

# Finance

## PRIMARY SHARE MARKET ACTIVE

The need for institutional support for maintaining an active share market, which could deal with the floatation of new issues and marketing of existing securities, has been strongly felt in recent years. To help to fill this void the legal framework for a stock exchange was set up with the Colombo Stock Exchange being established as a public company in 1982. There were signs of heightened activity in the local share market following this step but in the latter part of 1982 the market once again showed temporary inactivity. However, with the impending

withdrawal of the tax concessions offered to new companies the market became reactivated during February this year. Many new companies began offering their shares to the public with the hope of availing of the tax concessions before they lapsed.

Nearly Rs.1 billion worth of new shares were on offer to the public during the first three months of this year. The new share issue market (primary share market) was most active during March, with as much as Rs.828 million being

on offer during this month. This unprecedented level of share issues during March 1983 was the result of the attempt of several of these firms to beat the final March 31, 1983 deadline for approval of companies for tax concessions. Nine companies with a total nominal share value of Rs.128 million succeeded in opening and closing their issues during the month of March, after their share issues were fully subscribed. A total of Rs.167 million of new share issues was subscribed in March alone. (four of them opened in late 1982) Eighteen share issues were subscribed and closed in the first quarter at a total nominal value of the 185 million (See table 2). The attractive tax concessions offered for these investments and also the fact that the end of the income tax year 1982/83 coincided with the end of the first quarter of 1983 has been attri-

Number of Shares Offered in the Primary Share Market  
January to March, 1983

Name of Company	No. of Shares	Par Value per share Rs.	Nominal Value of shares Rs. Mn.	Date of opening	Date of closing
1. Tangerine Beach Hotels Ltd.	500,000	10	5.0	19.1.83	18.3.83
2. Seldies T.V. Industry Ltd.	400,000	10	4.0		
3. Rubberite Ltd.	408,000	10	4.1	3.2.83	16.3.83
4. Development Finance Corporation of Ceylon	300,000	100	30.0	10.2.83	3.3.83
5. Mikechris Industries Ltd.	140,332	10	1.4		
6. Nestle Lanka Ltd.	8,500,000	10	85.0	21.2.83	29.4.83
7. Galadari Hotels (Lanka) Ltd.	10,674,297	10	106.7	1.3.83	30.3.83
8. Ceylon Grain Elevators Ltd.	6,000,000	10	60.0	1.3.83	
9. Lanka Milk Food (CWE) Ltd.	12,000,000	10	120.0	7.3.83	
10. Lanka Carbons Ltd.	543,500	10	5.4	7.3.83	11.4.83
11. Serendib Land Ltd.	12,000	100	1.2	7.3.83	25.3.83
12. TCI Hotels (Lanka) Ltd.	6,500,000	10	65.0	10.3.83	31.3.83
13. Thompson's Beach Hotels Ltd.	450,000	10	4.5	10.3.83	
14. Development Finance Corporation	400,000	100	40.0		
15. Rainbow Gems Ltd.	420,000	10	4.2	18.3.83	
16. Singalanka Standard Chemicals Ltd.	515,000	10	5.2	14.3.83	
17. Miramar Beach Hotels Ltd.	600,000	10	6.0	19.3.83	
18. Aidiana Ceylon Ltd.	4,000,000	10	40.0	14.3.83	
19. Associated Rubber Products Ltd.	480,000	10	4.8	18.3.83	4.4.83
20. Electro Holiday Resorts Ltd.	16,000,000	10	160.0	14.3.83	
21. Parquet (Ceylon) Ltd.	138,750	10	1.4	21.3.83	24.3.83
22. Rajarata Food Grain Processing Ltd.	300,000	10	3.0	21.3.83	
23. Lanka Ashok Leyland Ltd.	800,000	10	8.0	21.3.83	
24. Mercantile Shipping Company Ltd.	208,954	10	2.1	21.3.83	
25. Colombo Dry Docks Ltd.	5,000,000	10	50.0	21.3.83	
26. Aitken Spence & Company Ltd.	1,027,680	10	10.3		
27. Mercantile Lloyds Leasing Ltd.	800,000	10	8.0	23.3.83	8.4.83
28. Trans Asia Hotels Ltd.	11,440,000	10	114.4	29.3.83	
29. Metal Packaging Ltd.	320,000	10	3.2	29.3.83	
30. Tokyo Cement Company Ltd.	225,000	10	2.3	29.3.83	30.3.83
31. The Kandy Private Hospitals Ltd.	11,700	10	.1	29.3.83	30.3.83
32. Sunshine Travels Ltd.	52,000	10	.5	29.3.83	31.3.83
33. Kapila Heavy Equipment Ltd.	40,000	10	.4	29.3.83	31.3.83
34. Ceylon Services Contracts Ltd.	20,000	10	.2	29.3.83	
35. Harischandra Mills Ltd.	80,000	10	.8	21.3.83	
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buted to the strong response shown by the public to these issues in the primary share market.

As many as thirty-five companies offered shares totalling Rs.961 million in the primary share market during the first quarter of 1983. (See Table 1) Of these about 60 percent of the total share value on offer was in the Hotel and Tourism sector. The other major sector was the manufacturing and processing industries which accounted for about 30 percent of the new share issues. The new share subscriptions received upto the end of March amounted to about Rs.185 million or less than 20 percent of that on offer. As much as 65 percent of the new share subscriptions were in the hotel and tourism sector; while only 10 percent was for the industrial sector, nearly 13 percent was for the DFCC and most of the balance for the service sector.

### Slowdown in April

Activity in the primary share market slowed down in April compared to the burst of activity in March. No new issues were floated during this month although the earlier issues were kept open for public subscription; of these the issues of the DFCC, Nestle Lanka, Associated Rubber, Lanka Carbons and Tokyo Cement were closed during April. This also brought the total value of subscriptions for 1983, as at the end of April, to Rs 318 million.

#### New Share Issues Closed in First Quarter of 1983

Name of Company	Nominal Shares in Rs. Mn.
1. Hotel Services (Ceylon) Ltd.	2.5
2. Dipped Products Ltd.	5.0
3. Mahaweli Reach Hotels Ltd.	1.4
4. Keels Food Products Ltd.	2.2
5. Siedles T.V. Industry Ltd.	4.0
6. Mikechris Industries Ltd.	1.4
7. Tangerine Beach Hotels Ltd.	5.0
8. Rubberite Ltd.	4.1
9. Development Finance Corporation of Ceylon	30.0
10. Galadari Hotels (Lanka) Ltd.	106.7
11. Serendib Land Ltd.	1.2
12. Thompson's Beach Hotels Ltd.	4.5
13. Singalanka Standard Chemicals Ltd.	5.2
14. Mercantile Lloyds Leasing Ltd.	8.0
15. Kandy Private Hospitals Ltd.	.1
16. Sunshine Travels Ltd.	.5
17. Kapila Heavy Equipment Ltd.	.4
18. Parquet (Ceylon) Ltd.	1.4
<b>Total</b>	<b>184.6</b>