



Insight

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Harnessing Mother Nature



One of the best ways to help control what Mother Nature benevolently dishes out to us is making optimum use of her offerings, thus harnessing her power and using it for the greater benefit and good of humanity.

Stabilized organic matter, such as compost, has been used for millions of years as one of nature's principle measures to filter rain and storm water in the world's soil and terrestrial ecosystems. Compost and composted mulch are mostly organic matter, and approximately 60 percent to 80 percent of the stable organic matter content in compost is in the form of humus. Humus, organic matter and compost have each been well documented in scientific research literature as effective pollutant filtration devices, evaluated by sediment reduction and absorption of contaminants in soil and storm water. Ctd on page 2

SUBHA ALUTH AVURUDDAK WEWAA!



The Board of Investment of Sri Lanka completes 31 years of existence in 2010. In this time, it has acted as an engine of growth creating a considerable impact on the country's economic development. The organization had its origins in the Greater Colombo Economic Commission, which was established in 1978 to generate development in the outskirts of Colombo. Fourteen years later, in 1992, the Commission was reconstituted as the Board of Investment of Sri Lanka (BOI) with its mandate encompassing the entire island.

The BOI is structured to function as a central facilitation point for investors. It operates as an utmost statutory body. The Board of Directors drawn from the Private and Public sector and its several departments are geared to facilitating the investment process. A high powered Cabinet Sub Committee inter-ministerial leadership providing a form for investor assistance has been set up to strengthen the BOI, clear all bottlenecks and ensure speedy clearance of investment approvals so that investors can implement projects in a hassle free atmosphere.

Investor Guide to Sri Lanka

The Board of Investment of Sri Lanka, structured to function as the central facilitation point for investors, is also responsible for permitting Imports and Exports of projects under section 17 of the BOI law as well as providing other investor related services. These facilities are provided by the Investor Services Department of the BOI

- [Educational & Skill Developments](#)
- [Tourism & Leisure](#)
- [Fabricated Metal](#)
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- [Medical & Pharmaceutical](#)
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- [Gems & Jewellery](#)
- [Rubber Sector](#)
- [Electronic & Electricals](#)
- [Agriculture & Agro processing](#)

Investor Services

Services Offered by the Investor Services Department

Processing of Import / Export Documents
Examination of Cargo, Imported and Exported Issue of Certificates of Origin for Apparel and Textile products

Approval for Subcontracts, Transfers, Loans, Re-Import and Re-Export of Items
Recommendations to the controller of Immigration for issue of visas.

Other Investor related approvals

Service Center Locations:

The Colombo Office:

- ▶ No.14, Sir Baron Jayathilake Mawatha, Colombo 01
- ▶ Export Processing Zone Katunayake
- ▶ Export Processing Zone Biyagama
- ▶ Export Processing Zone Koggala
- ▶ Kandy Industrial Park - Pallekale

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The potential of solar energy outshines all other options and burns clean! Let's look at the energy resources we presently depend on and compare them to Solar Energy:

Coal-fired power plants produce more than half the electricity used in the United States. Burning coal releases carbon dioxide which contributes to global warming. It also releases heavy metals, such as mercury and sulfur. Toxins that were locked in the Earth's crust over billions of years are suddenly spewed into the atmosphere polluting our air, water and soil. The exhaust from burning coal contains more pollutants and global warming emissions per unit of energy produced than any other fossil fuel. And the methods used to mine coal are destructive!

Harnessing the power of the wind has been around so long that it's no wonder interest in wind-energy is gaining increased velocity. Global wind-power capacity grew a record 30% in 2006, according to a Danish research firm, BTM Consult. They project that investment will reach \$186 billion in this booming sector, over the next 5 years.

Natural gas supplies more than half the fuel used to heat buildings and about 15% of the electricity in the United States. Natural-gas-fired power plants only emit about half the pollutants produced by coal plants, as long as the fuel is extracted close to where it is burned.

Natural gas is the second most abundant fossil fuel but its total potential energy is equivalent to only about 1 1/2 days of sunshine striking the Earth.

Wind Power Comes to Sri Lanka



Sri Lanka's first commercial wind energy plant to start

Senok Wind Power, Sri Lanka's first commercial wind energy plant, will start operating this month in Puttalam in the island's north western coast using a 10 Mega Watt plant.

"This pioneering effort set from Senok has set the pace for attracting private sector investment for further development of wind power in Sri Lanka," says H. De Costa, project director of Senok Wind Power. "Senok expects to complete the project and start transmitting electricity to the national grid within the next few weeks."

The plant is located on a five kilometer long strip of land that is a kilometer wide in the Mampuri areas of Kalpitya in the Puttalam district. The company has installed eight wind turbine generators bought from India's Suzlon Energy Ltd.

Senok Power says the site could accommodate another two rows of wind turbines to with a total capacity of 30 Mega Watts.

Officials say the firm will get 18.66 rupees plus 2.14 rupees from the first to the eighth year of a standardized power purchase agreement (SPPA) under which it will sell power to the state-run Ceylon Electricity Board. This will generate higher cash flow for the firm to pay off loans in the first few years.

From year 8 to 15 it will get 7.05 rupees and from year 16 the firm will get one rupee and 30 cents officials said. The agreement runs for 20 years.

Officials say the plant is estimated to generate 28 million Kilo Watt hours of energy a year. This gives the wind farm a plant factor of slightly over 31 percent.

State-run CEB has had a 3 Mega Watt wind farm in the Southern Hambantota district which had a plant factor of less than 15 percent.

Senok says the site gets wind from an Asian monsoon system that blows in a north easterly direction from December to February and much stronger winds in a south westerly direction from May to September.

The mean annual wind speed is about 7.0 to 7.5 meters per second at 50 meters above ground level. The power plants are located 80 metres above ground.

The wind farm uses eight model S64 -1250 Suzlon constant speed wind turbine generators which can produce 1,250 Kilo Watts of power driven by a three-bladed epoxy bonded fiber glass rotor with a diameter of 64 meters.

BOI Targets US\$5 bn FID



The Board of Investment of Sri Lanka (BOI) is targeting foreign investment of US\$5 billion in the next six years after securing US\$602 million last year and US\$ 250 million for the first three months this year.

Disclosing the board's ambitious investment promotion (FDI) plan, BOI Chairman Dhammika Perera told a media conference in Colombo on Tuesday that they plan to generate 80,000 new direct employment opportunities, develop 50,000 new hotel rooms, set up 50 IT/BPO companies, add 5,000 hospital beds and establish 25 higher education institutes for 30,000 students during this period.

He said that the BOI received US\$5,600 million as FDIs since 1978 and 50% of this amount had been received during the 2006-2009 period.

Mr Perera announced that nine new companies will start projects at the Horana Export Processing Zone. The total value of their investment once completed will be US\$ 57.15 million and 1,221 workers employed at the zone.

He revealed that Unilever Sri Lanka will set up a massive factory at the zone that will be producing food items, soap and toothpaste and investing US\$ 40 million and providing employment for 100 workers. Another 300 room Hilton hotel will come up in Tangalle, he said.

The Horana zone in the Kalutara District commenced operations in November 1999 on 385 acres. The current total investment there is US\$54 million and its 11 enterprises provides employment to 1,623 workers.

Saudi Arabia's Al Mashal Acquires Amana Securities Ltd.

One of Saudi Arabia's wealthiest families Al Mashal which has select equity investments here is getting bullish on post-war Sri Lanka with it last week buying of 100% stake in stock broking firm Amana Securities Ltd.

The regulators the Securities and Exchange Commission (SEC) and the Colombo Stock Exchange (CSE) have approved the deal and Al Mashal's Heraymila Investments Ltd., (HIL) and Amana Group are completing the transaction at an undisclosed price.

Following the conclusion of the deal, the new broking house will be changed to Heraymila Securities Ltd. Apart from being the second foreign owned trading member of the CSE; Al Mashal's HIL will be first foreign party to set up office in the post war Sri Lanka.

HIL is licensed by Dubai International Financial Centre and manages the international investments of the Family Office of Abdulaziz Al Mashal, with Sheik Al Mashal being one of the pioneering entrepreneurs in Saudi Arabia.

With an investment portfolio in 33 countries, Al Mashal has extensive experience in international financial sector as a founding shareholder of Riyadh Bank, the largest bank in Saudi Arabia. It is also a long-term investor in Investcorp Bank BSC, the leading Bahraini private equity and asset management bank, whilst Al Mashal is also a co-investor in a 40% equity in Tokyo Star Bank of Japan apart from being a regular co-investor in underlying investments along with large international banks such as Goldman Sachs, Bank of America-Merrill Lynch and J.P. Morgan.

Recently it ventured into aircraft leasing business. HIL manages its own treasury and liquidity through trading in foreign exchange. Its in-house analysts and traders manage equities, bonds, derivatives and fixed income

trading through brokers of major banks.

The Family Office of Abdulaziz Al Mashal, both directly and through HIL, has been investing in Sri Lanka since 2005 and among other investments it own key stakes in Commercial Bank, John Keells Holdings, NTB and Renuka Agri. Al Mashal's equity investment portfolio is estimated to be worth US\$ 15 million.

"We have been investing in the Sri Lankan market for some years now and it is that experience that has provided us with the confidence to acquire the broking licence from Amana. We hope to encourage high-net-worth investors and institutions from the Middle East including Saudi Arabia to choose Sri Lanka as a destination for investment," Al Mashal stated.

"Expressing his optimism about the opportunities in Sri Lanka he said "We believe that the upbeat post-war mood in Sri Lanka, its proximity to India, Sri Lanka's increased tourism opportunities and the Government's objective to improve infrastructure coupled with the obvious capital requirements for small and medium scale enterprises needed to support this increased economic activity provides the market dynamics for our growth strategy in Sri Lanka."

HIL Managing Director Vinod Krishnan said via the broking firm, HIL will immediately bring its structured macro-economic research capability into play to highlight sectors that contribute to growth of the Sri Lankan economy, identify companies in select sectors and encourage them to market their offerings to overseas investors and widen the investor base.

"We will also bring our current investment knowledge to the brokerage house to encourage domestic investors to substitute other forms of investments into their equity linked investments and also build confidence of domestic SMEs to raise equity via IPOs through the Colombo Stock Exchange," Krishnan added.