

Sri Lanka's NDB eye large deals with Singapore partner

Sri Lanka's National Development Bank is positioning itself to push 'big ticket' deals in global markets partnering with Singapore's DBS Bank as the end of a war bring new investment opportunities, officials said.

The end of a 30-year war has increased demand for private capital in the island and Asia is also taking a lead in economic activities as developed nations battle a downturn.

"We see a shift of the economic gravity from the United States and Europe to Asia," Eric Ang who heads DBS Bank's capital markets division said in Colombo.

"You find that there is as lot of liquidity in Asia." "With Sri Lanka going into a steady state you bet that there are growth opportunities in this country and investors would be looking at opportunities to invest in this country."

DBS Bank will partner NDB in placing equity and debt among its international clients and getting involved in mergers and acquisitions, Ang said.

NDB Bank group chief executive said Russell de Mel said an investment banking partnership with Singapore's DBS Bank could channel around 300 million dollars to Sri Lanka over the next two years.

"We are really looking at big projects," de Mel said. "There are huge giants in cement who want to set up in Sri Lanka, perhaps another sugar mill and state of the art hospitals in the north and the east."

Initial public offers in Sri Lanka's stock markets have become larger over the past year, though the overall market is going through a correction at the moment.

"The Sri Lankan market can cater to a certain amount," Vajira Kulatilake, who heads NDB's investment banking cluster said.

"But beyond that you have to go abroad. Three years ago if I was given a mandate to do a 20 million or 10 million US dollar deal we would think about it twice. But now this market can absorb that kind of transactions without a problem.

"There will be more and more, large IPOs will come to the market. More IPOs means you have to think about dual listings, you have to think about GDRs (global depository receipts) and debt issues which are more foreign capital based, will have to take place."

He said infrastructure projects require specialized solutions and they are required access to different investors and distribution channels.

Source: <http://www.lankabusinessonline.com/fullstory.php?nid=295340992>