



# THE SUNDAY ECONOMY

## Dialog Axiata PLC, and Bharti Airtel Limited Announce Merger in Sri Lanka

In a strategic move set to reshape the telecommunications landscape in Sri Lanka, Dialog Axiata PLC and Bharti Airtel Limited ("Bharti Airtel") have officially inked a Definitive Agreement to combine their operations in the country. This merger, subject to approval from Dialog's shareholders and regulatory bodies, marks a significant milestone in the evolution of telecommunications in the region.

Under the terms of the agreement, Dialog will acquire 100% of the issued shares in Airtel Lanka, with Bharti Airtel receiving ordinary voting shares in Dialog equivalent to 10.355% of its total issued shares through a share swap mechanism. The transaction remains contingent upon the fulfillment of specific conditions outlined in the Share Sale Agreement, including clearance from the Colombo Stock Exchange (CSE) and compliance procedures.



## SOE Most Sales Biddings Concluded

The Sri Lankan government is moving forward with selling shares in several key state-owned enterprises (SOEs). The Ministry of Finance's Restructuring Unit (SRU) recently announced the companies that submitted bids and those shortlisted for further negotiations.

The SRU aims to finalize most divestitures by August 2024, with SriLankan Airlines taking an extension to September. This follows government approval in March 2023 to sell shares in companies like Hilton Colombo's owner (HDL), Grand Hyatt Colombo's owner (CHPL), Lanka Hospitals, Sri Lanka Telecom, SriLankan Airlines, Litro Gas, and Sri Lanka Insurance.

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## Weekly CSE Summary

The Colombo Stock Exchange (CSE) concluded the week with losses, reversing the gains from the previous week. Both key indices, the ASPI and the S&P SL20, fell by 2.3% and 3.4% respectively. This week's trading activity saw a significant drop in average daily turnover compared to the prior week. Yesterday's turnover remained moderate at Rs. 1.47 billion.

The market began the day with a downward trend but managed a partial recovery in the latter half. This shift is attributed to investors adopting a cautious approach due to escalating tensions in the Middle East.

LOLC group stocks, including LOFC and BIL, emerged as the leaders in the market's rebound, with gains of 4.9% and 1.8% respectively. Conversely, some banking sector stocks, such as CALT, HNBN, and DFCC, closed the day in the red.

However, foreign investors remained cautious, recording a net inflow of only Rs. 5.1 million. While they actively bought JKH shares, selling activity dominated in SHL.N.

Market analysts attributed the decline to profit-taking by retail investors and a general sense of unease surrounding global uncertainties. First Capital specifically pointed to these factors.

To ensure a fair and accountable process, the government appointed transaction advisors for each entity. These advisors conducted due diligence, market research, and prepared necessary documents. Additionally, clear guidelines were established to guide the sale process and instill investor confidence.

Special committees were formed for each entity to manage the bidding process. These committees prepared bidding documents, evaluated proposals, and shortlisted qualified bidders. Potential investors were identified through advertisements in local and international media, industry publications, and social media platforms. Pre-bid meetings were held to clarify any questions and ensure transparency. In some cases, deadlines were extended to encourage more competition.

Bidding deadlines have closed for most entities, with SriLankan Airlines remaining open until April 22nd, 2024. The SRU released a table summarizing the companies that submitted bids and those selected to proceed to the next stage) for further negotiation. **(cont.Pg 3)**

Name of State-Owned Enterprise	Bidders who submitted responses	Shortlisted bidders
Hotel Developers Lanka Ltd	<ol style="list-style-type: none"> <li>1. Chalet Hotels Limited (India)</li> <li>2. Le Park Concord Hotels (Saudi Arabia)</li> <li>3. International Trade Promoters (Canada)</li> <li>4. Unison Hotels Private Limited (India)</li> <li>5. Eagle Hills Regional Properties LLC (UAE)</li> <li>6. KSK Capital LLC (UAE)</li> <li>7. Bestinet Sdn Bhd (Malaysia)</li> <li>8. Melwa Hotels &amp; Resorts Private Limited (Sri Lanka)</li> <li>9. Kalyan Toll Infrastructure Ltd (India)</li> </ol>	<ol style="list-style-type: none"> <li>1. Chalet Hotels Limited (India)</li> <li>2. Unison Hotels Private Limited (India)</li> <li>3. KSK Capital LLC (UAE)</li> <li>4. Melwa Hotels &amp; Resorts Private Limited (Sri Lanka)</li> </ol>
Canwill Holdings Pvt Ltd	<ol style="list-style-type: none"> <li>1. RKG Fund I- Scheme of RKG Trust (India)</li> <li>2. Kala Investments (Pvt) Ltd (Sri Lanka)</li> <li>3. Bestinet Sdn Bhd (Malaysia)</li> <li>4. Le Park Concord Hotels (Saudi Arabia)</li> <li>5. Gland Celsus Bio Chemicals Private Limited (India)</li> <li>6. DB Realty Limited (India)</li> <li>7. Jindal Films India Limited (India)</li> <li>8. Bright Star Investments Private Limited (India)</li> <li>9. Consulting Engineers and Contractors (Pvt) (Ltd) and K.D.A. Weerasinghe &amp; Co. (Pvt) Ltd (both Sri Lanka)</li> </ol>	<ol style="list-style-type: none"> <li>1. RKG Fund I- Scheme of RKG Trust (India)</li> <li>2. Gland Celsus Bio Chemicals Private Limited (India)</li> <li>3. DB Realty Limited (India)</li> <li>4. Jindal Films India Limited (India)</li> <li>5. Bright Star Investments Private Limited (India)</li> <li>6. Consulting Engineers and Contractors (Pvt) (Ltd) and K.D.A. Weerasinghe &amp; Co. (Pvt) Ltd (both Sri Lanka)</li> </ol>
Lanka Hospitals Corporation PLC	<ol style="list-style-type: none"> <li>1. Apollo Hospitals Enterprise Limited (India)</li> <li>2. Sri Kauvery Medical Care (India)</li> <li>3. Green Capital Private Advisers SDN. BHD (Malaysia)</li> <li>4. Sunshine Holdings PLC with Ceylon Hospitals PLC (both Sri Lanka)</li> <li>5. Hemas Holdings PLC (Sri Lanka) with Narayana Hrudayalaya Limited (India)</li> <li>6. Asiri Hospital Holdings PLC (Sri Lanka)</li> <li>7. HAIMS International Limited (UK)</li> <li>8. International Hospitals Group Limited (UK)</li> </ol>	<ol style="list-style-type: none"> <li>1. Apollo Hospitals Enterprise Limited (India)</li> <li>2. Sri Kauvery Medical Care (India)</li> <li>3. Sunshine Holdings PLC with Ceylon Hospitals PLC (both Sri Lanka)</li> <li>4. Hemas Holdings PLC (Sri Lanka) with Narayana Hrudayalaya Limited (India)</li> <li>5. Asiri Hospital Holdings PLC (Sri Lanka)</li> </ol>

## \$ 4.5 bn deal with Sinopec

Power and Energy Minister Kanchana Wijesekera conveyed his optimism yesterday regarding potential developments with Sinopec, aiming to finalize a comprehensive agreement aligned with the Government's principles by next month and sign it by June 2024. During discussions with Sinopec, concerns arose regarding various aspects such as land extent, logistics, port taxes, water resource management, and compliance with Board of Investment (BoI) conditions, especially concerning plans to increase capacities.

Wijesekera stated that recommendations have been provided, and decisions made, anticipating Sinopec's return in May 2024 to finalize the Memorandum of Understanding (MoU) once all parties agree on the outlined principles. The Cabinet of Ministers approved awarding the contract to Sinopec on 27 November 2023, for establishing a petroleum refinery and associated product processing center in Hambantota, with an expected investment of at least \$4.5 billion.

Emphasizing that Sinopec would limit its sales volume to 10%, with no obligation for the Government to purchase any portion, Wijesekera assured adherence to the conditions outlined in the Expression of Interest (EoI). After negotiations' progress, aiming to sign agreements and commence work by June 2024.

Sri Lanka Telecom PLC	<ol style="list-style-type: none"> <li>1. Jio Platforms Ltd (India)</li> <li>2. Gortune International Investment Holding Ltd (Hong Kong)</li> <li>3. Pettigo Comercio International LDA (Portugal) with Lycamobile SARL (France)</li> </ol>	<ol style="list-style-type: none"> <li>1. Jio Platforms Ltd (India)</li> <li>2. Gortune International Investment Holding Ltd (Hong Kong)</li> </ol>
LITRO	<ol style="list-style-type: none"> <li>1. Epdesa Pte Ltd (Singapore)</li> <li>2. Bharat Petroleum Cop. Ltd. (India)</li> <li>3. Ayaz Anonim Sirketi (Republic of Türkiye)</li> <li>4. SiamGas and Petrochemicals Public Company Limited (Thailand)</li> <li>5. BGN Int DMCC (UAE)</li> <li>6. Confidence Petroleum India Limited (India)</li> <li>7. OQ Trading Limited (UAE)</li> <li>8. Tristar Group (UAE)</li> <li>9. Laugfs Gas PLC (Sri Lanka)</li> <li>10. United Petroleum Holdings (Malaysia)</li> <li>11. Vitol Asia Pte Ltd (Singapore)</li> <li>12. Infinity NGC (Sri Lanka)</li> <li>13. China National Aero Techno (Sri Lanka)</li> <li>14. Consulting Engineers &amp; Contractors (Sri Lanka)</li> </ol>	Shortlisting to be completed
Sri Lanka Insurance Corporation Life Ltd.	<ol style="list-style-type: none"> <li>1. Life Insurance Corporation (Lanka) Limited (Sri Lanka)</li> <li>2. Union Assurance PLC (Sri Lanka)</li> <li>3. Consortium of Asiri Hospital Holdings PLC &amp; Softlogic Life Insurance PLC (Sri Lanka)</li> </ol>	Shortlisting to be completed
Sri Lanka Insurance Corporation General Ltd.	<ol style="list-style-type: none"> <li>1. Euro Exim Bank Ltd (St. Lucia)</li> <li>2. Fairfirst Insurance Ltd (Sri Lanka)</li> </ol>	Shortlisting to be completed

## Glamorous additions to the Luxury hotels Sector

The highly anticipated opening of the super-luxury ITC Ratnadipa Colombo hotel is scheduled for next Thursday, April 25th, with President Ranil Wickremesinghe. This landmark hotel marks ITC's first venture outside India.

The introduction of this luxurious hotel heralds a new standard of opulence and service excellence in Colombo, offering discerning travellers an indulgent and world-class experience.

Along with that, The Cinnamon Intergraded resorts have also have started their recruitment drive signalling that another super Luxury hotel would open in the near future, possibly in August.

These additions would immensely contribute to the Sri Lankan Job market creating thousands of jobs to Sri Lanka's youth, and would provide a great stimulant to revive the Sri lankas economy and the People.

## World Column

### NYSE weekly summary

Equity markets faced another challenging week, influenced by ongoing geopolitical tensions and high interest rates. Despite opening higher on most days, the S&P 500 closed lower for six consecutive sessions, marking a rare occurrence since 2000. The index ended the week down 3%, extending its three-week decline into Q2. Tech stocks experienced significant weakness, with the NYSE FANG+ and ICE Semiconductor indices falling over 8%. Earnings reports, along with other fundamental developments, contributed to this downturn.

The AI sector also suffered losses, notably with Nvidia declining by nearly 10%. Super Micro Computer faced a more than 20% drop after its earnings announcement date caused market repercussions. While traditionally viewed as safe havens, these large and liquid stocks have recently been perceived as defensive due to their strong balance sheets and growth potential.

### Indicies

DOW 37,986 (+211),  
S&P 500 4,967 (-44),  
Russell 2000 1,948 (+5),  
NYSE FANG+ 9,295 (-362),  
ICE Brent Crude \$87.38/barrel (+\$0.27),  
Gold \$2,407/oz (+\$9),  
Bitcoin ~64.2k (+490)

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### *Tensions in Middle- East*

The recent Israeli airstrike near an Iranian air base and nuclear site in central Iran has led to tensions between the two nations. Despite efforts to prevent escalation, unresolved grievances persist, fueling concerns of a broader regional conflict. The attack follows weeks of heightened tensions, including alleged Israeli strikes killing Iranian generals and Iran's retaliatory missile barrage on Israel. Both sides have refrained from direct confrontation in the past, focusing on proxy conflicts. The latest airstrike targeted Iranian air defenses near Isfahan, possibly related to Israel's concerns over Iran's nuclear program. While both nations have refrained from claiming responsibility, the incident highlights the potential for further escalation in the ongoing shadow war between them. International calls for de-escalation persist amidst the risk of proxy conflicts evolving into direct state-to-state confrontation.

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