Business Today TOP Twenty Five 2013-2014: Performance Of The Corporate Sector As Sri Lanka Moves Towards An Upper Middle Income Economy



Sri Lanka is one of the fastest growing economies in Asia, where its upward growth trajectory is unstoppable as the country transitions from middle income to upper middle income (2020) and an advanced economy by 2035. This seems like a long time away but it is the strategies that we put in place now that will bear fruit in the future. While macro economic stability has been maintained through prudent policy decisions as well as measures that have encouraged greater activity in the economy, the foundation has been laid for Sri Lanka to continue unabated on its journey forward.

By Udeshi Amarasinghe

The vibrance of the country is much evident, while challenges will be there, some avoidable and others not, it is how we face these challenges and achieve success that shows the strength of character. The Business Today TOP TWENTY FIVE for the financial year 2013-2014 are corporates who have shown their strength, perseverance and ability to perform under any circumstance. However, they can do much more.

Every single macro fundamental in the country has moved in the direction that it should and this year saw inflation reaching an all time low.This was achieved through the consistent supply of goods and services with productivity levels improving. This has also shown the country and the world that Sri Lanka can have sustained price and economic stability, which will attract future investments from outside. With stability in exchange rate and prices it is much easier to do business today.The economy is now more disciplined through the systemic approaches adopted. Improvements in infrastructure, increased confidence levels and foreign investors being bullish about Sri Lanka has contributed to the country’s growth. Thereby allowing Sri Lanka to overcome the external challenges as a result of the global economy not faring too well.However, there has been a turnaround in the global economy, which has given the economy a further boost. Therefore, a new era of sustainable development is expected.

While credit growth has been slow and adverse climate condition such as drought and floods have affected the performance of the private sector and the economy as a whole, strong activity has been seen in garment manufacture, tourism and hospitality and services. The government has been committed to fiscal consolidation and reduction of public debt, which has been managed by reduced spending. While measures have been taken to increase government revenue by broadening the tax base as well as ensuring that tax evasion is penalised, economic activity is on the rise and credit is starting to show signs of recovery. Bank lending rates fell, with further reductions expected with the performance of the economy.

Colombo and all other major cities are seeing a much more organised, clean and

green landscape. The cities are vibrant with urban planning and the environment being given priority. There are more hotels, restaurants and places to relax and enjoy.Sri Lanka is a country with peace, stability and freedom. A conducive enabling environment that has great potential as well as provide many opportunities for the private sector to garner, however as any emerging economy, which has been stifled for 30 years, challenges and obstacles will be inevitable, but everyone must acknowledge that the country has progressed significantly sharing the peace dividend with all parts of the country. It is not only Colombo that has benefited but all across the country, and to all sections of society.

The mammoth task achieved by President Mahinda Rajapaksa, and with his leadership and direction, Minister Basil Rajapaksa, Dr P B Jayasundera, Secretary to the Ministry of Finance and Planning, Gotabaya Rajapaksa, Secretary to Ministry of Defence and Urban Development cannot be discounted for petty political or personal gain. The people of this country need to understand the importance of putting the nation first. The judiciary of Sri Lanka has retained its respected stature under Chief Justice Mohan Pieris and now encompasses a calm environment where greater focus is given to the matters at hand.

Post 2009, established companies diversified, while new businesses aggressively ventured into sectors that they may not have expertise in. At times it is concerning to see the amount of capital that is expended, as the performance of the company may not reflect its ability to venture into new areas of business.

The Business Today TOP TWENTY FIVE continues to reflect the stronghold of the groups of companies that are well established in the country. They have harnessed the opportunities available, while the emergence of new companies in the Colombo Stock Exchange does not necessarily mean that they are viable or stable.

Access Engineering enters the ranking for the first time, while Hemas Holding and Tokyo Cement re-entered the TOP TWENTY FIVE this year. Banks and finance companies continue to perform well. Revenue is not considered as the main category as it was not truly reflect the performance of a company. It is the profit that enables the stability and longevity of a business.

The Private Sector Needs To Up Their Game To Be Truly Competitive Globally, After All The Private Sector Is The Engine Of Growth.
We congratulate the Business Today TOP TWENTY FIVE companies for their exceptional performance. The private sector needs to up their game to be truly competitive globally, after all the private sector is the engine of growth.

The Business Today TOP TWENTY FIVE is strictly based on the published information of companies listed in the Colombo Stock Exchange. Financial criteria considered include Share Turnover, Revenue, Profit after Tax, Return on Equity, Earnings per Share, Market Capitalisation, Value of Shares Transacted and Value Addition. Furthermore, weights are assigned to the criteria without any prejudice.

The Business Today TOP TWENTY FIVE have been selected on the basis of their financial performance during the financial year ending December 31, 2013 and March 31, 2014 with the assistance of KPMG Ford Rhodes, Thornton & Co.

01 John Keells Holdings 22.850

02 Commercial Bank of Ceylon 22.150

03 Ceylon Tobacco Company 20.850

04 Bukit Darah 19.600

05 Hatton National Bank 19.450

06 Distilleries Company of Sri Lanka 17.700

07 Dialog Axiata 17.200

08 Sri Lanka Telecom 16.300

09 Lanka IOC 15.050

10 Aitken Spence 14.900

11 Hayleys 13.800

12 Sampath Bank 13.700

13 Nestle Lanka 13.500

14 People’s Leasing & Finance 10.450

15 Central Finance Company 9.750

16 DFCC Bank 8.350

17 Lanka Orix Leasing Company 8.300

18 National Development Bank 7.150

19 Vallibel One 7.000

20 Access Engineering 6.650

21 Chevron Lubricants Lanka 6.550

22 Hemas Holdings 5.300

23 Seylan Bank 3.200

24 Tokyo Cement Company (Lanka) 3.100

25 Ceylinco Insurance 2.950