt from VAT

Yarn/Fabrics removed from tax exemptions
The budget notes that the import and supply of yarn/fabrics will no longer be exempt from VAT, and as such a 15.0% VAT will apply going forward. Despite the reinstatement of GSP+ being a positive during 2017, we believe the impact of VAT would more than offset the GSP+ tailwinds. Removing yarn/fabric from VAT exemptions will go on to impact TJL's and MGT's profit margins.

Telecommunications – Negative

Tower levy to push rationalization
For the third consecutive budget, the telcos receives yet another negative proposal in the form of a levy on communications towers. The levy is being imposed to limit the number of towers in the country on environmental and health concerns and will be at the rate of LKR 200,000 per tower per month. We believe that the implementation of this will be softer (perhaps limited to new tower built in the last year or upcoming ones) as if it is implemented in the current form it would eat up at least 40.0% of telco PBT.

As with most things there is a silver lining here and we believe it is in pushing the telcos to either 1) share more towers, or 2) form a tower company. Of these two options we believe that the best option would be to form a tower company as it would then be able to realize substantial economies of scale and move the towers out of the company balance sheet.

Energy - Neutral

Working towards non-fossil fuel based vehicles by 2040
The government has proposed that it looks to lose all fossil fuel based vehicles by 2040, by replacing them with non-fossil fuel based vehicles. While we are neutral on this move in the near-term, we are of the view that in the longer-term a shift away from fossil fuel-based vehicles will impact companies involved in auto fuels, such as CEYPETCO and LIOC. As such, the government looks to reduce taxes on importation of electric vehicles including electric three wheelers, cars and buses, while the taxes on fossil fuel powered vehicles will be increased.

Auto fuels and lubricant suppliers will be impacted in the long run

The Finance Minister noted that more than 60 electric car charging stations will be added to encourage the use of electric cars, which we believe will be a direct blow to auto fuel companies.

LLUB will be impacted by move towards non-fossil fuel based vehicles
We note that electric vehicles require minimal lubricants and as such, with the long-term move towards electric vehicles, we believe the consumption of lubricants will fall over time. As such, despite being near-term neutral, we are long-term negative on the lubricant industry.

Healthcare - Neutral

Government dedicated to upgrading public sector healthcare operations
The Government continues to take an aggressive stance on preventing non-communicable diseases (NCDs), and expects to continue upgrading public sector hospital facilities and invest in training.

Government allocation to public healthcare facilities up 7.7% YoY

We note that as per the budget, the Government has allocated nearly ~LKR 27.1bn (+7.7% YoY) for infrastructure development in the 2018 budget. Most of these upgrades are surrounding the fight to control non-communicable diseases (NCDs) such as kidney problems, heart, diabetes, and cancer. Industry sources note that many of the facilities, particularly outside of the Western province, have been upgraded over the past year.

While there could be a small amount of a switch in patients from private healthcare to the public sector, we do not expect it to have any material impact on listed healthcare service operators. Much of the operators in the listed space are located in the Western province, and in particular Colombo, while the proposed upgrades will be done at locations outside of the Western Province.

As such, we maintain our long-term view on the private healthcare sector. We believe that despite investments by the Government, the public sector remains overwhelmed by the healthcare needs in the country and that there is a growing population willing to pay additional for ease of access to healthcare services.

Leisure – Neutral

Stimulating room growth by encouraging homestay programmes

Encourage homestay programmes to stimulate room capacity

With a steep target of increasing tourist arrivals three folds to 4.5mn by 2020, the government looks to encourage growth in the informal sector. As such, the government looks to promote homestay programmes by offering special credit facility to help upgrade such facilities. While this will help the broader tourism sector by increasing capacity, we believe tourists staying with local communities helps pass revenues directly to the bottom of the income pyramid, thereby helping to speed up economic development at lower levels.

Even though the rise in informal accommodation has not been too popular amongst the formal sector players, the government looks to establish an even playing field by encouraging all tourist service providers to register with the Sri Lanka Tourism Development Agency (SLTDA). Not only would this would this help to improve the government's tax revenue by bringing the informal sector in to the broader tax net, but we believe it would also help improve business and hospitality standards of the informal sector having to adhere to SLTDA standards.

Development of key tourism sites and local infrastructure

Investment on infrastructure will help better connectivity

The government, along with the SLTDA and Sri Lanka Tourism Promotion Bureau (SLTPB) will invest on building key tourism sites within the country including an LKR 250mn investment on building six Forts in Matara, Hambantota, Batticaloa, Fort Fredrick in Trincomalee, Mannar Fort/Doric House and in Kalpitiya in collaboration with the Archeological Department and the private sector. Moreover, the Maduru Oya and Gal Oya National Parks will also be developed to support high end safaris.

On infrastructure development, the domestic airports at Sigiriya, Batticaloa, China Bay and Koggala will be developed as PPP's to support tourism, while the railway stations in Nanu Oya, Colombo Fort, Galle and Ella will be declared as Archeological sites and invested LKR 75mn on to modernized to give better rail commuter experience. We believe these measures will yield long-run benefits from government developing new regions in the country for tourism, including infrastructure connecting these areas.

Focus on adventure activities to promote adventure tourism

Focus on adventure activities would help promote adventure tourism

The government will identify suitable areas for aero sports. This will have demarcated areas for aero sports which including hang gliding, ballooning, dirigibles, parachutes and para-gliders. Given that Sri Lanka has been a country that has predominantly attracted heritage tourism due to its archaeological sites and culture, we believe focus on adventure activities would help promote adventure tourism.

Branding campaign for Sri Lanka still slow

Sri Lanka's tourism promotion campaign has been on the cards since 2016, however has still not come to fruition. So far, the government note that three street festivals and exhibitions will be held in Los Angeles, London and Mumbai in 2018 in collaboration with the private sector. The campaign is worth only LKR 50mn, compared to the total a LKR 3bn budget allocated for 2018 and 2019. We believe the SLTPB will have to increase its efforts on the promotional front in order to meet the target of 4.5mn tourists by 2020. We note that the arrivals in the first 10 months to October '17 were up only 2.7% to 1.7mn arrivals.

Tax revisions to help tourism sector
The government notes that NBT and PAL will be removed on the import of non-powered water equipment such as Kayaks, Canoes, Kite Surfing Equipment etc. while import taxes applicable on off-road electric sports vehicles will also be reduced. We believe this gives way to increase Sri Lanka's focus on adventure tourism.

Furthermore, a VAT refund scheme for foreign passport holders will be implemented at the Airports and Sea Ports with effect from 01 May 2018 while para-tariffs imposed on certain imported food and beverages will also be removed. We believe this would have a positive impact on the overall leisure sector as it would help increase the spending power of tourists who will be saving on a 15.0% VAT that is currently applied.

NBFI – Neutral

Luxury vehicle tax to amended while electric vehicles see concessions
The 2018 budget focused heavily on intensifying electric vehicles including electric three wheelers, cars and busses while rationalizing the import taxes on vehicles powered by petrol and diesel. According to the budget proposals, the new formula for import taxes will be based on the engine capacity, minimizing revenue leakages.

While we perceive the duty reduction on electric cars to be a positive, the newly introduced carbon tax and upward revision of high end vehicles dampens lease demand

As such, import taxes will be as follows;

Vehicle type	Duty changes
Electric cars	Reduced by LKR 1.0mn
High end fossil fuel vehicles	Increased by LKR 2.5mn
Diesel three-wheelers	Increased by LKR 50,000

Source: MoF, Asia Securities

In addition, a special tax on super-luxury vehicles above 2,500CC engine capacity will also be in effect. The Government expects to collect LKR 25bn through the motor vehicle excise duty and luxury tax revisions. Furthermore, the 2018 budget introduced a carbon tax on all fossil fueled vehicles depending on the age and fuel type as follows;

Vehicle type	<5 yrs (LKR/cm^3)	5-10 yrs (LKR/cm^3)	>10 yrs (LKR/cm^3)
Hybrid (Petrol/Diesel)	0.25	0.50	1.00
Fuel (Petrol/Diesel)	0.50	1.00	1.50
Passenger bus	1,000	3,000	3,000

Source: MoF, Asia Securities

Along with the Government's proposal that all vehicles in the country are powered by non-fossil fuel by 2040, a 90.0% Lease to Value (LTV) on electric three wheelers and busses was introduced which we perceive as a positive.

While we expect an increase in demand for electric vehicles as a result of the downward duty revision, we perceive the higher end vehicle upward revision to negatively impact all NBFIs similarly. Furthermore, we expect the introduction of the carbon tax for almost all forms of vehicles to deter demand for vehicles, thereby somewhat neutralizing the overall demand expected for electric cars. As such, we remain neutral on the finance sector.

Notes

Capital markets
Speaking on the capital markets, the Hon. Minister echoed previous policy by stating that the government would look to dispose non-strategic SOEs. While this will provide some level of boost to the market we do not believe that it will be a long-term sustainable push given 1) small scale, and 2) the sectors which these companies operate in.

Changes to legislation
During the budget speech the Hon. Minister stated that most of the acts and legislations in place are outdated and are holding back the competitiveness of the country. As such, the following are to be amended but, no details have been given as of now.

Acts to be repealed include the following:

1. Revival of Underperforming Enterprises or Underutilized Assets Act, No. 43 of 2011

Acts to be amended include the following:

1. Public Contracts Act No 03 of 1987
2. Land (Restrictions and Alienation) Act, No. 38 of 2014
3. Rent Act, No. 7 of 1972, as amended.
4. Tea and Rubber Estates (Control of Fragmentation) Act, No. 2 of 1958, as amended.
5. Paddy Land Act, No. 01 of 1958 and the Agricultural Lands Act, No. 42 of 1973
6. Shop and Office Employees Act, No. 15 of 1954 and Wages Boards Ordinance, No. 27 of 1941
7. Bankruptcy laws
8. The Limited Liability Partnership (LLP) structure
9. Secured Transactions Act, No. 49 of 2009,
10. Recovery of Loans (Special Provisions) (Amendment) Act, Nos. 1 and 19 of 2011,
11. Land Development Ordinance, No. 19 of 1935,
12. Debt Recovery (Special Provisions) Act, No. 2 of 1990,
13. Mortgage Act, No. 98 of 1981
14. The Mediation Board Act, No. 72 of 1992
15. Monetary Law Act, No. 58 of 1949
16. Banking Act, No. 30 of 1988

Analyst Certification

I, Kanishka Perera, certify that the views expressed in this report accurately reflect my personal views about the company. I also certify that no part of my compensation was, is, or will be, indirectly or directly, related to the specific view or recommendation expressed in this report.

I, Lakshini Fernando, certify that the views expressed in this report accurately reflect my personal views about the company. I also certify that no part of my compensation was, is, or will be, indirectly or directly, related to the specific view or recommendation expressed in this report.

I, Mangalee Goonetilleke, certify that the views expressed in this report accurately reflect my personal views about the company. I also certify that no part of my compensation was, is, or will be, indirectly or directly, related to the specific view or recommendation expressed in this report.

I, Naveed Majeed, certify that the views expressed in this report accurately reflect my personal views about the company. I also certify that no part of my compensation was, is, or will be, indirectly or directly, related to the specific view or recommendation expressed in this report.

Company Certification

Asia Securities (Private) Limited has no direct affiliation with the company/companies covered in this report and does not receive any material benefit from the company for publishing this report.

Disclaimer

The report has been prepared by Asia Securities (Private) Limited. The information and opinions contained herein has been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified and no guaranty, representation or warranty, express or implied is made as to its accuracy, completeness or correctness, reliability or suitability. All such information and opinions are subject to change without notice. This document is for information purposes only, descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as, an offer, or solicitation of an offer, to buy or sell any securities or other financial instruments. In no event will Asia Securities (Private) Limited be liable for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising out of, or in connection with the use of this report and any reliance you place on such information is therefore strictly at your own risk.

Asia Securities (Private) Limited may, to the extent permissible by applicable law or regulation, use the above material, conclusions, research or analysis in which they are based before the material is disseminated to their customers. Not all customers will receive the material at the same time. Asia Securities (Private) Limited, their respective directors, officers, representatives, employees, related persons and/or Asia Securities (Private) Limited, may have a long or short position in any of the securities or other financial instruments mentioned or issuers described herein at any time and may make a purchase and/or sale, or offer to make a purchase and/or sale of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principal or agent. Asia Securities (Private) Limited may make markets in securities or other financial instruments described in this publication, in securities of issuers described herein or in securities underlying or related to such securities. Asia Securities (Private) Limited may have recently underwritten the securities of an issuer mentioned herein. The information contained in this report is for general information purposes only. This report and its content is copyright of Asia Securities (Private) Limited and all rights reserved. This report- in whole or in part- may not, except with the express written permission of Asia Securities (Private) Limited be reproduced or distributed or commercially exploited in any material form by any means whether graphic, electronic, mechanical or any means. Nor may you transmit it or store it in any other website or other form of electronic retrieval system. Any unauthorized use of this report will result in immediate proceedings.

Research

Kanishka Perera – Head of Research
Strategy | Banks | Insurance | Telecommunications
kanishka@asiasecurities.lk
+94 11 772 2044

Mangalee Goonetilleke
Conglomerates | Consumer | Healthcare
mangalee@asiasecurities.lk
+94 11 772 2042

Naveed Majeed
Manufacturing | Textiles | Energy | Construction
naveed@asiasecurities.lk
+94 11 772 2043

Lakshini Fernando
Economics | Finance
lakshini@asiasecurities.lk
+94 11 772 2045

Osadi Hettiarachchi
osadi@asiasecurities.lk
+94 11 772 2048

Thilini Amarasiri
thilini@asiasecurities.lk
+94 11 772 2041

Institutional Sales

Sabri Marikar
CEO
sabri@asiasecurities.lk
+94 11 772 2022
+94 77 357 6868

Shiyam Subaulla
Head of Institutional Sales
shiyam@asiasecurities.lk
+94 11 772 2011
+94 77 350 2016

Niroshan Wijekoon
niroshan@asiasecurities.lk
+94 11 772 2007
+94 77 771 3645

Anushan Kandasamy
anushan@asiasecurities.lk
+94 11 772 2019
+94 77 722 2519

Ruwan Hettiarachchi
ruwan@asiasecurities.lk
+94 11 772 2020
+94 77 741 0164

Gagani Jayawardhana
gagani@asiasecurities.lk
+94 11 772 2014
+94 71 408 4953

Niroshan Ratnam
ratnam@asiasecurities.lk
+94 11 772 2006
+94 77 371 7515

Miflal Farook
miflal@asiasecurities.lk
+94 11 772 2010
+94 77 225 3730

Charith Perera
charith@asiasecurities.lk
+94 11 772 2015
+94 77 359 8937

Foreign Sales

Dinusha Gomes
Head of Foreign Sales
dinusha@asiasecurities.lk
+94 11 772 2080
+94 77 300 2274

Retail Sales

Subeeth Perera
Head of Retail Sales
subeeth@asiasecurities.lk
+94 11 772 2035
+94 71 404 2683

Priyantha Hingurage
priyantha@asiasecurities.lk
+94 11 772 2033
+94 77 350 2015

Romesh Priyadarshana
romesh@asiasecurities.lk
+94 11 772 2032
+94 77 254 8795

Kalana Hewawasam
kalanag@asiasecurities.lk
+94 11 772 2028
+94 77 395 9438

Nuwan Eranga Perera
eranga@asiasecurities.lk
+94 11 772 2026
+94 77 736 8012

Uthpala Karunathilaka
uthpala@asiasecurities.lk
+94 31 567 6881
+94 77 369 1685

Bhanu Ganegama
bhanu@asiasecurities.lk
+94 11 772 2031
+94 77 184 8789

Ashan Silva
ashan@asiasecurities.lk
+94 11 772 2005
+94 77 045 8028

ASIA SECURITIES
INTEGRITY | INSIGHT | INNOVATION