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People's Leasing mulls Rs. 7bn IPO

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People's Leasing Company (PLC) is planning to raise around Rs. 7 billion later this year in what could be the second highest initial public offering (IPO) in the history of the Colombo Stock Exchange (CSE), brokers said.

Brokers said the company has already made an application regarding the IPO to the CSE and was awaiting its approval. The issue is believed to be taken up in October and would be managed by NDB Investment Bank and Capital Alliance. Brokers said the funds raised through the IPO would be used to broad-base the company's capital structure and finance expansion. The IPO would also fill a regulatory requirement of the Central Bank.

It is reported that NDB Bank Investment Bank had completed the country's largest IPO for Dialog Axiata's Rs 8.5 billion issue in 2005. The second largest IPO was the Softlogic Holdings IPO which raised over Rs 4 billion.

The PLC Group recorded profits in 2010/2011 amounting to Rs. 2.6 billion while in the 2009/10 financial year, it made a net profit of Rs 1.1 billion. Gross assets amount to Rs. 63.8 billion and equity Rs. 8.4 billion.

PLC is a fully owned subsidiary of state owned People's Bank.

Senior Research Analysts SMB Securities Pvt Limited Subhashi Jayasumana said at present there was a lull in the equity market and this IPO would give a big boost to the market in the short to medium term perspective.

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