

MIRA INFORM REPORT

Report No. :	483666
Report Date :	04.01.2018

IDENTIFICATION DETAILS

Name :	LANKEM CEYLON PLC
Registered Office :	# 98, Sri Sangaraja Mawatha, Colombo 10
Country :	Sri Lanka
Financials (as on) :	30.09.2017
Date of Incorporation :	15.09.1964
Com. Reg. No.:	PQ 128
Legal Form :	Public Limited Company
Line of Business :	Diversified business conglomerate operating in many sectors in Sri Lanka South East Asia
No. of Employees :	Approximately 50,000

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
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Payment Behaviour :	Slow but Correct
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2017)	Current Rating (30.09.2017)
Sri Lanka	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

SRI LANKA - ECONOMIC OVERVIEW

Sri Lanka is attempting to sustain economic growth while maintaining macroeconomic stability under an IMF program. The government's high debt payments and bloated civil service cadre, which have contributed to historically high budget deficits and low tax revenues, remain a concern. Government debt is about 77% of GDP and remains among the highest of the emerging markets.

The new government in 2015 drastically increased wages for public sector employees, which boosted demand for consumer goods but hurt the overall balance of payments and reduced foreign exchange reserves.

Tourism has experienced strong growth during recent years following the resolution of the government's 26-year conflict with the Liberation Tigers of Tamil Eelam. The government has been pursuing large-scale reconstruction and development projects in its efforts to spur growth.

Source : CIA

BASIC INFORMATION

- | | | |
|----|-----------------------------|---|
| a. | Name of Subject of Inquiry | LANKEM CEYLON PLC |
| b. | Legal Form & Status | Public Limited Company (In Operation) |
| c. | Chairman Managing Director | Mr Alagarajah Rajaratnam Mr D L Vitharana |
| d. | Primary Line of Business | Diversified business conglomerate operating in many sectors in Sri Lanka South East Asia
Corporate Office : P.O. Box 919, "Lankem House" No 46/56,
Nawam Mawatha, Colombo 02, Sri Lanka.
Registered Office : # 98, Sri Sangaraja Mawatha, Colombo 10, Sri Lanka. |
| e. | Principal Place of Business | Tel. No: (00 94 11) 5660000 / 117660000 / 117421311
Fax. No: (00 94 11) 2478796
E-Mail : info@lankem.lk
Web Site: http://www.lankem.lk/ |
| f. | Employees | Approximately 50,000 in all business segments of the company |

COMPANY DETAILS

- | | | |
|----|--|---|
| a. | Registration No | PVS/PBS 2203
15 th September 1964 |
| | Date of Registration | |
| b. | Re-registration No | PQ 128
18 th March 2008 |
| | Date of Re-registration | |
| c. | Registered Office | # 98, Sri Sangaraja Mawatha, Colombo 10, Sri Lanka. |
| d. | Board of Directors | |
| | As At 01 st March 2016 | |
| | | Director |
| | Alagarajah Rajaratnam | Director |
| | Ranjit Noel Bopearatchy | Director |
| | Anushman Rajaratnam (Alternate to Sanjeev Rajaratnam) | Director |
| | Damitha Laksiri Vitharana | Director |
| | Kamalanesan Ponniah David | Director |
| | Ruwan Tharaka Weerasinghe | |

		Director
	Ariyawansa Hettiarachchy	Director
	A. Crossette Selvanayagam Javaranjan	Director
	Ranjeevan Seevaratnam	Director
	Amrit Rajaratnam	Director
	M.M.Augustine Rajeeve Perera	
e.	Issued Share Capital	LKR 536,218,000.00
f.	No. of Shares	24,000,000
g.	Preferential Shares	NA
h.	Nominal Value of Share	NA
i.	Auditors	K M P G
j.	Company Secretaries	#32 A, Sir Mohamed acan Markar Mawatha, Colombo 03, Sri Lanka. Corporate Managers & Secretaries (Pvt) Ltd # 8/5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, Sri Lanka.
k.	Main Bank/s	Pan Asia Bank, Bank of Ceylon, Hatton National Bank, Sampath Bank PLC, Cargills Bank, Commercial Bank of Ceylon, Nations Trust Bank PLC
l.	Present Share Price	LKR 40.00
m.	Share Details	ALL TIME HIGH : LKR 590.00 ALL TIME LOW : LKR 6.00

Shareholders

Please see attached document.

FINANCIAL DETAILS

Most recent available Financial Information

Please refer attached document.

CURRENT INVESTIGATION

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Company Logo

- **History.**

The subject company LANKEM CEYLON PLC was formed on **15th September 1964** under **PVS/PBS 2203** under the Companies act of Sri Lanka. The subject company was subsequently reregistered as per the Companies act NO 07, of 2007 on **18th March 2008** under **PQ 128**

Lankem was created by Royal Dutch Shell in 1964. It was initially set up as an agro chemical business. As Sri Lanka started encouraging local ownership, the company acquired local investors and was listed on the Colombo Stock Exchange. The company has been prevalent in most industry segments in the country but primarily focused on chemicals and manufacturing.

Over the past 25 years Lankem has diversified into other related businesses. Lankem's Paints and Bituminous Products have been the frontrunners in new product development in their specific industries. Lankem Consumer Products has been in existence since the late 70's, and has been the pioneer in producing mosquito coils, washing machine detergent powders and liquid detergents in Sri Lanka. Today Lankem Consumer Products are a household name in Sri Lanka.

In 1998 Lankem expanded into the Plantations Management sector with the acquisition of Kotagala Plantations and Agarapatana Plantations. Lankem has invested heavily into these companies transforming the productivity of the tea and rubber estates through an aggressive replanting program and bringing the processing factories up to international standards. Lankem's rubber plantation companies produce the highly prized crepe rubber from Sri Lanka - Lankaprene.

Lankem has owned and operated the Sigiriya Village Hotel based in Sri Lanka's cultural triangle for over 3 decades. In 1993 the company acquired control of Beruwala Resorts Ltd which owns and operates a 120 room property on Sri Lanka's south coast. In 1995 the company opened its third property in Marwilla on the west coast. Further acquisitions in 2011 and 2012 helped grow the group's portfolio to 5 landmark properties across the country.

In 2010 Lankem strengthened its position in the FMCG sector through the acquisition of C.W. Mackie. The company also brought with it rubber processing expertise and markets for premium grade rubber products manufactured through the plantations sector.

Lankem Ceylon PLC is a fast growing player in the diversified conglomerate sector. The Lankem Group has been building value & creating wealth for over forty five years in Sri Lanka. Our investments span over twenty five subsidiaries working in nine major industries where we have endeavored to be key players. The company has expanded its presence in South East Asia.

- **Operational Details.**

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General

The subject company is a diversified business conglomerate into various sectors in Business in Sri Lanka and well as South East Asia with it Rubber products. The company is involved mainly in import & export both and owns and manages many hotels and operates many segments such as Plantations, Development projects, FMCG sector etc..

Products / Lines of Business and Segments involved

Agriculture
Consumer
Food and Feed Ingredients
Hotels
Industrial Chemicals
Industrial Flooring
Paints
Pest Control
Plantations
Road Surfacing

Employees

Approximately 50,000 in all business segments of the company

Associate/ Subsidiary Companies

C.W. Mackie PLC	39%
Marawila Resorts PLC	40%
York Hotel (Kandy) Ltd.	33%
Ceymac Rubber Company Ltd.	39%
Ceytra (Pvt) Ltd.	25%
Kelani Valley Canneries Ltd.	34%
Galle Fort Hotel (Pvt) Ltd.	69.11%
Lak Kraft (Pvt) Ltd.	69.11%
Sherwood Holidays Ltd.	69.11%

Business Location

Owned

PERSONAL DETAILS OF KEY PERSONS

Director 1

ITEM	DETAIL
Name	Alagarajah Rajaratnam
ID Number	411951081V
Nationality	Sri Lankan
Gender	Male

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Date of Birth 13th July 1941
Age 75
Address NA

Director 2

ITEM

Name Ranjit Noel Bopearatchy
ID Number 403411060V
Nationality Sri Lankan
Gender Male
Date of Birth 06th December 1940
Age 75
Address NA

DETAIL

Director 3

ITEM

Name Anushman Rajaratnam
ID Number 772600720V
Nationality Sri Lankan
Gender Male
Date of Birth 16th September 1977
Age 39
Address NA

DETAIL

Director 4

ITEM

Name Damitha Laksiri Vitharana
ID Number 620760412V
Nationality Sri Lankan
Gender Male
Date of Birth 16th May 1962
Age 54
Address NA

DETAIL

Director 5

ITEM

Name Sanjeev Rajaratnam
ID Number 783250713V
Nationality Sri Lankan
Gender Male
Date of Birth 20th November 1978
Age 37
Address NA

DETAIL

Director 6

ITEM

Name Kamalanesan Ponniah David
ID Number 671440749V
Nationality Sri Lankan

DETAIL

Gender Male
Date of Birth 23rd May 1967
Age 49
Address NA

Director 7

ITEM DETAIL
Name Ruwan Tharaka Weerasinghe
ID Number NA
Nationality Sri Lankan
Gender Male
Date of Birth NA
Age NA
Address NA

Director 08

ITEM DETAIL
Name Ariyawansa Hettiarachchy
ID Number 490212914V
Nationality Sri Lankan
Gender Male
Date of Birth 21st January 1949
Age 67
Address NA

Director 09

ITEM DETAIL
Name A. Crossette Selvanayagam Javaranjan
ID Number 492823317X
Nationality Sri Lankan
Gender Male
Date of Birth 08th October 1949
Age 66
Address NA

Director 10

ITEM DETAIL
Name Ranjeevan Seevaratnam
ID Number 432681750V
Nationality Sri Lankan
Gender Male
Date of Birth 24th September 1943
Age 72
Address NA

Director 11

ITEM DETAIL
Name Amrit Rajaratnam
ID Number 823131445V

Nationality	Sri Lankan
Gender	Male
Date of Birth	08 th November 1983
Age	32
Address	NA

Director 12

ITEM	DETAIL
Name	M.M.Augustine Rajeeve Perera
ID Number	661490020V
Nationality	Sri Lankan
Gender	Male
Date of Birth	28 th May 1966
Age	50
Address	NA

INFORMATION DENIED

Management non-co-operative (009411) 7421311

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 63.48
UK Pound	1	INR 86.41
Euro	1	INR 76.54
LKR	1	INR 0.41

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Information Gathered by :	SAV
Analysis Done by :	NIY
Report Prepared by :	TRU

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)

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