



LEASING IN FOCUS

TRADING BUY

FLASH NOTE

GOSL TO PARTIALLY RELAX VEHICLE IMPORT BAN...

FIRST CAPITAL RESEARCH

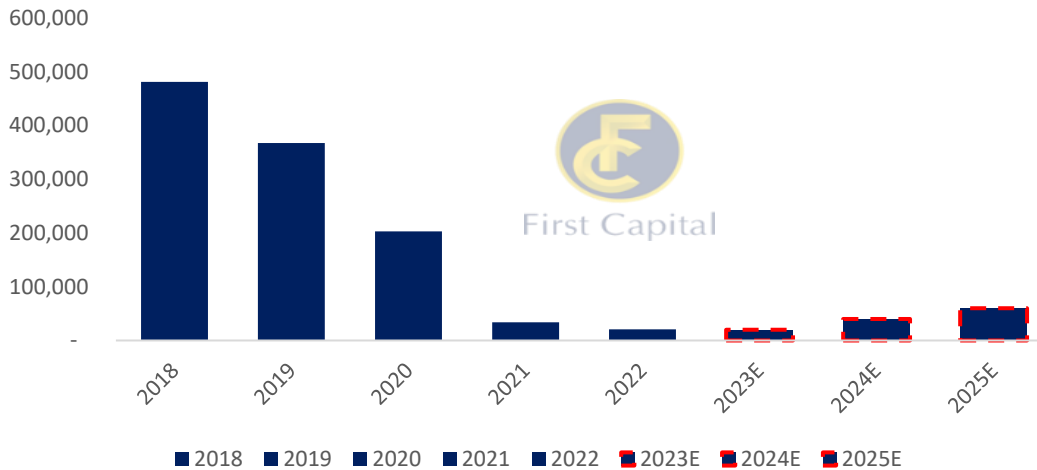
Ranjan Ranatunga +94 11 263 9863
ranjan@firstcapital.lk

Government of Sri Lanka is set to partially relax the vehicle import ban, that was in place since 2020. With this move, the GoSL is planning to lift restrictions placed on small cars with engine capacity of 1,000CC and 1,300CC. The move to relax small vehicle imports come in the wake of limited revenue collection by Sri Lanka customs (approximately falling short by LKR 300.0Bn – LKR 450.0Bn), on the backdrop of stringent revenue targets set by the IMF. Prior to the ban on vehicle imports, Sri Lanka had new vehicle registrations of +350,000 annually, of which majority was dominated by Motorcycles (+280,000) whilst Cars came in second with +35,000 new registrations annually.

Pent-up vehicle demand to drive volumes. Considering the pent-up demand in the system on the back of outstanding permits given to government officers, we believe that the lifting of the ban on small vehicles under 1,300CC will trigger new registrations between 10,000-15,000 in the next 2 years (new registrations of small car imports less than 1,000CC amounted to 26,962 in 2019 and 64,195 in 2018).

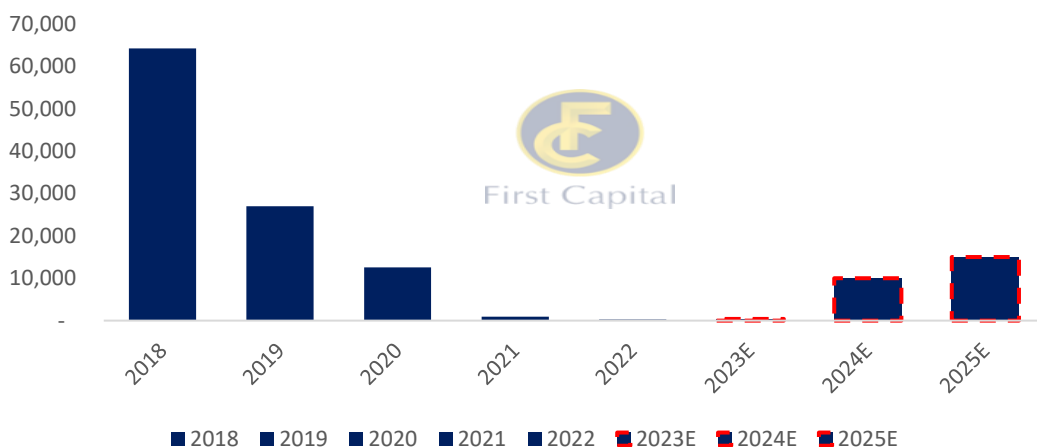
Diversified Financials the main beneficiary. This move is expected to boost the prospects for Diversified Financials given that 57.3% of the loan book in the sector is exposed to the leasing business. Moreover, taming down in interest rates together with the pickup in economic activity in the country is also expected to aid leasing volumes, once GoSL partially relax the prevailing import ban. However, steep depreciation of LKR and recently implemented taxes are expected to cause headwinds to the expected growth in volumes.

Total Vehicle Registrations



“Vehicle registrations for the 1st 9 months totaled to 17,547.”


Total No. of Cars less than 1000 CC



New registrations for small vehicle below 1,000CC for the 1st 9 months totaled to 328.”



Diversified Financials Sector Valuations

 DIVERSIFIED FINANCIALS SECTOR							
Stock	Stock Code	4-Jan-24	PE	PBV	DY	52-Week High	52-Week Low
LKR							
CENTRAL FINANCE COMPANY PLC	CFIN.N0000	101.25	3.1	0.4	4.2%	139.75	60.00
ALLIANCE FINANCE COMPANY PLC	ALLI.N0000	79.70	4.8	0.4	10.0%	120.00	55.50
COMMERCIAL CREDIT PLC	COCR.N0000	29.60	3.6	0.4	3.4%	42.90	20.50
SINGER FINANCE (LANKA) PLC	SFIN.N0000	12.10	5.5	0.5	0.0%	15.50	9.00
ASIA ASSET FINANCE LIMITED	AAF.N0000	12.00	5.5	0.5	0.0%	14.50	7.40
PEOPLE'S LEASING COMPANY PLC	PLC.N0000	10.80	5.7	0.5	6.5%	13.00	4.90
LANKA CREDIT AND BUSINESS FINANCE LIMITED	LCBF.N0000	1.90	10.8	0.5	0.0%	2.90	1.60
ABANS FINANCE PLC	AFSL.N0000	21.50	6.6	0.5	0.0%	27.30	20.00
ORIENT FINANCE PLC	BFN.N0000	8.90	N/A	0.5	0.0%	11.30	6.00
SARVODAYA DEVELOPMENT FINANCE PLC	SDF.N0000	13.30	8.7	0.6	3.8%	13.50	9.00
MERCHANT BANK OF SRI LANKA PLC	MBSL.N0000	4.50	N/A	0.6	0.0%	6.30	3.00
PEOPLE'S MERCHANT PLC	PMB.N0000	4.30	N/A	0.7	0.0%	5.80	3.30
VALLIBEL FINANCE PLC	VFIN.N0000	32.70	4.8	0.7	0.0%	42.90	21.50
ASSOCIATED MOTOR FINANCE COMPANY PLC	AMF.N0000	18.10	8.1	0.7	0.0%	20.80	6.90
UB FINANCE COMPANY LIMITED	UBF.N0000	0.70	N/A	0.7	0.0%	12.40	6.50
CITIZENS DEVELOPMENT BUSINESS FINANCE PLC	CDB.N0000	200.00	10.6	0.7	2.5%	230.00	173.75
LB FINANCE PLC	LFIN.N0000	63.00	3.9	0.9	7.9%	73.00	36.50
LANKA ORIX FINANCE PLC	LOFC.N0000	4.60	8.6	1.4	0.0%	7.90	4.40
HNB FINANCE PLC	HNBF.N0000	4.90	23.7	1.6	0.0%	6.40	4.00
SMB LEASING PLC	SEMB.N0000	0.60	55.4	1.7	0.0%	0.90	0.50
DIALOG FINANCE PLC	CALF.N0000	53.20	113.7	2.4	0.0%	85.00	50.00
SOFTLOGIC FINANCE PLC	CRL.N0000	6.10	N/A	2.8	0.0%	11.70	5.50
SENKADAGALA FINANCE PLC	SFCL.N0000	397.25	51.4	4.1	0.2%	585.00	300.00



First Capital

First Capital Holdings PLC

No.2, Deal Place,
Colombo 3

Tel: +94 11 2145 000
Fax: +94 11 2145 050

RESEARCH

Dimantha Mathew	+94 11 2639 853	Tharusha Ashokgar	+94 11 2639 866
Ranjan Ranatunga	+94 11 2639 863	Zaeema Jihan	+94 11 2639 866
Vinodhini Rajapopathy	+94 11 2639 866	Nethmi Fernando	+94 11 2639 866

GOVERNMENT SECURITIES SALES

Anjelo Simmons	+94 77 3031 636	Arun Kandasamy	+94 75 4861 506
Anushka Dissanayake	+94 77 2220 021		
Anushi Ranawaka	+94 77 3876 819		

CORPORATE DEBT SALES

Tharusha Ekanayake	+ 94 77 7 809 154
--------------------	-------------------

EQUITY SALES

CEO	Jaliya Wijeratne	+94 70 2910 042
------------	------------------	-----------------

Colombo

Rasika Indra Kumara	+94 77 7072 698	Anjelo LaBrooy	+94 77 7546 645
Isuru Jayawardena	+94 76 7084 953	Dillon Lowe	+94 76 616 0647
Nishantha Mudalige	+94 70 2910 041	Evelyn John	+94 77 779 2452
Anushka Buddhika	+94 71 4310 600	Yudheshan Kannadasan	+94 77 415 5809
Thushara Pathiraja	+94 70 2910 037		

Negombo

Priyanka Anuruddha	+94 70 2910 035	Priyantha Wijesiri	+94 70 2910 036
--------------------	-----------------	--------------------	-----------------

UNIT TRUST SALES

Kavin Karunamoorthy	+94 77 0328 060	Imali Abeygunawardena	+94 77 1764 799
---------------------	-----------------	-----------------------	-----------------

BRANCHES

Kandy	Kurunegala	Matara	Negombo
CSE Branch Office, No. 88, Dalada Veediya, Kandy 20000.	No.174/B2, Negombo Road, Kurunegala. Kurunegala 60000.	CSE Branch Office, 1 st Floor, E.H.Cooray Tower, No.24, Anagarika Dharmapala Mawatha, Matara 81000.	Colombo Stock Exchange Negombo Branch Office, No. 72 A, 2/1, Old Chilaw Road, Negombo 11500.
Manager: Salinda Samarakoon	Manager:	Manager: Rohana Jayakody	Manager:
Tel: +94 81 2236 010	Tel: +94 37 2222 930	Tel: +94 41 2222 988	Tel: +94 31 4937 072

Disclaimer:

This Review is prepared and issued by First Capital Holdings PLC based on information in the public domain, internally developed and other sources, believed to be correct. Although all reasonable care has been taken to ensure the contents of the Review are accurate, First Capital Holdings PLC and/or its Directors, employees, are not responsible for the accuracy, usefulness, reliability of same. First Capital Holdings PLC may act as a Broker in the investments which are the subject of this document or related investments and may have acted on or used the information contained in this document, or the research or analysis on which it is based, before its publication. First Capital Holdings PLC and/or a connected person or associated person may also have a position or be otherwise interested in the investments referred to in this document. This is not an offer to sell or buy the investments referred to in this document. This Review may contain data which are inaccurate and unreliable. You hereby waive irrevocably any rights or remedies in law or equity you have or may have against First Capital Holdings PLC with respect to the Review and agree to indemnify and hold First Capital Holdings PLC and/or its principal, their respective directors and employees harmless to the fullest extent allowed by law regarding all matters related to your use of this Review. No part of this document may be reproduced, distributed or published in whole or in part by any means to any other person for any purpose without prior permission.

About us:

This report providing a snapshot of fixed income, equity and unit trust is composed and circulated by First Capital Holdings PLC an investment bank in Sri Lanka. The company operates in the capital market of Sri Lanka with operations in government securities - treasury bills and bonds, stock brokering and share market investments, asset management, private wealth management, retirement planning, personal financial planning, unit trust, margin trading, capital market research, trustee services, corporate finance advisory services including corporate debt structuring (debentures, trust certificates, commercial papers), valuations, restructuring, mergers and acquisitions, initial public offerings (IPOs) and project advisory. The First Capital Group consists of First Capital Treasuries PLC, First Capital Limited, First Capital Markets Limited, First Capital Asset Management Limited and First Capital Equities (Private) Limited covering Colombo, Negombo, Matara, Kandy and Kurunegala.