

# Energized for growth

**PROSPECTUS** | DEBENTURE ISSUE 2016



JOINT- MANAGERS TO THE ISSUE



First Capital

**CDB**   
Citizens Development  
*Your Friend*





## PROSPECTUS

**AN ISSUE OF TEN MILLION (10,000,000) RATED, SUBORDINATED, GUARANTEED, REDEEMABLE  
DEBENTURES AT A PAR VALUE OF LKR 100/- EACH TO RAISE SRI LANKA RUPEES ONE BILLION  
(LKR 1,000,000,000/-)**

**GUARANTEED BY SEYLAN BANK PLC**

**TO BE LISTED ON THE COLOMBO STOCK EXCHANGE**

ISSUE OPENS ON 27 MAY 2016

**JOINT - MANAGERS TO THE ISSUE**



First Capital

**FIRST CAPITAL LIMITED**



**CORPORATE FINANCE DIVISION**

**CITIZENS DEVELOPMENT BUSINESS FINANCE PLC**

# PROSPECTUS

This Prospectus is dated 18 May 2016.

This Prospectus has been prepared by First Capital Limited from the information provided by Citizens Development Business Finance PLC (hereinafter sometimes referred to as 'the Company' or 'CDB'). The Directors of the Company, collectively and individually, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

While the Company has taken reasonable care to ensure full and fair disclosure, it does not assume any responsibility for any investment decisions made by the investors based on information contained herein. In making an investment decision, prospective investors must rely on their own examination and assessments of the Company including the risks involved.

No person is authorized to give any information or make any representation in connection with the Debentures other than the information and representations contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

The Auditors & Reporting Accountants to the Issue and to the Company, Secretaries to the Company, Joint Managers to the Issue, Registrars to the Issue, Trustee to the Issue, Lawyers to the Issue, Bankers to the Issue, Guarantor to the Issue and the Rating Agency to the Issue have given their written consent for the inclusion of their names and their reports/statements in the Prospectus and have not before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such consent.

## Registration of the Prospectus

A copy of this Prospectus has been delivered for registration to the Registrar General of Companies in Sri Lanka in accordance with the Companies Act No. 07 of 2007 (The "Companies Act").

The delivery of this Prospectus shall not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of Prospectus.

If you are in any doubt regarding the contents of this document or if you require any clarification or advice you may consult your Stockbroker, Bank Manager, Lawyer or any other Professional Advisor in this regard.

**The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed or reports included in this Prospectus. The interest rate, redemption and other terms and conditions of the Debentures issued herein have been decided by the Company.**

All Applicants should indicate in the application for Debentures, their CDS Account Number.

In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company number as per the CDS records, the information as per the CDS records will prevail and be considered. Therefore applicants are advised to ensure that the above mentioned details of the applicant mentioned in the application form tally with the same in the CDS account mentioned in the application form.

As per Rule 3.3.13 of the CSE Listing Rules, all Debentures allotted shall be **directly uploaded** to the CDS.

Applicants who do not have a CDS Account are advised to open a CDS account **prior** to making the application, in order to facilitate the uploading of allotted Debentures to the CDS.

PLEASE NOTE THAT UPON THE ALLOTMENT OF DEBENTURES UNDER THIS ISSUE THE ALLOTTED DEBENTURES WOULD BE CREDITED TO THE APPLICANT'S CDS ACCOUNT SO INDICATED.

**PLEASE NOTE THAT DEBENTURE CERTIFICATES SHALL NOT BE ISSUED.**

APPLICATIONS WHICH DO NOT CARRY THE CDS ACCOUNT NUMBER, WHICH IS NOT OPENED AT THE TIME OF THE CLOSURE OF THE SUBSCRIPTION LIST OR WHICH INDICATE AN INCORRECT/INACCURATE CDS ACCOUNT NUMBER SHALL BE REJECTED, AND NO ALLOTMENT WILL BE MADE.

You can open a CDS Account through any Member/Trading Member of the CSE as set out in Annexure IV or any Custodian Banks set out in Annexure V of this Prospectus.

## CORPORATE INFORMATION

<b>Issuer</b>	Citizens Development Business Finance PLC
<b>Place of Incorporation</b>	Sri Lanka
<b>Legal Form</b>	<p>Ceylinco Development Corporation Limited was incorporated in Sri Lanka on the 7th September 1995 under the Companies Act No 17 of 1982. This Company's name was changed to Ceylinco Development Bank Limited on the 13th August 1996. Later, in 2008 Company was re-named as Citizens Development Business Finance Limited and was re-registered under the Companies Act No 07 of 2007 on 18th March 2008. The Company is Licensed under the Finance Business Act No. 42 of 2011 and is registered under the Finance Leasing Act No. 56 of 2000.</p> <p>Citizens Development Business Finance PLC was quoted on the Colombo Stock Exchange in 2010.</p>
<b>Company Registration Number</b>	PB 232 PQ
<b>Credit Rating – Issuer</b>	<b>[SL] ‘BBB’ with a Stable outlook by ICRA Lanka Limited</b>
<b>Registered Office</b>	<p><b>Citizens Development Business Finance PLC</b>  No. 123, Orabipasha Mawatha,  Colombo 10.  Tel: + 94 117 388 388  Fax: + 94 112 429 888</p>
<b>Secretaries to the Company</b>	<p><b>S S P Corporate Services Limited</b>  No. 101, Inner Flower Road,  Colombo 03.  Tel: +94 112 573 894  Fax: +94 112 573 609</p>
<b>Auditors/Reporting Accountants to the Company</b>	<p><b>KPMG</b>  <b>Chartered Accountants</b>  32 A, Sir Mohamed Macan Marker Mawatha,  Colombo 03.  Tel: +94 115 426426  Fax: +94 112 445 872</p>
<b>Board of Directors</b>	<p>Mr. D. H. J. Gunawardena – Chairman / Non-Executive Director</p> <p>Mr. W. P. C. M. Nanayakkara – Managing Director / CEO / Executive - Director</p> <p>Mr. S. R. Abeynayake – Non-Executive Director</p> <p>Mr. P. A. J. Jayawardena – Non-Executive Director</p> <p>Mr. D. A. De Silva – Independent Non-Executive Director</p> <p>Prof. A. Dharmasiri – Independent Non-Executive Director</p> <p>Mr. R. Mohamed – Independent Non-Executive Director</p> <p>Mr. R. H. Abeygoonewardena – Executive Director</p> <p>Mr. T. M. D. P. Tennakoon - Executive Director</p> <p>Mr. S. V. Munasinghe – Executive Director</p>

## RELEVANT PARTIES TO THE OFFERING

Joint - Managers to the Issue
<b>First Capital Limited</b> No. 02, Deal Place Colombo 03 Tel. : +94 112 639 845/94 Fax : +94 112 639 819 <b>Corporate Finance Division</b> <b>Citizens Development Business Finance PLC</b> No.123, Orabipasha Mawatha Colombo 10. Tel. : +94 112 429933 Fax : +94 112 429888

Banker & Guarantor to the Issue	Trustee to the Issue
<b>Seylan Bank PLC</b> Colombo Fort No. 69, Janadhipathi Mawatha, Colombo 01 Tel. : +94 112 445 840 Fax : +94 112 447 990	<b>Bank of Ceylon</b> Investment Banking Division 11th Floor, Head Office No. 1, Bank of Ceylon Mawatha Colombo 01 Tel. : +94 11 2448348 : +94 11 2542167 Fax : +94 11 2346842

Lawyers to the Issue	Registrars to the Issue
<b>M/s. Nithya Partners</b> Attorneys –at-Law No. 97A, Galle Road Colombo 03 Tel. : +94 114 712 625 Fax : +94 112 328 817	<b>Business Intelligence (Pvt) Ltd</b> No 08, Tickell Road, Colombo 08. Tel. : +94 115 579 900 Fax : +94 115 579 950

Rating Agency to the Issue	Auditors & Reporting Accountants to the Issue
<b>ICRA Lanka Limited.</b> No. 10-02, East Tower, World Trade Center, Colombo 01 Tel. : +94 114 339907 Fax : +94 112 333307	<b>KPMG</b> Chartered Accountants No. 32A, Sir Mohamed Macan Marker Mawatha, Colombo 03. Tel. : +94 115 426 426 Fax : +94 112 445 872

## SALIENT FEATURES AT A GLANCE

<b>Issuer</b>	Citizens Development Business Finance PLC			
<b>Instrument Type</b>	Rated, Subordinated, Guaranteed, Redeemable, Five (05) Year (2016/2021) Debentures			
<b>Number of Debentures to be Issued</b>	An Issue of Ten Million (10,000,000) Rated, Subordinated, Guaranteed, Redeemable Debentures			
<b>Par Value</b>	LKR 100/- per each Debenture			
<b>Issue Price</b>	LKR 100/- per each Debenture			
<b>Amount to be Raised</b>	Sri Lanka Rupees One Billion (LKR 1,000,000,000/-)			
<b>Tenure of Debentures</b>	Five (05) Years			
<b>Issuer Rating</b>	[SL] 'BBB' with a Stable outlook by ICRA Lanka Limited			
<b>Instrument Rating</b>	'[SL] A- (SO); assigned with Stable Outlook' by ICRA Lanka Limited			
<b>Guarantor</b>	Seylan Bank PLC			
<b>Listing</b>	The Debentures will be listed on the Colombo Stock Exchange			
<b>Opening Date</b>	27 May 2016			
<b>Closing Date</b>	<p>On 15 June 2016 or such earlier date on which;</p> <ul style="list-style-type: none"> <li>The maximum of 10,000,000 Debentures are fully subscribed; or</li> <li>Such date that the Directors may, at their discretion, decide to close the subscription list prior to the 10,000,000 Debentures being fully subscribed. Please refer section 1.2 for details</li> </ul>			
<b>Interest Rate</b>	<b>Type of Debentures</b>	<b>Interest Rate (per annum)</b>	<b>Annual Effective Rate (AER) per annum</b>	<b>Redemption (from the Date of Allotment)</b>
	Type A	12.75% per annum payable semi-annually	13.1564%	60 Months (5 Years)
	Type B	6 month Net T-Bill Rate (net of tax) plus 1.50% payable semi-annually Provided however that such Rate of Interest shall not exceed Fifteen per centum (15.00%) per annum i.e. an AER of 15.56% and shall not be less than Ten per centum (10.00%) per annum, i.e. an AER of 10.25%.	-	60 Months (5 Years)
<p>With respect to Type B Rated, Subordinated, Guaranteed, Redeemable Debentures, the Six Month Treasury Bill rate shall be the Six Month Treasury Bill rate (net of tax) published by the Central Bank of Sri Lanka. The Interest Determination Date for Type B Debentures shall be Date of Allotment in respect of the first Interest Period and the date immediately prior to the first date of each Interest Period in respect of each subsequent Interest Period.</p>				



<b>Minimum Subscription</b>	The minimum subscription per application is LKR 10,000/- (i.e. One Hundred (100) Debentures). Applications exceeding the minimum subscription should be in multiples of LKR 10,000/- (i.e. in multiples of One Hundred (100) Debentures)
<b>Date of Redemption</b>	<p>On completion of Five (05) years from allotment date or on such earlier date on which the Debentures are redeemed or become payable in terms of the Trust Deed. Please refer section 1.6 of the Prospectus for further details.</p> <p>Where the Company seeks to redeem any Type of Debentures prior to the Date of Redemption, such early redemption shall only be permitted with the prior written approval from the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka and the approval of the Debenture Holders of such Type of Debentures representing three fourths (<math>\frac{3}{4}</math>) of the nominal value of such Type of Debentures.</p>
<b>Final Interest payment Date</b>	The Final Interest payment will be paid together with the Principal Sum within three (03) Market Days from the Date of Redemption.
<b>Mode of Payment</b>	Interest and Capital sum will be paid to Debenture holders through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as SLIPS and RTGS in the event accurate bank details have been provided, or by crossed cheques Marked "Account Payee Only" in the event accurate bank details have not been provided
<b>Basis of Allotment</b>	In the event of over subscription, the basis of allotment will be decided by the Board of Directors of the Company within Seven (07) Market days from the Closing date. Further, the Board reserves the right to allocate a maximum of up to 70% of the debentures allotted on a preferential basis to investor/s of strategic importance from whom the Company expects benefits such as easy access to future funding requirements and to ensure a healthy long term relationship is maintained with such parties that may facilitate future business of CDB. Applicants receiving preferential allotment will not be allotted any additional debentures in excess of the debentures preferentially allotted to such applicants. Further, if the Board of Directors at their discretion decides to close the subscription list prior to the issue being fully subscribed, the basis of allotment will be decided with the concurrence of the CSE prior to the announcement being made. The Board of Directors of Citizens Development Business Finance PLC reserves the right to refuse any application or to accept any application in part only, without assigning any reason thereto. Successful applicants will be notified on their allotment within Ten (10) Market days from the Closing Date of the issue.
<b>Interest Payment Dates</b>	The dates on which payments of interest in respect of the Debentures shall fall due, which shall be six (6) months from the Date of Allotment and every six (6) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.
<b>Guaranteed Debentures</b>	Seylan Bank PLC has provided a guarantee up to a value of Sri Lankan Rupees One Billion and One Hundred Fifty million (1,150,000,000/-), being the principal sum and two interest payments at the Rate of Fifteen per centum (15.00%) per annum payable semi-annually, for two Interest Periods on the said Debentures.

## ABBREVIATIONS USED IN THE PROSPECTUS

<b>AER</b>	- Annual Effective Rate
<b>ATS</b>	- Automated Trading System of the Colombo Stock Exchange
<b>AWPLR</b>	- Average Weighted Prime Lending Rate
<b>Bn</b>	- Billion
<b>CBSL</b>	- Central Bank of Sri Lanka
<b>CDS</b>	- Central Depository Systems (Private) Limited
<b>CSE</b>	- Colombo Stock Exchange
<b>FYE</b>	- Financial Year Ended
<b>Issuer or CDB</b>	- Issuer of Debentures/ CDB
<b>LKR</b>	- Sri Lankan Rupees
<b>Mn</b>	- Million
<b>NIC</b>	- National Identity Card
<b>POA</b>	- Power of Attorney
<b>QE</b>	- Quarter Ended
<b>RTGS</b>	- Real Time Gross Settlement
<b>SEC</b>	- Securities & Exchange Commission of Sri Lanka
<b>SIA</b>	- Securities Investment Account
<b>SLIPS</b>	- Sri Lanka Inter-Bank Payment System

## DEFINITIONS FOR THE TERMS USED IN THE PROSPECTUS

<b>Annual</b>	A period of twelve (12) months
<b>Applicant</b>	Any person who submits an Application Form under this Prospectus
<b>Application Form/ Application</b>	The application form that constitutes part of this Prospectus through which an Applicant may apply for the Debentures in Issue
<b>Articles of Association</b>	Articles of Association of CDB
<b>AWPLR</b>	Average Weighted Prime Lending Rate. A rate which is calculated weekly by CBSL, based on Lending Rates offered by Commercial Banks to their prime customers during the week
<b>Date of Allotment</b>	The date on which all the Debentures will be allotted by the Company to Applicants subscribing thereto
<b>Debentures</b>	All of the Rated, Subordinated, Guaranteed, Redeemable Debentures issued pursuant to this Prospectus
<b>Debenture Holder(s)</b>	Any person who is for the time being the holder of the Debentures and includes his/her respective successors in title
<b>Directors or Board</b>	Directors of Citizens Development Business Finance PLC from time to time constituted
<b>Entitlement Date</b>	The Market day immediately preceding the Interest Payment Date and the date of redemption/ maturity
<b>Par Value</b>	LKR 100/- per each Debenture
<b>Interest Period</b>	The six (6) month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and shall include with respect to the first Interest Period the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and with respect to the final Interest Period the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date).
<b>Interest Payment Dates</b>	<p>The dates on which payments of interest in respect of the Debentures shall fall due, which shall be six (06) months from the Date of Allotment and every six (06) months therefrom of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.</p> <p>Interest payments will be made within three (03) Market Days from the date of redemption/ maturity</p>
<b>Issue</b>	The offer of Debentures pursuant to this Prospectus
<b>Issue Price</b>	LKR 100/- per each Debenture
<b>Market Day</b>	A day on which trading takes place on the Colombo Stock Exchange
<b>Money Market Savings Rate</b>	The Rate the Banker to the Issue publishes based on the interbank money market rate. The Rate is published on a weekly basis on every Tuesday for the period of 7 days. Interest rate is subject to change on a weekly basis

<b>Non-Resident(s)</b>	Foreign institutional investors, corporate bodies incorporated outside Sri Lanka, individuals resident outside Sri Lanka and Sri Lankans resident outside Sri Lanka
<b>Principal Sum</b>	The product of the ParValue and the number of Debentures allotted
<b>Prospectus</b>	This Prospectus dated 18 May 2016 issued by Citizens Development Business Finance PLC
<b>Trustee</b>	Bank of Ceylon
<b>Trust Deed</b>	Trust Deed between Citizens Development Business Finance PLC and Bank of Ceylon
<b>Guaranteed Debentures</b>	Pursuant to the Letter of Guarantee issued by Seylan Bank PLC (The Guarantor) to Bank of Ceylon ('the Trustee'), up to an amount of Rupees One Billion and One Hundred Fifty Million (LKR 1,150,000,000) being the principal sum and two interest payments at the Rate of Fifteen per centum (15.00%) per annum payable semi-annually, for two Interest Periods on the said Rated Subordinated, Guaranteed, Redeemable Debentures to be issued by the Company at an Issue Price of LKR 100/- each has been guaranteed.
<b>Letter of Guarantee</b>	Letter of Guarantee executed between Seylan Bank PLC and Bank of Ceylon on 17 May 2016

# TABLE OF CONTENTS

<b>1.0</b>	<b>PRINCIPAL FEATURES OF THE ISSUE</b>	<b>13</b>
1.1	INVITATION TO SUBSCRIBE	13
1.2	SUBSCRIPTION LIST	13
1.3	OBJECTIVES OF THE ISSUE	13
1.4	GUARANTEED DEBENTURE	14
1.5	INTEREST	15
1.6	REDEMPTION	16
1.7	PAYMENT OF PRINCIPAL AND INTEREST	17
1.8	TRUSTEE TO THE ISSUE	18
1.9	BENEFITS OF INVESTING IN DEBENTURES	18
1.10	RIGHTS AND OBLIGATIONS OF DEBENTURE HOLDERS	18
1.11	RISK FACTORS ASSOCIATED WITH DEBENTURES	19
1.12	RISKS INVOLVED IN MEETING THE OBJECTIVES OF THE ISSUE	20
1.13	CREDIT RATING	20
1.14	PROSPECTUS	21
1.15	TRANSFER OF DEBENTURES	21
1.16	LISTING	21
1.17	REGISTRATION	22
1.18	BROKERAGE	22
1.19	OTHER COSTS OF THE ISSUE	23
1.20	UNDERWRITING	23
<b>2.0</b>	<b>PROCEDURE FOR APPLICATION</b>	<b>24</b>
2.1	INSPECTION OF DOCUMENTS	24
2.2	ELIGIBLE APPLICANTS	24
2.3	HOW TO APPLY	25
2.4	MODE OF PAYMENT	27
2.5	REJECTION OF APPLICATION	28
2.6	BANKING OF PAYMENTS	29
2.7	BASIS OF ALLOTMENT OF DEBENTURES	29
2.8	ACCEPTANCE AND REFUNDS	29
2.9	DIRECT LODGEMENT WITH THE CDS AND TRADING OF DEBENTURES	30

<b>3.0</b>	<b>PROFILE OF THE COMPANY</b>	<b>31</b>
3.1	COMPANY OVERVIEW	31
3.2	GROUP STRUCTURE	32
3.3	SUBSIDIARY COMPANIES	32
3.4	STATED CAPITAL OF CDB	33
3.5	MAJOR SHAREHOLDERS	34
3.6	DETAILS OF THE DIRECTORS	36
<b>4.0</b>	<b>GUARANTOR</b>	<b>39</b>
<b>5.0</b>	<b>STATUTORY AND GENERAL INFORMATION</b>	<b>40</b>
5.1	FINANCIAL YEAR	40
5.2	LITIGATION, DISPUTES AND CONTINGENT LIABILITIES	40
5.3	PARTICULARS OF DEBT AND LOAN CAPITAL OF THE COMPANY	40
5.4	DEBT SERVICING POLICY	41
5.5	PUBLIC DEPOSITS ACCEPTED AS AT 31ST MARCH 2016	41
5.6	INTEREST COVER & DEBT TO EQUITY RATIO	42
5.7	DIVIDEND POLICY	42
<b>6.0</b>	<b>STATUTORY DECLARATIONS</b>	<b>43</b>
6.1	STATUTORY DECLARATION BY THE DIRECTORS	43
6.2	STATUTORY DECLARATION BY THE JOINT-MANAGERS TO THE ISSUE	44
6.3	STATUTORY DECLARATION BY THE JOINT-MANAGERS TO THE ISSUE	44
<b>7.0</b>	<b>FINANCIAL INFORMATION</b>	<b>45</b>
7.1	FINANCIAL INFORMATION	45
	ANNEXURE I – RATING REPORT	46
	ANNEXURE II – CONSENT LETTER OF THE GUARANTOR TO THE ISSUE	50
	ANNEXURE III – CBSL APPROVAL LETTER	52
	ANNEXURE IV – COLLECTION POINTS	54
	ANNEXURE V – CUSTODIAN BANKS	61

## **1.0 PRINCIPAL FEATURES OF THE ISSUE**

### **1.1 INVITATION TO SUBSCRIBE**

Pursuant to the Resolution passed by the Board of Directors of Citizens Development Business Finance PLC (hereinafter called The Company or CDB) on 20th April 2016, it was resolved to raise a sum of up to Sri Lanka Rupees One Billion (LKR 1,000,000,000/-) by an issue of Ten Million (10,000,000) Rated, Subordinated, Guaranteed, Redeemable Debentures.

This Prospectus invites the public to make applications for the purchase of the Debentures of Type A &/or Type B, which offer a fixed interest rate of 12.75% p.a. (AER 13.1564%) and a floating interest rate of Six (06) month Net Treasury Bill Rate plus 1.50% p.a. (provided however that such Rate of Interest shall not exceed Fifteen per centum (15.00%) per annum, i.e. an AER of 15.56% and shall not be less than Ten per centum (10.00%) per annum, i.e. an AER of 10.25% respectively payable semi-annually until the expiry of five (05) years from the date of allotment on the principal sum of the Debentures. The Debentures Type A and Type B shall rank equal and pari passu with each other except for the Rate of Interest.

### **1.2 SUBSCRIPTION LIST**

The subscription list for the Rated, Subordinated, Guaranteed, Redeemable, Five year (2016/2021) Debentures pursuant to this Prospectus will open at 9.00 a.m. on 27 May 2016 and shall remain open for fourteen (14) market days until closure at 4.30 p.m. on 15 June 2016.

In the event of an oversubscription of the Ten Million (10,000,000) Debentures, the subscription list will close at 4:30 p.m. on the same day on which it is fully subscribed for, with the notification to CSE.

Further, the Board of Directors may, at its discretion, decide to close the subscription list prior to the Issue being fully subscribed. In such circumstance, the subscription list will close at 4:30 p.m. on the market day succeeding the date of notification to the CSE.

Applications can be made forthwith in the manner set out in Section 2.0 and duly completed Application Forms will be accepted at any one of the collection points set out in Annexure IV of this Prospectus.

### **1.3 OBJECTIVES OF THE ISSUE**

Proceeds raised from the Debenture Issue will be utilized for the objectives given below:

- The company intends to finance the Company's anticipated future business growth in the lending portfolio. Therefore the proceeds of the Debenture Issue will be fully utilized to expand its leasing portfolio and the funds will be disbursed within six months from the date of allotment.
- Further, the subordinate nature of this Debenture will enable CDB to strengthen its Tier 2 capital while it will also enable CDB to maintain a healthy capital adequacy ratio. Currently the Tier 2 ratio stands at 11.44% as at 31st December 2015, subsequent to the debenture issue it is expected to increase up to 12.65%. The statutory minimum requirement for Tier 2 Capital is 10% as per the CBSL guidelines.
- At the same time, long term maturity nature of the debenture will enable the company to reduce the asset and liability maturity mismatch and expecting to further reduce it subsequent to the debenture issue.

As described above, the funds raised through debenture will be utilized to strengthen the asset base of the company while improving the capital adequacy of the company based on the current business context and market situation.

CDB is confident on raising the total value of LKR 1Bn through the Debenture Issue. However, in the event of an under subscription of the Issue, Company will achieve the said objectives by raising funds through securitizations, banking facilities and other retail deposits to the extent as given in the Table below:

Facility	Usage (%)
Securitizations	50%
Banking facilities	25%
Other retail deposits	25%

The expected impact on the company's business in relying on the above mentioned funding lines (in the event of an under subscription of the Debenture) is the asset and liability maturity mismatch and the subsequent liquidity risk that may arise due to the inability of CDB to raise long term funding.

CDB has a Related Party Transaction Review Committee in place (given below) which was formed on the 26th March 2015

Committee Member	Directorship	Position
Mr. Razik Mohamed	Independent Non-Executive Director	Chairman
Dr. Ajantha Dharmasiri	Independent Non-Executive Director	Committee Member
Mr. Damith Tennakoon	Director / Chief Financial Officer	Committee Member
Mr. Roshan Abeygoonewardena	Director / Chief Operating Officer	Committee Member
Mr. Tharinda Amerasinghe	Head of Compliance	Secretary

#### Present Status of the Debentures Issued in year 2013

In 2013, CDB issued Subordinated Listed Rated Unsecured Redeemable Debentures for the objectives of strengthening the Tier 2 capital and to finance the anticipated future business growth. Company managed to fulfill the objectives by March 2014 and the results are given in the Table below.

	Before the Debenture Issue (as at 30th September 2013)	After the Debenture Issue (as at 31st March 2014)
Capital Adequacy Ratio – Tier 2	12.80%	16.00%
Total Lending Portfolio (LKR)	23,204,062,095	25,724,944,295

Company has no intention of investing the funds raised from the Debenture in the two subsidiaries of the Company

#### 1.4 GUARANTEED DEBENTURE

Pursuant to the Letter of Guarantee issued by Seylan Bank PLC (The Guarantor) to Bank of Ceylon ('the Trustee'), an amount of Sri Lankan Rupees One Billion One Hundred and Fifty Million (LKR 1,150,000,000) being the principal sum and two interest payments payable semi-annually on the Ten Million (10,000,000) Rated, Subordinated, Guaranteed, Redeemable Debentures to be issued by the Company at an issue price of LKR 100/- each has been guaranteed.

Accordingly, an amount not exceeding Sri Lankan Rupees One Billion One hundred and Fifty Million (LKR 1,150,000,000) may be claimed by the Trustee for and on behalf of the Debenture Holders from the Guarantor in the event the Company fails or neglects to redeem the said Debentures or pay the interest on the said Debentures in terms of Clause 4.1 (a) i, ii, iii, iv and v of the said Trust Deed or in the Event of Default as specified in Clause 10.1 of the said Trust Deed.



In the event the Trustee recovering or receiving any monies from the Guarantor or consequent to any action or proceedings taken by the Trustee against the Guarantor the Trustee shall apply such monies in or towards settling or providing for the payment of any outstanding interest for two interest payments at a maximum Interest Rate of 15.00% p.a. Interest for two Interest periods which is payable by the Company to the Debenture holders and thereafter for the payment of principal sum which is payable by the Company to the Debenture Holders in proportion to their investment respectively subject however up to the aggregate amount to Sri Lankan Rupees One Billion One Hundred and Fifty Million (1,150,000,000) specified in the Letter of Guarantee (clause 12.2 of the Trust Deed).

A copy of the Letter of Guarantee is hosted on the website of the Colombo Stock Exchange ([www.cse.lk](http://www.cse.lk)).

## 1.5 INTEREST

<b>Type A</b>	Twelve Decimal Seven Five per centum (12.75%) per annum payable semi-annually on the Interest Payment Dates <b><i>Annual Effective Rate of 13.1564% per annum</i></b>
<b>Type B</b>	Six Month Treasury Bill Rate (net of tax) plus a margin of One decimal Five Zero per centum (1.50%) per annum payable semi-annually on the Interest Payment Dates provided however that such Rate of Interest shall not exceed Fifteen per centum (15.00%) per annum (AER of 15.56%) and shall not be less than Ten per centum (10.00%) per annum (AER of 10.25%).

With regard to Debentures of Type B, the floating rate to be determined based on Six (06) month Net Treasury Bill Rate as announced by the Public Debt Department of the Central Bank of Sri Lanka immediately prior to the commencement of each interest period. Accordingly, the Rate of Interest shall be determined on the Date of Allotment in respect of the First Interest Period and the date immediately prior to the first date of each Interest Period in respect of each subsequent Interest Period.

Interest on the Debentures accruing on a daily basis will be paid at the rates specified above on the principal sum semi-annually each year at the expiry of every six (6) month period from the Date of Allotment and every six (6) month period therefrom of each year until the Date of Redemption and includes the Date of Redemption.

For the above said Debentures, the interest will be payable semi-annually within Three (03) Market Days from the end of every Six (6) months. In the event of the Final Interest, the Final Interest payment will be paid together with the Principal Sum within Three (03) Market Days from the date of redemption/maturity.

The interest due on the Debentures for a particular Interest Period will be calculated based on the actual number of days in such Interest Period (actual/actual) and will be paid not later than three (03) Market Days from each Interest Payment Date.

The final Interest Period shall be the period commencing from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date) The interest for the Final Interest Period will be calculated based on the actual number of days in the Final Interest Period. The Final Interest payment will be paid together with the Principal Sum within Three (03) Market Days from the date of redemption.

For avoidance of doubt, the date of redemption will not be included or taken into account for purposes of calculating the interest due on the Debentures for the Final Interest Period.

In order to accommodate the Debenture interest cycles in the Automated Trading System (ATS) of the CSE, the payment of interest for a particular Interest Payment Date will include Debenture Holders holding Debentures in the CDS as at the last day of the payment cycle but one day prior to the Interest Payment Date (Entitlement Date). If the entitlement date is a holiday, interest shall be calculated including the entitlement date. Payment of the interest on the Debentures will be made after deducting any taxes and charges thereon (if any) in Sri Lanka Rupees as per the applicable law prevailing at the time of interest payment to the Debenture Holders.

As per Section 9 (o) of the Inland Revenue Act No. 10 of 2006 (as amended by section 4 of the Inland Revenue (Amendment) Act No. 18 of 2013), the interest income from any investment made on or after the January 1, 2013 in corporate debt securities (i.e. Debentures), quoted in any stock exchange licensed by the SEC is exempt from income tax. Furthermore, in terms of Section 13 (xxxxxxx) of the Inland Revenue Act No. 10 of 2006 (as amended by section 5 (3) of the Inland Revenue (Amendment) Act No. 18 of 2013), the profits and income earned from any such investment have also been exempted from income tax.

## **1.6 REDEMPTION**

The Company shall redeem the said Rated, Subordinated, Guaranteed, Redeemable Debentures on the expiry of Five (05) years from the Date of Allotment in accordance with the provisions contained in the Trust Deed. The Debenture holders shall not have any right or option to call for redemption of the Debentures before the Date of Redemption of such Debentures, Provided however; that upon an occurrence of an Event of Default as specified in Clause 10 of the Trust Deed all payments of the principal sum and interest payable in terms of the Trust Deed would be accelerated and shall be immediately payable.

Where the Company seeks to redeem any Type of Debentures prior to the Date of Redemption, such early redemption shall only be permitted with the prior written approval from the Director of the Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka and the approval of the Debenture Holders of such Type of Debentures representing three fourths ( $\frac{3}{4}$ ) of the nominal value of such Type of Debentures.

The Debenture holders shall not have any right or option to call for redemption of the Debentures before the Date of Redemption of such Debentures, except in the circumstances where the Debentures have become immediately payable in terms of Clause 10 (Events of Default) of the Trust Deed as aforesaid. The following would constitute Events of Default in terms of Clause 10 of the Trust Deed:

- 10.1 The Debentures shall become immediately payable if the Company defaults on the payment of the principal sum or any interest due on the whole or any part of the Debentures in accordance with the provisions contained in These Presents.
- 10.2 The Debentures shall become immediately payable at the option of the Trustee on the occurrence of any of the following events:
  - (a) If the Debentures cease to be listed in the CSE at any time between the time of listing and the Date of Redemption, due to any default on the part of the Company.
  - (b) If the Company stops or threatens to stop payment of its debts or ceases to carry on its business, which may lead to the winding up of the Company.
  - (c) If any liquidation, bankruptcy, insolvency, receivership or similar action or proceeding is commenced against the Company or an order shall be made or an effective resolution shall be passed for the winding up of the Company.

- (d) If the Company does not submit a certificate to the Trustee as set out in Clause 9.1 (c), Clause 9.1 (e) or Clause 9.1 (h).
- (e) If the Company or Guarantor commits a breach of any of the other covenants or provisions which are to be observed and performed which are contained herein or contained in the Prospectus or any other document pertaining to the debenture issue provided however that the Trustee shall give the Company or Guarantor up to thirty (30) days' notice before declaring such breach to be an Event of Default.
- (f) Where any other indebtedness of the Company becomes due and payable prior to its stated maturity or where security created for any other indebtedness becomes enforceable.
- (g) Where there is revocation, withholding or modification of a license, authorization or approval that impairs or prejudices the Company's ability to comply with the terms and conditions of the Debentures or the provisions of the Trust Deed or any other document relating to the issue, offer or invitation in respect of the Debentures.
- (h) Where any mortgage, charge, pledge, lien or other encumbrance present or future is created or assumed by the Company contrary to the terms or conditions of the Debentures and the provisions of the Trust Deed.

Provided however that the Trustee may give the Company a period of not more than Thirty (30) days to cure the said Event of Default specified in sub-clauses 10.2 and in the event of the Company successfully curing the said default to the satisfaction of the Trustee such event would be deemed not to be an Event of Default.

Part redemption of the Debentures will not be possible in accordance with the Trust Deed, Clause 13.

On the Date of Redemption of the Debentures, the Company shall in accordance with the provisions contained in the Trust Deed pay to the Debenture Holders the principal sum of the Debentures which ought to be redeemed and interest (if any) remaining unpaid up to the date immediately preceding the Date of Redemption of the Debentures.

If the Date of Redemption falls on a day which is not a Market Day, then the Date of Redemption shall be the immediately succeeding Market Day and interest shall be paid up to the date immediately preceding such Market Day (inclusive of all intervening non-Market Days).

## **1.7 PAYMENT OF PRINCIPAL AND INTEREST**

The Company will redeem the Debentures on the respective date of redemption as specified in Section 1.6 and the interest payments will be made as specified in Section 1.5. The payment of Principal Sum and interest will be made through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka to a bank account provided to the CDS by the Applicant, such as SLIPS and RTGS to a bank account provided to the CDS by the Debenture Holders, or by crossed cheque marked "Account Payee Only" dispatched by registered post to the addresses provided by the Debenture Holders to the CDS at the risk of the Debenture Holders in the event accurate bank details have not been provided. RTGS transfers however could be effected only for amounts over and above the maximum value that can be accommodated via SLIPS transfers (i.e. LKR 5,000,000/- as of the date of this Prospectus)

However, in the event the payment is over the maximum amount accommodated through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka or if the Debenture Holder has not provided to the CDS accurate and correct details of his/her bank account for the payment of Principal Sum and interest, such payment to the Debenture Holder will be made by way of a cheque and sent by post at the risk of the Debenture Holder.

The payment of interest will be made in Sri Lanka Rupees in favour of the Debenture Holders as at the Entitlement Date (in the case of joint Debenture Holders to the one whose name stands first in the register of Debenture Holders). The payment of Principal Sum and unpaid and accrued interest payable on the Redemption of Debentures will be made in Sri Lanka Rupees in favour of the Debenture Holders as at end of trading on the Market Day immediately preceding the date of redemption/maturity (in the case of joint Debenture Holders to the one whose name stands first in the register of Debenture Holders).

## **1.8 TRUSTEE TO THE ISSUE**

Bank of Ceylon has agreed to act as the Trustee to the Debenture Holders. The Company has entered into an agreement with the Trustee (hereinafter called the "Trust Deed"). Debenture Holders in their Application Forms for subscription will be required to authorize the Trustee to act as their agent in entering into such deeds, writings, and instruments with the Company and to act as the agent and Trustee for the Debenture Holders.

The rights and obligations of the Trustee are set out in the Trust Deed dated 17 May 2016 and the Debentures will be subject to the terms and conditions incorporated in the said Trust Deed. The fee payable to the Trustee will be LKR 270,000.00 per annum payable in semi-annual installments of LKR 135,000/-. There is no conflict of interest arising between the Trustee or its Directors and the Entity.

## **1.9 BENEFITS OF INVESTING IN DEBENTURES**

- Provides an opportunity to diversify the investment portfolio of the investor.
- Provides an opportunity to earn a regular cash flow of interest payments on a periodic basis, up to a fixed period of five (05) years.
- As per Section 9 (o) of the Inland Revenue Act No. 10 of 2006 (as amended by section 4 of the Inland Revenue (Amendment) Act No. 18 of 2013), the interest income from any investment made on or after the January 1, 2013 in corporate debt securities (i.e. Debentures), quoted in any stock exchange licensed by the SEC is exempt from income tax. Furthermore, in terms of Section 13 (xxxxxxx) of the Inland Revenue Act No. 10 of 2006 (as amended by section 5 (3) of the Inland Revenue (Amendment) Act No. 18 of 2013), the profits and income earned from any such investment have also been exempted from income tax.
- Opportunity to realize capital gains according to interest rate fluctuations in the financial market.
- Listed Debentures provide the investor with an exit option through the CSE thereby bringing liquidity to these Debentures.
- These Debentures could be used as collateral to obtain both corporate and personal facilities from financial institutions, subject to the policies of those institutions.

## **1.10 RIGHTS AND OBLIGATIONS OF DEBENTURE HOLDERS**

### **a) Debenture holders are entitled to the following rights:**

- Receiving principal money at maturity and interest at the rate specified in Section 1.5 and Section 1.6 of this Prospectus.
- In accordance with the Listing Rules of the CSE, receiving the Annual Report of the company within a period not exceeding five months from the close of each financial year.

- Rank equal and pari passu with Unsecured creditors in the event of liquidation and above the preference shareholders and ordinary shareholders.
- Call, receive notice and attend and vote at meetings of Debenture holders as stated in the Trust Deed.
- The debenture holders will be entitled to claim on the guarantee of Seylan Bank PLC through the Trustee in the event the Company fails or neglects to redeem the said Debentures or pay the interest on the said Debentures in terms of Clause 4.I (a) i, ii, iii, iv and v of the said Trust Deed or in the event there is an Event of Default as specified in Clause 10.I of the said Trust Deed

**b) Debenture holders are not entitled to the following:**

- Attending and voting at meetings of holders of shares and other debentures.
- Sharing in the profits of the company.
- Participating in any surplus in the event of liquidation.

**c)** Each Debenture Holder must ensure that the information in respect of the securities account maintained with the CDS is up to date and accurate. Each Debenture Holder shall absolve the Company from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS. Provided further that the Debenture Holder(s) shall absolve the CSE and the CDS from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS where such errors or inaccuracies or absence of changes are attributable to any act or omission of the Debenture Holder(s).

## **1.11 RISK FACTORS ASSOCIATED WITH DEBENTURES**

Subscribers to Debentures will be exposed to the following risks. However, it should be noted that these risks are not unique to CDB Debentures, but are common to any unsecured fixed income security, fixed deposit or any other term, savings or call money deposit.

**a) Interest Rate Risk**

The price of a typical Debenture will change in the opposite direction to a change in the market interest rate (Ceteris Paribus - all other factors being equal) "Market Interest Rate" means the interest rate expected by the investor for a similar maturity and risk profile investment.

As market interest rates rise, the price of the Debentures may fall; as market interest rates fall the price of Debentures may rise. If an investor sells a Debenture prior to maturity when the market interest rate is higher than the CDB Debenture interest rate, then the investor may incur a capital loss.

Similarly if an investor sells a Debenture prior to maturity when market interest rate is lower than the CDB Debenture interest rate then the investor may obtain a capital gain. This uncertainty is known as Interest Rate Risk.

**b) Re-investment Risk**

Interest on the Debentures is payable annually. An investor may decide to reinvest this interest payment and earn interest from that point onwards. Depending on the prevailing interest rates at the point of reinvestment, the interest rates at which Debenture Holders will reinvest such interest received being higher or lower than the return offered by the Debentures is known as reinvestment risk.

**c) Default Risk**

Default risk, also referred to as credit risk, refers to the risk that the issuer of the Debenture may default, i.e. the issuer will not be able to pay the interest and the principal payment on a timely basis. Subscribers may consider that Debentures being issued by CDB is guaranteed and that a credit rating of '[SL] A- (SO)' assigned with Stable outlook by ICRA Lanka Limited.

**d) Liquidity Risk**

Liquidity risk depends on the ease with which the Debenture can be sold, after the initial placement. Since the CDB Debentures are listed on the CSE, investors will be able to sell the CDB Debentures through the ATS at any given time and convert them to cash and exit from the investment.

**e) Call Risk**

Call risk refers to the risk that the issuer will retire all or a part of the principal value of the Debentures before maturity. The risk to investor is in that the timing of the call is not known and the investor will be faced with a re-investment risk in the event the call is made at a time when the market interest rates have declined.

Since these Debentures shall not be redeemed by the Company prior to maturity for any reason whatsoever except due to unforeseen circumstances beyond the control of the Company, this risk is minimized.

**f) Inflation Risk**

The possibility of decline in the real value of cash flows of a Debenture, due to inflation is referred to as inflation risk. Since the coupon rate of a fixed rate Debenture is not adjusted upwards in line with the inflation, Debentures carry an inflation risk.

## **1.12 RISKS INVOLVED IN MEETING THE OBJECTIVES OF THE ISSUE**

CDB is confident and does not foresee any risk of not achieving the objectives specified under section 1.3 within the specified timelines. This is because of the Company's expanding leasing portfolio and the rising demand for overall lending products of the Company. CDB has also obtained the necessary regulatory approval from the Central Bank of Sri Lanka (CBSL) which permits it to proceed with the Debenture and thereby strengthen the Tier 2 capital base while reducing the asset and liability maturity mismatch. However, in the event if the company fails to meet the said objectives within the specified timelines, funds will be utilized in other lending products such as Hire purchase and Personal loans and will be invested in short term risk free government securities with the objective of minimizing the liquidity risk until the entire proceeds are being disbursed. Since the funds raised through the Debenture amounts to less than 3% of the total asset base of the Company, it is expected that the risk of non-achievement of the objectives and the materiality of such risk is fairly low to the Company.

## **1.13 CREDIT RATING**

ICRA Lanka Limited (ICRA) has assigned a rating of '[SL] A- (SO); with Stable Outlook' to the Company's Rated, Subordinated, Guaranteed, Redeemable Debentures. The rating confirmation and rationale issued by ICRA is set out in Annexure I.

#### **1.14 PROSPECTUS**

This Prospectus is dated 18 May 2016

The Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person or any other person has been authorized to give any information or to make any representation in connection with the Rated, Subordinated, Guaranteed, Redeemable Debenture Issue other than the information and representations contained in this Prospectus and if given or made, such information or representations must not be relied upon as having been authorized by CDB.

#### **1.15 TRANSFER OF DEBENTURES**

The Debentures will be transferable and transmittable in the manner set out in the Trust Deed, which is reproduced below.

- (a) These Debentures shall be freely transferable and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- (b) The Debentures shall be transferable and transmittable through the CDS as long as the Debentures are listed in the CSE. Subject to the provisions contained herein the Company may register without assuming any liability any transfer of Debentures, which are in accordance with the statutory requirements and rules and regulations in force for the time being as laid down by the CSE, SEC and the CDS.
- (c) In the case of death of a Debenture Holder
  - (i) The survivor where the deceased was a joint holder; and
  - (ii) The executors or administrators of the deceased or where the administration of the estate of the deceased is in law not compulsory the heirs of the deceased where such Debenture Holder was the sole or only surviving holder;shall be the only persons recognized by the Company as having any title to his/her Debentures.
- (d) Any person becoming entitled to any Debentures in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that he/she/it sustains the character in respect of which he/she/it proposes to act or his/her title as the Board of Directors of the Company thinks sufficient may in the discretion of the Board be substituted and accordingly registered as a Debenture Holder in respect of such Debentures subject to the applicable laws, rules and regulations of the Company, CDS, CSE and SEC.
- (e) No change of ownership in contravention to these conditions will be recognized by the Company.

#### **1.16 LISTING**

The listing of the Rated, Subordinated, Guaranteed, Redeemable, Debentures by way of a Public Offering has been approved in principal by the CSE. The Debentures will be issued at a par value of Rs.100 /- each.

The CSE however, assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of CDB or of the Debentures issued.

### **I.17 REGISTRATION**

A copy of the Prospectus has been delivered to the Registrar General of Companies of Sri Lanka for registration in compliance with the provisions of Section 40 of the Companies Act No 07 of 2007.

The following are the documents attached to the copy of the prospectus delivered for registration.

- The written consent of the Bankers & Guarantor to the Offering
- The written consent of the Lawyers to the Offering
- The written consent of the Trustee to the Offering
- The written consent of the Auditors to the Offering
- The written consent of the Registrars to the Offering
- The written consent of the Rating Agency to the Offering
- The written consent of the Joint-Managers to the Offering
- The written consent of the Company Secretary for the inclusion of their name in the Prospectus as Company Secretary to the Company
- A declaration by each of the Directors of the Company confirming that each of them have read the provisions of the Companies Act relating to the issue of the Prospectus and that those provisions have been complied with

In terms of Section 39 of the Companies Act No 07 of 2007, The said Auditors and Reporting Accountants to the Company, Lawyers to the Issue, Trustee to the Issue, Banker & Guarantor to the Issue, Company Secretary, Joint- Managers to the Issue, Rating Agency to the Issue and Registrars to the Issue have not, before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such consent.

#### **Registration of the Prospectus in Jurisdictions Outside of Sri Lanka**

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-Resident investors may be affected by the laws of the jurisdiction of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

### **I.18 BROKERAGE**

Brokerage fee of 25 cents (LKR 0.25) per Debenture shall be paid in respect of the number of Debentures allotted on Applications bearing the original seal of any bank operating in Sri Lanka or a member/trading member of the CSE or Joint-Managers to the Issue or any other party identified by the Company and/or Managers to the Issue as involved in the Issue.



### **1.19 OTHER COSTS OF THE ISSUE**

The directors estimate that the total cost of the issue including fees to professionals, printing, advertising and other costs connected with the issue will not exceed a maximum of LKR 20 million and will be funded by the internally generated funds of CDB.

### **1.20 UNDERWRITING**

The Debenture issue is not underwritten. In the event the issue is under subscribed, the subscribers shall be allotted in full. The amount raised shall be utilized to meet the Objectives of the issue, Section 1.3 of this Prospectus.

## 2.0 PROCEDURE FOR APPLICATION

### 2.1 INSPECTION OF DOCUMENTS

The Articles of Association, Trust Deed, Letter of Guarantee, Auditor's Reports and Audited Financial Statements for the five (05) financial years ended 31st March 2015 (i.e the five (05) financial years immediately preceding the date of this prospectus) and Interim Financial Statements for the Nine months ended 31 December 2015, Issue Rating Report, and all other documents referred to in Rule 3.3.11(a) of the CSE Listing rules, including material contracts and management agreements entered into by the company if any, would be made available seven (07) Market Days prior to the date of opening of the subscription list, for inspection by the public, during normal working hours at the registered office of the company, No. 123, Orabipasha Mawatha, Colombo 10 until the date of redemption of the Debentures.

The Prospectus, Trust Deed, Letter of Guarantee and Articles of Association of the Company are available on the website of CSE, [www.cse.lk](http://www.cse.lk) and the website of the Company, [www.cdb.lk](http://www.cdb.lk) from seven (07) Market Days prior to the date of opening of the subscription list until the Date of Redemption of the Debentures as stipulated in Rule 3.3.11 (b) of the CSE Listing Rules.

Furthermore, copies of the Prospectus and Application Forms are available free of charge from the collection points set out in Annexure IV of this Prospectus from seven (07) Market Days prior to the date of opening of the subscription list.

### 2.2 ELIGIBLE APPLICANTS

Applications are invited for the subscription of Citizens Development Business Finance PLC's Rated, Subordinated, Guaranteed, Redeemable Debentures from the following categories of applicants who maintain a valid CDS account at the time of the closure of the subscription list. As per the directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated 22 November 2010 and Circular No. 13/2010 issued by the CDS dated 30 November 2010, all Debentures are required to be directly deposited in to the CDS. To facilitate compliance with this directive, all Applicants are required to indicate their CDS account number. Applicants who are eligible for the subscription of the above said Debentures are as follows:

- Citizens of Sri Lanka, who are resident in Sri Lanka and above eighteen (18) years of age.
- Corporate bodies and societies registered/incorporated /established in Sri Lanka and authorized to invest in Debentures.
- Approved provident funds and contributory pension schemes registered/incorporated established in Sri Lanka and authorized to invest in Debentures. In the case of approved provident funds and approved contributory pension schemes, the application should be in the name of the Trustee / Board of Management.
- Sri Lankan Statutory bodies and Government Corporations.
- Non Residents: Foreign institutional investors, Corporate bodies, incorporated outside Sri Lanka and individual resident outside Sri Lanka and Sri Lankan residents outside Sri Lanka above eighteen (18) years of age.

Applications will not be accepted from individuals and Sri Lankans residing outside of Sri Lanka who are under the age of 18 years, or in the names of sole proprietorships, partnerships or unincorporated trusts.

The Company will ensure compliance with the Exchange Control Act and all regulations published thereunder including those contained in the Government Gazette Extraordinary No. 1864/39 dated 28th May 2014 and Exchange Control Direction No. 06/04/18/2013 dated 12 June 2013 when issuing and transferring Debentures to Non-Residents

## 2.3 HOW TO APPLY

- (a) Applications should be made on the Application Forms, which accompany and constitute a part of this Prospectus (exact size photocopies of Application Forms will also be accepted). Care must be taken to follow the instructions given herein and in the Application Form. Applicants using photocopies are requested to inspect the Prospectus which is available for inspection with the Registrar to the Issue and also issued free of charge by the parties listed in Annexure IV of this Prospectus.

The Application Form can also be downloaded from the website of CSE, [www.cse.lk](http://www.cse.lk) and the website of CDB, [www.cdb.lk](http://www.cdb.lk), and the website of the Joint Financial Managers to the Issue, [www.firstcapital.lk](http://www.firstcapital.lk) until the Closing Date.

The Prospectus will be available and can be downloaded from the website of CSE, [www.cse.lk](http://www.cse.lk), and the website of the CDB, [www.cdb.lk](http://www.cdb.lk) and from the website of the Joint Managers to the Issue, [www.firstcapital.lk](http://www.firstcapital.lk) until the Closing Date.

**Applications which do not strictly conform to instructions and other conditions set out herein or which are incomplete or illegible may be rejected.**

- (b) **Applicants should apply only for one Type of Debentures (i.e. either Type A Debentures or Type B Debentures) under one Application Form.**
- (c) In the event an Applicant wishes to apply for more than one Type of Debentures, separate Application Forms should be used. Once an Application Form has been submitted for a particular Type of Debentures, it will not be possible for an Applicant to switch between the Types of Debentures.
- (d) More than one Application submitted by an Applicant under the same Type of Debentures will not be accepted. If more than one Application Form is submitted for one Type of Debentures from a single Applicant, those would be construed as multiple Applications and the Company reserves the right to reject such multiple Applications or suspected multiple Applications.
- (e) Applications should be made for a minimum of One Hundred (100) Debentures (LKR 10,000/-) each and in multiples of One Hundred (100) Debentures (LKR 10,000/-) thereafter. Applications for less than One Hundred (100) Debentures will be rejected.
- (f) If the ownership of the Debentures is desired in the name of one Applicant, full details should be given only under the heading SOLE/FIRST APPLICANT in the Application Form. In the case of joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.
- (g) An Applicant of a joint Application will not be eligible to apply through a separate Application Form either individually or jointly. Such Applicants are deemed to have made multiple Applications and will be rejected.

In the case of joint Applications, the refunds (if any), interest payments and the Redemption will be remitted in favour of the first Applicant as identified in the Application Form. The Company shall not be bound to register more than three (03) natural persons as joint holders of any Debentures (except in the case of executors, administrators or heirs of a deceased member).

Applicants should note that all parties should either be residents of Sri Lanka or Non-Residents.

- (h) Applications by Companies, Corporate bodies, Societies, approved provident funds, trust funds and approved contributory pension schemes registered/incorporated/established in Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and should be made under their common seal or in any other manner as provided by their articles of association or such other constitutional documents of such Applicant or as per the statutes governing them. In the case of approved provident funds, trust funds and approved contributory pension schemes, the Applications should be in the name of the trustee/board of management.
- (i) All Applicants should indicate in the Application for Debentures, their CDS account number. In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Applicant.

Therefore, Applicants are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the Application Form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the Application Form. Application Forms stating third party CDS accounts, instead of Applicants' own CDS account numbers, except in the case of margin trading, will be rejected.

- (j) Applicants who wish to apply through their margin trading accounts should submit the Application Form in the name of the "Margin Provider/Applicant's name" signed by the margin provider; requesting a direct deposit of the Debentures to the Applicant's margin trading account in CDS. The margin provider should indicate the relevant CDS account number relating to the margin trading account in the Application Form. A photocopy of the margin trading agreement must be submitted along with the Application.

Margin providers can apply under their own name and such Applications will not be construed as multiple Applications.

- (k) Application Forms may be signed by a third party on behalf of the Applicant(s), provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. Original of the POA should not be attached.
- (l) Remittance of Funds for the investments in Debentures and the payment for Debentures by Non-Residents should be made only out of funds received as inward remittances or available to the credit of "Securities Investment Account" (SIA) of the Non-Residents opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange in that regard to licensed commercial banks.

**An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the SIA, should be attached to the Application Form to the effect that such payment through cheques/bank draft/bank guarantee/RTGS has been made out of the funds available in the SIA.**

- (m) Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and may be affected by the laws of the jurisdiction of their residence. If the Non-Resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application should be enclosed in an envelope marked "CDB DEBENTURE ISSUE 2016" on the top left hand corner in capital letters and dispatched by post or courier or delivered by hand to the Registrars to the Issue or collection points mentioned in Annexure IV.

Applications sent by post should reach the office of the Registrars to the Issue, Business Intelligence (Private) Limited, No. 08, Tickell Road, Colombo 08, at least by 4.30 p.m. on the following Market day immediately upon the Closing Date.

Applications received after the said period will be rejected even though they have been delivered to any of the said collection points prior to the Closing Date or carry a postmark dated prior to the Closing Date. Applications delivered by hand or courier to the Registrars to the Issue after the Closing Date of the Issue will also be rejected.

## **2.4 MODE OF PAYMENT**

- (a) Payment in full for the total value of Debentures applied for should be made separately in respect of each Application either by cheque/bank draft/bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to (b) below.
- (b) Payments for Applications for values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) should be supported by either
  - Multiple bank draft/cheque drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/-; or
  - RTGS transfer with value on the date of opening the Issue
  - Bank guarantee issued by a licensed commercial bank
- (c) Multiple cheques, bank drafts, bank guarantees or RTGS transfers will not be accepted for Application value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-).
- (d) Cheques or bank drafts should be made payable to "CDB DEBENTURE ISSUE 2016" and crossed "Account Payee Only", and must be honoured on the first presentation.

In case of bank guarantees, such bank guarantees should be issued by any licensed commercial bank in Sri Lanka in favour of "CDB DEBENTURE ISSUE 2016" in a manner acceptable to the Company, and be valid for a minimum of one (01) month from the Issue opening Date (i.e. 27 May 2016) Applicants are advised to ensure that sufficient funds are available in order to honor the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

- (e) In case of RTGS transfers (only for Application values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), such transfers should be made to the credit of "CDB DEBENTURE ISSUE 2016" bearing the account number 0300-34512333-001 at Seylan Bank PLC – Fort Branch, with value on the Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date).
- (f) The Applicant should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer payment in full for the total value of Debentures applied for to the credit of "CDB DEBENTURE ISSUE 2016" bearing the account number 0300-34512333-001 at Seylan Bank PLC with value on the date of opening the Issue (i.e. the funds to be made available to the above account on the Issue opening date) and should be attached with the Application Form.

For RTGS/fund transfers above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to an interest at the money market rate offered by Seylan Bank PLC as at the date of such transfer up to the Date of Allotment. However, no interest will be paid if the RTGS transfers are not realized before the end of the Closing Date. Furthermore, even if such RTGS transfers are effected prior to the Issue opening date, no interest will be paid for the period prior to the Issue opening date.

- (g) Cash will not be accepted.
- (h) Payment for the Debentures by Non-Residents should be made through "Securities Investment Account" (SIA) maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange in that regard to commercial banks.
- (i) The amount payable should be calculated by multiplying the number of Debentures applied for by the Issue price of (LKR 100/-). If there is a discrepancy in the amount payable and the amount specified in the cheque/ bank draft / bank guarantee or in the RTGS transfer, the Application will be rejected.
- (j) In the event that cheques are not realized prior to the date of deciding the basis of allotment, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid.
- (k) All cheques/bank drafts received in respect of the Applications for Debentures will be banked commencing from the Market day immediately following the Closing Date.

## 2.5 REJECTION OF APPLICATION

Application Forms and the accompanying cheque/ bank draft / bank guarantee or RTGS transfers, which are illegible or incomplete in any way and/or not in accordance with the terms, conditions and instructions, set out in this Prospectus and in the Application Form will be rejected at the sole discretion of CDB. Applications from individuals and Sri Lankans residing outside of Sri Lanka who are under the age of 18 years or in the names of sole proprietorships, partnerships, unincorporated trusts will also be rejected.

Any Application Form, which does not state a valid CDS account number, will be rejected by the Company. If two or more Application Forms are submitted for the Debentures from a single Applicant, those would be considered as multiple Applications and the Company reserves the right to reject such multiple Applications or suspected multiple Applications.

Any Application Form with more than three (03) natural persons as joint Applicants for the Debentures will be rejected.

Applications delivered by hand to the Registrars to the Issue after the subscription list is closed will be rejected. Applications received by post or courier after 4.30 p.m. on the Market day immediately following the Closing Date, will also be rejected even if they carry a post mark dated prior to the Closing Date.

Applications delivered to any place mentioned in Annexure IV should also reach the office of the Registrars to the Issue at least by 4.30 p.m. on the Market day immediately following the Closing Date. Applications received after the said duration will be rejected even though they have been delivered to any of the said collection points prior to the Closing Date.

In the event that cheques are not realized prior to the date of deciding the basis of allotment and realized after such date, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid. In the event cheques are dishonoured/ returned on first presentation, such Applications will be rejected.

## **2.6 BANKING OF PAYMENTS**

All cheques/ bank drafts / bank guarantees received in respect of Applications will not be banked or called on until the Market day immediately after the Closing Date, in terms of the CSE Listing Rules.

## **2.7 BASIS OF ALLOTMENT OF DEBENTURES**

In the event of over subscription, the basis of allotment will be decided by the Board of Directors of the Company within Seven (07) Market days from the Closing date. Further, the Board reserves the right to allocate a maximum of up to 70% of the debentures allotted on a preferential basis to investor/s of strategic importance with whom they might partner with in future endeavors.. Applicants receiving preferential allotment will not be allotted any additional debentures in excess of the debentures preferentially allotted to such applicants. Further, if the Board of Directors at their discretion decides to close the subscription list prior to the issue being fully subscribed, the basis of allotment will be decided with the concurrence of the CSE prior to the announcement being made. The Board of Directors of Citizens Development Business Finance PLC reserves the right to refuse any application or to accept any application in part only, without assigning any reason thereto. Successful applicants will be notified on their allotment within Ten (10) Market days from the Closing Date of the issue.

## **2.8 ACCEPTANCE AND REFUNDS**

Monies will be refunded where;

- an Application is rejected for reasons given in Section 2.5 or otherwise; or
- the Application is accepted only in part

If the Applicant has provided accurate and complete details of his bank account in the Application, the Bankers to the Issue will make refund payments up to and inclusive of Sri Lanka Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the Applicant, through SLIPS and a payment advice will be sent.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-), refunds will be made via RTGS. In the event the Applicant has not provided accurate and correct details of his bank account in the Application or if the Applicant has not provided details of the bank account in the Application Form, the bank will make such refund payment to the Applicant by way of a cheque and sent by post at the risk of the Applicant.

In the case of joint Application, the cheques will be drawn in favour of the Applicant's name appearing first in the Application Form. Applicants can obtain details on bank and branch codes required for providing instructions on SLIPS transfers at the following website;

[http://www.lankaclear.com/products\\_and\\_services/sl\\_interbank\\_payment\\_system\\_guideline.php](http://www.lankaclear.com/products_and_services/sl_interbank_payment_system_guideline.php)

Refunds on Applications rejected or partly allotted Debentures would be made within ten (10) Market Days excluding the Closing Date. Applicants would be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published immediately preceding week by the Central Bank of Sri Lanka or any other authority (in the event that the Central Bank of Sri Lanka ceases to publish the AWPLR) plus five per centum (5.00%) for the delayed period on any refunds not made within this period.

In the event refunds are made to non-resident applicants, the funds will be refunded through their SIA accounts. It is the responsibility of the applicant to state their correct SIA account number.

## **2.9 DIRECT LODGEMENT WITH THE CDS AND TRADING OF DEBENTURES**

Debentures allotted will be directly deposited to the respective CDS accounts given in the Application Forms before the expiry of eighteen (18) Market Days, from the Closing Date. A written confirmation of the credit will be sent to the Applicant within two (02) Market Days of crediting the CDS account, by ordinary post to the address provided by each Applicant.

The Company will submit to the CSE a 'Declaration' on direct upload to CDS on the Market Day immediately following the day on which the Applicants' CDS accounts are credited with the Debentures. Trading of Debentures on the secondary market will commence on or before the third (3) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.



## 3.0 PROFILE OF THE COMPANY

### 3.1 COMPANY OVERVIEW

Citizens Development Business Finance PLC (CDB) (previously known as Ceylinco Development Bank Ltd.) is a Public Quoted Company incorporated in Sri Lanka on the 7th September 1995 under the provisions of the Companies Act No 17 of 1982, and re-registered on the 18th March 2008 under the Companies Act No 7 of 2007. CDB is registered with the Monetary Board of the Central Bank of Sri Lanka under the Finance Business Act No 42 of 2011, and registered with the Central Bank of Sri Lanka under the Finance Leasing Act No 56 of 2000. The Company was introduced to the Colombo Stock Exchange on the 6th of October 2010.

CDB was incorporated on the 7th of September 1995, with a dedicated staff of around 15 and expanded its operations gradually. Today CDB is one of the largest listed companies under the NBFi sector. Further, the Company is assigned with a credit rating of '[SL] BBB (Stable)' by ICRA Lanka Limited, and the CDB brand is ranked at the 46th place among the 'Most valuable leading brands in the country' by Brand Finance Sri Lanka in 2015 (Brands Annual 7th Edition, April 2015).

The Board of CDB consists of 10 directors which comprises of three Independent Non-Executive directors, three Non-Executive Directors and four Executive Directors. The four Executive Directors operate in the capacities of Managing Director/CEO, Chief Financial Officer, Chief Credit and Marketing Officer and Chief Operating Officer. CDB has always been a responsible corporate citizen with the highest level of respect imparted to enterprise governance which encompasses both corporate governance and business governance. CDB's commitment to enterprise governance goes beyond the statutory and regulatory requirements.

Since inception, CDB has been operating as a distinctive financier in the country, servicing a spectrum of entrepreneurs ranging from micro, to small and medium enterprise (SME) sectors. CDB's services are spread over a range of financial services covering Fixed Deposits, Savings Accounts, Leasing, Hire purchase, Trade Finance/Bill Discounting, Business Loans, Guarantees, Pawn Broking, debit cards and Money Exchange and Margin Trading.

As at 31st March 2016, CDB's outlet network consists of 62 locations with a wider coverage throughout the island via a dealer network and Area Development Officers (ADOs) spread around the country. This is further strengthened with the dedicated staff of over 1,289 employees working for the Company as at 31st March 2016. It is expected to further expand its presence throughout the island with more branches, service centers and an enhanced ADO network.

#### **Vision**

"To be the Financial Power House that will foster entrepreneurial innovation and workmanship towards building up our nation's economy to make sustained gains in living standards of Sri Lankans."

#### **Purpose**

"Enriching people's life through extension of financial services"

### 3.2 GROUP STRUCTURE

The group structure of Citizens Development Business Finance PLC is as follows.



### 3.3 SUBSIDIARY COMPANIES

#### CDB MICROFINANCE LIMITED

CDB Micro Finance Limited was established for the purpose of accommodating micro credit facilities. However, since January 2009 Company did not continue the operations. CDB Micro Finance Limited presently holds a balance sheet size of Rs.3.3 million. The board will decide most appropriate and suitable strategy for CDB Micro Finance Limited as a fully owned subsidiary of CDB either to merge with CDB or in the event of continuing of business, an appropriate business strategy.

#### Board of Directors

Name of The Director	Directorship
Mr. R. Renganathan	Director
Mr. E.T. L. Ranasinghe	Director
Mr. P.A. Jayawardena	Director
Mr.W. P. C. M. Nanayakkara	Director

#### Unisons Capital Leasing Limited (UCL)

Unisons Capital Leasing Limited a specialized leasing company registered with the Central Bank of Sri Lanka under Finance Leasing Act No 56 of 2000 was incorporated on the 24th of August 1999 under the provisions of the Companies Act No. 17 of 1982 as Vanik Factors Ltd. Later in 2005, Company's name was changed to Capital Reach Credit Ltd. This name was again changed in 2010 to Softlogic Credit Limited. Later in 2013, Company was re-named to Laugfs Capital Ltd. and was re-registered under the Companies Act No. 07 of 2007. Laugfs Capital Limited was renamed as Unisons Capital Leasing Limited on the 18th of December 2015. UCL's principal business includes provision of financial services including leasing, hire purchase and loans.

CDB acquired 86.26% of the issued and fully paid share capital of UCL on 7th October 2014 in order to comply with the consolidation road map of the Central Bank of Sri Lanka.

The future business strategy will be based on leasing products which will be micro leasing facilities that would be operated through window offices located at the parent company (CDB), branches and a digital enabled model to generate business. UCL will be more skewed towards the future digital business segments in the country by enabling a platform to capture the viral customer's community in the country.

The business model is to generate returns on a lower cost structure. UCL will be using the parent company branch network and shared service of operations so that UCL's investments in capital expenditure will be very minimal. Whilst enhancing and expanding the business origination points with a variable cost structures (rewards structure) for UCL staff operating in CDB Branches. This will ensure that we create maximum value and returns for the investment made by CDB in UCL.

#### **Board of Directors of UCL**

<b>Name</b>	<b>Directorship</b>
Dave De Silva	Independent Non-Executive Chairman
K Elangovan	Director/ Chief Executive Officer
R H Abeygoonewardena	Non-Executive Director
T. M. D. P Tennakoon	Non-Executive Director
S.V Munasinghe	Non-Executive Director
C. K. S. I. P. S Mudalige	Non-Executive Director
P.N. C Gomes	Independent Non-Executive Director
J. P Wansapura	Independent Non-Executive Director

#### **3.4 STATED CAPITAL OF CDB**

<b>Description</b>	<b>As at 31st March 2016</b>
Stated Capital (LKR)	1,185,061,645
Number of shares in issue – Voting Shares	46,299,223
Number of shares in issue – Non Voting Shares	8,005,984

### 3.5 MAJOR SHAREHOLDERS

The major shareholders of Citizens Development Business Finance PLC as at 31st March 2016 are given in the table below.

#### Ordinary Voting Shares

No	NAME	NO. OF SHARES	%
1	CEYLINCO LIFE INSURANCE LIMITED	15,529,116	33.54%
2	JANASHAKTHI GENERAL INSURANCE LIMITED	2,387,947	5.16%
3	JANASHAKTHI INSURANCE PLC (POLICY HOLDERS)	2,314,961	5.00%
4	CEYLINCO INSURANCE PLC A/C NO 2 (GENERAL FUND)	1,853,287	4.00%
5	CITIZENS DEVELOPMENT BUSINESS FINANCE PLC A/C 02 (CDB EMPLOYEE GRATUITY FUND)	1,708,816	3.69%
6	PEOPLE'S LEASING & FINANCE PLC / MR.W.P.C. M. NANAYAKKARA	1,393,669	3.01%
7	THE FINANCE COMPANY PLC A/C NO 1	1,250,000	2.70%
8	MR.TENNAKoon MUDIYANSELAGE DAMITH PRASANNA TENNAKoon	858,258	1.85%
9	PEOPLE'S LEASING & FINANCE PLC/MR.S.V.MUNASINGHE	850,676	1.84%
10	MR. ROSHAN HASANTHA ABEYGOONEWARDENA	722,139	1.56%
11	ASIA MANAGEMENT CONSULTANCY (PVT) LIMITED	706,622	1.53%
12	WARNAKULA WEERASOORIYA KINGSLEY MALCOM WEERASOORIYA	482,803	1.04%
13	MR. HEENKENDA MUDIYANSELAGE LUCKSIRI MADURANGA BANDARA HEENKENDA	452,260	0.98%
14	MR. ELANGO VAN KARTHIK	428,817	0.93%
15	MR. HASITHA KAUSHALYA DASSANAYAKE	265,653	0.57%
16	MR. ISANKA MADHAWA KOTIGALA	241,224	0.52%
17	MRS. NAYANTHI DINESHA KODAGODA	217,364	0.47%
18	KURUPPU ARACHCHIGE DON RANJITH GUNASINGHE	216,167	0.47%
19	MR. PILANA VITHARAMA RAVINDRA SURAIN ABEYSEKERA	215,833	0.47%
20	MR. AMARATUNGA ARACHCHIGE SARATH KUMARA	206,167	0.45%

### Ordinary Non-Voting Shares

No	NAME & ADDRESS	NO. OF SHARES	%
1	DEUTSCHE BANK AG AS TRUSTEE FOR JB VANTAGE VALUE EQUITY FUND	1,182,093	14.77%
2	J.B. COCOSHELL (PVT) LTD	1,041,431	13.01%
3	MR.AMARAKOON MUDIYANSELAGE WEERASINGHE	614,454	7.67%
4	DEUTSCHE BANK AG AS TRUSTEE TO CANDOR GROWTH FUND	310,671	3.88%
5	ASKOLD (PRIVATE) LIMITED	240,000	3.00%
6	MR. MALIK JOSEPH FERNANDO	208,999	2.61%
6	MR.HUSEIN NURUDDIN ESUFALLY	208,999	2.61%
8	E.W. BALASURIYA & CO. (PVT) LTD	204,413	2.55%
9	MR. MURTAZAALI ABIDHUSSEN HASSANALY ESUFALLY	160,000	2.00%
10	MR. GULZAR HUSSEIN IBRAHIM JAFFERJEE	156,749	1.96%
11	NATIONAL INDUSTRIES GROUP (HOLDINGS) (S.A.K.)	154,789	1.93%
12	MR. ISAAC MORRIS DABAH	154,499	1.93%
13	PAN ASIA BANKING CORPORATION PLC/S.R.FERNANDO	128,953	1.61%
14	WALDOCK MACKENZIE LTD/MR. H.M.S. ABDULHUSSEIN	115,028	1.44%
15	JAFFERJEES INVESTMENTS (PVT) LTD.	104,499	1.31%
15	GOLD INVESTMENT LIMITED.	104,499	1.31%
15	MR.MUKESH ABHAYKUMAR VALABHJI	104,499	1.31%
18	COMMERCIAL BANK OF CEYLON PLC A/C NO. 04	101,965	1.27%
19	LAKDHANAVI LIMITED	100,000	1.25%
20	EAGLE PROPRIETARY INVESTMENTS LIMITED	95,398	1.19%

### 3.6 DETAILS OF THE DIRECTORS

#### **Herschel Gunawardena**

##### **Chairman**

He is a Fellow of the Chartered Institute of Management Accountants, U.K. and a Chartered Global Management Accountant. He has over 42 years of experience in various industries including shipping, airline, automobile, mining, export and import trading with over 20 years of General Management experience. Mr. Gunawardena is an Independent Non-Executive Director of Ceylinco Insurance PLC. He is also a Director of Ceylinco Life Insurance Limited, Hunter & Company PLC, Lanka Canneries (Pvt) Limited, Heath & Co. (Ceylon) Limited and Pelwatte Dairy Industries Ltd.

#### **Mahesh Nanayakkara**

##### **Managing Director/Chief Executive Officer**

With a Bachelor of Science degree in Business Administration from the University of Sri Jayawardenapura and a Master's degree in Business Administration from the Postgraduate Institute of Management of the University of Sri Jayawardenapura, he counts over 25 years' experience in the banking and financial services industry. A Fellow of the Chartered Institute of Management Accountants (UK), his career began at one of Sri Lanka's leading merchant banks, prior to joining CDB in early 2001. In 2004, he was appointed Chief Executive Officer and a year later, gained position on its Board of Directors. He was the spearhead of a dynamic team of young professionals who were instrumental in transforming CDB from a negative net worth company to the successful enterprise it is today.

#### **Roshan Abeygoonewardena**

##### **Director/Chief Operating Officer**

He is a Fellow Member of The Chartered Institute of Management Accountants (UK) and an Associate Member of Institute of Certified Management Accountants of Sri Lanka. He is also a member of Institute of Certified Professional Managers. He joined CDB in June 2005 and has over 20 years of experience in Finance covering the financial services industry and manufacturing sector. He was appointed to the Board of Directors in April 2011.

#### **Ranga Abeynayake**

##### **Non-Executive Director**

Mr. Ranga Abeynayake was appointed to the Board of Citizens Business Finance PLC from 1st January 2012. He counts 18 years experience in accounting, finance, treasury management and strategic planning. He is an Executive Director of Ceylinco Life Insurance Limited and also serves as its Deputy Chief Financial Officer. He also serves on the Board of Ceylinco Insurance PLC since 2011. Mr. Abeynayake holds an MBA from the Postgraduate Institute of Management (PIM) in Colombo. He is a Fellow of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka.

#### **Dave De Silva**

##### **Independent, Non-Executive Director**

He holds a Bachelor of Science (B.Sc.) Degree in Business Administration from the University of Sri Jayawardenapura and an Associate Membership from the Chartered Institute of Management Accountants (UK). He counts over 15 years of Corporate Accounting experience in the Financial Services, Oil and Gas, Construction and Telecom industries. He is presently a Financial Consultant.

**Prof. Ajantha Dharmasiri****Independent, Non-Executive Director**

Prof. Ajantha Dharmasiri is the Director and the Chairman of the Board of Management of the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka. He also serves as an adjunct professor in International Human Resource Management at the Price College of Business, University of Oklahoma, USA. He has over two decades of both private and public sector working experience in diverse environments including Unilever and Nestle. He has engaged in consultancies in fifteen countries in Africa, Asia and the Middle East. He serves in the Boards of National Institute of Business Management (NIBM), Citizens Development Business Finance PLC (CDB) and the Association of Management Development Institutions of South Asia (AMDISA). He was also a member of the governing council of the Institute of Personnel Management (IPM), Sri Lanka.

He is a Commonwealth AMDISA Doctoral Fellow and a Fulbright Postdoctoral Fellow. He holds a Ph.D. and an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura and a B.Sc. in Electrical Engineering from the University of Moratuwa. He is a Chartered Electrical Engineer and a Member of the Chartered Institute of Management, UK as well.

Prof. Ajantha Dharmasiri is the Director and the Chairman of the Board of Management of the Postgraduate Institute of Management, University of Sri Jayewardenepura, Sri Lanka. He also serves as an adjunct professor in International Human Resource Management at the Price College of Business, University of Oklahoma, USA.

As an academic scholar, he has presented research papers at international conferences in more than ten cities in Asia, America, Australia and Europe. He has published articles in local and foreign journals, and is also an author of two books. He has won many accolades including gold medals for best papers in two international management conferences, and in 2010, the platinum award by the Alumni of the Postgraduate Institute of Management (PIMA) for outstanding academic contribution. He recently won the prestigious IPM Lifetime Gold Award 2014, the highest honour for an HR professional in Sri Lanka.

He is a fellow member of the Sri Lanka Institute of Training and Development (SLITAD). He also functions as a certified Peer Reviewer of the South Asian Quality System (SAQS) and an advisor to the Old Royalists' HR Professional Association (ORHRPRA). Prof. Dharmasiri likes to identify himself as one who transitioned from being an "Engineer of Electrical" to an "Engineer of Hearts and Minds."

**Joe Jayawardena****Non-Executive Director**

He is a Fellow Member of Life Underwriter Training Council (USA), Member of the Chartered Insurance Agency, Manager and Chartered Marketing Financial Advisor. He joined Ceylinco Insurance PLC in 1994 and serves as Senior Deputy General Manager - Business Development.

**Razik Mohamed****Independent, Non-Executive Director**

He holds over 40 years of professional experience in finance and management, in Sri Lanka and overseas. His professional Experience spans over the agriculture, apparel, construction, packaging, transport and travel industries. He is a Member of The Institute of Chartered Accountants of Sri Lanka (ICASL). He was the President of the Lions Club of Cinnamon Gardens in 2009-2010 and is currently the Counsellor of The Institute of Chartered Accountants of Sri Lanka Students Gavel Club, affiliated with Toastmasters International. He is also a Member of the CA Foundation of The Institute of Chartered Accountants of Sri Lanka which oversees the Scholarship Awarding Scheme of the Institute. Mr. Mohamed is a keen social worker and has served for three years as Honorary Secretary of the National Council for Child and Youth Welfare, a semi-Governmental organisation which runs seven orphanages and homes for Differently Abled Children across the Island.

**Sasindra Munasinghe****Director/Chief Credit and Marketing Officer**

He has been with CDB since 2001. He has over 21 years of experience in leasing industry including credit evaluation, recoveries, operations, system implementation and marketing. He was instrumental in setting up leasing operations at CDB and was responsible for the implementation of the integrated software solution of the Company. He was appointed to the Board of Directors in April 2011.

**Damith Tennakoon****Director/Chief Financial Officer**

He is a Fellow Member of The Chartered Institute of Management Accountants (UK) and a Chartered Global Management Accountant. He counts over 20 years of experience in banking, financial services and insurance industry. He Joined CDB in year 2003 as a Financial Accountant and was appointed to the Board in April 2011 as a Chief Financial Officer.



## 4.0 GUARANTOR

### **Seylan Bank PLC**

Seylan Bank PLC, a licensed commercial bank based in Sri Lanka, was incorporated on the 28th of August 1987 and commenced business on 24th March 1988. The Bank is rated 'A- (lka); Outlook Stable' by Fitch Ratings Lanka Limited.

The Bank offers banking products and services ranging from savings accounts, current accounts, foreign currency services, deposits and investments, Seylan cards, loan facilities and leasing. Apart from the above, the Bank offers trade finance, remittances, corporate banking, and pawning services.

As at 31st December 2015, Seylan Banks' network comprises of 159 Branches, 182 ATMs and 95 Student Savings Centers and has overseas presence in many countries including Lebanon, Oman, Saudi Arabia and the United Arab Emirates. They undertake remittance business on behalf of Sri Lankan expatriates in these countries while promoting the bank's other products to them.

The regulator has classified Seylan as one of the six domestic systematically important banks (Source: Entity Rating Report issued by Fitch Ratings Lanka Ltd –8th July 2015). From the inception, the Bank presented itself as a flexible, customer-friendly alternative, delivering the promise of its motto -'The Bank with a Heart'.

Seylan Bank owns 69.91% stake in Seylan Developments PLC, a quoted subsidiary formed in 1992 for the purpose of constructing the head office building of the Bank and is presently involved in property development/management.

Please refer to Annexure II of this Prospectus that provides the consent letter given by Seylan Bank to act as the Guarantor to the Debenture Issue.

## 5.0 STATUTORY AND GENERAL INFORMATION

### 5.1 FINANCIAL YEAR

The financial year of the Company commences on 01 April and ends on 31 March in the following year.

### 5.2 LITIGATION, DISPUTES AND CONTINGENT LIABILITIES

5.2.1 There were five cases filed against the Company as at 31st March 2016 and the details of the cases are as follows:

Court	Case No.	Current Status
D.C Kandy	DSP 37/13	Trial
D.C Colombo	DSP 513/5	Trial
D.C Dambulla	MR 552	Trial
D.C Kandy	DMR 1620/15	Written submission
D.C Kandy	DMR 1621/15	Written submission

These cases were filed owing to disputes related to insurance claims, repossession and number of rentals in the lease agreements. Based on the available information and legal advice, company does not expect the above cases to have any material effect on the financial position of the Company.

5.2.2 There are no penalties imposed by regulatory and state authorities as at 31st March 2016

5.2.3 There are no contingent liabilities that would affect current and future profits of the entity as at 31st March 2016.

### 5.3 PARTICULARS OF DEBT AND LOAN CAPITAL OF THE COMPANY

5.3.1 As at 31st March 2016, the outstanding balances of the Company's borrowings are given in the table below;

Description	Company	Group
Bank Loans	6,185,387,103	6,185,387,103
Debentures - Capital Outstanding	1,000,000,000	1,000,000,000
Debentures – Accrued Interest	42,994,565	42,994,565
Other Borrowings	4,414,677,885	4,422,574,885
<b>Total</b>	<b>11,643,059,553</b>	<b>11,650,956,553</b>

5.3.2 Other debentures of the Company in issue comprise of Ten Million Listed, Rated, Subordinated, Unsecured, Redeemable Debentures which will rank equal and pari passu with the proposed Debenture Issue. Details on the debentures in issue are as follows;

Debenture Code/ Security ID	Tenor	Interest Rate	Issue Date	Maturity Date
CDB/BC/19/12/18A16	5 Years	16.00% per annum	19th December 2013	18th December 2018
CDB/BC/19/12/18B15.5	5 Years	15.50% per annum	19th December 2013	18th December 2018
CDB/BC/19/12/18C15	5 Years	15.00% per annum	19th December 2013	18th December 2018

5.3.3 There are no outstanding Debt Securities convertibles to equity as at 31st March 2016

## 5.4 DEBT SERVICING POLICY

### Listed Debentures

Item	2010/11	2011/12	2012/13	2013/14	2014/15	31.03.2016
Gross Interest due on Debentures				44,692,975	158,205,400	158,212,897
Debenture Interest paid on due Date				44,692,975	158,205,400	158,212,897
Debenture Interest paid after due Date	-	-	-	-	-	-
Debenture Interest not paid as of to date	-	-	-	-	-	-

### Unlisted Debentures\*

Item	2010/11	2011/12	2012/13	2013/14	2014/15
Gross Interest due on Debentures	14,494,671	31,871,610	31,237,363	23,814,324	7,867,109
Debenture Interest paid on due Date	14,494,671	31,871,610	31,237,363	23,814,324	7,867,109
Debenture Interest paid after due Date	-	-	-	-	-
Debenture Interest not paid as of to date	-	-	-	-	-

\*Please note, the above unlisted Debentures were issued in December 2010 and were matured in December 2014.

## 5.5 PUBLIC DEPOSITS ACCEPTED AS AT 31ST MARCH 2016

Facility	Total outstanding as at 31.03.2016	Amount repayable within 1 year	Amount repayable after 1 year
Fixed Deposits	29,330,071,436	20,368,191,976	8,961,879,461
Savings Deposits	1,568,696,336	1,568,696,336	-
Total	30,898,767,772	21,936,888,312	8,961,879,461

## 5.6 INTEREST COVER & DEBT TO EQUITY RATIO

	Company		Group	
	Interest cover	Debt to Equity	Interest cover	Debt to Equity
2010/11	1.61	97.47%	0.97	97.98%
2011/12	1.41	86.31%	1.41	86.31%
2012/13	1.26	91.98%	1.26	93.19%
2013/14	1.21	120.62%	1.21	120.62%
2014/15	1.28	112.14%	1.29	112.51%

### Basis of calculation of the Ratios above:

Interest Cover = (Profit before Tax + Interest Expenses) / Interest Expenses

*\*please note the above Interest Expenses includes the Interest expense incurred on the customer deposits*

Debt to Equity Ratio = (Debt securities issued + other interest bearing borrowings) / Equity

## 5.7 DIVIDEND POLICY

Details of Dividends paid during the five (05) financial years preceding the date of this Prospectus is given under Section 2.4 in the Accountants Report given under Section 7.

## 6.0 STATUTORY DECLARATIONS

### 6.1 STATUTORY DECLARATION BY THE DIRECTORS

This Prospectus has been seen and approved by the directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No. 07 of 2007 and any amendments to it from time to time have been complied with and after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Entity have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Entity and making assumptions that are considered to be reasonable at the present point in time in the best judgment of the directors.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing of all securities in a particular class issued by the Entity and those Securities of the same class which are the subject of this issue. Such permission will be granted when the Securities are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Entity or of the Securities issued.

The parties to the issue (i.e. Lawyers, Auditors, Secretaries, Managers and Rating Company) have complied with all applicable regulatory requirements applicable to such parties, and that such parties have no conflict of interest with the Company. Further, the said parties have submitted to the Company declarations declaring the same.

Name of Director	Signature
Mr. D. H. J. Gunawardena	(Sgd)
Mr. W. P. C. M. Nanayakkara	(Sgd)
Mr. S. R. Abeynayake	(Sgd)
Mr. P. A. J. Jayawardena	(Sgd)
Mr. D. A. De Silva	(Sgd)
Prof. A. Dharmasiri	(Sgd)
Mr. R. Mohamed	(Sgd)
Mr. R. H. Abeygoonewardena	(Sgd)
Mr. T. M. D. P. Tennakoon	(Sgd)
Mr. S. V. Munasinghe	(Sgd)

## 6.2 STATUTORY DECLARATION BY THE JOINT-MANAGERS TO THE ISSUE

We, Corporate Finance Division of Citizens Development Business Finance PLC of No. 123, Orabipasha Mawatha, Colombo 10 being Joint-Managers to the Debenture Issue of Citizens Development Business Finance PLC, hereby declare and confirm to the best of our knowledge and belief that this Prospectus constitutes full and true disclosure of all material facts about the issue and issuer; whose Rated, Subordinated, Guaranteed, Redeemable 5 year (2016/2021) Debentures are being issued.

*Sgd*  
**Director**

*Sgd*  
**Director**

## 6.3 STATUTORY DECLARATION BY THE JOINT-MANAGERS TO THE ISSUE

We, First Capital Limited of No. 02, Deal Place, Colombo 03 being Joint-Managers to the Debenture Issue of Citizens Development Business Finance PLC, hereby declare and confirm to the best of our knowledge and belief that this Prospectus constitutes full and true disclosure of all material facts about the issue and issuer; whose Rated, Subordinated, Guaranteed, Redeemable 5 year (2016/2021) Debentures are being issued.

*Sgd*  
**Director**

*Sgd*  
**Director**

## 7.0 FINANCIAL INFORMATION

### 7.1 FINANCIAL INFORMATION

The following financial information of CDB is available on the website of the CSE ([www.cse.lk](http://www.cse.lk)) and the Company ([www.cdb.lk](http://www.cdb.lk)) :

- Letter of Guarantee
- Audited financial statements of the Company for the financial year ended 31 March 2015
- Interim financial statements of the Company for the period ended 31st December 2015
- Accountant's Report and the Summarized financial statements for the five years preceding the date of the application (i.e. for the financial years ending 31 March 2011, 2012, 2013, 2014 and 2015) stating the accounting policies adopted by the Entity certified by the auditors. Qualifications carried in any of the Auditors Reports covering the period in question and any material changes in accounting policies during the relevant period

# **Annexure I**

## **Rating Report**



## Citizens Development Business Finance PLC

May 09, 2016

Instrument	Amount	Rating Action
Guaranteed Subordinated Redeemable Debentures programme	LKR 1,000 Million	[SL]A-(SO); assigned with stable Outlook

ICRA Lanka Limited, subsidiary of ICRA Limited, a Group Company of Moody's Investors Service, has assigned the [SL]A-(SO) (pronounced SL A minus Structured Obligation) rating with stable outlook to the LKR 1,000 Million Rated Guaranteed Subordinated Redeemable Debentures programme of Citizens Development Business Finance PLC (CDB/ the Company/ the issuer), which is to be listed on the Colombo Stock Exchange. The letters SO in parenthesis suffixed to a rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. The SO rating does not represent ICRA Lanka's opinion on the general credit quality of the issuer concerned.

The rating for the Guaranteed Subordinated Redeemable Debentures programme is based on the strength of the unconditional and irrevocable guarantee from Seylan Bank PLC (SEYB/"the Guarator") covering the principal and two interest instalments (Semi-Annual) of the proposed issue. The Guarantor undertakes the obligation to pay, on demand from the Trustee, the total principal sum and, two semi-annual interest instalments of the proposed Redeemable Debentures, the total amounting to LKR 1,150 Mn. The rating also assumes that the guarantee will be duly invoked by the Trustee, as per the terms of the underlying Trust deed and guarantee agreement, in case there is a default in payment by CDB (Issuer).

ICRA Lanka has an Issuer rating of [SL]BBB (pronounced SL triple B) with stable outlook and an issue rating of [SL]BBB- (pronounced SL triple B minus) with stable outlook for its existing subordinated redeemable Debentures programme. Please refer to our detailed rationale dated January 07, 2016.

### Company Profile

Citizens Development Business Finance PLC (CDB), set up in 1995, was initially named as Ceylinco Development Bank Limited. In 2009 CDB obtained LFC license and re-branded itself as Citizens Development Business Finance PLC. CDB's largest shareholder is Ceylinco insurance with an effective 35.6% stake as of March 2015, while the company's ESOP Trust owns 27%. Currently, as one of the mid-sized LFCs in the Sri Lankan Non-banking Financial Institutions Sector, CDB offers Leasing, Hire Purchase, Deposits (Fixed and Savings) and other personal credit facilities. CDB was initially listed in the secondary Board of the Colombo Stock Exchange and was transferred to the main Board in December 2010. CDB operates 59 outlets across the island employing over 1100 personnel as of March 2015. The company acquired controlling stake in Laughs Capital Limited and currently holds about 86% shares of the company.

During the year ended March 2015, CDB reported a net profit of LKR. 701 Million on a total asset base of LKR 38.0 Billion as compared to net profit of LKR. 561 Million on a total asset base of LKR 33.8 Billion in the previous fiscal. The consolidated net profit for the year ended March 2015 stood at LKR 710 Million on a total asset base of 38.1 Billion.

For the nine months ended Dec 2015, CDB reported a net profit of LKR 681 Million on a total asset base of LKR 47.3 Billion. On a consolidated basis, the company reported a net profit of LKR 696 Million on a total asset base of LKR 47.4 Billion for the period.

**Guarantor Profile:****Seylan Bank PLC**

Seylan Bank PLC (Seylan) with total asset base of LKR 296.3 Billion as in Dec 2015 (LKR 249.3 Billion in Dec 2014) accounted for about 4.2% of sector assets; it also accounted for 4.6% of sector loans and advances and 4.2% of the sector deposits as in Dec 2015. The bank was incorporated in the year 1987. Sri Lanka Insurance Corporation Ltd (15.0%), Browns and Company PLC (13.9%), Employee Provident Fund (9.9%), LOLC Investments Limited (9.6%), NDB Bank (8.7%) and Bank of Ceylon (7.5%) are the major voting shareholders of the bank.

The bank recorded net profits of LKR 3.8 Billion on a total asset base of LKR 296.3 Billion for the FYE Dec 2015 and LKR 3.08 Billion on a total asset base of LKR 249.3 Billion for the FYE Dec 2014, which resulted in ROA (post tax) of 1.40% and 1.33% for the respective periods. The bank had gross NPA ratios of 4.68% and 7.69% as at FYE Dec 2015 and FYE Dec 2014 respectively and net NPA ratios of 3.06% and 5.31% respectively for the said periods.

The bank had a net worth (excluding revaluation reserve) of LKR 24.4 Billion as at December 2015 with core capital adequacy ratio of 12.2% and total capital adequacy ratio of 12.9%. The Seylan Bank Group recorded consolidated net profits of LKR 3.25 Billion on a total asset base of LKR 251 Billion for the FYE Dec 2014 and LKR 3.89 Billion on a total asset base of LKR 298 Billion for the FYE 2015.

The bank recorded net profits of LKR 720.2 Million on a total asset base of LKR 314.0 Billion for the 3 months ended Mar 2016

**May 2016**

*For further details please contact:*

**Analyst Contacts:**

**Mr. Karthik Srinivasan (Tel No. +91-22-61143444)**  
[karthiks@icraindia.com](mailto:karthiks@icraindia.com)

**Relationship Contacts:**

**Mr. W. Don Barnabas (Tel. No. +94-11-4339907)**  
[wdbarnabas@icralanka.com](mailto:wdbarnabas@icralanka.com)



*Subsidiary of*

**ICRA Limited**

*A Group Company of Moody's Investors Service*

**CORPORATE OFFICE**

Level 10, East Tower, World Trade Center, Colombo 01, Sri Lanka

Tel: +94 11 4339907; Fax: +94 11 2333307

Email: [info@icralanka.com](mailto:info@icralanka.com); Website: [www.icralanka.com](http://www.icralanka.com)

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# **Annexure II**

## **Consent letter of the Guarantor to the Issue**

Your ref :

CFB/CRD/C/2016-0238

Our ref :

19<sup>th</sup> April 2016

Chief Executive Officer / General Manager  
Citizens Development Business Finance PLC  
No 123  
Orabipasha Mawatha  
Colombo 10

Dear Sir


**Letter of Consent for the Prospectus as providers of "Unconditional and Irrevocable Guarantee" in connection with the Issue of Rated, Subordinated, Guaranteed, Redeemable Debentures of Citizens Development Business Finance PLC**

We, Seylan Bank PLC, hereby consent to the inclusion of our name in the Prospectus as "Guarantor of the Issue", guaranteeing upto a maximum of Rupees One Billion (Lkr 1,000,000,000/-) principal sum and two interest payments in connection with the proposed issue of upto Rupees one Hundred & Fifty Million (Lkr 150,000,000/-) Rated, Subordinated, Guaranteed, Redeemable Debentures with a face value up to Rupees One Billion (Lkr 1,000,000,000/-) of Citizens Development Business Finance PLC.

We hereby declare that:

- Seylan Bank PLC has duly completed with all applicable regulatory requirements when offering the guarantee for the above mentioned debenture issue.
- Seylan bank PLC has no conflict of interest with Citizens Development Business Finance PLC with regard to the above mentioned debenture issue.
- Seylan Bank PLC will not withdraw the consent referred to above, prior to the delivery of a copy of the Prospectus for registration with the Registrar of Companies.

Yours faithfully,

  
D Kaluarachchi (Mrs)  
Senior Manager  
Cj/-

  
Ruwan Fernando  
Chief Manager – Branch Credit

# **Annexure III**

## **CBSL Approval Letter**



**ශ්‍රී ලංකා මහ බැංකුව**  
**இலங்கை மத்திய வங்கி**  
**CENTRAL BANK OF SRI LANKA**

බැංකු නොවන මූල්‍ය ආයතන  
 අධීක්ෂණ දෙපාර්තමේන්තුව

வங்கியல்லா நிதி நிறுவனங்கள்  
 மேற்பார்வைத் திணைக்களம்

Department of Supervision of  
 Non-Bank Financial Institutions

**Ref: 24/03/005/0045/004**

04<sup>th</sup> November 2015

Mr. Mahesh Nanayakkara  
 Chief Executive Officer  
 Citizens Development Business Finance PLC  
 No. 123, Orabipasha Mawatha  
 Colombo 10

Dear Sir,

**CDB Debenture Issue-Request for Approval**

This refers to your letters dated 29.10.2015 on the above subject.

We wish to inform you that in terms of the Finance Companies (Debt Instruments) Direction No. 03 of 2013 and the Finance Companies (Interest Rates) Direction No. 01 of 2014, approval has been granted for Citizens Developments Business Finance PLC to proceed with the proposed debenture issue of Rs.one billion subject to the approval of the Colombo Stock Exchange.

Further, you are required to adhere to the above directions and all the other directions / rules / regulations applicable in this regard.

Yours faithfully,

**Addl. Director**



# **Annexure IV**

## **Collection Points**



## COLLECTION POINTS

Joint - Managers to the Issue	Joint - Managers to the Issue
<b>First Capital Limited</b> No. 02, Deal Place Colombo 3 Tel. : 0112 639 816/65	<b>Citizens Development Business Finance PLC</b> No. 123, Orabipasha Mawatha, Colombo 10. Tel. : + 94 117 388 388 Fax : + 94 112 429 888

Managers to the Issue - Branches	
<b>Kandy</b> No.213-215, Peradeniya Road, Kandy. Tel : +94 81 2 236 010 / +94 777 590 521	<b>Matara</b> No. 24, Mezzanine Floor; E.H.Cooray Building, Anagarika Dharmapala Mawatha, Matara. Tel : +94 41 2 222 988 / +94 777 572 279

<b>Kurunegala</b> No. 06, 1st Floor; Union Assurance Building, Rajapihilla Mawatha, Kurunegala. Tel : +94 37 2 222 930 / +94 773 596 443
--

## MEMBERS DEBT AND EQUITY

<b>Bartleet Religare Securities (Private) Limited</b>	<b>Acuity Stockbrokers (Private) Limited</b>
Level "G", "Bartleet House" 65, Braybrooke Place, Colombo 2. Tel. : +94 11 5 220 200 Fax : +94 11 2 434 985	Level 6, Acuity House No. 53, Dharmapala Mawatha, Colombo 3. Tel. : +94 11 2 206 206 Fax : +94 11 2 206 298 / 9

<b>John Keells Stock Brokers (Private) Limited</b>	<b>Asha Phillip Securities Limited</b>
186, Vauxhall Street Colombo 2. Tel. : +94 11 2 342066-7 : +94 11 2 306250 Fax : +94 11 2 342068	2nd Floor, Lakshmans Building No. 321, Galle Road Colombo 03. Tel. : +94 11 2 429 100 Fax : +94 11 2 429 199

<b>Assetline Securities (Private) Limited</b>	<b>Somerville Stockbrokers (Private) Limited</b>
No. 120, 120A, Pannipitiya Road Battaramulla. Tel. : +94 11 4 700 111, 2 307 366 Fax : +94 11 4 700 112, 2 307 365	137, Vauxhall Street Colombo 2. Tel. : +94 11 2 329 201-5, 2 332 827, 2 338 292-3 Fax : +94 11 2 338 291

<b>J B Securities (Private) Limited</b>	<b>Lanka Securities (Private) Limited</b>
150, St. Josephs Street Colombo 14. Tel. : +94 11 2 490 900, 077 2 490 900 Fax : +94 11 2 430 070, 2 446 085	No. 228/1, Galle Road Colombo 04. Tel. : +94 11 4 706 757, 2 554 942 Fax : +94 11 4 706 767

<b>Asia Securities (Private) Limited</b>	<b>Nation Lanka Equities (Private) Limited</b>
Level 21, West Tower, World Trade Centre Echelon Square, Colombo 1. Tel. : +94 11 2 423 905, 5 320 000 Fax : +94 11 2 336 018	44, Guildford Crescent, Colombo - 07. Tel. : +94 11 4 889 061-3, +94 11 2 684 483 Fax : +94 11 2 688 899

<b>Capital Trust Securities (Private) Limited</b>	<b>S C Securities (Private) Limited</b>
42, Mohamed Macan Markar Mawatha Colombo 3. Tel. : +94 11 2 174 174, +94 11 2 174 175 Fax : +94 11 2 174 173	2nd Floor, 55 D.R. Wijewardena Mawatha Colombo 10. Tel. : +94 11 4 711 000 / +94 11 47 11 001 Fax : +94 11 2 394 405

<b>CT Smith Stockbrokers (Private) Limited</b>	<b>First Capital Equities (Private) Limited</b>
4-14, Majestic City, 10, Station Road, Colombo 4. Tel. : +94 11 2 552 290 - 4 Fax : +94 11 2 552 289	No.01, Level 02, Lake Crescent, Colombo 02. Tel. : +94 11 2 145 000 Fax : +94 11 2 145 050

<b>NDB Securities (Private) Limited</b>
5th Floor, NDB Building, 40, Navam Mawatha Colombo 2. Tel. : +94 11 2 314 170 to 2 314 178 Fax : +94 11 2 314 180

## TRADING MEMBERS

<b>Capital Alliance Securities (Private) Limited</b>	<b>SMB Securities (Private) Limited</b>
Level 5, "Millennium House", 46/58 Navam Mawatha, Colombo 02. Tel: +94 11 2 317 777 Fax: +94 11 2 3177 88	No. 102/1, Dr. N M Perera Mawatha Colombo 08. +94 11 4 388 138 Fax: +94 2 670 294

<b>First Guardian Equities (Private) Limited</b>	<b>Taprobane Securities (Private) Limited</b>
32nd Floor, East Tower, World Trade Centre Colombo 01. Tel: +94 11 5 884 400 (Hunting) Fax: +94 11 5 884 401	2nd Floor, No. 10, Gothami Road, Colombo 08. Tel: +94 11 5 328 200, +94 11 5 328 100 Fax: +94 11 5 328 177

<b>Candor Equities Limited</b>	<b>Entrust Capital Markets (Private) Limited*</b>
Level 8, South Wing, Millennium House 46/58 Navam Mawatha, Colombo 02. Tel: +94 11 2 359 100 Fax: +94 11 2 305 522	Level 15, East Tower, World Trade Centre, Echelon Square, Colombo 01. Tele : +94 11 5 500 600, +94 11 5 550 698 Fax : +94 11 5 500 699

<b>Enterprise Ceylon Capital (Private) Limited</b>	<b>TKS Securities (Private) Limited</b>
27th Floor, East Tower World Trade Centre, Echelon Square Colombo 01. Tel: +94 11 2 333 000, +94 11 2 147 147 Fax: +94 11 2 333 383	4th Floor, No. 245 Dharmapala Mawatha, Colombo 07. Tel: +94 11 7 857 799 Fax: +94 11 7 857 857

<b>Richard Pieris Securities (Private) Limited</b>	<b>Claridge Stockbrokers (Private) Limited</b>
No. 55/20, Vauxhall Lane, Colombo 02. Tel: +94 11 7 448 900 , +94 11 5 900 800 Fax: +94 11 2 330 711	No. 10 Gnanartha Pradeepa Mawatha, Colombo 08. Tel: +94 11 2 697 974 Fax: +94 11 2 689 250

<b>Navara Securities (Private) Limited</b>	<b>Softlogic Stockbrokers (Private) Limited</b>
No. 25- 2/1, Milepost Avenue, Colombo 03. Tel: +94 11 2 358 700 / 20 Fax: +94 11 5 005 551	No. 06, 37th Lane, Queens Road, Colombo 03. Tel: +94 11 7 277 000 Fax: +94 11 7 277 099

<b>LOLC Securities Limited</b>
Level 18, West Tower World Trade Centre, Echelon Square, Colombo 01. Tel: +94 11 7 880 880 Fax: +94 11 2 434 771

\* The Securities & Exchange Commission of Sri Lanka by way of Directive SEC/SUP/16/05/242 dated 6th May 2016, has directed Entrust Capital Markets (Pvt) Limited:

1. To refrain from accepting new clients;
2. To refrain from carrying out purchases and sales on behalf of clients;
3. To facilitate the prompt transfer of securities portfolios of existing clients to other stock broker/s in conformity with requests by clients; and
4. To accept all client in writing the specific restrictions imposed in paragraph 2 & 3 above.

ECMPL is further directed to ensure that the client funds are not withdrawn except with the prior approval of SEC. In seeking such approval ECMPL shall set out a written account of the bases relied on in including where relevant confirmation of the Client's instructions, which shall be countersigned by its Chief Executive Officer:

## TRADING MEMBERS – DEBT

<b>First Capital Markets Limited</b>	<b>Capital Alliance Limited</b>
No.02, Deal Place, Colombo 03. Tel: +94 11 2 639 898, +94 11 2 681 888 Fax: +94 11 2 639 899, +94 11 2 576 866	Level 5, "Millenium House" 46/58, Nawam Mawatha, Colombo 02. Tel: +94 11 2 317 777 Fax: +94 11 2 317 788

<b>Wealthtrust Securities Limited</b>	<b>Perpetual Treasuries Limited</b>
No. 32, Castle Street, Colombo 08. Tel: +94 11 2 675 091-4 Fax: +94 11 2 689 605	Level 3, Prince Alford Tower, No. 10, Alfred House Gardens, Colombo 03. Tel: +94 11 2 206 123, +94 11 2 206 107 Fax: +94 11 2 206 110

<b>NSB Fund Management Company Limited</b>	<b>Acuity Securities Limited</b>
No. 255, 1st Floor, NSB Head Office, Galle Road, Colombo 03. Tel: +94 11 2 565 956, +94 11 2 565 957 Fax: +94 11 2 574 387	4th Floor, No. 53, Dharmapala Mawatha, Colombo 03. Tel: +94 11 2 206 280 Fax: +94 11 2 206 290

# **Annexure V**

## **Custodian Banks**

## CUSTODIAN BANKS

<b>Bank of Ceylon</b>	<b>The Hong Kong and Shanghai Banking Corp. Ltd</b>
Head Office, 11th Floor, 04, Bank of Ceylon Mawatha, Colombo 01 Tel: 011 2317777, 011 2448348	24, Sir Baron Jayathilake Mawatha, Colombo 01 Tel: 011 232 5435, 011 244 6591
<b>C/O Hatton National Bank PLC</b>	<b>People's Bank</b>
Cinnamon Garden Branch, 251, Dharmapala Mawatha, Colombo 07 Tel: 011 268 6537, 011 268 9176	Head Office, 5th Floor, Sir Chittampalam A Gardiner Mawatha Colombo 02 Tel: 011 278 1481, 011 2446316
<b>Citi Bank</b>	<b>Pan Asia Bank</b>
65 C, Dharmapala Mawatha, P.O. Box 888,0 Colombo 07 Tel: 011 244 7316/8, 011 244 7318	450, Galle Road Colombo 03 Tel: 011 2 565565
<b>Commercial Bank of Ceylon PLC</b>	<b>Sampath Bank PLC</b>
Commercial House, 21, Bristol Street, P.O. Box 853, Colombo 01 Tel: 011 244 5010-15, 011 238 193-5	110, Sir James Peiris Mawatha, Colombo 02 Tel: 011 533 1458
<b>Deutsche Bank</b>	<b>Seylan Bank PLC</b>
No. 86, Galle Road, Colombo 03 Tel: 011 244 7062, 011 243 8057	Level 8, Ceylinco Seylan Towers, 90, Galle Road, Colombo 03 Tel: 011 245 6789, 011 470 1812
<b>Standard Chartered Bank</b>	<b>Hatton National Bank PLC</b>
37, York Street, Colombo 01 Tel: 011 479 4400, 011 248 0000	HNB Towers, 479, T.B. Jayah Mawatha, Colombo 10 Tel: 011 266 4664
<b>State Bank of India</b>	<b>Nations Trust Bank PLC</b>
16, Sir Baron Jayathilake Mawatha, Colombo 01 Tel: 011 232 6133-5, 011 243 9405-6	242, Union Place, Colombo 02 Tel: 011 4 313131
<b>Union Bank</b>	<b>National Savings Bank</b>
No 15A, Alfred Place, Colombo 03 Tel: 011 2 370 870	Savings House 255, Galle Road, Colombo 03 Tel: 5 730081-5



ISSUE OPENS	27	05	2016	BANKER'S/ STOCKBROKER'S SEAL
ISSUE CLOSURES	15	06	2016	
EARLIEST CLOSING	27	05	2016	MASTER SERIAL NO. (For office use only)
DATE	DD	MM	2016	

☐ PLEASE STAPLE THE CHEQUE/BANK DRAFT HERE

**CITIZENS DEVELOPMENT BUSINESS FINANCE PLC – DEBENTURE ISSUE 2016**

Citizens Development Business Finance PLC was incorporated in 1995 under the provisions of the Companies Act No. 17 of 1982 and re-registered under the Companies Act No. 7 of 2007 on 18 March 2008.

**APPLICATION FORM**

ISSUE OF TEN MILLION (10,000,000) RATED, SUBORDINATED, GUARANTEED, REDEEMABLE DEBENTURES AT A PAR VALUE OF LKR 100/- EACH TO RAISE UPTO SRI LANKA RUPEES ONE BILLION (LKR 1,000,000,000/-)

**TO: BOARD OF DIRECTORS – CITIZENS DEVELOPMENT BUSINESS FINANCE PLC, NO. 123, ORABIPASHA MAWATHA, COLOMBO 10.**

I/We, the undersigned hereby apply for and request you to allot me/us the number of Debentures stated below as per the Prospectus dated 18 May 2016. The amount payable on application is attached herewith. I/We, hereby agree to accept the Debentures applied for or such smaller number as may be allotted to me/us, subject to the terms and conditions contained in the Prospectus. I/We irrevocably give my/our authority and consent to Bank of Ceylon to act as my/our Trustee subject to the terms and conditions stipulated in the Trust Deed dated 17 May 2016 entered into between Citizens Development Business Finance PLC and the said Trustee. I/We authorize you to procure my/our name(s) to be placed in the register of the holders of the above mentioned Debentures for such number of Debentures that may be allotted on the basis of Citizens Development Business Finance PLC.

Please use block capitals and read Instructions on the reverse carefully.

Please select (✓) only one type of debenture per application form	
Type A – 5 years Fixed Interest Rate of 12.75% p.a. payable semi-annually (AER of 13.1564%)	Type B – 5 years Floating Interest Rate of 6 month net Treasury Bill rate plus 1.50% p.a. payable semi-annually (subject to an interest rate cap of 15.00% p.a. and a floor of 10.00% p.a.)

NUMBER OF DEBENTURES		PRICE PER DEBENTURE LKR 100/-	AMOUNT TO BE PAID IN SRI LANKAN RUPEES AT LKR 100/- PER DEBENTURE	
MODE OF PAYMENT - CHEQUE/BANK DRAFT/ BANK GUARANTEE /RTGS DETAILS				
PLEASE TICK(✓) AS APPROPRIATE	NAME OF BANK	NAME OF BRANCH	CHEQUE/BANK DRAFT/BANK GUARANTEE NUMBER	
CHEQUE <input type="checkbox"/> BANK DRAFT <input type="checkbox"/> BANK GUARANTEE <input type="checkbox"/> RTGS <input type="checkbox"/>				

The allotted Debentures would be credited to the CDS account specified below. (Please refer instructions overleaf)

CDS ACCOUNT NO.																			
-----------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

SOLE/FIRST APPLICANT		JOINT APPLICANTS	
STATUS (MR./ MRS./ MS./ OTHER)		1	2
SURNAME WITH INITIALS/ NAME OF CORPORATE BODY		1	
		2	
NAMES DENOTED BY INITIALS		1	
		2	
ADDRESS		1	
		2	
NATIONAL IDENTITY CARD NO. / COMPANY NO. / PASSPORT NO.		1	2
CONTACT TELEPHONE NO.		1	2
NATIONALITY(Please tick (✓) as appropriate)	SRI LANKAN	OTHER	
RESIDENCY IN SRI LANKA (Please tick (✓) as appropriate)	RESIDENT	OTHER	
NAME, ADDRESS AND SIGNATURE OF FINANCIER (MARGIN TRADING ONLY)			
REFUND PAYMENT INSTRUCTIONS (Please tick (✓) as appropriate)	DIRECT TRANSFERS (Please tick one)	CHEQUE SENT VIA ORDINARY POST TO THE ABOVE ADDRESS	
	SLIPS	SIA	
BANK CODE	BRANCH CODE	ACCOUNT NUMBER	

DECLARATION IN TERMS OF THE PROVISIONS OF THE EXCHANGE CONTROL ACT			
TICK (✓) ONE BOX ONLY		For Sri Lankan Citizens resident in Sri Lanka, and Corporate Bodies Incorporated in Sri Lanka in terms of the provisions of the Exchange Control Act I/We, the Applicant(s) of the above mentioned Debentures hereby declare that I am/we are a citizen(s) of and resident in Sri Lanka and I am/we are not acting as nominee(s) of any person(s) resident outside Sri Lanka.	
		For Non-Resident and Non-Citizens in terms of the provisions of the Exchange Control Act : I/We, the Applicant(s) of the above mentioned Debentures hereby declare that, I am/we are resident outside of Sri Lanka and that, I/we have made the remittance as stipulated by the Controller of Exchange. A confirmation/endorsement from my/our bank to such effect is attached to this Application.	
SIGNATURE(S) OF APPLICANT(S)	SOLE/FIRST APPLICANT	JOINT APPLICANT (1)	JOINT APPLICANT (2)

## INSTRUCTIONS

- **All Applicants should indicate their respective CDS account number in the Application Form.**
- Any Application which does not carry a valid CDS account number or indicates a number of a CDS account which is not opened at the time of the closure of the subscription list or which indicates an inaccurate/incorrect CDS account number will be rejected and no allotment will be made.
- If you wish to open a CDS account, you may do so prior to make the Application through any Member/Trading Member of the CSE as set out in Annexure IV or through any Custodian Bank as set out in Annexure V of the Prospectus.
- **The allotted Debentures would only be credited to the Applicant's CDS account.**
- **NO DEBENTURE CERTIFICATE WILL BE ISSUED**

### (1) Application Form

- (i) The Application Form must be completed in **FULL** in **BLOCK CAPITALS**.
- (ii) Please tick (✓) in the boxes appropriate to you.
- (iii) In the event a particular section in this Application Form is not applicable, **please indicate "N/A" in the relevant section.**
- (iv) All Applicants should meet the eligibility criteria set out under section 2.2 in the Prospectus
- (v) Applications should be made on the Application Form, issued with the Prospectus. Application Forms will be made available from the collection points listed in Annexure IV of the Prospectus and can also be downloaded from [www.cse.lk](http://www.cse.lk), [www.cdb.lk](http://www.cdb.lk) and [www.firstcapital.lk](http://www.firstcapital.lk), exact sized photocopies of the original Application Form will also be accepted. **Care must be taken to follow the instructions given in the Application Form.**
- (vi) Applicants shall use a separate application form for each class of Debenture they wish to apply for.
- (vii) Applicants should subscribe to a minimum of One Hundred (100) Debentures (LKR 10,000/-) and multiples of Hundred (100) Debentures (LKR 10,000/-).
- (viii) Applications which do not strictly conform to instructions and the other conditions set out herein or which are incomplete or illegible may be rejected.
- (ix) Two or more Applications submitted by an Applicant for the same type of Debenture will not be accepted. If two or more Application Forms are submitted from a single Applicant, those would be construed as multiple Applications or suspected multiple Applications.
- (x) If the ownership of the Debentures is desired in the name of one Applicant, full details should be given only under the heading **SOLE/FIRST APPLICANT** in the Application Form. In the case of joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.
- (xi) An Applicant of a joint Application will not be eligible to apply through a separate Application Form either individually or jointly. Such Applicants are also deemed to have made multiple Applications and will be rejected. In the case of joint Applications, the refunds (if any), interest payments and the Redemption will be remitted in favour of the First Applicant as identified in the Application Form.
- (xii) The Company shall not be bound to register more than three (03) natural persons as joint holders of any Debentures (except in the case of executors, administrators or heirs of a deceased member).
- (xiii) Applications by Companies, Corporate bodies, Societies, Approved Provident Funds, Trust Funds and Approved Contributory Pension Schemes registered/ incorporated/ established in Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and should be made under their common seal or in any other manner as provided by their article of association or such other constitutional document of such Applicant or as per the statutes governing them. In the case of Approved Provident Funds, Trust Funds and Approved Contributory Pension Schemes, the Applications should be in the name of the trustee/board of management.
- (xiv) **All Applicants should indicate in the Application for Debentures, their CDS account number.**
- (xv) **In the event the name, address or NIC number/passport number/company registration number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company registration number as per the CDS records, the name, address or NIC number/company registration number as per CDS records will prevail and be considered as the name, address or NIC number/passport number company registration number of such Applicant. Therefore Applicants are advised to ensure that the name, address or NIC number/passport number company registration number mentioned in the Application Form tally with the name, address or NIC number/passport number/company registration number given in the CDS account as mentioned in the Application Form. Application Forms stating third party CDS accounts, instead of Applicants' own CDS account numbers except in the case of margin trading, will be rejected.**
- (xvi) Applicants who wish to apply through their margin trading accounts should submit the Application Forms in the name of the "Margin provider /Applicants name" signed by the margin provider, requesting direct deposit of the Debentures to the Applicant's margin trading account in CDS. The margin provider should indicate the relevant CDS account number relating to the margin trading account in the Application Form. A photocopy of the margin trading agreement must be submitted along with the Application.
- (xvii) Margin providers can apply under their own name and such Applications will not be construed as multiple Applications.
- (xviii) Application Forms may be signed by a third party on behalf of the Applicant(s) provided that such person holds the power of Attorney (POA) of the Applicant(s). A copy of such

POA certified by a notary Public as "True Copy" should be attached with the Application Form. **Original of the POA should not be attached.**

- (xix) Funds for the investment in Debentures and the payment for the Debentures by Non-Resident(s): institutional investors, corporate bodies incorporated outside Sri Lanka, individuals resident outside Sri Lanka and Sri Lankans resident outside Sri Lanka should be made only out of funds received as inward remittances or available to the credit of "Securities Investment Account" (SIA) of the Non-Resident Applicants opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange in that regard to licensed commercial banks.

**An endorsement by way of a letter by the licensed bank in Sri Lanka in which the Non-Resident Applicant maintains the SIA, should be attached to the Application Form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the SIA. Non Resident Applicants are requested to include their SIA account details in the Application Form for refund payments. Payments received via SIA accounts will only be refunded via SIA accounts, in the event that the SIA account number has been provided.**

- (xx) Non-Resident(s): institutional investors, corporate bodies incorporate outside Sri Lanka, Individual resident outside Sri Lanka and Sri Lankans resident outside Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for Debentures and may be affected by the laws of the jurisdiction of their residence. If the Non-Resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

### (2) MODE OF PAYMENT

- (i) Payment in full for the total value of Debentures applied for should be made separately in respect of each Application either by cheque/bank draft/bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to (ii) below.
- (ii) Payments for Applications for values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) should be supported by either a
  - o RTGS for Application value LKR 100,000,000/- and above
  - o bank guarantee issued by a licensed commercial bank; or
  - o Multiple bank drafts/cheques drawn upon any commercial bank operating in Sri Lanka, each of which should be for a value less than LKR. 100,000,000
  - o Multiple cheques or RTGS transfers will not be accepted for Application value below LKR. 100,000,000/-
- (iii) Cheques or bank drafts should be made payable to "**CDB DEBENTURE ISSUE 2016**", crossed "Account Payee Only" and must be honoured on the first presentation. In case of RTGS transfers, such transfers should be made to the credit of "**CDB DEBENTURE ISSUE 2016**" bearing the account number **0300-34512333-001** at Seylan Bank PLC - Fort Branch with value on the Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date).
- (iv) In case of bank guarantees, such bank guarantees should be issued by any licensed commercial bank in Sri Lanka in favour of "**CDB DEBENTURE ISSUE 2016**" in a manner acceptable to the Company, and be valid for a minimum of one (01) month from the issue Opening Date, and should be paid unconditionally and immediately on being claimed by the registrar.
- (iv) All cheques/bank drafts received in respect of the Applications for Debenture will be banked commencing from the Market Day immediately following the Closing Date. Cheques must be honoured on first presentation for the Application to be valid.
- (v) Please refer Section 2.3 and 2.4 of the Prospectus for further details.

### (3) FORWARDING COMPLETED APPLICATION

Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application should be enclosed in an envelope marked "**CDB DEBENTURE ISSUE 2016**" on the top left hand corner in capital letters and dispatched by post or courier or delivered by hand to the Registrars to the Issue or any collection points mentioned in Annexure IV of the Prospectus

Applications sent by post or courier or delivered to any collection points in Annexure IV of the Prospectus should reach the office of the Registrars to the Issue **Business Intelligence (Pvt) Limited.(TP +94 0115 579 900)**; at least by 4.30 p.m. on the following Market Day immediately upon the Closing Date. Applications received after the said period will be rejected even though they have been delivered to any of the said collection points prior to the Closing Date or carry a postmark dated prior to the Closing Date.

Applications delivered by hand to the Registrars to the Issue after the Closing Date of the Issue will also be rejected.

### (4) REFUNDS ON APPLICATIONS

Refunds on Applications rejected or partly allotted Debentures would be made within ten (10) Market Days (from the Closing Date).

**Please refer Section 2.8 of the Prospectus for further details**



