

# Sri Lanka

## Special Report



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President of Sri Lanka

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Wide Infrastructure Development

### The country's new hope.

Endless golden beaches, lovely sea, spicy food and an outstanding natural beauty are many of the things, Sri Lanka has to offer as a beautiful island located in South Asia. With the civil war coming to an end in 2009, the country created an historic opportunity to take advantage of its peacetime stability, geography, educated workforce and scenic beauty. With this opportunity and a new beginning, Sri Lankans have the power to achieve any goal or objective they have always dreamed of, such as: equality, prosperity and development. Today Sri Lanka offers more and better opportunities.

After several years of having an authoritative government, the Sri Lankans embraced a new leader in January 2015, Maithripala Sirisena, a former farmer, career bureaucrat and health minister under Rajapaksa, who promised to reduce the authority and power from the president role and return authority and stability to the parliament.

With an open investment climate and financial system, stable monetary policy, improving infrastructure, and world-class local companies, Sri Lanka has many of the ingredients to progress economically. For some U.S. and foreign investors, Sri Lanka's frontier market has been fertile ground for both direct and capital investments.

Sri Lanka has an opportunity to eliminate its remaining poverty and ensure wider prosperity.

Sri Lanka can also promote smarter investment in people through education and healthcare. In education, this requires investment in both higher education and vocational training institutions to substantially increase skills beyond general education. Sri Lanka's population has the higher literacy rate in South Asia and overall, and one of the highest literacy rates in Asia. According to latest census Sri Lanka's population has a literacy rate of 98.7%.

The government is currently investing and funding new key infrastructure projects that will form part of a 20 year plan to boost the living standards of the 21 million people to position Sri Lanka as a global player.

The country is aspiring to become a central hub for the South Asian region. The Government of Sri Lanka (GSL) has set ambitious goals for economic development – aspiring to GDP growth rates over 8% and developing economic hubs in ports, aviation, commerce, knowledge, and energy.

In recent years the country has experienced rapid internationalization process regarding to its economy. Sri Lanka boasts a progressive and modern industrial economy and the highest per capita income in South Asia. Sri Lanka's stock market (up 25.8% year-to-date as of October 29, 2014) is currently on-target to finish

among the top 10 performing stock markets in the world.

From an investor's point of view, Sri Lanka is getting strong. One very country we face the risk of investment, but Sri Lanka has one of the best cases for an economy aligned with the stars working on its favor.

China has invested in Sri Lanka to help them grow economically and have them as a geopolitical and economic ally. The investment received from the Chinese led Sri Lanka to landfill 575 acres to create Colombo Port City; it might not be clear yet, but Sri Lanka is looking to compete with Dubai and Singapore as a maritime center.

After 24 years, trains rails are now connected, the north of the country with the south. Sri Lanka is working in the infrastructure by improving road and highway performance, these improvements will help the different sectors in the market. Local distribution will experience a higher efficiency and will make investor and tourism arrivals experiences more pleasant.

Local and foreign investors see the opportunity in franchising, retail and services, as well as light manufacturing. With the free trade agreements with India and Pakistan, Sri Lanka will have preferential access to those markets, while maintaining a healthy and friendly relationship with all the neighbors in the region.

Thanks to its strategic position on the route between the East and the West, many cultures have influenced Sri Lanka's cuisine. Neighbors, traders, immigrants and colonizers have all left their mark on the island's food, creating a mouthwatering blend of Dutch, Portuguese, English, Arab, Malay and Indian flavors.

The country has been marked as a tourist attraction because of its natural beauty, variety of cuisine and rich culture. According to the World Bank Sri Lanka's visitors has increased between 4% - 5% every year. Tourism plays an important role as one of the core source of Foreign Exchange earner in overall economy of Sri Lanka.

Because of the benefits of the climate conditions, rich ground and abundance of water, Sri Lanka has been a land where agriculture has flourished. With the implementation of technology, good practices and the support of the local companies to conquer foreign markets, the agriculture sector is taking further and big steps to increase its competitiveness.

Today is the time to Sri Lanka. Sri Lanka now has a very peaceful and stable environment and investors can find interesting opportunities in many areas. The country has a historic opportunity for deep change that allows underpin its development in the coming decades. In this context, the conditions are ideal to transform Sri Lanka and move forward, towards a future full of opportunities. Sri Lanka is an exciting place with an exciting future.

**TOURISM**

**Special Report**

### Much more than beaches and fun



**Ajith Dias**  
Chairman of Sri Lankan Airlines

In Sri Lanka, one sector that featured prominently in the post-war rapid growth was the tourism sector. The arrival of tourists increased rapidly and passed the elusive one million mark in 2012, increased further in 2013 and it is targeting 2.5 million tourists by 2016. The country, concentrated in promoting aggressively the tourism sector, especially those markets with large potential such as China and India. The island also wants to leave a stronger mark in the existing markets: mainly the UK, Germany and the rest of Europe, and then concentrate on new markets such as the U.S. and South Africa, and some other countries in the Middle East which have a huge potential too.

This magic island has much to offer; from tropical sandy beaches, to wildlife safari tours, passing through mystical ancient ruins at north central plains, or fascinating adventures at its central mountains with its famous tea plantations, and some of the best wedding and honeymoon options. With so many options on hand, it is a tough task to plan your vacations in the island.

The South west coast of Sri Lanka, famous for its beaches and coral reefs, has the famous city of Galle, which is the best example of a fortified city built by the Portuguese in South and Southeast Asia.

For the first time in 24 years, trains are connecting the north of the country with the south. Sri Lanka has a really good infrastructure in comparison to some of its Asian neighbours. Its highways and the optimum road infrastructure of the country would impress every visitor. These infrastructure developments has improved industrial, factory and distribution network efficiency, which makes the experience to tourists and business travellers, much more agreeable.

According to **Mr. Dissanayake, the Ministry of Tourism and Sports** and the Government are implementing different strategies to attract the tourism from different locations:

"In Sri Lanka we give a tremendous amount

incentives for investors. We give 4 million dollars and the tax exemption for different amounts of investment so our capital variation is of 100%; that means that all the profits you make you can take them back to your home country. If there is a new brand hotel coming out the investment shop gives all so the cost of building the hotel or any other project will instantly grow up. I certainly feel that the numbers of visitors are going to increase, we have a large budget for tourist promotion and now we have an umbrella organization with Sri Lanka Tourism Promotion Bureau, Sri Lankan Airlines, Sri Lankan Tea Board to promote Sri Lanka in a joint manner, so all the synergies can be brought together. Each organization comes from different Ministries, but I bring them under the same marketing strategy so we can show our knowledge and we can share the synergies and platforms together to get more investors in Sri Lanka."

Established in 1979, (then Air Lanka) Sri Lankan Airlines is the national carrier of Sri Lanka that currently operates to 36 destinations in 46 countries, including codeshare operations. Sri Lanka operates direct flights from many key European, Middle Eastern, Indian and Far Eastern destinations to Colombo. Its hub is located at the Bandaranaike International Airport, Colombo.

Sri Lankan Airlines has been showing to the world the well known Sri Lankan warmth and hospitality, and has been moving the island name all over the world. Sri Lankan Airlines cabin has been awarded the "Friendliest cabin crew" by Skytrax for its high service standards.

Last year, Sri Lankan Airlines entered the One World alliance, becoming the first airline from the Indian Sub-Continent to have become a member of any global airline alliance. This allows Sri Lanka to fly alongside some of the premier brands in the industry such as Air Berlin, American Airlines, British Airways, Cathay Pacific, Finnair, Qatar Airways, and Iberia, among other companies. Together with its One World membership, the flagship carrier of Sri Lanka offers its customers convenient connections to a thousand destinations in over 150 countries, opportunities to earn and redeem frequent flyer miles and access to over 500 lounges for top tier frequent flyers.

Mr. Ajith Dias, Chairman of Sri Lankan Airlines, shares the same ideology with the Minister of tourism:

"Sri Lankan Airlines has been aligning its market strategies to be in line with the country's tourism targets. In collaboration with Sri Lanka Tourism Promotional Bureau (SLTPB) we are continuously engaged in

promoting the country as the best travel destination at international travel trade forums, country specific promotions, trade fairs etc.

As the national airline, while actively taking part in these promotional activities, we have identified the potential markets and expanded our reach to these regions. One way of doing that is through codeshare agreements such as our most recent one with American Airlines on six transatlantic routes, connecting the US carrier's Dallas/Fort Worth, Chicago O'Hare and New York JFK hubs with the European gateways of Frankfurt and Paris CDG, where they will provide seamless transfers with Sri Lankan's

own connections to and from its Colombo hub."

Sri Lanka is increasingly becoming a top destination among investors coming from the whole world. From medium scale businesses to globally famed names such as Shangri-La, and Sheraton, Sri Lanka's strategic position as an entry point to South Asia has made it a prime choice when looking for investment opportunities.

Today, Sri Lanka is ranked as the most liberalized economy in South Asia. There is anticipation that Sri Lanka's per capita income will increase sufficiently in the next two to three years, so it will become a middle income country, according to World Bank standards.

Certainly Sri Lanka is one of the most beautiful countries in Asia and has an environment based in hospitality and enriched by Buddhism, which makes it a unique destination.



**Y.G. Wijeratne**  
Chairman of Sri Lanka Tea Board

Sri Lanka is famous for producing the finest black tea in the world, grown and produced according to uncompromising, traditional methods and standards. Two of the most powerful brands in the island of Sri Lanka could boast them as global leaders: The Ceylon Tea and Sri Lanka Cinnamon. Ceylon tea is already positioned in the market, is undoubtedly one of the finest teas in the world and is produced under minimum chemical environment, being one of the cleanest teas in the world.

Sri Lankan tea is exported to 150 countries around the globe. Russia is number one market, followed by the Middle East like Saudi Arabia, UAE, and Turkey. The rest goes to Europe and to USA, being this last country one of the best growing markets today for the Black Tea.

Mr. Y. G. Wijeratne, the Chairman of Sri Lanka Tea Board, share with us the marketing strategy to promote their product outside of Sri Lanka: "We have very specific marketing strategies region wise. Especially if we take for an example the USA market, it is a very different market than the normal traditional market for Ceylon tea unlike in Russia it is a tea drinking country and Middle East is a tea drinking country, those are the traditional markets. USA is mostly for specialty tea, premium tea,iced tea, and instant tea. It is a coffee drinking country but it is turning towards tea for the health aspects, so we see a lot of potential. We are positioning Ceylon Tea as a premium product in the market, and a high-end product."

90% of Sri Lankan tea is being exported, and the country will keep exporting their finest tea product at the highest price. Right now the price for their tea is USD 2 extra than the average tea price in the world.

Competition in the type of industry is starting to grow rapidly, Vietnam, Kenya and Turkey are involved in tea plantation, so Sri Lankan Tea members have the challenge to maintain the quality of their product and overcome any price given by the competition.

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Sri Lanka is the pearl of the Indian Ocean, a gemstone that has long been acknowledged by traders on the Silk Route, dynasties from far and wide and famed travellers from the East who recounted its exotic tales and exotic discoveries.

Centric to Sri Lanka's economic and social development plans is our Middle Income Country status, propelling us towards meeting our vision of becoming South Asia's Economic Hub by 2015. The Five Plus One Strategy drives the hub status where six key industries, namely, maritime, logistics, knowledge, trade & commercial and tourism hubs are the vehicles that have already prompted numerous accelerated development initiatives in the journey of being the wonder of Asia, adding imperative prowess to Sri Lanka's far-thinking development strategy.

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## Industrial and export competitiveness



**Rishad Baduhoen**  
Minister of Industry and Commerce

Sri Lanka has a competitive industrial sector driven by a vibrant commercial environment. Having been one of the pioneering countries in Asia that introduced liberal and market oriented Economic policies far back in 1977, the country now seeks to add to its past fame and be part of the modern world with an important position in global trade and commerce. With its strategic location on the ancient silk route, Sri Lanka is fast progressing towards becoming Asia's business hub for naval operations, production and commercial activities, knowledge based industries, aviation activities and tourism and energy developments.

Sri Lanka is now a middle income emerging market, with one of the fastest growing economies in Asia, and its new economic strategies hold much promise of bringing out the true potential of the country as a source for exports of diverse commercial and industrial interest, and making it a new focus for international trade.

Although the processing of coconut, tea and rubber have been historically the main contributors to the economy, now the apparel industry has grown to represent Sri Lanka's number one export and the most significant and dynamic contributor for the economy with more than 40% share of annual exports while providing 300,000 direct and indirect employment opportunities. The design, manufacture and export of textiles and apparel products play a key role in advancing the country's economy, and Sri Lanka is among the top apparel-producing countries in the world relative to its population.

**The Minister of Industry and Commerce, Rishad**

**Baduhoen** is the key Minister responsible for promoting industrial development in the country within the wide policy framework of the government: the President Maithripala Sirisena and plays a dynamic role in the development of the industrial sector aiming for a diversified high value added industry base as well as Sri Lanka's global trade.

The Minister share with us his specific vision of the country: "to create and promote a globally competitive industrial and export environment in Sri Lanka enabled and driven by a vibrant liberal market atmosphere".

Rishad Baduhoen is taking several initiatives to increase sectoral performance with emphasis on diversified high value added industry: "In order to protect domestic industries and secure export performance, from the Ministry we are imposing and removing selected tariff lines and revising export tariff rates to support domestic manufacturing and export progress".

Being the Minister in charge of facilitating domestic industries, exports and international trade of Sri Lanka, Rishad Baduhoen has a direct role in the GDP growth of the country as well. "At the end of 2014, Sri Lanka's GDP stood at \$75.5 Billion growing from \$67.2 Bn in 2013. In the first quarter of 2015 (Q1) GDP grew by 6.4%. We believe that the GDP will grow by 7.2% in 2015, and the growth drivers will be tourism, banking and garment manufacturing".

According to the Department of Census and Statistics key pillars of the economy in Q1, was shared by agriculture (11%), Industries (32.7%) and services (56.3%) sectors. Agriculture grew by 0.7%, Industries grew by 6.5% and Services by 7.5% in Q1-2015.

Regarding the relations between USA and Sri Lanka, United States is Sri Lanka's largest single-country market, receiving a 20% of total exports, it is also Sri Lanka's largest single-country market for garments, taking almost 40% of the total garment exports (the EU and UK are 50% and 23%, respectively).

At the same time, the free trade agreements that Sri Lanka has with India and Pakistan gives US businesses duty-free access to those large markets which is an unique opportunity taking into consideration the location of the island.

Regarding Sri Lanka's exports to US, the Minister explains "they are surging on hectic phase and June's renewed US CSP facility boosts our export development efforts. On behalf of the



**Image: Board of Investment.**

**Government of the President Maithripala Sirisena, we thank the US government for re-authorizing this crucial trade facility to Sri Lanka. US is the biggest consumer of Sri Lankan exports in the world as well as Lankan apparels".**

The government expects to achieve an export target above \$20 Billion by year 2020. In 2014, total annual exports stood at \$11.1 Billion while imports stood at \$19.4 Billion reporting a negative trade balance of \$8.2 Billion. Labor force participation rate stood at 53.3% in 2014 while Unemployment rate declined from 4.4% (2013) to 4.3%. In 2014, export unit value index increased by 2.4% (Base 100 in 2010) but import unit value index declined by 1.5% (Base 100 in 2010) showing strengthening of purchasing power of the economy.

Although expectations of economic growth are unbeatable some challenges remain: "the energy productivity and energy costs, that are still burdensome for small and medium scale industry sector, the lack of

manufacturing sector skills which creates industry tightening and drives up labor costs, and the lack of access to credit/development financing for new startups" says Mr. Baduhoen. "The country also needs to further reduce the dependency on thermal energy, which is 45% of total power supply".

The Ministry is now taking several initiatives to increase sectoral performance with emphasis on diversified high value added industry base, high economic growth, more employment opportunities, environmental sustainability, sustainable industrial and trade development, and regional industrial development.

Sri Lanka, boasts over 2500 years of recorded history and a rich cultural heritage. With the end of the war Sri Lankans remain optimistic and the country has the opportunity to take advantage of its stability, and a spirit of entrepreneurial enterprise has lent itself to new development. In an effort to stimulate new industry, entrepreneurs are thinking up and investing in promising new projects. Now is the moment to invest and do business in the country.



**Mahesha Ranasoma**  
Managing Director of Dipped Products.

**Dipped Products PLC (DPL) is a fully integrated rubber glove manufacturer that produces a continuing stream of high-value new-product innovations in protective hand wear. Dr. Ranasoma shares with us his experience heading the company and his vision of the sector and the country.**

**What is your overview of the new, post-war Sri Lanka?**

The post-war Sri Lanka has brought in the much needed peaceful environment for all its citizens. Without any doubt, it gives confidence and optimism to extract the true potential that the country offers in a multitude of dimensions. We have clearly seen the resurgence of the tourism industry in Sri Lanka. The Foreign Direct Investment levels in the post-war period have quadrupled compared to average FDI inflows during the period of the conflict. Our GDP has doubled in this period. Sri Lanka is also further liberalizing its capital markets, facilitating foreign investment in debt and equity markets and enabling Sri Lankan firms to seek international sources of financing. There is rapid improvement to infrastructure, particularly transport infrastructure both in terms of inland roads and highways and new ports and airports. All these show that Post-war Sri Lanka offers a number of opportunities for entrepreneurs to capitalize on reaching the global markets from its strategic geographic position.

**Could you please tell us more about the history and the background of this company and what key strategic moves were made to bring the company where it is today?**

Dipped Products PLC was incorporated in 1976 and it was publicly listed in 1983. Over the four decades of existence, our manufacturing operations have grown to a level where we hold an estimated 5% of the global non-medical latex glove market, operating in more than 70 countries. This, I believe, is a remarkable achievement

for a Sri Lankan company. We have expanded our manufacturing capacities not only in Sri Lanka, but also in Thailand. Apart from following organic growth strategies, we have acquired manufacturing capacity in Sri Lanka and added a marketing subsidiary based in Italy. Today, we are serving three key segments in the latex glove industry, namely, general purpose household gloves, industrial gloves and medical examination disposable gloves. We are differentiated in the market as a leading private label manufacturer who can provide consistent good quality products that serve a wide range of hand-protection needs.

**Which of these three segments is the most important for the company?**

DPL holds a strong position in the retail household glove segment. Our customers are able to experience these products through leading retail chains in the key markets that we operate. DPL continues to innovate value added products to our consumer market and of late, we have introduced the "Herbal Touch" range of gloves using natural herbs from Sri Lanka to combine skin rejuvenating properties into the household gloves. The range of industrial glove products includes gloves for the food industry, cleaning chemical, oil and gas and electrical utility industry. Given the importance, our focus is to grow our industrial glove portfolio leveraging on our in-house technical and R&D capabilities.

**Could you please tell us what do you think makes your company different from other companies and what are the main competitive advantages you have?**

DPL has recorded year on year growth throughout its nearly four decades of journey since inception and delivered a range of superior quality products. Our unique mix of differentiators is perhaps unobtainable. We supply ethically manufactured products, focused on consistent high quality, able to meet legislative and regulatory requirements of various markets, complying with an array of quality and environmental standards. We are also continuously investing in Technical and R&D capability to innovate new products and offer our customers a reliable service.

DPL has won national and international recognition on the integration of small holder rubber farmers into its supply chain via a unique project named "Firstlight" where we have created a model that conforms to fair trade practices. As an outcome, DPL is recognized as the World's Ethical Natural Latex Glove Manufacturer. Our customers are able to position themselves uniquely in their markets through their patronage to Firstlight thereby connecting the vast number of end users with the small holder rubber farmers in Sri Lanka by using our natural latex gloves.

**Could you please tell us more on how do you feel you are you committed to Sri Lankan development?**

We source our natural latex from a small holder farmer base of around 3000. Our manufacturing operations create over 2,500 direct employment opportunities where equal opportunities are given to males and females. The indirect livelihood opportunities which

are created through our supply chain are estimated to be 10,000. All value added products manufactured by us are exported thus, bringing valuable foreign exchange into Sri Lanka. We are investing to expand our manufacturing capacity in Sri Lanka which enables us to capture new opportunities in the global hand protection market. All these aspects demonstrate our contribution to the development of our country.

**Which are your main exporting markets and what is your relationship with the US market?**

Traditionally, we have focused our efforts to grow our business in European, North American and South American markets. We are also significantly present in other key markets such as Russia and Australia. We have built strong relationships in the US market especially for our industrial gloves. As mentioned before, we cater to industries such as cleaning, chemical, food processing, oil and gas and electrical utilities. We have been present in the US market for over three decades and are very conversant with regulatory norms, standards and understanding the evolving hand protection needs. It is noteworthy to mention that through deep understanding of our customers, in particular in the US, we have been able to innovate a range of high value products catering to industries such as aircraft maintenance and refinery operations.

**Technical and strategic partnerships help companies business supplying a state-of-the-art technology and effective strategic innovation. Could you please tell us about your current partnerships and how open you are for new partnerships with foreign companies?**

Fundamental to our growth has been the partnerships with our customers whose specific needs have been addressed by developing appropriate solutions. We not only look to strengthen the existing partnerships, but are also open to new partnerships that can stimulate innovation and create mutually rewarding business opportunities. New collaboration opportunities could be in the areas of manufacturing technology advances, process innovations as well as innovative business models that can create value to our customers.

**Can you tell us your vision of the company for the next five years?**

We aspire to grow our business retaining and strengthening our unique value proposition to our customers. As mentioned before, DPL is known for its product quality, innovation capability, ability to cater to customer needs with a wide array of products, customer service, and ethical manufacturing. Our vision is to grow our business to be amongst the top three multi-segment latex glove players in the world.

**What do you think are the main challenges the industry sector is facing?**

Macro-economic conditions, especially economic downturns in markets that we operate are a major

challenge as situations typically favor economy range products. Another area of challenge that we face is weaknesses in stringent enforcement of regulatory norms in order to ensure that glove products comply with the required safety standards. This is an important area to prevent sub-standard products from entering markets and endangering the users.

**Regarding the political and economic changes that are happening in Sri Lanka, how do you see the country for the next years?**

I believe Sri Lanka has a lot to offer to the world not only in terms of its geographic position, but also considering its rich talent pool and a multi-cultural society. Industry friendly long term policies are an important aspect to create an enabling environment for the local entrepreneurs to grow their enterprises across global markets. Sri Lanka offers great potential to global markets in sectors such as value added Tea, rubber, spices, herbs and in agriculture as well. As a globally connected nation, I think we must strive to capitalize on the full potential of products and services that Sri Lanka can offer to the world.

Moreover, Sri Lanka is in the heart of the fast growing Asian economies and as the centre of gravity of the global economy shifts to Asia, Sri Lanka stands to benefit. Sri Lanka has excellent market access to the Indian sub-continent. In particular, creating an opportunity for investors to use Sri Lanka as a base to tap into Asia's growth potential. There is a concerted effort across all stakeholders in Sri Lanka to position the country as a hub for the Asian region.

**What is your final message to our readers, regarding to the market and the opportunities in Sri Lanka?**

Starting from small beginnings we have reached an estimated 5% of the global non-medical latex glove market. Our passion to grow the business to new heights remains strong and we have a clear track record of growth and resilience to overcome challenges that we face. We continue to invest in Sri Lanka and expand our operations. This I believe is a message of confidence about the potential that Sri Lanka can offer to build an international enterprise.

**We would like to know more about yourself and about your personal and professional background and how did you become the MD of Dipped Products.**

I graduated with a First Class Honors Civil Engineering Degree from Sri Lanka and obtained a PhD from Cambridge University, UK specializing in Coastal Engineering. I also obtained an MBA with Distinction from Wales University and that's basically on the academic side. From a career perspective, I have been a Senior University Lecturer followed by serving Shell Gas Company in several senior leadership roles including being the Country Chairman of Shell in Sri Lanka. Therefore, I took up the present role as the Managing Director of DPL which has given me a great opportunity to lead a global business in Hand Protection.

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**Mr. Rathnapala Samarawera**  
Chairman of Maliban Biscuit Manufactories



**Kumudika Fernando**  
Managing Director of Maliban Biscuit Manufactories

Established in 1954, the Maliban Biscuit Manufactories (Pvt) Limited has a rich history of 60 years. Arriving at Colombo from his home in Galle in 1932 with 75 cents to his name, Mr. A. G. Hinnyappahamy began working at the many food related establishments in Colombo. Later identifying the opportunity in the market, he decided to work for himself, rented a disused business location, in Maliban Street and began a simple tea kiosk in the late 30's.

He was a visionary leader who had a hands on experience in the industry and expanded by established the Maliban Hotel at 63, Maliban Street in Petcah, eventually opened many other hotels in Colombo.

With the inception of the hotel, the entrepreneur in him felt the need to open a bakery to cater to the customers. Originally, the bakery supplied bread and cake to the customers. At the time only British imported biscuits available to the consumer. Mr. Hinnyappahamy began making hand-cut biscuits to serve at the hotel, getting the cutters from Britain. Mr. A. G. Hinnyappahamy's vision to produce a local biscuit that is better in taste and quality of the imported biscuits that were available for expatriates.

One of first biscuit made by Mr. Hinnyappahamy is still one of the flagship products in the Maliban biscuit portfolio - the Maliban Marie Biscuit. Soon, the demand for the biscuits exceeded the supply.

Realizing that cutting biscuits by hand was no longer a viable option, he became the first Sri Lankan to import a British Machine to manufacture the biscuits, after a visit made by ship to England to observe British biscuit manufacturing facilities. Hence the Maliban Biscuits Manufactories began its operations as the first mechanized biscuit manufacturing facility in 1954 at Kocahena. Traveling to England, Mr. Hinnyappahamy observed the British biscuit industry and brought the recipes for Marie, cream cracker and many other biscuits to Sri Lanka. Still Maliban maintains the original recipe brought from England.

One of the biggest challenges that the new company faced was meeting the growing demand. The genius of the late Chairman of the Company is evident in the manner that he dealt with the rapid demand of the time and the competition from the imported biscuits: he was the pioneer in introducing branded distribution vehicles to Sri Lanka. Maliban biscuits were one of the first products mass distributed in the country. Mr. Hinnyappahamy imported the best quality ingredients from overseas to produce the biscuits. While Maliban had established its presence among the customers at that time with their reputation as a company that values quality, several other competitors emerged, catering to low-end customers. One of the lessons that the late Chairman imparted to his successor was to "Never compromise the quality for profit gain". His humility in conducting business was backed by a driven mind and he diversified his business to various other sectors, creating numerous job opportunities to the Sri Lankan populace.

The late Chairman established a personal policy about the quality of his products. "Do not release anything which cannot be consumed by your children to the market & consider all the consumers as your family members" is still one of the policies that is followed by the present Chairman and is emulated by every employee.

Following the passing away of the late Chairman, Mr. Rathnapala Samarawera took over the reins of the company as the Chairman in 1971 at the age of 29, who made a promise to the late Chairman that he would look after the company like his own two eyes. Under his guidance the Company saw continuous growth and

took its product range to the next level. Up to then, Sri Lankan consumers only access to sweet biscuits. Mr. Samarawera introduced the savory biscuit range, lemon puff and many other popular products to the Market.

Maliban is one of the first companies in the country began exporting products to many countries since 1984, as at now maliban export to 38 countries mainly export to European countries, African continents and Austrasia countries. Demand for maliban biscuits growing day by day from outside Sri Lanka due to quality, taste and texture. National carrier Sri Lankan airlines serve maliban savory biscuits for all destinations. Furthermore maliban Bran cracker serves in emirates airlines passengers is a yet another testimony for maliban biscuits of its global acceptance.

To meet growing demand, maliban has invested in ultra modern production facility investing USD 10 Mn last year. This customized plant supplied by world best plant manufacture one of the best biscuit machine producers globally. With such improvement maliban is geared to concern the global biscuit market, company is now looking forward to international presence by appointing new distributors to take this world class product.

Maliban has a strong research and development center equipped with state of the art testing facilities and equipment. Maliban is currently producing unique products for global players to their specifications and given parameters such partnerships are growing strongly and volume is increasing annually due to trust and strict quality control that maliban adheres in the production process. We are inviting all interesting parties contact us for contract manufacturing.

Maliban is up-to-date with latest techniques and global trends, maliban has partnered with many reputed local and international consultants and resource personals who are regularly provide contribution to enhance the knowledge, one such personality is Mr. Manju Gunawardana the winner of the prestigious award at the National Innovations exhibition in 2012, secured a Gold prize and Silver for his two inventions at the 41st "Inventors Geneva" exhibition, held on April 10-14.

Maliban is looking at the feasibility of using nano technology to develop its product range, one of the product that is testing now is moringa leave biscuit, this is will be the one of a kind high nutritional biscuit in the world.

Moringa is rich in a variety of health-enhancing compounds, including moringinins, moringinins, the potent antioxidants quercetin, kaempferol, thameretin, and various polyphenols. The leaves seem to be gaining the most market attention, notably for their use in reducing high blood pressure, eliminating water weight, and lowering cholesterol.

Now that moringa is emerging as a popular supplement for health enhancement, the science on this plant is accelerating. The glucose-modifying, anti-diabetic effects of moringa may prove of great use amidst a viral epidemic of Type 2 diabetes and obesity. The liver-protective activities of the leaf and its extracts could make it a staple component of bitters formulas and various cleansing preparations. And ongoing work on the anti-cancer properties of moringa may at some point earn this plant a role in chemotherapy.

With such unbelievable benefits Maliban will introduce a breakthrough product to the world biscuit market very soon.

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**Harith Dharmadasa**  
Managing Director of Nawaloka Holdings

Nawaloka Holdings is a highly reputed diversified conglomerate, best known for spearheading the private healthcare sector in Sri Lanka, and also having established a strong presence in the Construction, Manufacturing, Trading, Lubricant and Aviation sectors.

Can you tell us about the background and history of the company and which key movements were made to bring the company where it is today?

We are originally a family owned business of about 70 years old. We were originally a construction company and we have been successfully diversified from its small beginnings and today enjoys the position of market leader in all its activities. We ventured into many things, and one of them was the first fully fledged private hospital in Sri Lanka, which we started in 1985. Prior to that in Sri Lanka there were only just small nursing homes. With this venture we introduced private health care to the country.

In 1987 we changed the phase of radiology in Sri Lanka by getting the first C.T scanner into the country. Since then we have continued to be the first to introduce everything that has happened in the private health care sector. In the very early 90's we were the first in the private health care sector to start "open heart" surgeries. We trained a special team in Wales England and we managed to start "open heart" surgeries, so far we have done more than 10,000 cases. We were the first to do kidney transplants, liver transplants, and the first to bring a MRI machine. In technology plus in services we were the first to introduce many. Currently we are the most awarded hospital in the country.

Could you please tell us which is the strongest and/or most profitable company or sector?

The strongest company in our group is the construction company. We are one of the top qualified contractors, which is the highest grading in Sri Lanka. We do everything from bridges, road construction to buildings. Currently we got a 45 million dollar project in Maldives as well. We venture in the outside of Sri Lanka as well. That would be our number one company.

In the healthcare sector we have a very strong presence with Nawaloka Hospital as well. We are in the most central point in Colombo, and we have the highest number of consultants visiting here. We started as a family company but in 2004 only the Nawaloka Hospital went public and we vested ourselves in the stock exchange.

Regarding some key figures and indicators of the company, the group has an annual turnover over 5 billion rupees (over USD 115 million). Could you please tell us more about other key figures such as growth rate and number of employees?

Our growth rate is about 15%, and we have over 10,000 employees.

Regarding the Nawaloka Holding, could you tell us about your current partnerships and how open you are for new business relationships and partnerships?

We are very open, we have partners in the construction sector, hospital sector, the lubricant sector, aviation,

and education and finance sector among others. In construction we represent some of the renown brands in the world, and we look at air-conditioning systems, and interior solutions as well.

In the healthcare sector we represent some of the best agents in dialysis, and we look at the number one brands for our medical equipment, including some of the better known US brands.

We are a seventy year old company and we have many CEO's looking after various sectors. We are into lot of the main sectors of the Sri Lankan economy, even the tea industry though we are not in the tea manufacturing sector we are in the flavouring sector. Anything that is business worthy we look at it in a favorable manner.

As a successful company in the country, what is your commitment to society and with the development in Sri Lanka?

We have many because we have 16 different companies.

As a group our main contribution has been mainly in construction, Manufacturing, hospital and trading. In those sectors we provide a lot of employment, a lot of skill, training, and a lot of people have gone abroad after having worked with us. There is a big demand for nurses from our hospital. They have moved from places in the south of Sri Lanka and other parts of the country, they have come here and now doing well. Lot of them have migrated to foreign countries and their standards of living have improved significantly.

As the Managing Director what is the vision you have for your Holdings of companies for the next 5 years?

Right now we want to see our hospital plan coming up. We want to set up the regional hospitals. We are very focus on that because with our brand presence we feel that there is a great demand for it. Officially there are about 5000 hospitals, but if you take the proper hospitals it may be just about 10%, considering the government hospitals as well.

That is a big need for our society, there are no regional hospitals with proper lab facilities, radiology, etc., and that will also help young consultants to work out of Colombo, with the right tools. If they have the technology and the right hospital, they wouldn't mind moving to exterior places and working with the community. That is our goal right now.

We have it at present but we want to do it in a more professional way mainly due to medical tourism. We are also going to improve our physiotherapy because we get a lot of sport injuries. That is something we want to focus in the future. We also want to have a separate sector for medical tourist patients.

We would like to know more about your personal and professional background and how did you become the managing director of Nawaloka Group.

This is a family business and I am the third generation. When I did start working here I was in the trading sector. I was put to manage all the trading sector, therefore I have a lot of experience in construction, healthcare, and other sectors.

That was my main line till about 2000. After I joined here I learned a great deal about the health care sector, we deal a lot with many agencies. When I joined the hospital I was able to reconnect most of it. And with it I got an opportunity to join the board.

We have a very good set of CEO's and responsible people, therefore my job is simply to monitor them and their numbers. All family business are very hands on, if there are any issues that we see which needs to be addressed, we handle it personally.

At the same time there are a lot of young people working with us, they like our working environment and they have been here for long periods, and most of our work is managed through them.

What is your final message to our readers regarding Sri Lanka and why should they come and visit and invest in the country?

We are the best located country in South Asia, and our infrastructure is the best. Everything is nearby therefore there is a lot of industries that can be developed. All the successive governments have looked at developing tourism, but medical tourism and other sectors like manufacturing and in other industries there is still a lot to be done. We have a huge potential, and anyone coming to Sri Lanka right now will probably benefit significantly.





**Haniff Yusoff**  
Group CEO of Expo Lanka Holdings

**The growing manufacturing apparel industry: one of the country's engines**

One of the most important players servicing the growing and important apparel sector in the country is **Expo Lanka**, at the same time one of the most diversified groups in the country and a company that is actively supporting the idea of converting Sri Lanka in a commercial hub.

**Haniff Yusoff** share his idea of Sri Lanka as a regional hub. "In 2013, there was an amendment in the country's legislation to enable Sri Lanka to become a commercial hub. We have been talking of making Colombo Sri Lanka like Singapore and this had going on for many many years; the center to make that happen was to make a change in the regulations and to make it easy to do business in Sri Lanka and encourage foreign investments. When this commercial hub was brought in, my involvement being in the freight & logistics business and in the fashion retail business clearly meant that I could clearly see this country being a hub for distribution. Business in the world in controlled by brands, brands control the business. These brands manufacture for retail fashion or any other industry in Asia, but the end market is United States. The biggest consumer market".

He continues explaining about their plans and movements in the country related to this idea. "We set out to establish the first free port hub in this country called The Expo Global Distribution Centre (EGDC). We started this about a year ago where people can bring goods from India, Pakistan, Bangladesh, and China and add value and re-export. This free port we have is considered as foreign and external territory within Sri Lanka".

His vision of Sri Lanka as a regional center in the apparel industry is clear. "Our facility is based next to the Airport and though there was always a negative side whether Sri Lanka can really become a hub I am pleased to say that this has created a lot of interest among buyers in Europe and hopefully in the United States in the future. This is where they could bring a top from Bangladesh, a bottom from India, mix and match them, and put the bar code the label and hold it here to ship it on time to the stores around the world".

Expo Lanka started in Sri Lanka servicing US customers in the apparel business and after some years they expanded to the Indian subcontinent. Expo Lanka looked beyond Sri Lanka shores with the civil war going on rather than focus only in the country. That outlook to expand is the reason why today they are in 20 countries in the freight & logistics business. Whilst the freight sector grew, so did that the family business interests in other industries.

The second vision of this company is to leverage on the growth of markets in India and China. Expo Lanka is in a very good position because the shipping port is being developed, their customs are less bureaucratic than



**Felix A. Fernando**  
Director of Omega Line Ltd.

others in the Indian subcontinent. The government must be bold enough to make those decisions. As the private sector Expo Lanka feels that this would be a second or third hub for trade. This company now with Japanese investments is looking a further expansion of Global Distribution Model and looking further investments in warehousing and distribution not within the country but overseas using Sri Lanka as a hub. They are encouraging the government to develop the port further, increase the airport facility and look at other opportunities that Sri Lanka would have apart from its tourism. EFL is always looking at leveraging on our geographical advantage as this is a real commercial hub for import and export, consolidation and distribution.

Mr. Haniff Yusoff believe in partnerships and the benefits that are bringing to his company. "Even though the shareholders are majority Japanese, we have partners everywhere. We have a large part of business with Uniqlo Stores and Limited Brands which owns Victoria Secret is one of our biggest customers. We work with other big fashion names as well largely due to the fact that we have offices in the most popular sourcing origins in the world and at some point or the other every brand has worked in one of those markets. Our main markets at this moment are Sri Lanka, India, Bangladesh, Vietnam and Hong Kong. The others are upcoming, wherever production of retail fashion is taking place".

In Sri Lanka besides sea and rubber, the manufacturing apparel sector has been growing to the point of becoming one of the country's engines. One of the most important companies involved in this industry is **Omega Line Limited**, a 100% owned by Calzedonia Finanziaria di Luxombourg and started operations in 1999 in Sri Lanka with 30 employees in Sandalankawa. Calzedonia has other manufacturing operations in Croatia, Serbia, and even Bulgaria, and their Sri Lanka operations see annual export value of over \$ 300 million to Italy alone. His CEO, **Mr. Felix Fernando**, explains us the main competitive advantages of the Sri Lanka market: "One of the first things is quality, maybe not all companies are the same as ours but most of our manufacturer companies adhere to and comply to the parameters that are required to run and to produce some products. You cannot expect a quality product if you not give a proper environment to your workforce, this needs to be a mindset and is not easy to plant that idea on the workers, Sri Lanka is mostly a Buddhist country so people are simple".

He continues explaining how has Omega Line succeeded: "companies as Omega Line have changed the culture of "aiming for low targets" to a culture where we always seek the best quality. They are quick learners, and people with less education sometimes perform better than the graduates, all we have to provide is the proper training and a good work environment".

Sri Lanka's garment industry is now a US \$ 3.5 billion export business, accounting for 43% of the country's export earnings, and Omega Line is one of the most important apparel companies in the country and has been growing constantly during the years acquiring other companies. One of the biggest advantages that they have is that they don't have to wait for buyers or orders to come to be able to produce. There are currently 4 legal entities, Omega Line, Sirio, Alpha Apparel and Beni plus, in total seven factories with



**Indira Koushal Rajapaksa**  
Managing Director of Kalhari Group.

around 13,000 employees. Omega Line has undertaken many Corporate Social Responsibility (CSR) projects to improve the quality of life through livelihood and infrastructure development. Omega Line has a responsibility with the country and the Sri Lankans as stated by Mr. Fernando: "Starting with our own facilities, we give free breakfast to our employees and lunch at Rs. 10 with is equivalent to 0.8 dollars, when we spent nearly eight times more than that. In the afternoon if they are working overtime we provide a snack and also free transportation to their homes, morning, afternoon and evening. We have a doctor coming two or three times a week and nurses' full time, all this free of charge.

We organize throughout the year different events like the "Parents' Day" where we have a health fair with over 20 different doctors such as dentists, eye doctors and generalists. This is for all our employees but also for their parents. We also have the "Family Day" where our employees can bring their families and we organize social events, show the factory, and explain what we do. We offer lunch and the employees can spend the day with their families.

From the social point of view we give donations to people that need some special medical care, to the sponsorship to people that has been selected to represent the country in sports but have difficulties affording the expenses.

We built the road near to Omega Line which is a public road, spending nearly USD 300,000, and after the tsunami we built 50 new houses. We are building a new school where we are investing USD 280,000, this project is currently ongoing and might be finished on June 2015."

Like any industry challenges are real, according to Mr. Fernando one of the biggest challenges they face is that their market can be reduced because clothing is one of the expenses that it is first cut when economic constraints appear.

The market is asking for a better quality than yesterday at a lesser price than yesterday. Buyers trust in Sri Lanka over other countries that have our same technology because they have built a good relation with them, one of trust.

Another important element in the industrial and commerce sector is Kalhari Group of Companies, is the first company of the Kalhari Group which started their operations in the Year 2003 with the main objective of recycling and exporting of Post industrial and Post consumer rubber and Plastic waste.

From the first company Kalhari Enterprises which they started with, they developed the rest of the companies of the Group. Kalhari Enterprises is the largest company of the Group. The recycling of tires it is being performing also very well in those years; they are expanding this business, and they are going to build an automated system for it. At the beginning of the industry they started exporting to Pakistan, they lost it during that time, but now the opportunity it is appearing again. They have also introduced themselves in Turkey, in Malaysia and of course India and China.

They understand the demand of the products that they have is growing, and have created with our latest technology the possibility to create something useful out of waste. The cost in Europe and in other western countries are going up, and Kalhari Enterprises can be part of the solution for that, so with the correct partner and investment they want to capitalize the



**Harsha Subasinghe**  
CEO of Codegen

**The New "Silicon Island"**

Sri Lanka is emerging as a global IT-BPO destination and the government has identified the IT-BPO sector as a priority growth sector for economic development and provides many incentives to promote investments.

The growing ICT industry in Colombo offers a unique advantage for Small and Medium Enterprises (SME) to enjoy premium access to a high quality talent pool, which is becoming increasingly challenging in large established destinations such as India and China.

One of the latest news about the country which defines its developed IT sector is that the entire island country could soon get free internet beamed down from Google Loon balloons.

Codegen is one of the examples of a successful technology company in the island. Mr. Harsha Subasinghe, a dynamic IT entrepreneur and founder of Codegen, shares his experience in the country: "If you look at why we came in to the market and why we got a piece of the market from nothing, we wrote our own code. We wrote every single thing from scratch. Our star product is TravelBox, which is a complete end-to-end solution for the travel industry," he says. "TravelBox is a cost-effective, high-performance platform that automates travel business processes, including inventory, pricing, documentation, communication, and accounts. We focus on our operators, airlines, ground handlers, destination management companies, accommodation providers, cruise liners, travel agents, and so on. TravelBox is being used by some of the largest players in the travel industry".

opportunities that are arising.

**Mr. Indira Koushal Rajapaksa and Kalhari Enterprises** are committed to Sri Lankan Environment and development: "We are committed to Sri Lankan environment and development and we are making a cleaner country today. We are committed with quality too, and we are exporting quality work outside Sri Lanka, for example to Japan, which it is improving the image of the country too. I am committed in serving my country and put all I have learn into it."

Mr. Koushal also expressed the main challenges they face in the recycling and the manufacturing sector: "In other countries like Europe or U.S.A, the recyclers are paid for taking care of the environment, but here it is different. We have to find our own way of finances to make this sector viable as an industry."

In Sri Lanka we have support of the Government by encouraging us to get the waste. There was a time where there was a program of incentives for the waste industry, for example for getting a special interest rate at bank loans to buy machinery, and these are the things that should be encouraged even more.

We want to be recognized as an industry, as servers to the big industries, and creators of employment in the country, and exporters, attracting foreign currency to Sri Lanka."

Right now they are looking forward for more partners and ventures interested in invest in Sri Lanka, in some of the areas where they have more expertise such as the assembling of footwear.



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**Mano Tittawella**  
Chairman/Managing Director of EAP Holdings Limited.



**Aswin De Silva**  
Chairman of National Savings Bank



**Hemaka D.S. Amarasinghe**  
Chairman of Sri Lanka Insurance



**D.P. Kumara**  
CEO of People's Leasing & Finance PLC

## Finance Is a Fast-Growing Sector

With a relatively open investment climate and financial system, moderately stable monetary policy, improving infrastructure, and world-class local companies, Sri Lanka has many of the ingredients to progress economically. For some U.S. and foreign investors, Sri Lanka's frontier market has been fertile ground for both direct and capital investments.

Sri Lanka is aiming to become a center of excellence for several key sectors. Among the focused vertical sectors, Financial & Accounting services sector has shown a notable growth. Colombo now has the world's largest pool of UK qualified English speaking accounting professionals outside UK itself.

At the same time Sri Lanka's government has the ambitious goal to prepare the country to become an upper-middle-income economy by 2016, with GDP per head of over US\$4,000, and to avoid a middle-income trap thereafter. The island has large number of banks for an economy of its size, with 24 commercial banks in 2012 and nine specialised banks. Of the total, eight are state-owned, including the dominant Bank of Ceylon (BOC) and People's Bank. The remainder include 14 foreign banks and 13 private lenders, although the state can also exert influence over these private banks through the equity holdings of the country's social security funds. In addition, there are 58 non-bank financial institutions (NBFIs).

The Sri Lankan economy has proved to be resilient with the Central Bank of Sri Lanka projecting a growth rate of 7% in 2015 - one of the highest rates in the region. Sri Lanka government has identified the financial sector, among others, as a priority growth sector for economic development and provides many incentives to promote investments.

Governor of the Central Bank, **Arjuna Mahendran** talks about the projected growth of the country: "We are projecting a growth rate of over 7 percent, I think seven and half percent would be reachable. That is based on the fact that there is renewed confidence in the economy and we also think that the growth of private sector credit from the banking system could also help growth along. So I would not be surprised if we exceeded our target but I will be cautious and say seven and seven and half for now".

One of the key participants of the financial sector is National Savings Bank, which is the premier Licensed Specialized Bank in Sri Lanka owned by the Govt. of Sri Lanka, and the only local bank to receive AAA Fitch Ratings for 10th Consecutive Year.

According to Mr. **Aswin De Silva** the challenges of the banking sector in the country is "to maintain our trade deficit at manageable level in terms of our growth and GDP. We have to ensure the Government consumption levels at a reasonable level, and the Government has planned some measures to put that down. We have to look at our productivity, so at every moment we should have present that we should be looking for innovation opportunities, bringing technology in, to boost productivity. That is key focus area, because it will help us to boost the economy in terms of employment, foreign direct investments, etc. While we have these challenges we need to ensure that we have consistent policies and consistently applied, and the actual Government is putting that in place. So if we can achieve our goals I think that Sri Lanka will become a country with tremendous potential".

The bank won the trust of people and come a long way to lead the country's rupee savings market with a market share of 11.5%, and it is the only bank in Sri Lanka where the customer's deposits in terms of the capital and the interest are guaranteed by the bank. The main mandate when the bank was officially created after 1972, was to mobilize deposits of people from low income groups.

With 236 branches all over the island, and taking that number to 250 by the end of the year, and with 3450 employees from various backgrounds, National Savings Bank is one of the most beloved country banks, and in terms of deposits is the third largest bank in the country.

They had an income in 2014 over 57 billion Rupees, that would represent over USD 400 Million and more than 700 Billion Rupees in assets (over USD 5 billion); 17.92 Million Sri Lankan account holders, which is approximately 2/3 of the country's population. "We

have done really well in 2014, our profit per tax was of 10 billion rupees and we have contributed to the Government with dividends, income taxes, value added taxes, and special levies with over 11 billion rupees. (Some of these taxes and special levies are computed before arriving to the profit). So if we move that out our profit is actually more than 10 billion on 2014. We created the momentum to take the bank forward and for this year we have great plans, I am quite confident that we will surpass the objectives because we have a committed and qualified staff with a lot of experience and we have stakeholders who are willing to support us during this journey".

National Savings Bank is the local agent for Xpress money, Instant Cash, Unistream, MoneyGram, Ez Remit, Trans Fast and Valutrans world recognized popular web based money remittance channels which enable faster, cheaper and secure remittances from all over the world, and according to Mr. **Aswin De Silva**, Chairman of National Savings Bank is open to new partnerships with different companies: "We are very open, we had identify 4 key areas of growth for the bank in the short term. First of all we want to win on the foreign remittance market, and we are ideally positioned to do that, because of our presence, through our own or with the post offices network, secondly we want to position ourselves internationally in the region, using our experience to help citizens in some countries of the region. Third is to improve and extend our post offices system, and fourth is to add other areas of service deliveries".

Regarding the contribution that the bank is doing for the country **Aswin De Silva** explains: "In 2013, we went for an international bond and we raised 1 million dollars for key Government projects. We are key partners of the Government in assisting funding needs, for long term capital projects like highways, power, agriculture. We are a key contributor in terms of investing as a primary dealer in the treasury market, which is primarily for short term consumption needs of the Government".

He continues: "So it is a double benefit that the Government gets; having access to the international money markets, as well the local deposit network through our branches and post offices in Sri Lanka. We are a key promoter and key component in partnering the Government in that endeavor".

One of the opportunities for foreign investment is the Colombo Stock Exchange market. Sri Lanka's stock market (up 25.8% year-to-date as of October 29, 2014) is currently on-target to finish among the top 10 performing stock markets in the world this year alongside the likes of Argentina (11.8% ytd), Denmark (20.6% ytd), Dubai (40.3% ytd), India (30% ytd), Indonesia (20.4% ytd), Pakistan (24.7% ytd), Philippines (23% ytd), Qatar (38.4% ytd), Thailand (24.3% ytd) and Vietnam (21.4% ytd) data as of October 29, 2014).

Mr. **D.P. Kumara**, the CEO of **People's Leasing & Finance**, Sri Lanka's largest non-bank financial institution, talks about their experience: "In 2011, we were in a position to list the company in the Colombo Stock Exchange in our corporate journey which made a lot of difference to us. For listing purposes in Colombo Stock Exchange, it is necessary to offer 25% of ownership to the public and increase the share capital by way of an IPO (Initial Public Offering). In the listed company domain there are two boards, one is the main board and the other is the secondary board. If you want to list a company in the main board you have to offer minimum of 25% of the company to the public. So we did that in 2011".

And there was the first IPO where got the CSE (Colombo Stock Exchange) permission to offer shares to foreigners on a preferential treatment: 5% out of the 25% they offered CSE permitted to offer to foreign shareholders. So they undertook a tour to Singapore, Hong Kong and London and man-aged to get all these 5%. Even today, among the best 20 shareholders they have 10 shareholders who are foreign shareholders in the company. Initially we started from Mumbai we went to Singapore, Dubai, London, and even to New York, where about 10 corporate companies went along with the Colombo Stock Exchange and the Central Bank, especially in Boston and New York where there were about 200 investors where these people were making a case for investment in Sri Lanka. A fear that they arranged one to one meeting with these investors, we managed to get 3 or 4 shareholders to our company

after that trip. Today we see there are a lot of fund managers coming from many parts of the world. In USA we have about 5 or 6 brokers who have tied up with US stock brokers. These are opportunities that have really opened the country to US investment which was restricted earlier".

Regarding their business relationships and new opportunities to partnerships explains that "our business relations with foreign companies are confined to the shareholding, not in our day to day management, since of late Colombo Stock Exchange along with Central Bank was trying to promote investment in Sri Lanka. They have to buy the shares from the open market. Anybody can come and buy. We have a liquidity problem because only 25% is available in the market".

The actual Government is investor friendly, and wants FDI's to come in, so for FDI's to come in the local framework should be good and there should be transparency.

Mr. **D.P. Kumara** also share with us his point of view regarding the challenges of the financial sector in Sri Lanka: "The number of players have increased comparing to the space of the industry. The number of players are to be rationalized but of course the regulatory aspect is becoming more and more stringent. Those are very good things that have to come, it is tough alright, but there will be a lot of transparency and accountability so we like that. The capital requirements will be fluctuating. Small companies may find it difficult and either they will have to go for mergers or go for some foreign collaboration. The government is trying to attract foreign investment to this country, so foreign investor who may be interested in the finance market can take a stake in those companies".

**People's Leasing & Finance PLC** Started as a 100% owned subsidiary of **People's Bank** in 1996, one of the State's largest commercial banks, and later when they kept on improving year by year. Started as a private company in 2000 and in 2006 became the largest leasing company in Sri Lanka. Today they stand as the largest non-banking financial institution in the country. What really happened later was they became a finance company, started as a leasing company and became a finance company in 2012.

**EAP Holdings Limited**, a leading, privately owned and diversified Sri Lankan conglomerate in Finance and Insurance, Media, Films & Entertainment, Leisure, Trading and Property Development, started business with the establishment of **ETI Finance** in 1945, is a family company, it was founded by the late Mr. **EAP Edirisinghe**. Now the family had taken a back seat in business and have a professional team of business executives of which, **Mr. Mano Tittawella** is the Chairman in charge.

Their finance companies, make investments into gold loans and all other areas such as leasing, hire purchase, factoring, home loans, personal loans, and the other sectors they are currently involved in are, Media, Entertainment, Jewellery Retailing, Property and IT. With 3 other companies in Building & Land Sales, Insurance Broking and Security Solutions, is one of the most dynamic and best performing companies in the country.

Mr. **Tittawella** talks about the country and about their plans in the near future: "The per capita GDP in Sri Lanka is growing very fast and we believe that cinema, entertainment and in the property business will be

important developing sectors with larger disposable incomes. We had some discussions with major players in the region to join us, particularly in the cinema and property business".

"Our goal in the next three years is to take the group into greater heights by embracing new technology and seeking overseas market, especially in our IT business. We also have a vision to take this Group public by listing initially in Colombo. Hopefully we will attract many investors in the process from other countries as well" he continues saying.

EAP Holdings are about to launch to the market a new company which is called **Galaxy Landmarks Limited** and they will undertake large scale commercial and entertainment complexes, initially on property owned by them.

Mr. **Mano Tittawella** believes in Sri Lanka as a top investment destination with a huge potential. "This is a beautiful country with an excellent environment. Our tourism is excellent, with fantastic tourism offerings, not only limited to, beautiful beaches but also a long history, very ancient and beautiful ruins. It is an exceptional place to visit. Also we have a fantastic biodiversity, we have high mountains, beaches, tea plantations and much more, so you must go around to see the spectacular wild life that is a real and beautiful attraction. Tourism is a huge industry.

Regarding the business opportunities he establishes: "It is also easy to make investments here since there are amazing opportunities basically in Leisure, Property, IT and related services, Infrastructure, Property Development and in Lifestyle Projects. We probably are not a large, heavy manufacturing hub because we are a small country, but we have one of the most efficient apparel industries, world over and one of the most efficient port and aviation facilities in the region. Colombo is also a major hub for trade with India, Pakistan and China due to already operational/ pending Free Trade Agreements with these Countries."

### Insurance sector in Sri Lanka

Sri Lanka remains heavily under-penetrated by insurance with the total premium/GDP ratio falling further to just 1.09% in 2013 with 0.48% penetration for life and 0.61% for non-life. This compares with a 5.4% penetration rate for Asia, 3.8% penetration for life and 1.6% penetration for non-life (as reported by Swiss Re N03/2014).

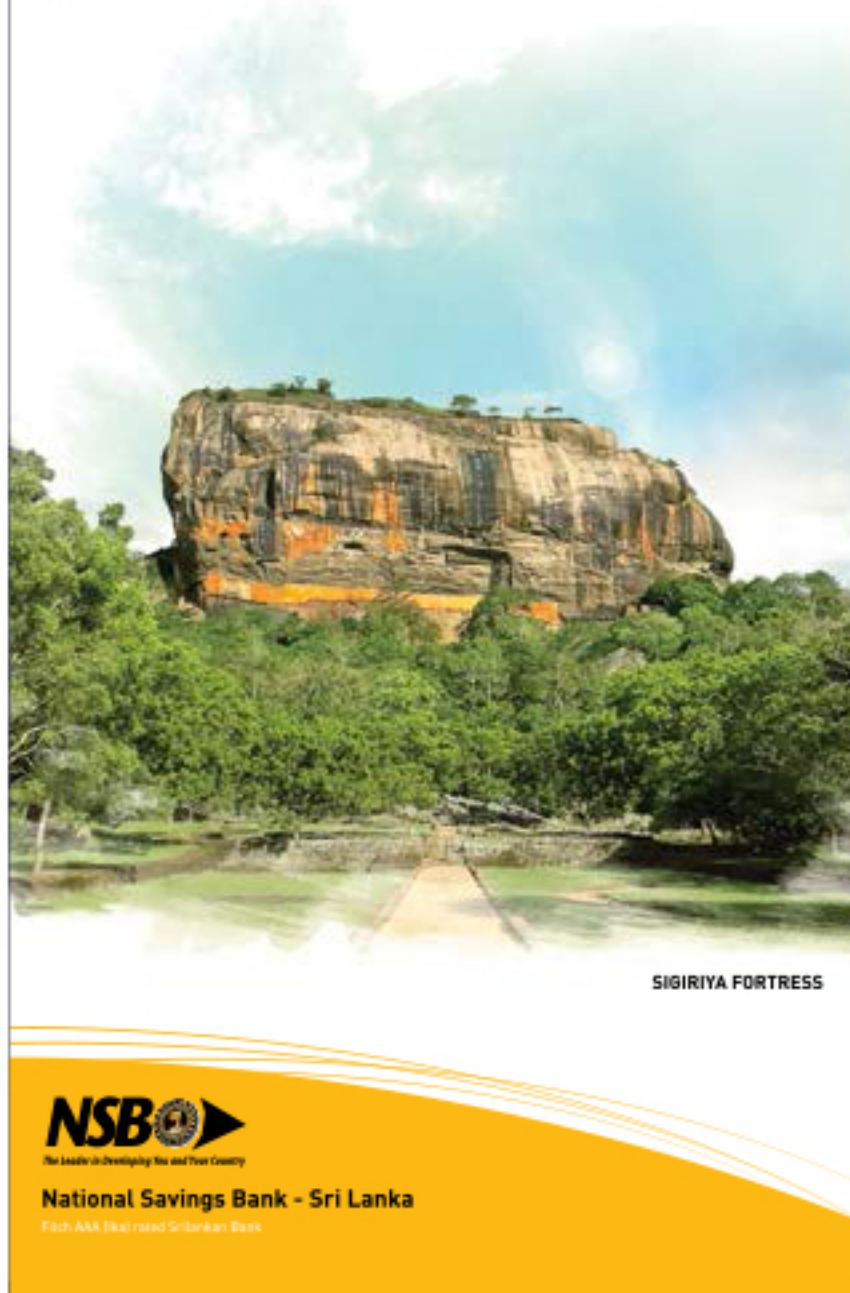
The state-owned company Sri Lanka Insurance, established in 1962, has been the pioneering insurer, and has the most experienced technical knowledge base in the country. This main player in Sri Lanka's growing insurance industry has recorded a profit before tax of Rs. 630 million (over USD 4.7 million) during the first quarter of the year 2015.

Mr. **Hemaka D. S. Amarasinghe**, top businessman in the country and Chairman of Sri Lanka Insurance, shares some of the keys to the success of the company: "In insurance companies, one of the important things is to

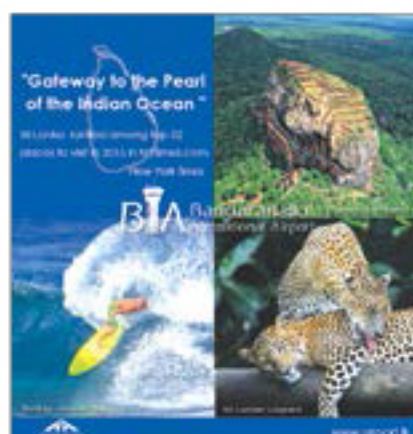
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SIGIRIYA FORTRESS



## EAP Holdings Limited

EAP Holdings Limited, a leading privately owned corporation in Sri Lanka has undergone major diversification and expansion. EAP Holdings currently owns businesses in different industries including finance, broadcast media, films and entertainment, gems and jewellery, property and agriculture, leisure and hospitality.

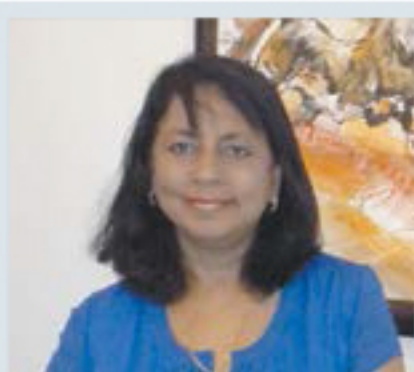


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**National Savings Bank - Sri Lanka**  
Fitch AAA (Risk rated Sri Lankan Bank)





**Morise Decker**  
Managing Director of Astron

Astron Limited is a fully Sri Lankan owned company which develops, manufactures, imports and markets quality healthcare products. The company was incorporated in 1956 creating a milestone in the pharmaceutical industry by setting up the first pharmaceutical manufacturing facility in the country.

What are the key moments of the company from 1993 to date?

Once we took over we started doing generic products and started adding new products to our portfolio. A rd continued to operate the company on that basis.

You have developed products in other areas, apart from pharmaceuticals?

Our main business is in pharmaceuticals, about 65%. And we only manufacture locally when it comes to pharmaceuticals. In the consumer range we have nutritional supplements, which is manufactured locally. The imports come with the animal health products. Most of it is manufactured locally but we do import some of it from Holland.

What are your main strategies regarding exports and how are you planning to attract these markets?

The business relationships we are looking at with foreign companies is to export our products. We export to the Maldives but we are looking for other markets. What we are looking at now is to export to the African countries or to the Far East. We are trying to find people with whom we can do business with.

CSR is important for a successful company. You are number one in the country and you are committed to the development of the local health manufacturing in Sri Lanka and you have a leadership role in this industry. Can you tell us how committed you are towards the development of the country and what are you giving back to society?

We have an association and we are trying to develop the industry. We have a very small market share for the local manufacturers but if you look around us in India, Bangladesh, and Pakistan do about 90-95% of their own manufacture. Sri Lanka does only 10-15%, now of course with the buyback agreement we have with the government we are able to come to about 20%. What we want other people to do is to start manufacturing in Sri Lanka from overseas that is what we would like to see happening.

You have been part of this family for many years, from managing director to now chairman. Can you tell us a little bit of your personal and professional background and how you became the chairman of such a successful company?

By profession I am a chartered account qualified very well many years ago. I joined Pfizer and was in charge of finance and in 1993 I was made managing director. Later that year Pfizer decided to sell the company and since I was part of the finance I knew the potential the company had and decided to do a management buyout. That is how I became the managing director. I was with Pfizer for about 19 years before I took over this company. Pfizer already had rules and regulations, policies and procedures in place. Over the years we built on that so the company runs on a real professional basis with the board of directors and divisional heads.

What will be your final message to our readers who don't know about Sri Lanka as much as you do?

It is really good to invest in Sri Lanka because there are educated persons to do the business and it can be done very comfortably. It is a good time for people to invest in the healthcare business as the government is trying to have a separate zone for local manufacturers.



**Daya Gamage**  
Chairman of Daya Group

Daya Group is one of its more important exponents. The family owned business, run by the well known entrepreneur Daya Gamage, his son Chamindra and his daughter Manjaree, has expanded into one of Sri Lanka's pre-eminent privately owned conglomerates, continuing to grow through strategic investments in several areas of business such as construction, transport, fashion, micro-banking, household and consumer electronics, agriculture cultivation, plastics, packaging, printing, manufacturing apparel, aviation and tourism.

Regarding the importance and the quality of the manufacturing apparel industry in the country Mr. Gamage establishes that "Sri Lanka is well known for its Garments without Gulk mandate and this has allowed the industry to grow. Compared to all the other garment manufacturing countries we are the fastest, as they need more time to reach US, and fashion is changing, so buyers lead-times have significantly shortened. At the same time we can reach the US within 19 days by ship and the EU by 17 days, which is one of the biggest advantages that we possess".

The Group, with over 4,000 employees, and generating a turnover in excess of USD 37 million, is working with some of the most renowned international brands. "In the apparel sector we are working closely with American Eagle Outfitters, Jones New York, Next, Marks and Spencer etc. Our buyers are internationally reputed organisations that place a great deal of focus not just on quality of their products, but also ensuring that the garments produced are ethically manufactured", explains Mr. Gamage.

One of the most awaited news in the sector today is the return of the enhanced system of trade preferences known as CSP+ status by 2016. In mid-2010, after concluding an investigation into Sri Lanka's failure to effectively implement 3 UN human rights conventions, the EU temporarily withdrew CSP+ from the country. "It would be very positive for Sri Lanka's progress. President Maithripala Sirisena has built a lot of confidence in the last months, so we hope that we will be able to further increase partnerships. To this date, it is the USA that has provided Sri Lanka with grant money and not loans and this is something I must make a point to appreciate."

The involvement of the Group with one of the national prizes is high and they are in the practice moment of wanting to enhance their export business with the US and EU. "If we can achieve duty concessions, within two years we can easily double our exports to the US. Strategically Sri Lanka has a very good location".

As a conglomerate they are also interested in partnering up in the tourism and aviation. "The government aims to reach a million tourists next year, but for that we need to develop our infrastructure. Mainly we need to develop airlines and helicopter services and our company has invested with this target having bought a brand new helicopter, investing over USD 3.5 million. We see a great scope for growth in those sectors as the economy opens up."

Mr. Gamage finishes with an encouraging message of the country: "Sri Lanka, in the next ten years, will grow at an average growth rate of 7-8% per annum. We need business in the ports in which we have invested in as a country, and we need investment also in the aviation industry. We are in a very strategic location with easy access to Australia, EU, and Middle East. As an island we can develop our fishing industry as well as agriculture. We have invested in infrastructure, and the tourism sector is going to boost. We have so many opportunities so I warmly as well as humbly invite everyone to visit Sri Lanka and see her beauty".



**Dr. J.M. Swaminathan**  
Senior Partner of Julius & Cressy

Julius and Cressy is one of the one of the most prestigious law firms in Sri Lanka. Founded in 1879, the firm has established itself on rich tradition and the highest professional principles.

This is one of the oldest firms in the country?

Julius and Cressy is one of the oldest legal firms in Sri Lanka. It is the oldest British firm it was established in 1879 by two British, B.J. Julius and Cressy. From that date onwards it has been in existence for 130 years. Earlier the partners were entirely British till about 1960 and the first Sri Lankan partners came in the 1950's and the last British partner was here until 1964. Today we are a fairly big firm which has over 75 lawyers and over 100 support staff. We practice all areas of law which has various branches, administrative law, commercial law, corporate law, company law, intellectual property law, maritime law, and we are fairly strong on commercial law and intellectual property law.

We have a section dealing with mergers, acquisitions, capital markets, tax, insurance, and various sub divisions. Our staff consists of both local and foreign law graduates and attorneys.

The new president is said to be closer with other western countries. How do you think it is going to affect your organization?

Since independence we have always been very close to US and the continent. There may have been periods where there may have been few difficulties but by and large the relationship between Sri Lanka and USA has been very good. Most people know that we have been a high export market to the states. Our garment industry depends on the states by a large extent. Garments is one of the most important export markets in Sri Lanka. Therefore the foreign exchange earnings for the country is to a very great extent dependent on the US market.

As a firm we have advised many large American corporates. We are particularly strong in the IP field. Among the fortune five hundred companies a large number of companies as long as IP portfolio is concerned it is managed by us.

What would you say are the main opportunities?

As long as our economy is concerned it is doing quite well in spite of the world conditions. Our growth rate is good, our inflation rate is low, our external reserves are quite alright, our GDP is good, and if you look at the published figures they are all good. All in all we have a fairly stable economy. We have a new president now and the governing party is a minority government due to that there is a little bit of uncertainty but the president announced that there will be a new government by September. Whichever party it is there will be a more stable government and the development can proceed at a more rapid pace.

Reconciliation and development. We have to see that the victims of the war particularly in the north and east. Land has already been given in the north and in the east. In the last three to four months considerable work has been done although much more has to be done. Resettlement and rehabilitation facilities must be given for them to go back to their normal lives. Lot of development took place in the last regime with regards to infrastructure. Some good things have happened. Colombo looks much better now and some routes have come up. But development must take place in the other aspects like health, education which are equally important. The government is committed in improving not only in infrastructure but development in education and health.



**Romesh David**  
President of John Keells Transportation Group & Managing Director of Cinnamon Air

Saffron Aviation (Pvt) Ltd which manages Cinnamon Air is a joint venture between MMBL Leisure Holdings (Pvt) Limited, John Keells Holdings PLC (JKH) and Phoenix Ventures Limited. Filling the need for a fast and efficient air taxi service that operates Sri Lanka domestic flights, they offer a link from the island's main Bandaranaike International Airport (BIA) to some of the most exotic locations in the country. The pristine East Coast, the picturesque South West coast, the natural beauty of Hambantota / Yala, the Cultural Triangle which is steeped in history and the country's hill capital Kandy, are all just a short flight away.

Making them stand out amongst domestic airlines in Sri Lanka, their schedule have been tailored, wherever possible, to mesh with the departure and arrival times of the National Carrier, Sri Lankan Airlines, and all major international airline services, letting you save both time and money as you embark on this unique journey of discovery.

Mr. Romesh David, Managing Director of Cinnamon Air, talks about the recent incorporation of the company and the services to the "We interview Romesh David, President of the Transportation Group of John Keells, he offer: "We conceptualize Cinnamon Air as something that would meet really the need of foreign visitor traffic to Sri Lanka as a primary market. Tourist arriving into the country who would not want to spend nine hours going across to the east coast instead would take a flight which would take you for five minutes or not take five hours to go to Kandy but takes nineteen minutes to go to Kandy."

As part of the largest conglomerate of Sri Lanka, the Transportation Group of John Keells, which Cinnamon is part, are the major shareholders in private terminal in the port of Colombo which was Sri Lanka's first private sector terminal. They are partners with A. P. Moller terminals, Denmark. That is the biggest company of the sector. They handle roughly 30% of the total container volumes in Sri Lanka, being a 250 million dollar investment that has now been running for fourteen years.

Mr. David share their experience and openness to partnerships on behalf of John Keells Transportation Group: "Of all the businesses in the group, transportation particularly has been built on partnerships with global companies. We have relationships that go back many many years, if you look at the origins of the shipping business we have been in partnerships for over a hundred years. Initially with P & O which became A P Moller Terminals, many of the biggest relationships with transportation are built on joint ventures with international companies".

He continues: "We have the A P Moller Maersk Group, DHL, Deutsche Post which is a very big company, we have a French group called Norbert De Messange which is a large transportation and logistics provider in Europe and the US. We also have joint ventures in Singapore with the Kappel Group and we represent in terms of alliances, we represent a lot of airlines that operate here as there general sales agents, Jet Airways of India, American Airlines, KLM, Air France, we are their local representatives. Some are very open to partnerships a lot of success of our businesses here have been built on. Many of our partnerships are joint ventures, quite often equally owned, sometimes we are majority and sometimes not.

In the transportation business we will grow in few areas, one is on the logistics front, in supply chain management, advanced logistics, warehouse management. Obviously we will look for partnerships, international partnerships. Because that will augment the hub status of Sri Lanka. We are also looking to grow in the ports and terminal business, particularly both in Colombo and in Hambantota. Those would be key growth areas for us.

Cinnamon Air is the main and best option for visitors to Sri Lanka that need efficiency in their transport or visit the most distant places of the country within a short period of time.



maintain the stability of the balance sheet, and there should be trust. It is a very conservative business you don't take risks. It's a very secure business. You don't gamble on it".

With a very strong balance sheet, and a very large life fund, Sri Lanka Insurance pays an annual bonus to life policy holders. It has been maintaining a track record of fundability ever since its inception and it's the best known insurance brand in the country due to the branch network they are able to reach out to the whole nation, having currently 110 branches.

Regarding the sector he comments that "year 2014

was another positive year for the Sri Lankan insurance industry, which recorded growth in Gross Written Premium (GWP) of both Long Term and General Insurance business sectors along with the assets of insurance companies".

The company, within the new management, has introduced new health planning, such as Sri Lanka Insurance annual medical plan, Sri Lanka Insurance Medi-Life, Sri Lanka Insurance Comprehensive plan, Sri Lanka Insurance Overseas comprehensive plan, Sri Lanka Insurance Surgical plan, and Sri Lanka Insurance Hospital cash plan with the purpose of better serving and attracting more clients to its life insurance products.

The service offered for general insurance policy holders was upgraded further during the period by partnering with the "Assist America Global Medical Emergency Services", a world renowned company, in providing medical emergency assistance services worldwide to Sri Lanka Insurance Motor Plus comprehensive customers.

He continues explaining about their subsidiaries: "We have invested to the general fund, one is hospitals that came back after denationalization, the insurance company had some shares in hospitals. We are also the property owning company of The Grand Hyatt Hotel which is just coming up just in front of the Cinnamon Grand Hotel. We also have Litro Gas, which we have

majority shares which is the succession to Shell Gas. Those are our three very strong subsidiaries and they are all invested through the general fund".

Regarding their relationship in the international arena establishments that: "we operate only in the Sri Lankan market but of course our re-insurance is done by an overseas company. Traditional insurance we have to reinsure them. Specially the big policies. Mostly Swiss companies are our reinsurance agents. But we do insure for the foreign investors who are in our country. We do cover a lot of foreign and local companies.



Nihal Jayaramne  
Chairman of Seylan Bank

Seylan Bank presents itself as a flexible, customer-friendly choice, summing-up its promise in a service motto that soon caught the attention of prospective customers: 'The Bank with a Heart'.

Could you please tell us more about the history and the background of the company and what key strategic moves were made to bring the company where it is today?

Seylan Bank PLC opened its doors for business in 1988, in Colombo Fort, the traditional financial hub of Colombo. From the outset, Seylan Bank always presented itself as a flexible, customer-friendly Bank with a service motto that soon caught the attention of prospective customers: 'The Bank with a Heart'.

In the later part of the year 2008 due to an unexpected issue that arose over which Bank had no control, the Bank faced a major challenge. With the timely

intervention of the Central Bank of Sri Lanka, a new board of directors was appointed to manage the bank. The new board took the challenge of re-stabilizing the bank and regaining the customer confidence. The efforts of the Board of Directors, Management and staff paid dividends in a matter of months and Seylan Bank PLC reached a milestone in 2010 by recording a Profit after tax of LKR 1.2 Billion surpassing the 1 Billion thresholds for the first time in its history.

Now Seylan Bank PLC is one of the most important and well known banks in Sri Lanka. It has 157 branches and 181 ATMs in both urban and rural areas of the country and provides a full range of banking products, beneficial to its customers.

You're offering full banking services, one of the most important banks in the country. Can you tell us more in detail about how will you take advantage of the economy of Sri Lanka?

The bank probably has the widest product range in the country. We can segment our customers broadly into three main categories; namely Retail, Small to mid range Enterprises and Corporates. 55% of the Bank's portfolio comprises small to mid-range enterprises, approx 23% Corporate and approx 22% Retail. This is a strong segmentation mix to have for a Bank in a country like Sri Lanka. With the economy projected to grow by over 7% in the next few years, the Bank has a strong foot hold on the mid range sector. The Bank is ideally poised to take advantage of the envisaged growth in Sri Lanka.

In terms of the macro economy growth over the next few years, Seylan Bank is probably one of the better positioned banks to take advantage of the future economy growth that is to come.

You have been winning different awards throughout the years, you have been doing well and increasing your profit. What are the main strengths of the bank and the competitive advantages?

Our main strength is that we look at customers differently; not purely at how we could generate income from them, but at how we could help and guide them. We care for our customers and assist them to do the best as they grow. We always strive to develop sustainable business and create value to all our stakeholders, awards are a secondary factor and an acknowledgement of this fact. The simple fact is that we continuously drive for progress and growth, which results in us being recognised through various awards.

Could you please tell us about your current partnerships and business relationships with foreign companies and how open you are for new relationships?

The recent economic conditions have paved the way for emerging sectors in Sri Lanka to grow. The stock market has seen a lot of foreign investment in recent times. We as a bank are interested in investors who would help the Sri Lanka economy to grow. We have a vision of raising the livelihood of all Sri Lankans. Seylan Bank has always been a part of this drive.

Currently, around 7.5% of our voting shares are held by overseas equity funds, and we have funding lines from various other corresponded banks, so new relationships could be either through new investment and funding lines.

What are your plans regarding the US market?

The US market would ideally interest us in terms of potential investors of equity in the Bank. We strongly believe it would be ideal for foreign investors to enter into a strong emerging market like Sri Lanka, through Seylan Bank PLC, as it has the widest product range in the country.

Which commitment or support would you like to highlight to Sri Lankan society and how do you feel committed with Sri Lankan development?

As mentioned initially we contribute to the growth of many important sectors of the country. Contributing to the country's growth is important to the bank. Further, we have opened many branches in the outskirts and rural areas of Sri Lanka enable rural Sri Lanka to engage in all types of banking activities.

Seylan Bank has also taken a huge step in inculcating the good habit of reading in children. As a key CSR initiative, the Bank decided to open 100 libraries in remote, under privileged schools. Planned as a three year initiative we are now in its second year. So far we have opened 63 libraries in underprivileged schools and hope to reach 100 libraries by Q-1 2015.

These libraries are equipped with PCs and other facilities so as to give them an opportunity to move abreast with the developing world.

Your vision is to be Sri Lanka's leading financial services provider - as recognised by all your stake holders. Can you tell us your vision for the company within the next 5 years?

In the next 5 years we are hoping to exceed a profit after tax of Rs. 7-8 billion and have a branch network exceeding 225 branches. This would be a key part of our strategic plan, and our recent growth rates and profit growth is ample evidence of our focus on targets. In achieving the key objectives we have a broad spectrum of products and services which offer an array of benefits to Sri Lankan citizens and foreign investors.



The Sri Lankan economy is emerging and excelling in various fields and we are confident that all citizens and the country will benefit from this strong growth.

How do you think the new President Maithripala Sirisena can influence in the growth of Foreign Investment in Sri Lanka from overseas and in particular from United States?

The ruling government, the individuals in politics or the governing Board does not matter to a country which is developing. Every individual in this country primarily or secondarily is striving towards developing the country in whatever way they can. However, the goodwill fostered with Europe and the United States will definitely have its beneficial effects. The question is not who invests, but rather when they will invest. The strong economic growth is already driving large investments to the country. As the 30 year long ethnic conflict has now come to an end, the macro economic indicators are all positive. We are extremely confident in being able to attract foreign investment to the country and as a Bank, Seylan will help facilitate this process.

What do you think are the main challenges the sector is facing?

The sector is stable and is resilient to policy changes which are adopted to benefit the economy of the country. As long as there is a consistent policy in terms of interest rates and exchange rates the journey is easy.

Over the previous few years we have had consistent policy. Exchange rates have been consistent, stable and interest rates have been coming down. This immensely helps planning for banks. The emerging economy in Sri Lanka has set itself consistent policy for the future.

Can you tell us more about your personal and professional background and how you became the Chairman of Seylan Bank?

I was not a Banker, I was engaged in the field of Law primarily as a Lawyer. I was also involved in related organisations like the Law Commission and the Bar Association as Chairman and President respectively. In December 2008, when one of the companies in the Ceylinto group had a crisis the bank was severely affected. The Monetary Board in such situations can step in and appoint a new Board to prevent a crisis. That's exactly what they did as regulator to Seylan Bank. I was requested to come on to the new board, other eminent, individuals were also brought in, and we were able to pull the bank through its crisis, looking back, I think it was a good decision. Within six or seven months we had a full recapitalisation which was very successful. Thereafter we have been growing rapidly. There is a lot of good work and efficient people that have assisted us in our journey of success. In January 2013 I was unanimously appointed by the Board as the Chairman of this Bank.



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**Dr. Lakdas Panagoda**  
Chairman of Sri Lanka Ports Authority



**Amanda Wimalasena**  
Chairman of Airport & Aviation Services



**Shashi Dhanabunge**  
Chairman of Ceylon Shipping Corporation



**Shibly Aziz**  
Chairman of Civil Aviation Authority

## Wide Infrastructure Development

Sri Lanka experienced fast growth after the war ended, and the government decided to take actions and started investing in infrastructure. The Sri Lankan government launched an ambitious program of physical infrastructure development introducing the 5-hub concept that focuses on developing the Sri Lankan economy subject to the development of the following five hubs: Maritime hub, Aviation hub, Commercial hub, Energy hub, and Knowledge hub.

Today post-war Sri Lanka is seeing a rapid and wide spread infrastructure development within rural and urban areas as never seen in the country before. The island-wide road development program is at the center of this effort. The improved connectivity enabled by road development, particularly rural roads, generates significant economic and social returns. It is having a transformative impact on the lives of people around the country. The completion of the highway network (commencing with the Southern Highway, Kacunayake Expressway and Colombo Ring Road) will bring about significant cost-savings that will boost the competitiveness of the economy.

The President Mr. Maithripala Sirisena has declared his intention to continue developing the country as a leading regional aviation, navigation and trading hub in South Asia. The focus of these developments is to expand the capacity and improve the efficiency of existing ports through modernization and construction of new ports and airports in strategic locations.

Port and airport development is creating the potential for Sri Lanka to become a key transport and tourist transit hub for Asia. The completion of the Hambantota Port and the Colombo Southport Expansion will increase the capacity to take advantage of the country's strategic location on the major international shipping lines.

**Arjuna Ranatunga, Minister of Ports and Shipping,** shares his thoughts about the ambitious plans for developing new ports infrastructure: "We are hoping to develop Colombo as a cargo port, mainly a container hub. In the past four to five years the government was not transparent, but as soon as we came into power, I met more than 30 to 40 investors from different places. Not only for ports but aviation as well. Sri Lanka is the best place to invest. We have open our arms and trying to convince them to come and start working with us".

He continues saying: "My major concept is to try and keep majority of the shares. It's more like 51% to the government and 49% to the investor but where the investor runs the show and we will provide the man power or whatever the facility he needs from our side. I think it has been very practically discussed and a lot of people liked it because when you are a lone investor and the government changes there can be a lot of issues that is a scary thing for investors had for the last five years".

The expansion of the Port of Colombo is one of the largest public-private partnership deals in the country, and it will change the position of Sri Lanka in the regional trading map. The project stopped after the election of the new President the last January, to review some regulatory aspects, but new discussions with China's government (main contractor) have started again and works will continue their path soon.

The Ministry of Ports and Shipping wants to look into the environmental effect, and figure if it will impact on the entire country specially the north of Colombo and the South of Colombo. That is a concern expressed by some of the experts on that field, where with that particular project it might have an impact on the north and south of Colombo where the sea might go into the land.

Arjuna Ranatunga mentioned that now there is an investor who has come to take over the entire area, the ministry will have the major share and the investors will manage it. This strategy will benefit the fishermen in the area because they are hoping to buy the fish from the local fishermen and export from Colombo. There are very lucrative plans that have come and some of the board members are discussing how to go about it.

The minister is looking to transform Galle into a very high class luxury yacht area, they have the plans. This is a good opportunity that investors are taking, there is another investment on the far corner where there is another terminal where they ministry can improve.

The President of Sri Lanka knows the importance of the ports and highlighted them as one of the key areas for development in making Sri Lanka an international hub. The Sri Lanka Ports Authority (SLPA) is aware of this and knows that Sri Lanka is becoming a hub of logistics. SLPA offers several benefits for all investors that would like to join Sri Lanka.

Investors have easy access to the region, there are many ships passing through. SLPA has bunkering facilities and the infrastructure which is certainly improving. SLPA has other ports in Sri Lanka which complements Colombo. If any investor is keen to establish an industry which goes with the shipping operation SLPA can offer them Hambantota or Trincomalee because Sri Lanka has plenty of land and can offer a tax free environment for the industry as well. The aim of SLPA is certainly to take it on and develop it, and they are in the process of doing it. Hambantota is now operating and becoming a vehicle transport shipment port. Within the last three months SLPA have doubled the capacity there. Any vehicle shipment can now be done at Hambantota as there is plenty of room.

The Port of Colombo being the premier Port in the country has naturally become the focal point of the all Port development activities in Sri Lanka since the formation of the SLPA. However, as a consequent of the Government policy to develop the regional areas in the country, the SLPA attaches equal emphasis on the development of Ports of Galle, Trincomalee, Kankesanthurai, Point Pedro and a new Port at Hambantota.

**Mr. Lakdas Panagoda,** Chairman of Sri Lanka Ports Authority is committed towards the development of the country and taking care of the environment as he expressed: "Colombo Port, going forward we will make sure that all the development work is adhered to and environmental friendly buildings and present themselves. We are looking at the working environment, the workers and their health issues. All these are taken care of now. It is an ongoing process. Political environment, I think this is the best we have been in a long time".

He talks about the consequences of the recent change of government: "There is no political influence like it has been in the past. We are allowed to develop the port which is best suited for the port we can take decisions in the interest of the port, for the future, for the people, for the country. The infrastructure development we have plans in place. Whenever necessary we do consult the cabinet".

He continues saying that Sri Lanka has "a very good minister who is very straight forward and honest. He wants to make sure that everything which is done here is transparent, every contract, every operation is truly transparent. We want to make sure that even the workers, the staff, the executives, the country gets the true picture of what happens here. That is very important for the investors. They want to see the situation as it is".

Another Government entity focused in the development of the infrastructure in the ports of Sri Lanka is **Ceylon Shipping Corporation.** The vision of Ceylon Shipping Corporation Ltd (CSC) is to develop a dependable and effective National Fleet of Ships for the country. CSC will shortly be launching Ferry and Cruise operations to nearby destinations such as India, Bangladesh, the Maldives and Myanmar, and supporting the national agenda of increasing tourism and regional cooperation.

CSC are very interested in development and have received almost seven to eight new business proposals from international organizations. Some are pledging government to government funding and offering shares to Shipping Corporation with a 100% investment coming from them. Finding an investor anywhere in any type of business where they are offer 100% funding and also offering a 5% stake in the business. This is something that amazes in how confident these businessmen are showing about this prospective destination and the potential growth Sri Lanka is offering to local and foreign investors.

**Mr. Shashi Ranatunga,** CEO of Ceylon Shipping Corporation is committed towards the development of the country and taking care of the environment as he expressed: "We are looking at every avenue which has limited only to paper but hardly not been activated to the real level are actually starting off that process by creating an administrative block, a building which we are hoping the minister will agree in calling it the Shipping House".

A land has been identified within the port and I am trying to create a building which will enable the administrative block to be brought under that, the ministry, Sri Lanka ports authority, the shipping corporation, the merchant shipping arm and invite all the leading international shipping line offices which are spread around the city to come and through that I am trying to create a unified effort to grab the world market.

Rather than you fighting within each other in this small island, I am trying to create a family where they will have one objective in fighting with the market out there rather than fighting with each other. The next levels to identify the improvement of the infrastructure that is needed because it has been neglected. Also to extend some of the facilities like the floating bunkering, at the moment we having only the on shore bunkering facilities and when it comes to the pricing we are not competitive at all because sometimes we are about ten to twenty dollars higher than Singapore.

If we introduce floating bunkering facility and you can increase or decrease according to the demand, and fuel can be supplied to the shipper at a very competitive rate and at the same time by using the latest technologies meeting their time constraints and so on. Those are some of the lacking areas which we are working very closely and we are promising very well numbers as well and I am very confident. Rather than just having things on paper we are at the moment on a very good action mode".

Sri Lanka has to continue to invest in improving domestic transport and air connectivity in order to realize the full potential of the infrastructure sector. The Airport & Aviation Services has the responsibility of administration of the civil airports all over Sri Lanka. The company is among the top most profit-making blue chip companies in Sri Lanka.

Part of the president's vision of Sri Lanka is to spread economic development throughout the whole country. They are main opportunities for local and foreign investors in the different airports and **Mr. Amanda Wimalasena,** chairman of **Airport & Aviation Services** shares his thoughts about it: "Maccles is now right for development, the infrastructure is there. It is a very modern but small airport which can accommodate the 380's. The runway has been constructed to accommodate any wide body aircraft. It is ideally situated from a visual point of view.

It is in the middle of the wilderness with a lot of natural vegetation and with good access to the highways, the new Hambantota Harbor is only half an hour from the air-port. And there is enough land available, land available to the airport company as well as other land for any commercial activity. The proposal is to have an industrial zone there, the industrial zone will be services by the airport as well as the Hambantota harbor.

It is an ideally situated and well-constructed harbor. It is practically in the middle of the main shipping lanes from the west to the east. There is excellent opportunities for cargos to reach, cargo handling,

transshipment, and supplying fuel to liners and providing all the requirements for shipping liners for both cargo and passengers. That area is developed for that purpose and the airport can also be a partner of that development.

All the infrastructure is in place for development of a commercial hub which could serve the Indian subcontinent as well. It is also very close to the tourist resorts in the east coast, an hour's drive to the main tourist attraction, one of the best wildlife sanctuaries in the world with the highest leopard population per acre. That is one place you are sure of seeing a leopard."

Mr. Wimalasena also shared that the Hambantota airport is being implemented as an eco-friendly project. He mentioned that their main objective is within the next few years to make the airport a green airport. They are in touch with Leed, and our strategic aim is to get recognition from Leed's as an internationally green airport. This is a huge expansion project, we have only one terminal now and only eight gates which they cannot cope with the passenger volume. This particular terminal was planned only for 6 million passengers and last year they did about seven and a half million, this year they are expecting to exceed 8 million passengers.

Now they are designing the new terminal with 16 gates to increase the capacity from 6 million to 16 million. Which will cater for the next five six years, but plans are for the next 20 years to have a second runway and develop the capacity of the airport. This particular development has already been started with the consultants, 90% of the drawings are now done. They hope to start construction by February next year. This is an excellent opportunity for local and foreign investors, like United States and Japan to form part of the green project, a green and friendly environmental airport in Sri Lanka.

As mentioned before Sri Lanka wants to become a logistic international hub. Due to its geographical location Sri Lanka is well positioned. The Civil Aviation Authority has a very distinctive role in order to assist Sri Lanka to accomplish such goal. They are trying to make Sri Lanka a very active aviation place so that the hub will come soon after. The present task of the civil aviation authority and other stakeholders in aviation is to reach the objective of reaching a fairly energetic place for aviation in Sri Lanka. The first thing the Department of Civil Aviation (DCA) is looking at is open skies. That is key for reaching a hub status. Sri Lanka must open the skies for all carriers to come in, so that they can be profitable and bring in people to the country and make Sri Lanka a very active place for aviation. The DCA has presented papers to the government saying that they should immediately go for an open skies policy. The DCA needs to be careful with Sri Lankan Airlines because they served the country very well during the difficult times. They kept on bringing people to Sri Lanka taking people out about Sri Lanka and kept a live aviation interest. They trained people, they trained pilots, cabin crew and they did a wonderful job.

Sri Lanka needs to be very competitive, and go for the business where the business is. Earlier they went to places very impactive, they had to go to less known places because there weren't any airlines that were coming in here but now with the development in aviation you can come from any part of the world with minimum effort. There are other hub which are saving Sri Lanka, therefore it is not a problem any more.

Sri Lanka must concentrate on good destinations, make their money on those destinations, and supplement the activities of the other airlines in respect of bringing carriage from those places and make it a very viable operation. The government also has realized that they cannot put in too much money, good money to the bad as aviation is a very expensive past time.

**Mr. Mohamed Shibly Aziz,** Chairman of Civil Aviation, and Believes that Kacunayake is the main commercial port for development to spread economic development throughout the whole country: "We have identified Kacunayake as the main commercial Airport and the development will have to be Kacunayake. Earlier we thought that Mattala will serve as a second international airport but experience has taught us that it is not easy to do that in a short term. In another 20 years Mattala will develop and will be a very good second Airport but right now there isn't much interest in airlines flying there. We don't want to compel any airlines to go there as well. The vice chairman has decided that we are putting the idea of Mattala being the second airport to sleep and we are thinking of making it a vibrant aviation center where we can have a lot of services there other than serving as a second airport. There is a lot of potential. We want to give the people who want to come to Mattala all nine rights, they can hub there and take passengers to any part of the world. Provided the government accepts our views we are going to be very favorable and for it to be a convenient low cost place for anybody to do business."

The construction and Real Estate sector is one of the sectors with higher potential. The expectations about



**Nimal Lokuge**  
CEO of Sierra Construction Ltd.

the growth of the sector and the challenges are shared with us by **Mr. Nimal Lokuge,** Group CEO of **Sierra Construction:** "As the economy is growing our main challenge would be how to compete with international companies. We have already started thinking on that angle and it is to get them work with us, change the market situation and synchronize it with the international companies".

Within two decades, Sierra Construction rose to become the market leader in Telecommunication Engineering. The boom in the construction industry opened up many opportunities for Sierra and the company has today evolved to great heights handling large construction projects relating to Water Supply & Sewerage, Power, Roads, Buildings, Irrigation and Piling besides Civil & Telecommunication. Mr. Lokuge shares his thoughts about what have been the main keys to their success: "My main strength is my staff, we train them in different levels of international companies. Some people have worked previously in international companies and the others we have trained. Our company has selected over 100 decision making people in this company and they are key in the company, they are the most important and valuable. Our bankers as well. They have seen our growth rate and the quality of our work and what we have achieved. Whoever the level of work is, we are capable of taking it in and doing the job. Our company is not bias to any political alliance, we stand on our own with a healthy competition. That is one of the key factors and one can demand for respect by doing it. Therefore we train our staff as well, quality is number one, customers are number one, and employees are our number one. We give our highest respect to our employees. I have always told my people who go out like our procurement department to always be polite to them, because they are the ambassadors of the company. Be low profile and at the same time be honest by getting the best product to the company at a reasonable price. Sierra Construction, a 35 year old company who is looking to promote Sri Lanka as the beautiful country it is. They will protect the Flora, Fauna, Water Resources, Soil, Air and the Culture of the neighboring Communities in order to create a safe place to live and invest".

Mr. Lokuge states that they are continuously looking for local and foreign investors, since he knows that Sri Lanka is the right place to be today: "Our gates were closed for the European markets but now we have seen the level of the foreign delegates in Sri Lanka improving. We are establishing a strong relationship with the entire world. It is not temporary it is a firm footing going international. Therefore we are also trying to associate with many international companies who are looking for investment in Sri Lanka in the construction industry and related industries. Specially to give a correct guidance to the investors, currently we need foreign investment based projects so that we will be in par with the other countries in the world and in our region. Therefore we are trying to associate with international development banks to promote and start infrastructure projects. Geographically where Sri Lanka is located in the international maritime line, inter-national aerospace is central. The world is connected like a global village and given that opportunity I think we have to make use of it and develop our infrastructure for us to be come a hub."

He has a clear vision of the company and of the country: "To be the preferred infrastructure development partner in the region. I have found opportunities in the domestic market. Similarly international opportunities are opening and we have reached the level where we can get into more infrastructure business and employ more people. Our vision is in the next five years to build the company, increase the turnover every year by 20-25% growth, which we are achieving".

He finishes saying that Sri Lanka "is a small dot in the world map but we are environmentally protected green country with a lot of educated people in many fields. We are famous for Ceylon Tea, and we have a very good attraction for tourism. Our websites are not up to the standard but we are definitely looking at improving it. My request is that we are a very peaceful country therefore try and visit Sri Lanka and see how beautiful the country is and the opportunities we have to do business with".

Sri Lanka is a peaceful country with many business opportunities in all the different sectors. To enjoy the Ceylon Tea, the incredible beaches and growth opportunities, Sri Lanka is the right place to be.



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## Mount Lavinia Group

One of the most iconic and well-known hotels and places in Sri Lanka, in a beautiful sea view location at the south coast of Colombo is Mount Lavinia Hotel, one of the oldest Colonial Hotels in Sri Lanka which has a very unique history.

It was formerly a British Governor's Residence before becoming a Grand Hotel and in the 1920's was called the Grand Hotel Mount Lavinia. Four British Governors resided here in this grand Italianate Style Building which was modeled on the Banqueting House in London. In fact, extraordinarily, it was the subject of many Colonial lectures found in the archives offices in New London. It is one of only a very few hotels around the world where there is a well-documented book attached to it; produced to celebrate its history and launched during its bicentennial year in 2006. Mount Lavinia Hotel has a well-established with identity associated its British Colonial origins and remains appealing to modern day visitors who enjoy its excellent location, sea views and facilities. It has always been the leader in the field in the hotel industry in Sri Lanka, innovatively attracting new and repeat guests to the hotel with a series of highly original events around food and entertainment.

We interview Mr. Sanath Ukwatte, Chairman of the Mount Lavinia Hotel Group.

**What makes your company different from other hotels in the sector and what are your main strengths and competitive advantages?**

Our principle advantage is our sustained historical traditions, coupled with the commitment and dedication of our long serving staff. This has impacted a distinct quality in the service we provide to our customers.

**Could you please tell us about your main current projects and which makes you most excited about?**

We are embarking on a multimillion dollar investment strategy to make Mount Lavinia a destination of its own. With direct access to the pristine beaches of the Indian Ocean where sea bathing is possible right throughout the year and with close proximity to the capital Colombo and entertainment, shopping, today, Mount Lavinia is considered an urban oasis.

Our goals to transform this property into multifaceted integrated hotel development, with 150 residential housing units on the property adjacent to the hotel and developing up to date meeting and convention spaces to cater to ever growing MICE market.

Highlight of this development will be to built two-tier brand hotel where we will be restoring the original wing consisting of 40 rooms into the former glory offering a separate product identity. We will be branding this wing as Mount Lavinia Grand Hotel catering affluent leisure and business travelers with suites, Deluxe rooms and 5000 Sq ft Grand Suite. This "Hotel within a hotel" concept will have its own restaurant and recreational facilities with own swimming pool, secluded beach, spa and many other facilities.

**Technical and strategic partnerships help companies business supplying a state-of-the-art technology and effective strategic innovation. Could you please tell us about your current partnerships and how open you are for new partnerships with foreign companies?**

We are flexible and innovative in respect of strengthening our established brand and expanding the scope of our business. With this obligation in mind with our outward looking mindset which we have nurtured over the decades, we welcome foreign partnerships and other forms of participation in our business.

Being a fully family owned company we are having a very easy decision making process, which helps us to make speedy decisions in the rapidly changing travel industry.

**Can tell us your vision for the hotel within the next five years?**

Our vision is to be the most sought after heritage hotel in the country, consistently exceeding the expectation of our customers and our mission is to delight our customers by creating experiences straight from our heart. We are a result oriented company. Our key driver is to make our customers loyal to our brand by offering a value for money product and demonstrating honesty, care and integrity in all our relationships.

**What makes Colombo a different city from other cosmopolitan cities in Asia?**

Colombo has much unique strength including its geographical location, its cultural diversity and clean environment with up to date health and educational facilities make Colombo a very safe and comfortable capital city to live in. Mount Lavinia Hotel being the closest beach resort (12 km's away) to Colombo makes it even more attractive.

**What specialties offer Colombo in terms of gastronomy to its visitor?**

In the last five years in particular, the city of Colombo has really blossomed, taken on a new look, become more up to date with entertainment and recreational facilities.

Former colonial buildings which has been neglected and dilapidated for decades have been transformed into trendy cafes, bars and restaurants. With a fine choice of roof top dining experiences to suit your own purse, with classic French style brasseries serving fine Fois gras and entrées to restaurants serving finest of World famous Sri Lankan crabs, lobsters, prawns and oysters with many bars and lounges serving fine wines and cocktails from all over the world in large indoor and outdoor venues. Colombo has lot to offer for the discerning traveler.

A special attraction is Mount Lavinia Hotels Seafood Cove where you could enjoy the fresh catch-of-the-day directly on the beach under the stars.

**How do you see the Touristic Development of Sri Lanka and where do you see the city of Colombo within 5 years from now within an Asian context?**

The travel industry which includes Hotels, Airlines, Ground transportation, Restaurants and Entertainment and most importantly SME sector such as home stays, guest houses and Handy Crafts, Games & Jewelry etc suffered heavily during the last 30 years of unrest due to Terrorism.

With the eradication of terrorism and dawning of peace in 2009 we are seeing an improvement in new investment in hotels and restaurants in the country and in return has created jobs and other increasing opportunities in the sector. Supply chain to the travel industry is larger than the direct employment. Construction, Telecom, F&B supply directly benefit from the travel industry. So, recovery and expanding the travel industry will create livelihood support for a greater section of the population. We estimate that 3.5 million tourist arrivals by 2016 will exceed the tourism earnings over US\$ 2.4 billion and direct and indirect employment over 1.4 million people.

**Can you tell us more about your personal and professional background and how you became the Chairman of such a successful hotel?**

I had my primary education in Colombo and then high school in the UK. I graduated in BSc in Business Management from USIU in San Diego. I became the chairman of the hotel in 1985 after the untimely death of my father who's the main inspiration of my life. In addition I also serve as the Honorary Consul in Sri Lanka for the Republic of Slovenia.

### HOLIDAYS EXTENSION TO MALDIVES

With clear blue waters surging gently against the isolated white sand, the islands of the Maldives offer a peaceful sanctuary from the reality of the outside world. It's the perfect destination to end your Sri Lankan holidays in a peaceful and stunning environment. Being in Sri Lanka, just an hour flight separates you from heaven. The islands which are easily access, in a daily basis, from Colombo International Airport, are the perfect spot to finish your Sri Lankan holidays or just

to jump and relax few days taking advantage of the closeness between the two countries.

Tourism is the Maldives' largest economic activity, accounts for nearly 30% of GDP and more than 60% of foreign exchange receipts. Over 90% of the government tax revenue comes from tourism-related taxes and import duties. Preliminary estimates show that tourism expanded strongly by 6.8%, albeit less than the 9.0% growth recorded in 2013. Tourism is projected to see growth rebound to 8.3% in 2015 as the government forecasts 13.0% growth in tourist arrivals. Tourism expansion will moderate in 2016 in light of the low growth outlook in tourist source economies.

The tourism sector of the Maldives is clearly a growing market. China, but also other Asian Countries are about to discover the Maldives as their holiday destination. There are different forecasts of how fast the tourism sector will grow over the next 5 years - all of them however are impressive and promising.

In order to keep the Maldives as a key element from the tourism sector, the island has created different foreign agreements. Maldives has extended strong support to U.S. efforts to combat terrorism and terrorist financing. U.S. foreign assistance resources aim to promote and enhance maritime security, counterterrorism, law enforcement, and counter-narcotics cooperation with Maldivian forces, and to help the country's adaptive capacity and resilience to the negative effects of global climate change.

Maldives has signed a trade and investment framework agreement with the United States, providing a forum to examine ways to enhance bilateral trade and investment. Maldives has been designated as a beneficiary country under the Generalized System of Preferences (GSP) program, under which a range of products that Maldives might seek to export would be eligible for duty-free entry to the United States. The GSP program provides an incentive for investors to produce in Maldives and export selected products duty-free to the U.S. market.

And if we head off from the Maldives, you will be welcomed to one of the finest island resort hotels, the Vakaru Island Resort, a place of subdued luxury in the Maldives' South Ari Atoll. Set on a mere three and a half hectare island it comprises of 75 villas and a beautiful turquoise lagoon and it blends traditional Maldivian architecture with new age chic, and create memories of a holiday in true paradise style. Vakaru Island, is a tropical island enhanced by swaying coconut palms and white sandy beaches. Surrounding the island is a pristine lagoon enriched by a stunningly beautiful living house reef. These features combined with traditional Maldivian building concepts, makes Vakaru Island a heaven of nature and tranquility. Almost a quarter of a square kilometer of land area with 50 sea front Beach Villas spread evenly around the island and 25 Water Villas creates an atmosphere which rejuvenates your body and mind.

With many desirable tropical destinations around the world, the Maldives can be overlooked by obvious travelers. Aside from staggering beauty and unparalleled tranquility, this archipelago offers some of the finest hotels and spas in the world. The Maldives is one of the most desirable diving destinations in the world. While there's plenty to see and do underwater, the Maldives is also one of the most romantic destinations on the planet. The Maldives holds the record of being the flattest land on earth - with a ground level of 2.3 meters, the islands could disappear altogether if sea levels rise.

From casual dining to exclusive gourmet meals, the Maldives offers a tempting variety of international cuisines. At Vakaru Island Resort you will be delighted by Riccardo Riczoli, the Italian Executive Chef in charge of the resort restaurant for the last 5 years and an artist behind the hotplates. Food lovers will not be disappointed. With only one restaurant and a bar, Vakaru Island manages to provide an exemplary range of cuisine to satisfy the most discerning guests. Breakfast, lunch and dinner are served at the Ila restaurant, set on a beautiful wooden deck with stunning ocean views. Ilaa Bar offers al-fresco dining, live music and beverages. Between the two of them, Ila Restaurant and Ilaa Bar offer an array of international cuisine: Italian, Mediterranean, French, Oriental and fusion. For those who seek more privacy, various special dining arrangements are available, besides the In Villa dining. Guests could opt for a 'Lunch in the Sea' where the table is actually set in the ocean, and you would be dining while your feet are submerged in the water. Dinner next to a camp fire set on the beach offers privacy and an amazing view of your very own camp fire where the



Sanath Ukwatte  
Chairman Managing Director of Mount Lavinia Hotel.

lagoon of Vakaru Island would be your backdrop.

Almost endless combinations of romantic set ups can be done to your liking on the territory of the resort. Whether it's in the privacy of your villa or on the island grounds, helpful staff will be happy to consider your preferences when it comes to decorations and candle arrangements.

Originally from Italy, a place universally known for its gastronomic delights, Chef Riccardo's creations will not leave anyone's tastebuds unsatisfied. He started cooking at the age of 12, and since then has never stopped, working first at his father's restaurant and then traveling around the globe to gain international experience and further develop his already outstanding cooking skills. Chef Riccardo ensures that only the freshest ingredients are used in his kitchen.

He goes as far as making sure that many items are made on site, for example all the pasta, as well as ice creams. The resort has its own garden where they grow basil, lemongrass, mint, spinach, rocket and other herbs and salads, using both traditional and hydroponic methods. Currently Chef Riccardo is working on putting together a cook book for Vakaru Island. His passion for food and making guests happy with the cuisine is obvious, making Vakaru Island Resort also a destination for those who want to indulge in the culinary arts during their holidays.

The resort also offers a prolific list of activities for its guests, to name just a few: karaoke nights, beach volleyball, bocce games, cocktail making demonstrations, DJ nights, and marine lessons. Fishing trips during day and night, dolphin cruises, whale shark watching, snorkelling at the nearby reef, and sand bank trips are also available. The more active holiday-makers have an opportunity to use the gym facilities or go for various non-motorized water sports activities.

Surrounding the island is a pristine lagoon enriched by a stunningly beautiful living house reef. These features combined with traditional Maldivian building concepts, makes Vakaru Island a heaven of nature and tranquility.

Vakaru Island Resort is managed by the Mount Lavinia Hotel Group, based in Sri Lanka. 5 Years ago, after the island experienced a major refurbishment and new set up of truly impeccable services, Vakaru Island Resort was born. The size of the water villas for instance, is with its 125 square meters, a jaw dropping feature. The Maldivian tourism market is very competitive. You need to know who your competitor is and always aim to be the best on what you do. This is what Vakaru Island Resort is aiming for.

Kai Emmerling, General Manager of Vakaru Island Resort, talks about the island and how they will receive you once you visit the resort: "People associate the Maldives with diving, romance and relaxation. This is true, but when choosing the Resort, it means more and they as a customer should be aware about that. My personal objective is always to welcome you as a guest and to farewell you as a friend."

As a world-renowned luxury destination, it comes as no surprise that the Maldives has the five-star accommodation to complement its landscapes. From luxurious over-water bungalows to sprawling beachside villas, you'll have no problem finding somewhere perfect for your dream holiday. From smaller, more intimate resorts to larger hotels perfect for big groups or family holidays, the Maldives offer tropical luxury accommodation at its finest featuring world-class restaurants, dramatic landscapes and idyllic settings.

# MLHG

## The Triple Treat



Mount  
Lavinia  
Hotel

Founded on a story of love, and set against the backdrop of the Indian Ocean, Mount Lavinia Hotel is a favourite destination for weddings, honeymooners and lovers of everything to do with the sun, sea and sand. Historic colonial architecture, coupled with views of Colombo's modern skyline come together to offer every visitor an enchanting experience that is sure to create memories to last a lifetime. Whether you're looking for a seaside getaway of the luxurious kind, or feel like dinner on the beach under the star-studded skies, it's all yours for the taking just minutes out of Colombo's city limits.

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## Vakaru Island

MALDIVES

Jet off to the Maldives and be welcomed to one of the finest deluxe hotels, The Vakaru Island. Comprising of 75 villas that blend traditional Maldivian architecture with new age chic, make memories of a holiday in true paradise style. Tucked away in the remote corner of South Ari Atoll, be greeted by the clear blue waters each morning and experience adventures that only the Maldivian Islands can offer.

Reservations :  
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## Club Bentota

Resting on a picturesque peninsula in Sri Lanka's southern coast is the premium family style resort Club Bentota. Famed for the water sports, ayurveda treatments, golden sandy beach and the adventurous lifestyle. This beach bound tropical Paradise is yours to experience.

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