



BOGAWANTALAWA TEA ESTATES PLC

# PROSPECTUS



## DEBENTURE ISSUE 2019

MANAGERS TO THE ISSUE



Areva Investments (Pvt) Ltd

TRUSTEES TO THE ISSUE



Hatton National Bank PLC



# PROSPECTUS



## BOGAWANTALAWA TEA ESTATES PLC

**ISSUE OF 10,000,000**  
**SENIOR, LISTED, RATED, CONVERTIBLE, UNSECURED, REDEEMABLE,**  
**LKR 100 DEBENTURES ISSUED AT LKR 85 EACH TO RAISE**  
**SRI LANKA RUPEES EIGHT HUNDRED AND FIFTY MILLION (LKR 850,000,000)**

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

**Rated [SL] BBB+ with Negative Outlook by ICRA Lanka Limited**

**ISSUE OPENS ON 18<sup>TH</sup> JULY 2019**

**MANAGERS TO THE ISSUE**



**Areva Investments (Pvt) Ltd**

**TRUSTEES TO THE ISSUE**



**Hatton National Bank PLC**

“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 THE ACCURACY OF THE STATEMENTS MADE, OPINIONS EXPRESSED OR REPORTS INCLUDED IN THE PROSPECTUS. MOREOVER, THE CSE DOES NOT REGULATE THE PRICING OF THE DEBENTURES ISSUED HEREIN, WHICH IS DECIDED SLOELY BY THE ISSUER.

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 THE PROSPECTUS. IF THERE IS A MATERIAL CHANGE, SUCH MATERIAL CHANGE WILL BE DISCLOSED TO THE MARKET.

IF YOU ARE IN ANY DOUBT REGARDING THE CONTENTS OF THIS DOCUMENT OR IF YOU REQUIRE ANY CLARIFICATION OR ADVICE IN THIS REGARD, YOU SHOULD CONSULT THE MANAGERS TO THE ISSUE, YOUR STOCKBROKER, LAWYER, OR ANY OTHER PROFESSIONAL ADVISOR.

## **RESPONSIBILITY FOR THE CONTENT OF THE PROSPECTUS**

This Prospectus is dated 20<sup>th</sup> June 2019

This Prospectus has been prepared by Areva Investments (Pvt) Ltd on behalf of Bogawantalawa Tea Estates PLC (hereinafter referred to as 'BTE', 'the Company', 'the Issuer' or 'Bogawantalawa Plantations') from the information provided by the Company, its Directors and from which is publicly available.

The Directors of the Company, have seen and approved this prospectus and collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable inquiries and to the best of their knowledge and belief, the information contained herein is true and accurate in all material respects and that there are no other material facts, the omission of which, would make any statement herein misleading or inaccurate.

The Company accepts responsibility for the information contained in this Prospectus. While the Company has taken reasonable care to ensure full and fair disclosure of pertinent information, it does not assume responsibility for any investment decisions made by the investors based on information contained herein. Investors should be informed that the value of investments can vary and that past performance is not necessarily indicative of future performance. In making such investment decisions, prospective investors are advised to read the Prospectus and rely on their own examination and assessment of the Company and the terms of the Debentures issued including risks associated.

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 this Prospectus. If any material change in the affairs of the Company occurs subsequent to the Prospectus date but before the issue opening, same will be notified by way of an addendum.

### **Registration of the Prospectus**

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

- The written consent by the Managers to the Issue, Lawyers to the Issue, Bankers to the Issue, Auditors and Reporting Accountants to the Issue, Trustees to the Issue, Credit Rating Agency to the Issue and Registrar to the Issue for the inclusion of their respective names in this Prospectus.

- The declaration made and subscribed to, by each of the Directors of the Company herein named as a Director, jointly and severally confirming that each of them have read the provisions of the Companies Act and CSE Listing Rules relating to the Issue of the Prospectus and that those provisions have been complied with.
- The said Managers to the Issue, Lawyers to the Issue, Bankers to the Issue, Auditors and Reporting Accountants to the Issue, Credit Rating Agency to the Issue, Trustees to the Issue and Registrar 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.

### **Investment Considerations**

It is important to read this Prospectus carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see Risks Related to the Debentures in Section 1.15 of this Prospectus.

### **Representation**

The Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person, individual or any other outside party has been authorized to give any information or make any representation in connection with the issue other than the information and representations contained in this Prospectus and if given or made, such information or representation must not be relied upon as having been authorized by the Company.

### **Forward Looking Statements**

Any statements included in this Prospectus that are not statements of historical fact constitute “Forward Looking Statements”. These can be identified by the use of forward looking terms such as “expect”, “anticipate”, “intend”, “may”, “plan to”, “believe”, “could” and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company’s ability to successfully adapt to

technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

All Applicants should indicate in the Application Form, their NIC number or the company registration number as the case may be. The passport number may be indicated only if the Applicant does not have a NIC number.

In the event the name, address or NIC number / passport number / Company registration number of the applicant mentioned in the Application form differs from the name, address or NIC number / passport number / Company registration number as per the CDS records, the name, address or NIC number / passport number / Company registration number as per the 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 per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated 22<sup>nd</sup> November 2010 and Circular No. 13/2010 issued by the Central Depository System (Private) Limited dated 30<sup>th</sup> November 2010, all Debentures allotted shall be directly deposited to their CDS accounts. To facilitate the compliance with this requirement, all Applicants are required to indicate their valid CDS account number in the Application Form.

**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 WILL BE REJECTED AND NO ALLOTMENT WILL BE MADE.**

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

Applicants who do not have a CDS Account are advised to open a CDS account prior to submitting the Application, in order to facilitate the uploading of allotted Debentures to their CDS accounts.

You can open a CDS Account 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 this Prospectus.

## CORPORATE INFORMATION

<b>The Company</b>	<b>Bogawantalawa Tea Estates PLC</b>
<b>Legal form</b>	Public limited liability company incorporated & domiciled in Sri Lanka under the Companies Act No.17 of 1982 & re-registered under the new Companies Act No. 07 of 2007, and listed on the Colombo Stock Exchange
<b>Date of Incorporation</b>	22 <sup>nd</sup> June 1992
<b>Registration Number</b>	PQ 124
<b>Entity Credit Rating</b>	[SL] BBB+ Negative outlook
<b>Registered Office</b>	No.153, Nawala Road, Narahenpita, Colombo 05, Sri Lanka Telephone: 94-11-2510100 Fax : 94-11-2510178 Email : <a href="mailto:info@bpl.lk">info@bpl.lk</a> Website: <a href="http://www.bogawantalawa.com">www.bogawantalawa.com</a>
<b>Company Secretary</b>	<b>PW Corporate Secretarial (Pvt) Ltd</b> No. 3/17, Kynsey Road, Colombo 08
<b>Auditors</b>	<b>BDO Partners</b> Chartered Accountants, No. 65/2, Sir Chittampalam A. Gardiner Mawatha, Colombo 02
<b>Credit Rating Agency</b>	<b>ICRA Lanka Ltd</b> No.10-02, East Tower, World Trade Centre, Colombo 01
<b>Bankers</b>	Commercial Bank of Ceylon PLC National Development Bank PLC Hatton National Bank PLC Sampath Bank PLC Bank of Ceylon DFCC Bank Seylan Bank PLC



**Board of Directors**

Mr. D.J. Ambani – Co-Chairman (Executive Director)  
Mr. L.J. Ambani – Co-Chairman (Executive Director)  
Mr. J. Molligoda – Deputy Chairman (Non-Executive Director)  
Mr. L.H. Munasinghe - Executive Director  
Mr. C.M.O. Haglind – Non-Executive Director  
Mr. D.A. de Silva Wickramanayake - Non-Executive Director  
Mr. S.A.S. Jayasundara – Independent, Non-Executive Director  
Mr. G.V.M. Nanayakkara – Independent, Non-Executive Director

## RELEVANT PARTIES TO THE OFFERING

<b>Managers to the Offering</b>	<b>Areva Investments (Pvt) Ltd</b> No. 11, Haig Road, Colombo 04 T: 94-11-2599682 - 5    F: 94-11-2599687
<b>Registrars to the Offering</b>	<b>PW Corporate Secretarial (Pvt) Ltd</b> No. 3/17, Kynsey Road, Colombo 08 T: 94-11-4640360    F: 94-11-4740588
<b>Trustee to the Offering</b>	<b>Hatton National Bank PLC</b> HNB Towers, No. 479, T.B. Jayah Mawatha, Colombo 10 T: 94-11-2664664    F: 94-11-2662814
<b>Bankers' to the Offering</b>	<b>Commercial Bank of Ceylon PLC – Investment Banking Unit</b> Commercial House, No.21, Sir Razik Fareed Mawatha, Colombo 01 T: 94-11-2486494/6    F: 94-11-2335385
<b>Lawyers to the Offering</b>	<b>Nithya Partners</b> 97 A, Galle Road, Colombo 03 T: +94 11 4712625    F: +94 11 2328817
<b>Auditor and Reporting Accountant to the Issue</b>	<b>BDO Partners</b> Chartered Accountants, No. 65/2, Sir Chittampalam A Gardiner Mawatha, Colombo 02 T: +94 11 2421878    F: +94 11 2336064
<b>Credit Rating agency to the Offering</b>	<b>ICRA Lanka Ltd</b> No.10-02, East Tower, World Trade Centre, Colombo 01 T: 94-11-4339907    F: 94-11-4235636

## SALIENT FEATURES OF THE ISSUE

<b>Issuer</b>	Bogawantalawa Tea Estates PLC			
<b>Instrument</b>	<b>Senior, Listed, Rated, convertible (as morefully described in Section 3 of the Prospectus), Unsecured, Redeemable, 5 year (2019/2024), 6 year (2019/2025) and 7 year (2019/2026) Debentures</b>			
<b>Entity Rating</b>	[SL] BBB+ with negative outlook by ICRA Lanka Limited			
<b>Issue Rating</b>	[SL] BBB+ with negative outlook by ICRA Lanka Limited			
<b>Listing</b>	The Debentures will be listed on the Colombo Stock Exchange			
<b>Number of Debentures to be Issued</b>	10,000,000 Debentures			
<b>Total Investment Value of the Issue</b>	LKR 850,000,000			
<b>Total Face Value of the Issue</b>	LKR 1,000,000,000			
<b>Issue price per Debenture</b>	LKR 85 (15% discounted from the Par value)			
<b>Par Value / Face Value / Redemption Price</b>	LKR 100			
<b>Sinking Fund</b>	Established to facilitate the total capital redemption of the issue, and the funds will be maintained with HNB, the Trustees to the issue and governed in accordance to the Debenture Trust Deed dated 21 <sup>st</sup> June 2019			
<b>Coupon Payment</b>	Quarterly payments calculated based on the Par Value (Redemption Price) of the Debenture			
<b>Fixed Interest Rates (Gross)</b>	<b>Type</b>	<b>Tenor</b>	<b>Rate of Interest (based on Redemption Price LKR 100)</b>	<b>Actual Rate of Interest (based on Issue Price LKR 85)</b>
	Quarterly interest payments will be made based on below Interest rates			
	<b>Type A</b>	5 Years	13.00% p.a. (AER – 13.65%)	15.2941% (AER – 16.1938%)
	<b>Type B</b>	6 Years	13.25% p.a. (AER – 13.92%)	15.5882% (AER – 16.5233%)
	<b>Type C</b>	7 Years	13.50% p.a. (AER – 14.20%)	15.8824% (AER – 16.8536%)

<p><b>Equity Conversion Option</b></p>	<p>At each conversion point, a minimum of 10 debentures and thereafter in multiples of 10 debentures, up to a maximum of 50% of Outstanding Debentures of either type A or B or C will be converted to Ordinary Voting Shares <b>at the discretion of the Debenture Holder for a payment consideration.</b></p> <p>Consequently, due to conversions, over the period of two (2) to four (4) years from the date of allotment of Debentures, a maximum of 50,000,000 ordinary voting shares may be issued, if the debenture holders fully exercise their right of conversion.</p> <p>The payment consideration required for the shares arising from the conversion, will be at the Conversion Price described below, less the cost of the debentures being converted, for which the Investor has already paid for. (Please refer Section 3 &amp; Annexure II of the Prospectus for the explanatory workings)</p>	
<p><b>Conversion Price</b></p>	<p>10% discount to the simple average of the daily Volume Weighted Average Price (VWAP), as published by the CSE, of the Ordinary Shares of the Company traded during three months (03) period, immediately preceding the Entitlement date/s of conversion/s.</p>	
<p><b>Conversion Ratio</b></p>	<p>10 New shares will be issued per one debenture to be converted by the Investor.</p>	
<p><b>Conversion Points</b></p>	<p><b>Type A</b></p>	<p>2 Years from the Date of Allotment</p>
	<p><b>Type B</b></p>	<p>3 Years from the Date of Allotment</p>
	<p><b>Type C</b></p>	<p>4 Years from the Date of Allotment</p>
<p><b>Volume Weighted Average Price (VWAP)</b></p>	<p>The Daily Volume Weighted Average Price (VWAP) of ordinary voting shares of the Company published by the Colombo Stock Exchange.</p>	
<p><b>Minimum Subscription</b></p>	<p>Minimum subscription per application is one hundred (100) Debentures and thereafter in multiples of one hundred (100) debentures.</p>	
<p><b>Issue Opening Date</b></p>	<p>18<sup>th</sup> July 2019 (However, applications may be submitted forthwith)</p>	

<p><b>Issue Closing Date</b></p>	<p>Subscription list of the Debentures will open at 9.30 a.m. on 18<sup>th</sup> July 2019 and will remain open for fourteen (14) Market Days including the Issue opening date until closure at 4.30 p.m. on 6<sup>th</sup> August 2019</p> <p>However, the Subscription List will be closed on an earlier date at 4.30 p.m. with the notification to the CSE on the occurrence of the maximum of 10,000,000 debentures being fully subscribed; or</p> <p>In the event the Company decides to close the debenture issue without the full subscription, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day.</p> <p>Earliest closing would be at 4.30 p.m. on the Issue opening Date, i.e. on 18<sup>th</sup> July 2019</p>
<p><b>Basis of Allotment</b></p>	<p>In the event of an over subscription, the Board of Directors of the Company will endeavor to decide the basis of allotment of the Debentures in a fair manner within seven (07) Market days from the closure of the Issue. (Refer Section 2.10)</p> <p>The Board however shall reserve the right to allot up to a maximum of 75% of the Number of Debentures to be allotted under this Prospectus on a preferential basis, to the <b>Cornerstone Investor/s</b> identified below for the purpose of strengthening and adding value to the issue and to <b>identified institutional investor/s</b> of strategic importance with whom the Company might have mutual beneficial relationships in the future.</p> <p>The Board also reserves the right to allot more than 75% of the Debentures to the preferential investors, in the event there is an undersubscription from the other (non-preferential category) investors of the Issue.</p>
<p><b>Cornerstone Investor</b></p>	<p>Metrocorp (Pvt) Ltd, the Ultimate Parent Company of BTE, its group entities and their related parties are committed to subscribe to a minimum of 50% of the Issue (5,000,000 debentures) and a maximum of 75% of the Issue, (7,500,000 Debentures) at the issue price of LKR 85</p> <p>Metrocorp (Pvt) Ltd, Formally known as Metropolitan Investment (Pvt) Ltd, was incorporated in 1994 with diversified interest in agro industries, plantations, hydro power, water &amp; environment and leisure sectors. The Group has continuously expanded its business through organic as well as inorganic growth. Metrocorp Group along with BTE currently records a consolidated annual turnover of US\$25 million with total asset base exceeding over US\$ 117 million.</p>

<b>Interest Payment Date (s)</b>	<p>The Dates on which payments of interest in respect of the Debentures shall fall due, which shall be three (3) months from the Date of Allotment and every three (3) months thereafter until the Date of allotment of shares for such converted debentures and / or Date of Redemption and includes the Date of allotment / Date of Redemption.</p> <p>Interest payments will be made no later than three (3) market days from the Interest Payment due Date.</p> <p>The Final Interest payment will be paid together with the Outstanding Principal Sum within three (03) Market Days from the Date of Redemption.</p>
<b>Method of Payment of Principal Sum and Interest</b>	<p>Interest and the Principal 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 where accurate bank account details are provided by the Debenture Holders subject to the prevalent limitation with regard to SLIPS and RTGS, or by crossed cheques Marked “Account Payee Only” in the event accurate bank details have not been provided.</p> <p>However, SLIPS transfers could be accommodated only for amounts up to the maximum of Rupees Five Million (LKR 5,000,000), and amounts over and above Rupees Five Million (LKR 5,000,000) would be transferred via RTGS transfers at the expense of the Investor.</p>

## ABBREVIATIONS USED IN THE PROSPECTUS

<b>AER</b>	Annual Effective Rate
<b>AWPLR</b>	Average Weighted Prime Lending Rate
<b>BTE</b>	Bogawantalawa Tea Estates PLC
<b>Bn or BN</b>	Billion
<b>CBSL</b>	Central Bank of Sri Lanka
<b>CDS</b>	Central Depository Systems (Private) Limited
<b>COP</b>	Cost of Production
<b>CSE</b>	Colombo Stock Exchange
<b>FCBU</b>	Foreign Currency Banking Unit
<b>ICRA</b>	ICRA Lanka Limited
<b>FY</b>	Financial Year
<b>HNB</b>	Hatton National Bank PLC
<b>IIA</b>	Inward Investment Account
<b>Kg</b>	Kilo Gram
<b>LCB</b>	Licensed Commercial Bank
<b>LKR, SLR, or Rs.</b>	Sri Lankan Rupees
<b>MN or Mn</b>	Million
<b>NIC</b>	National Identity Card
<b>NSA</b>	Net Sales Average
<b>POA</b>	Power of Attorney
<b>RGFCA</b>	Resident Guest Foreign Currency Account
<b>RGRCA</b>	Resident Guest Rupee Current Account
<b>RTGS</b>	Real Time Gross Settlement
<b>SEC</b>	Securities & Exchange Commission of Sri Lanka
<b>SLIPS</b>	Sri Lanka Interbank Payment Systems
<b>T-Bill</b>	Treasury Bill
<b>VAT</b>	Value Added Tax
<b>VWAP</b>	Volume Weighted Average Price
<b>YoY</b>	Year on Year

## GLOSSARY OF TERMS RELATED TO THE ISSUE

<b>Applicant/s</b>	Any investor who submits an Application Form under this Prospectus
<b>Application Form/Application</b>	The application form that constitutes part of this Prospectus through which the investors may apply for the Debentures in issue
<b>Board/Board of Directors/Directors</b>	The Board of Directors of Bogawantalawa Tea Estates PLC
<b>The Company /Issuer/ BTE</b>	Bogawantalawa Tea Estates PLC
<b>Closing Date/ Closure Date</b>	The date of closure of the subscription list as set out in Section 1.02 of this Prospectus
<b>Date of Allotment</b>	The date on which the Debentures will be allotted by the Company to Applicants subscribing hereto.
<b>Date of Conversion / Conversion Point</b>	The date on which Debenture type A, B or C exercise debenture conversion to shares at the completion of 2, 3 or 4 years respectively from the Date of Allotment.  <b>Each type of Debenture entitles only one debenture conversion opportunity.</b>
<b>Conversion Option</b>	At each conversion point, a minimum of 10 debentures and thereafter in multiples of 10 debentures, up to a maximum of 50% of Outstanding Debentures of either type A or B or C can be converted to Ordinary Voting Shares <b>at the discretion of the Debenture Holder, for a payment consideration.</b>
<b>Payment Consideration</b>	The Payment consideration for the shares arising from the conversion, will be at the Conversion Price described below less the cost of the debentures being converted, for which the Investor has already paid for.
<b>Conversion Price</b>	10% discount to the simple average of the daily Volume Weighted Average Price (VWAP) of the Ordinary Voting Shares of BTE traded during 3 months period immediately preceding the Entitlement date/s of conversion/s.
<b>Conversion Ratio</b>	10 New shares will be issued per one debenture to be converted by the Investor.
<b>Date of Redemption/ Maturity</b>	The date on which repayment of Principal Sum at maturity together with any interest accruing up to that date as referred to in Section 1.08



<b>Debentures</b>	All of Senior, Listed, Rated, Convertible ( <b>as morefully described in Section 3 of the Prospectus</b> ), Unsecured, Redeemable, 5 year (2019/2024), 6 year (2019/2025) and 7 year (2019/2026) Debentures to be issued pursuant to this Prospectus
<b>Shares</b>	Ordinary Voting shares of BTE.
<b>Conversion Option</b>	At each conversion point, up to the maximum 50% of Outstanding Debentures of either type A or B or C will be converted to Ordinary Voting Shares <b>at the discretion of the Debenture Holder for a payment consideration after netting off the proceeds from the converted debentures.</b>
<b>Entitlement Date of Coupon payments / Redemption</b>	One Market Day immediately preceding the respective Interest Payment date or Date of Redemption.
<b>Entitlement Date of Conversion</b>	Entitlement date of conversion shall be as at end of trading on the fifteen (15) market days prior to the completion two (02) years, three (03) years or Four (04) years from the date of Allotment of Type A, Type B and Type C respectively. Any person purchasing debentures after the Entitlement date for Conversion relevant to the type of debentures he purchases, will not be entitled to convert for that type of debenture.
<b>Issue price per Debenture</b>	LKR 85 (which is 15% discounted from the Par value)
<b>Par Value /Face Value / Redemption Price</b>	LKR 100 per Debenture
<b>Sinking Fund</b>	Sinking fund is established to facilitate the total capital redemption of the issue. To commence the Fund, the Company will deposit of LKR 50 million from the Debenture proceeds received. Thereafter, monthly contributions will be made to the sinking Fund account maintained with HNB. All the investments made from such monies, will carry on in accordance to the stipulated guidelines given in the Trust Deed.
<b>Interest Payment Date(s)</b>	<p>The dates on which payment of interest in respect of the Debentures shall fall due, which shall be three (03) months period commencing from the Date of Allotment of the Debentures and in every three (03) months therefrom until the Date of allotment of shares for such converted debentures and / or Date of Redemption and includes the Date of Conversion / Date of Redemption.</p> <p><b>Interest payments will be made within three (03) Market Days from each interest payment due date.</b></p> <p><b>In the event of the Final Interest, the Final Interest payment will be paid together with the Outstanding Principal Sum within three (03) Market Days from the date of redemption / maturity.</b></p>

<b>Interest Payment Period</b>	The three (3) months 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 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 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>Issue</b>	The offer of Debentures pursuant to this Prospectus
<b>Market Day</b>	A day on which trading takes place on the Colombo Stock Exchange
<b>Prospectus</b>	This Prospectus dated 20 <sup>th</sup> June 2019 issued by BTE
<b>Trust Deed</b>	Trust Deed dated 21 <sup>st</sup> June 2019 between Bogawantalawa Tea Estates PLC and the Trustees to the Issue Hatton National Bank PLC
<b>Unsecured</b>	Repayment of the Principal Sum and payment of interest on the Debentures are not secured by a charge on any specific asset of BTE
<b>Local Time</b>	Sri Lanka Time (UTC+05:30)

## TABLE OF CONTENTS

<b>01. INFORMATION CONCERNING THE ISSUE .....</b>	<b>1</b>
1.01 Invitation to Subscribe.....	1
1.02 Subscription List.....	2
1.03 Objectives of the Issue .....	2
1.04 Interest Rates .....	6
1.05 Debenture Conversions to Equity.....	7
1.06 Sinking Fund .....	7
1.07 Application of Tax on interest payments.....	8
1.08 Payment Method.....	8
1.09 Redemption .....	9
1.10 Cornerstone Investor/s.....	10
1.11 Trustees to the Offering.....	10
1.12 Credit Rating of the issue .....	10
1.13 Rights and Obligations of the Debenture Holders / Ordinary shareholders .....	11
1.14 Benefits of Investing in Listed Debentures .....	12
1.15 Risk Factors Associated with Debentures .....	12
1.16 Transfer of Debentures.....	14
1.17 Listing.....	15
1.18 Cost of the Issue .....	15
1.19 Brokerage .....	15
1.20 Underwriting .....	15
1.21 Inspection of Documents.....	15
<b>02. PROCEDURE FOR APPLICATION .....</b>	<b>17</b>
2.01 Prospectus and Application Forms .....	17
2.02 Eligible Applicants .....	17
2.03 How to Apply .....	18
2.04 Identification Information .....	20
2.05 Submission of Applications.....	20
2.06 Mode of Payment For The Investment By The Applicants.....	21
2.06.01 Cheques or Bank Drafts .....	21
2.06.02 Bank Guarantees .....	22
2.06.03 RTGS Transfers .....	22
2.06.04 Foreign Currency Remittances.....	23

2.07	Restrictions Applicable to Foreign Citizens Resident in Sri Lanka .....	23
2.08	Rejection of Applications.....	23
2.09	Banking of Payments.....	24
2.10	Basis of Allotment of Debentures .....	25
2.11	Refunds.....	25
2.11.01	Refunds via SLIPS / RTGS .....	26
2.11.02	Refunds via Crossed Cheques .....	26
2.12	Direct Lodgment With The CDS And Trading of Debentures.....	26
<b>3.0</b>	<b>PROCEDURE IF EXERCISING THE CONVERSION OPTION .....</b>	<b>27</b>
3.01	Conversion Time Line.....	27
3.02	Payment Consideration of Debenture Conversion .....	31
<b>4.0</b>	<b>PROFILE OF THE COMPANY .....</b>	<b>33</b>
4.01	Corporate Background .....	33
4.02	Group Structure .....	34
4.03	Accreditations.....	36
4.04	Future Strategies.....	36
4.05	Stated Capital .....	39
4.06	Top Twenty (20) Shareholders of the Company as at 31 <sup>st</sup> March 2019 .....	39
4.07	Related Party Transactions Review Committee .....	40
<b>5.0</b>	<b>FINANCIAL INFORMATION.....</b>	<b>41</b>
5.01	Details of borrowings of Bogawantalawa Tea Estates PLC as at 31 <sup>st</sup> March 2019.....	41
5.02	Key Financial Ratios in relation to debt Capital .....	41
5.03	Litigation, disputes and contingent liabilities.....	42
<b>6.0</b>	<b>STATUTORY DECLARATIONS .....</b>	<b>43</b>
6.01	Statutory Declaration by the Directors .....	43
6.02	Statutory Declaration by the Managers to the Offering .....	44
	<b>ANNEXURE I – RATING REPORT .....</b>	<b>45</b>
	<b>ANNEXURE II – CONVERSION MECHANISM.....</b>	<b>51</b>
	<b>ANNEXURE III – MONTHLY CONTRIBUTIONS TO THE SINKING FUND .....</b>	<b>53</b>
	<b>ANNEXURE IV – COLLECTION POINTS .....</b>	<b>54</b>
	<b>ANNEXURE V – CUSTODIAN BANKS.....</b>	<b>57</b>

## 01. INFORMATION CONCERNING THE ISSUE

### 1.01 INVITATION TO SUBSCRIBE

Pursuant to Resolutions passed by the Board of Directors of Bogawantalawa Tea Estates PLC (hereinafter called The Company or BTE) dated 20<sup>th</sup> July 2018, the Extraordinary General Meeting (EGM) held on 31<sup>st</sup> December 2018 and special resolution approved by the shareholders including the Golden shareholder, it was resolved to borrow from the public a sum of Rupees Eight Hundred and Fifty Million (LKR 850,000,000) by way of issuing 10,000,000 Senior, Listed, Rated, Convertible (as morefully described in Section 3 of the Prospectus), Unsecured, Redeemable Five (5) year (2019/2024), Six (6) year (2019/2025) and Seven (7) year (2019/2026) Debentures as outlined in this Prospectus.

As such a maximum amount of Rupees Eight Hundred and Fifty Million (LKR 850,000,000) would be raised by the issue of a maximum of Ten Million (10,000,000) Debentures each issued at LKR 85, offering a 15% discount to the par value of LKR 100 which will result in a cumulative face value of a maximum of Rupees One Billion (LKR 1,000,000,000). These Debentures will be listed on the CSE.

The Company invites the public to make applications for any or all types of Debentures, which shall rank equal and *pari passu* with each other without any preference or priority of any one or more than over the others except for the Interest rate offered, conversion points and the period to maturity, as more fully described in this Prospectus.

Three types of Debentures will be offered to the public as follows:

Type of Debentures	Tenor	Fixed Interest Rates (Payable Quarterly)	Conversion Points from the Date of Allotment
Type A	5 Years (2019/2024)	Fixed rate of 13.00% p.a. (AER – 13.65%) <i>Actual interest rate* – 15.29% p.a. (AER – 16.19%)</i>	2 Years
Type B	6 Years (2019/2025)	Fixed rate of 13.25% p.a. (AER – 13.92%) <i>Actual interest rate* – 15.59% p.a. (AER – 16.52%)</i>	3 Years
Type 3	7 Years (2019/2026)	Fixed rate of 13.50% p.a. (AER – 14.20%) <i>Actual interest rate* – 15.88% p.a. (AER – 16.85%)</i>	4 Years

\* *Actual interest rate was calculated based on the investor's cost per debenture, i.e. LKR 85, instead of the Par value of LKR 100*

**Each type of Debenture has one conversion point**, where only up to a maximum 50% of outstanding debentures of either type A or B or C can be converted to Ordinary Voting Shares

at the discretion of the Debenture Holder for a payment consideration. Therefore the Debenture holders have the right to convert less than 50% of outstanding debentures to Ordinary Voting Shares. (For further details of the conversion mechanism, please refer Section 3 and Annexure II of the Prospectus.)

Investors will have to infuse cash to fulfill the shortfall arising from the equity ownership via the debenture conversion, after receiving credit for the cost of the Debentures they have already paid for. The balance 50% or more of non-converted outstanding debentures will continue up to the point of redemption, earning interest as specified in Section 1.04 of the Prospectus.

An Investor who wishes to exercise the conversion option will receive 10 shares per one debenture converted at the point of conversion. Conversion price will be at a discount of 10% to the Volume Weighted Average Price (VWAP) of the Ordinary Voting Shares of BTE during the past 3 months period immediately preceding the entitlement date of conversion. (Please refer Section 03 and Annexure II of the Prospectus for further information on exercising the conversion option & explanatory calculations).

The resultant new Shares upon debenture conversion will rank equal and *pari passu* to the existing Ordinary Voting Shares of BTE from the date of allotment of the shares.

The public could subscribe for any number (subject to the minimum subscription and the maximum issue value) of Debentures mentioned above. The minimum subscription would be 100 Debentures and thereafter in multiples of 100 Debentures for any debenture type outlined in this Prospectus.

**Once the application has been submitted for a particular Type of Debenture, it is not possible for Investors to switch between the types of Debentures.**

## 1.02 SUBSCRIPTION LIST

The subscription list for the Debentures pursuant to this Prospectus will open at 9.30 a.m. on 18<sup>th</sup> July 2019 and will remain open for fourteen (14) market days including the issue opening date until closure at 4.30 p.m. on 6<sup>th</sup> August 2019.

However, the Subscription List will be closed on an earlier date at 4.30 p.m. with notification to the CSE when reaching the maximum of 10,000,000 Debentures being fully subscribed.

In the event the Company decides to close the debenture issue without the full subscription, such decision is to be notified to the CSE on the day such decision is made and the subscription list will be closed on the following Market Day.

Applications may however be made forthwith in the manner set out in Section 2 and accordingly, duly completed application forms will be accepted at any of the Collection Points given in Annexure IV of this Prospectus.

## 1.03 OBJECTIVES OF THE ISSUE

The proceeds received from the debenture issue would be utilized for the following purposes in the order of priority mentioned below;

Priority Level	Purpose	Amount (LKR)
Priority 01	Initial contribution to the Sinking Fund	50 million
Priority 02	Settlement of high costing debt	300 million
Priority 03	Field development activities	300 million
Priority 04	Factory development	200 million
	<b>Total</b>	<b>850 million</b>

The funds raised from the Debenture Issue will be utilized for the aforementioned objectives only and will not be utilized to for any related party transactions. Further the objectives of the Debenture Issue does not amount to a major transaction of the Company.

The Company undertakes to disclose the progress of the debenture issue proceeds utilization, in all their future annual reports and interim financial statements, in the format outlined below, until the funds are fully utilized for the respective objectives stated in the Prospectus.

If the funds are fully utilized prior to submission of the next immediate financial statements (i.e. either Interim Financial Statements or Annual Report), the Company will make a disclosure by way of a market announcement, the fact that proceeds have been utilized in its entirety as per the template.

Debenture Issue proceeds utilization as at dd-mm-yyyy

Objective number	Objective as per Prospectus	Amount allocated as per Prospectus in LKR	Proposed date of utilization as per Prospectus	Amount allocated from proceeds in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of Utilized against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (Eg: Whether lent to related party)
1								
2								
3								
4								

In the event there is a change in the stated objectives of the Issue, the Company will notify the same to the CSE via a market announcement and obtain all required approvals in this regard.

- Initial Contribution to the Sinking Fund**

Rs.50 million out of the funds raised from the Debenture Issue will be channeled towards commencing the Sinking Fund, established for capital redemption purposes of the Debenture Issue. These funds will be invested by the Trustee, HNB, in pre-specified instruments contained

in the Trust Deed, such as fixed deposits or commercial paper of investment grade rated entities, unit trusts and government securities as further elaborated in Section 1.06 of the Prospectus.

The initial contribution to the Sinking Fund, utilizing the proceeds of the Debenture Issue, would assist the Company to commence this Fund with the Trustees, without having to set aside an additional sum from its own funds to do so. The Sinking Fund greatly benefits the Company, as it targets the future capital redemptions of the Issue.

As Rs.50 million out of the Debenture proceeds will be immediately channeled towards commencing the Sinking Fund, the risks such as the inability to invest the funds in the objective it was intended for due to time delays etc do not arise.

- **Settlement of high cost debt**

The Company will utilize Rs.300 million out of the initial proceeds received from the debenture issue for the settlement of debt obtained for working capital purposes, after considering the cost factor as well as short term nature of the borrowings.

<b>Lender</b>	<b>Instrument</b>	<b>Amount LKR (As at 31<sup>st</sup> May 2019)</b>	<b>Interest Rate</b>
Hatton National Bank PLC	Short Term Loan	150 million	AWPLR + 3.00%
Multiple	Commercial Papers	150 million	16.00% - 16.50%

The above debt settlements will take place within 3 months from the receipt of debenture proceeds to the Company, which excludes any settlements of related party borrowings. Until such time, the funds will be invested in government securities or Board approved money market or corporate debt investments at prevailing market interest rates.

Settlement of high costing debt, benefits the Company by reducing its interest costs, which results in cash flow improvements and additional profits. As the aforementioned facilities are specifically targeted to be settled utilizing the debenture proceeds, there will be no risk of not being able to invest the funds in this specified objective.

- **Field development at estates**

Each year Rs.150 million to Rs.200 million is required for the rehabilitation of the soil, soil building, tea re-planting and in-filling etc of all BTE Estates. The expected cost break-down of the field development activities for 3 years have been shown below.

<b>Cost Activities</b>	<b>(Rs.'000 s)</b>		
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Uprooting, rehabilitation, Soil building	95,416	90,836	91,164
Year of Planting	48,117	43,156	49,000
1 <sup>st</sup> Year Upkeep	25,457	15,635	14,506
2 <sup>nd</sup> Year Upkeep	11,237	20,755	11,762
<b>TOTAL</b>	<b>180,227</b>	<b>170,382</b>	<b>166,432</b>



Rs.300 million out of the initial proceeds received from the debenture issue will be reserved for field development activities, where Rs.100 million will be utilized in 2019/20, while the balance Rs.200 million will be utilized in 2020/21 and 2021/22. Subsequent proceeds (if any), to be received from future debenture conversions, will also be fully utilized for this purpose, as field development activities are an essential on-going requirement for a successful harvest.

Until the funds targeted to meet this objective are fully consumed, unutilized amounts will be invested in government securities or Board approved money market or corporate debt investments at prevailing market interest rates. From the third year onwards, the total fund requirement or balance requirement after utilizing proceeds received from debenture conversions, if any, will be met either via internally generated funds or borrowings as the case maybe.

Field development activities greatly benefits the Company, to optimize field operations for successful harvest rehabilitation, replanting, infilling and new planting, all of which are essential in plantations.

If field development activities are not undertaken, the Company will be unable to achieve the necessary level of crop required to carry on a viable operation, which leads to risks of incurring losses and sustainability of operations in the long run. Further as field development work is an on-going requirement for the Company, the risks of not being able to invest the funds in this specific objective and within the given time frames does not arise.

- **Factory development**

Implementing factory automation and modernization programs are required to manufacture specialty teas, taking into account the current market trends and to achieve sustainability in lines of meeting the growing demand for quality products.

During the last financial year, Rs.127 million was spent for the on-going factory development work and purchase of specialized machinery for the manufacture of quality tea. In furtherance of this strategy, Rs.200 million will be allocated from the initial proceeds received of the debenture issue, which will be utilized for the purchase of specialized machinery such as rotorvanes, rollers, humidifiers, automated packers, bulkers, conveyors, fibre extractors, fibremat, middleton sifters, trinic sorters and withering motors etc, within a period of 2 years to 3 years from the date of receiving the funds. The aforementioned machinery will be purchased at on-going market prices, as per the applicable procurement procedures of the Company, which also renders obtaining bills of quantities (BOQ s) for the purchase of machinery irrelevant, but applicable in the event of building construction only.

Until the funds that are to be channeled towards this objective are fully utilized, any unutilized amounts will be invested in government securities or Board approved money market or corporate debt investments.

The total factory development work in this phase, costing approximately Rs.200 million, is expected to go on for 2 to 3 years and therefore given the longer utilization period, the risk of not being able to invest the debenture funds in this objective does not arise. In the event any cost overruns occur, the same will be funded via borrowings and internally generated funds.

As the implementation of factory automation and modernization programs benefits the Company in areas of gaining competitive advantages, enhancing profitability and achieving future sustainability in business, BTE does not require any approvals for the development work

undertaken on this sphere of activities. Similarly the requirement to undertake feasibility studies does not arise either.

If investments in factory development is not undertaken, the risks of outdated products that lag behind competition arises, leading to lower demand for the Company's produce and eventual decline in profits and business operations.

#### 1.04 INTEREST RATES

The Debentures comprise of three (3) types of Debentures for the investors to choose from at the discretion of the investor, as follows;

Type	Tenor	Interest Rate
Type A	5 Years	Fixed Rate of 13.00% payable quarterly from the date of allotment until the date of conversion and / or the date of redemption on the outstanding sum of the Debentures (AER – 13.65%) <i>However as the investor's cost per debenture is only LKR 85, the <b>actual interest rate</b> would be <b>15.29%</b>. (AER on actual interest rate – 16.19%)</i>
Type B	6 Years	Fixed Rate of 13.25% payable quarterly from the date of allotment until the date of conversion and / or the date of redemption on the outstanding sum of the Debentures (AER – 13.92%) <i>However as the investor's cost per debenture is only LKR 85, the <b>actual interest rate</b> would be <b>15.59%</b>. (AER on actual interest rate – 16.52%)</i>
Type C	7 Years	Fixed Rate of 13.50% payable quarterly from the date of allotment until the date of conversion and / or the date of redemption on the outstanding sum of the Debentures (AER – 14.20%) <i>However as the investor's cost per debenture is only LKR 85, the <b>actual interest rate</b> would be <b>15.88%</b>. (AER on actual interest rate – 16.85%)</i>

Interest payments will be made based on the par value of LKR 100.

The quarterly interest payment would fall due on the expiry of every three (03) months from the Date of Allotment of the Debentures and in every three (03) months thereafter until the Date of allotment of the new ordinary voting shares to such converted debentures and / or Date of Redemption. On the Date of Maturity/Redemption, the final interest payment will be made together with the Outstanding Principal Sum, of the Debentures and that includes the Date of Redemption.

If an investor exercises the conversion option, he receives the full interest due up to and inclusive of the date of allotment of shares for such converted debentures. Thereafter interest for the non-converted debentures only will be serviced as specified in the Prospectus, up to the date of redemption.

Interest payments will be made within three (03) Market Days from each interest payment due date based on the actual number of days in such interest period. In the event of the Final Interest, the Final Interest payment will be paid together with the Outstanding Principal Sum within three (03) Market Days from the date of redemption/maturity.

The interest calculation will be based upon the actual number of days in each interest payment period (Actual/Actual).

In order to accommodate the debenture interest cycles in the CDS, the payment of interest on a particular interest payment date shall be paid to those holding debentures in the CDS as of the Entitlement Date, which is the market day immediately preceding the respective interest payment date / date of redemption.

## 1.05 DEBENTURE CONVERSIONS TO EQUITY

Debenture Holders can convert up to a maximum of 50% of their outstanding Debentures to ordinary voting shares for a payment consideration, solely at their own discretion. Each type of Debentures will have one conversion option only. **(For further information about the conversion mechanism, please refer Section 3.0 and Annexure II of the Prospectus).**

## 1.06 SINKING FUND

### Introduction

A Sinking fund has been established by BTE to further strengthen the Debenture Issue, by facilitating the total capital redemption of all 3 types of the debentures in the issue. As stated in the Objectives, the Company will allocate LKR 50 million from the Debenture proceeds to commence the Fund and thereafter, monthly contributions will be made to the Sinking Fund account maintained with Trustee - HNB as stipulated by the Trust Deed. Please refer Clause 5 of the Trust Deed for further details of the Sinking Fund.

### Legal framework

The Company will grant a primary mortgage in favour of the Trustee for the benefit of the Debenture Holders in respect of the amounts lying to the credit of the Sinking Fund and investments made therefrom, through the execution of a Primary Mortgage Bond and a Special Power of Attorney.

### Investing funds of the Sinking Fund

The amounts lying to the credit of the Sinking Fund shall be invested by the Trustee only in the following types of investments, at the interest rates prevailing in the market at the time of investment.

- I. Government Treasury Bills
- II. Government Treasury Bonds
- III. Fixed Deposits and Call Deposits in commercial banks, which have investment grade ratings by Fitch Ratings Lanka Ltd, ICRA Lanka Ltd or any rating agency licensed by the SEC.
- IV. Fixed Deposits, Commercial papers and Promissory Notes issued by entities which have investment grade rating by Fitch Ratings Lanka Ltd, ICRA Lanka Ltd or any rating agency licensed by the SEC.
- V. Mutual Funds/ Unit Trust Investments
- VI. Securitized trust certificates

Therefore, the expected return from the sinking fund would vary depending on the market interest rates at the time of investment.

### **Monthly Contribution to the Sinking Fund**

The monthly contributions to the Sinking Fund, as shown in Annexure III of the Prospectus, was computed based on the future value of the fixed capital sums (assuming no conversions take place) that has to be redeemed by the Company, at the end of 5 years, 6 years and 7 years.

The monthly contributions made to the Sinking Fund will be reviewed annually (prior to the end of 12 months from the date of allotment), by the Trustees working in concurrence with the Managers to the Issue. Consequently, annual revisions to the contribution schedule may take place, based on the amounts lying to the credit of the Sinking Fund and the targeted capital redemptions that need to take place at the end of 5 years, 6 years and 7 years.

### **Utilization of the Sinking Fund**

The Trustee shall be entitled to utilize the amounts lying in the Sinking Fund to settle any of the payments which are due and owing from the Company to the Debenture Holders which are referred to in Clause 13.01 (a), (b) or (c) of the Trust Deed, in the order of priority mentioned herein.

- (a) Firstly, towards settling any outstanding amounts in relation to expenses and liabilities incurred in the execution of the Trust, including remuneration of the Trustee;
- (b) Secondly, towards payment to the Debenture Holders of all arrears of interest remaining unpaid on the Debentures held by them;
- (c) Thirdly, towards payment to the Debenture Holders of the Redemption Price due in respect of the Debentures held by them.

The amounts lying to the credit of the Sinking Fund will be fully utilized to make each capital redemption of the Debenture Issue, which occurs at the end of 5 years, 6 years and 7 years from the dates of allotment for Debenture types A, B & C respectively, or in the Event of Default as described in Clause 11 of the Trust Deed.

## **1.07 APPLICATION OF TAX ON INTEREST & CAPITAL REPAYMENTS**

Interest on the Debentures will be paid after deducting any taxes and charges thereon (if any) as per the applicable law prevalent at the time of the interest & capital repayment to the debenture holder.

## **1.08 PAYMENT METHOD**

Payment of principal and interest will be made in Sri Lankan Rupees after deducting taxes at source, (if applicable) to the registered debenture holders only as of the entitlement date. In the case of joint debenture holders, the payment of principal sum and interest will be made to the one whose name stands first in the Register of Debenture Holders on the entitlement date.

In the event accurate bank account details are provided to the CDS by the Debenture Holders, the payment of principal sum and interest shall be made to Debenture holders through an electronic fund transfer mechanism recognized by the banking system of Sri Lanka such as RTGS (arranged only at the expense of the Investor) or SLIPS transfers. However, RTGS

transfers shall be accommodated only for amounts over and above LKR 5 million and if prior arrangements are made by the Debenture holders.

If the Debenture holder has not provided to the CDS accurate and correct details of his/her/its/their bank account for the payment of principal sum and interest, such payment to the Debenture holder will be made by a crossed cheque marked "Account Payee Only" to the address registered with the CDS through normal post at the risk of the Debenture Holder.

Irrespective of the payment mechanism, Interest payments will be made within three (03) Market Days from each interest payment due date. 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.

It is the responsibility of the Non – Resident and Foreign Investors to ensure that their IIA through which they invest for debentures is recorded correctly against the records in CDS to dispatch their Debenture interest payments.

In order to accommodate the Debenture interest cycles in the CDS, interest payments shall not include the Debenture holders holding Debentures in the CDS as at the last day of the Payment Cycle but one day prior to the due date of interest / date of redemption (entitlement date).

## 1.09 REDEMPTION

All outstanding Debentures are redeemable at maturity at the expiry of five years (5) (with respect to Debenture Type A), six (6) years (with respect to Debenture Type B) and seven (7) years (with respect to Debenture Type C) from the date of allotment in accordance with the provisions contained in the Trust Deed.

These Debentures shall not be redeemed by the Company prior to maturity for any reason whatsoever except due to the occurrence of an event of default contemplated in Clause 11 of the Trust Deed. If such early redemption is to be done before maturity, it will be done subject to the approval of the Debenture Holders of such Type of Debentures, representing three fourths ( $\frac{3}{4}$ ) of the Par value of the Debentures outstanding of that Type.

The debenture holders shall not have any right or option to call for redemption of the Debentures before the date of maturity of such debentures, except in the circumstances where;

- Exercising the equity conversion option at the completion of 2 years for option A, 3 Years for option B and 4 years for option C. or;
- Where the Debentures have become immediately payable in terms of Section 11 of the Trust Deed.

On the date of maturity / 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 of maturity / redemption of the Debenture.

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 for each calendar day up to the date immediately preceding such Market Day. Also, no interest on interest would be payable for the aforesaid interim period.

### **1.10 CORNERSTONE INVESTOR/S**

Metrocorp (Pvt) Ltd, the ultimate holding Company of BTE, its group entities and their related parties have been identified as the Cornerstone investors for this Debenture issue.

Accordingly, Cornerstone Investor/s have committed to subscribe to a minimum of 50% of the Issue, i.e.5,000,000 debentures, and a maximum of 7,500,000 Debentures or 75% of the total Issue. In the event of an oversubscription, the remaining 25% or more (subject to a 50% minimum allotment to the Cornerstone Investor) will be allotted among the balance applicants in a fair basis.

Please refer a brief profile of Metrocorp (Pvt) Ltd on Section 04.02 of the Prospectus.

### **1.11 TRUSTEES TO THE OFFERING**

Hatton National Bank PLC – HNB Towers No. 479, T.B. Jayah Mawatha, Colombo 10, has agreed in writing to act as the Trustee to the debenture issue and has issued a consent letter to this effect. The Company has entered into an agreement with the Trustee (hereinafter called the ‘Trust Deed’). Debenture holders in their application for subscription will be required irrevocably to authorize the Trustee, subject to overriding clauses in the Trust Deed, to act as their agents in entering into such deeds, writings, instruments with the Company and to act as agents and Trustees for the debenture holders in order to facilitate the protection of the debenture holders investment and return.

The rights and obligations of the Trustee are set out in the Trust Deed, a copy of which is available for inspection as mentioned in Section 1.21 of this Prospectus. The Debentures shall be subject to the terms and conditions and confer such rights as are incorporated in the said Trust Deed. There is no conflict of interest arising between the Trustee or its Directors and the Company.

The fee payable to the Trustee will be LKR 300,000/- per annum plus statutory levies.

### **1.12 CREDIT RATING OF THE ISSUE**

ICRA Lanka Ltd has assigned a credit rating of [SL] BBB+ with negative outlook to the Company’s Senior, Listed, Rated, Convertible (as morefully described in Section 3 and Annexure II of the Prospectus), Unsecured, Redeemable Debentures. The rating report issued by ICRA is set out in Annexure I of this Prospectus.

Instruments with [SL] BBB+ rating assigned by ICRA Lanka Ltd are considered to have moderate-credit-quality and the rated instrument carries higher than average credit risk. The rating has taken a consolidated view on Bogawantalawa Tea Estates PLC and its subsidiary- Bogawantalawa Tea Marketing (Pvt) Ltd, given the significant operational and financial linkages among the Group entities. The Negative outlook factors in the moderation in the financial profile of the Group entity during the first 9 months of the financial year 2019 as well as the current macro challenges faced by the plantation sector.

### 1.13 RIGHTS AND OBLIGATIONS OF THE DEBENTURE HOLDERS / ORDINARY SHAREHOLDERS

#### **Debenture Holders are entitled to the following rights;**

- Receiving the interest on the interest payment dates at the interest rates set out in Section 1.04 of this Prospectus and the principal sum on the date of redemption as set out in Section 1.08 of this prospectus and the provisions contained in the Trust Deed.
- The right to exercise the conversion option to ordinary voting shares at the relevant conversion point. The shares arising from the conversion will rank equal and pari pasu to the existing ordinary voting shares.
- In the event of liquidation of the Company, Senior Debenture holders will rank in priority to the subordinated creditors but after the secured creditors of the Company and the preferential claims under Section 365 of the Companies Act No.07 of 2007, and also in priority to and over the claims and rights of the ordinary voting and non-voting shareholders of the Company.
- Receiving a copy of the Annual Report of the Company in CD format within 5 months from the financial year end at the same time and in the same manner as an ordinary shareholder would receive.
- Call, receive notice, attend and vote at the meetings of the Debenture holders in accordance with the provisions contained in the Trust Deed.

The other rights of the holders of these Debentures are set out in the Trust Deed.

#### **Debenture Holders do not have the following rights;**

- Attend and vote at meetings of holders of shares and other debentures
- Share the profits of the Company
- Participate in any surplus in the event of liquidation
- Calling for redemption before maturity, subject to the provisions stated in the Trust Deed

#### **Obligations on the Debentures**

When making payment of the principal sum and interest on the Debentures, the Company shall always act on the Information furnished by the CDS and it shall be the responsibility / obligation of each Debenture holder to 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 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 Holders.

#### **Ordinary shareholders are entitled to the following rights;**

- Entitlement of interim and final Dividends if declared.



- Voting Rights at Annual General Meetings and Extraordinary General Meetings either in person or via proxy
- The right to receive a copy of the Annual Report
- Appointment and removal of the Board of Directors
- In the event of liquidation, the right to enjoy the residual assets / profits of the entity, after settling preference shareholders and all other creditors of the company.
- The right to demand shares to be issued to existing shareholders, before issuing any shares to outsiders so as to prevent dilutive effect. (preemptive rights)
- The right to transfer the ownership of shares

#### **1.14 BENEFITS OF INVESTING IN LISTED DEBENTURES**

- Provides an opportunity to diversify the investment portfolio of an investor away from the frequently issued finance sector debt instruments to one of the Plantation sector.
- Since the issue price of the Debentures are less than the redemption price, Investors can earn a capital gain at the point of redemption.
- Provides the Investor an opportunity to earn a regular cash inflow of interest income quarterly. Even though, the coupons are based on the redemption price of LKR 100, the actual return is noticeably higher than the nominal coupon rates given in the Prospectus, as the real investment value of Debenture is LKR 85.
- Provides an opportunity for the Debenture Holders to enjoy ownership rights if they convert the debentures to Ordinary voting shares at conversion points at their own discretion.
- The shares are issued at 10% discount to the market price, the investors who exercise the conversion option can earn capital gains by selling shares in the market subject to the prevailing market conditions.
- Being listed on the CSE, the Debentures will have a secondary market, thus providing the investor with an opportunity to exit at the market price prevailing at the time of divesture.
- These Debentures could be used as collateral to obtain credit facilities from banks and financial institutions.
- Opportunity to realize capital gains according to interest rate fluctuations in the financial market.

#### **1.15 RISK FACTORS ASSOCIATED WITH DEBENTURES**

Subscribers to Debentures will be exposed to many types of risks, which are not unique to debentures issued by Bogawantalawa Tea Estates PLC. However, the following could be sighted as the main types of risks associated with Debentures.

##### **a) Interest Rate Risk**

The price of a typical Debenture will change in the opposite direction to a change in the market interest rate provided all other factors are equal (*Ceteris Paribus*). If market interest rates rise, the price of the Debentures may fall: as market interest rates fall the price of Debentures may rise.



However interest rate risk is of importance only if an investor sells the Debenture prior to maturity. If an investor sells a Debenture prior to maturity when the market interest rate is higher than the BTE Debenture interest rate, then the investor may incur a capital loss.

The risk of potential capital losses due to future increases in interest rates in the market is known as Interest rate risk.

**b) Reinvestment Risk**

Interest on the BTE Debentures are payable quarterly. An investor may decide to reinvest this interest payment and earn interest from that point onwards until maturity. 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) Credit Risk / Default Risk**

Risk of the issuer not being able to pay interest and principal payments as promised on a timely manner is referred to as default risk/credit risk. This risk is gauged in terms of rating assigned by different rating agencies.

It is advisable for prospective investors of the Debentures to take into account the credit rating awarded to the Company and to its Debentures, present financial strength as reflected in the Balance Sheet of the Company, asset & earnings growth and experience & skills of the directors & senior management when forming an opinion on default risk.

ICRA Lanka Limited has assigned a credit rating of [SL] BBB+ for BTE Debenture issue (Refer Annexure I for Rating Report) and this credit rating will be reviewed periodically.

**d) Business Risk**

Business risk faced by the Company is more or less common to all the players in the industry as a whole. This includes climatic changes and weather conditions, which might adversely impact the crop, coupled with political interventions in wage negotiations, increasing the cost of production and causing liquidity issues. Furthermore, the industry faces a labour shortage due to younger generation among the estate populations discovering alternative employment options, migration overseas etc. Economic and political instability of overseas export markets leading to fluctuations in global supply and demand, changes in monetary policy affecting lower returns on investment and profitability and the prevalent stiff competition in the tea industry are other factors that contribute to increasing the business risks faced by the industry participants.

**e) Liquidity Risk**

Liquidity risk refers to the ease with which the debenture can be sold in the secondary market, after the initial placement. Since the BTE Debentures are listed on the CSE, investors will be able to sell the Debentures in the secondary market through the CSE in order to convert them to cash and to exit from the investment. Therefore the liquidity risk is mitigated to a greater degree in the BTE Debenture. Investors have to be mindful of the fact that even though the Debentures are listed, trading of listed debt is not at an advanced stage in the secondary market in Sri Lanka.

f) **Call Risk**

Call risk refers to the risk that the issuer will retire all 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.

If the Company seeks to redeem Debentures of any Type prior to the Date of Redemption and pay the Principal Sum prior to the stated maturity, it is required to obtain prior approval of the Debenture Holders of such Debentures, representing three fourths ( $\frac{3}{4}$ ) of the par value of the Debentures of that Type as set out under Clause 4.4 of the Trust Deed.

g) **Inflation Risk**

The possibility of a decline in the real value of coupon 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.

h) **Duration Risk**

Duration risk is a measure of the price sensitivity of fixed income investments to change in interest rates based on the time to maturity of principal and coupon payments. The higher the duration, the greater the price volatility or duration risk, while a lower duration carries a lower risk.

Please refer Section 1.03 “Objectives of the Issue” for Specific Risk Relating to Objectives. No additional risks such as “conversion risk” arises as all debenture conversions are at the option of the investor.

## 1.16 TRANSFER OF DEBENTURES

- (a) These Debentures shall be freely transferable as long as the Debentures are listed in the CSE 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) Subject to provisions contained in the Trust Deed, 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 the death of a Debenture holder,
  - The survivor where the deceased was a joint holder; and
  - 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 issuer as having any title to his/her Debentures.
- (d) Any person becoming entitled to any Debenture in consequence of bankruptcy or winding up of any Debenture holder, upon providing proper evidence that such debenture holder sustains the character in respect of which such debenture holder proposes to act or such

debenture holder's title as the Board of Directors of the Company thinks sufficient, may at 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 of the above conditions will be recognised by the Company.

### **1.17 LISTING**

An Application was submitted by BTE to the CSE requesting approval in principal for the listing of the initial and the secondary security. Accordingly, this Prospectus is issued by the Company after the receipt of CSE's approval for the listing of both the Debentures of the primary Debenture Issue and the subsequent shares that may arise due to the exercise of the conversion option by the debenture holders.

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 Bogawantalawa Tea Estates PLC or of the Debentures issued.

### **1.18 COST OF THE ISSUE**

The Board of Directors estimates that the total cost of the issue including fees to professionals, printing, advertising and other costs connected with the issue will be approximately LKR 10.5 million and will be funded by Bogawantalawa Tea Estates PLC.

### **1.19 BROKERAGE**

Brokerage at the rate of 0.25% per cent of the investment value of the Debentures will 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, Managers to the Issue and any other party identified by the Managers to the Issue.

### **1.20 UNDERWRITING**

The Debenture issue is not underwritten.

In the event the issue is under subscribed, the subscribers shall be allotted in full and funds raised shall be utilized to meet the Objectives specified in the Prospectus. The resultant shortfall in funding, which arises due to the undersubscription, will be met by making use of available credit lines from the Group, identified commercial banks and internally generated funds. Please refer Objectives of the issue as stipulated in Section 1.03 of the Prospectus.

### **1.21 INSPECTION OF DOCUMENTS**

The following documents (or copies thereof), would be made available for inspection by the public during normal working hours, seven (07) Market Days prior to the date of opening of

the subscription list at the registered office of the Company at No. 153, Nawala Road, Narahenpita, Colombo 05, Sri Lanka until the date of redemption of the Debentures.

- Articles of Association of the Company
- Trust Deed
- Auditor's Report, Audited Financial Statements of the Company for the last five years ending 31<sup>st</sup> March 2014, 2015, 2016, 2017 and 2018
- Rating Report issued by ICRA Lanka Ltd
- All other documents referred to in Rule 3.3.11(a) of the CSE Listing rules, on which references are made in this Prospectus.

In terms of Rule 3.3.11 (b) of the CSE Listing Rules; the Prospectus, Articles of Association of the Company and the Trust Deed will be hosted on the Company's website, [www.bogawantalawa.com](http://www.bogawantalawa.com) and the CSE website, [www.cse.lk](http://www.cse.lk) from seven (07) Market Days prior to the date of opening of subscription list until the date of redemption of the Debentures. Audited financial statements of the Company made up to 31<sup>st</sup> March 2018, the Accountants Report and the Five year summary of the financial statements will be available on the web site of CSE [www.cse.lk](http://www.cse.lk) and the website of the Company, [www.bogawantalawa.com](http://www.bogawantalawa.com)

Furthermore, copies of the Prospectus and Application Forms will be made available free of charge from the collection points as set out in Section 2.01 and Annexure IV of this Prospectus from seven (07) Market Days prior to the date of opening of the subscription list.

## 02. PROCEDURE FOR APPLICATION

### 2.01 PROSPECTUS AND APPLICATION FORMS

Copies of the Prospectus and Application Forms may be obtained free of charge from the following places / Institutions. The Prospectus and Application Forms could also be downloaded from [www.cse.lk](http://www.cse.lk) and [www.bogawantalawa.com](http://www.bogawantalawa.com)

- **Registered Office of the Company**  
**Bogawantalawa Tea Estates PLC**  
No.153, Nawala Road,  
Narahenpita, Colombo 05  
Tel: +94 11 2 510 000
- **Managers to the Offering**  
**Areva Investments (Pvt) Ltd**  
No. 11, Haig Road, Colombo 04  
Tel: +94 11 2599682 - 5 Fax – 94-11-2599687
- **Registrars to the Offering**  
**PW Corporate Secretarial (Pvt) Ltd**  
No. 3/17, Kynsey Road, Colombo 08  
T: 94-11-4640360 F: 94-11-4740588
- **Members and Trading Members of the CSE (Please Refer Annexure IV of the Prospectus)**

### 2.02 ELIGIBLE APPLICANTS

Applications are invited for the subscription of 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 SEC.

- Citizens of Sri Lanka, who are resident in Sri Lanka and above eighteen (18) years of age.
- Companies, corporations or institutions incorporated or established in Sri Lanka.
- Approved Unit Trusts licensed by the SEC
- Approved Provident Funds, Trust Funds and Contributory Pension Schemes registered / incorporated / established in Sri Lanka (in this case, the Applications should be in the name of the Trustee / Board of Management in order to facilitate the opening of the CDS account).
- Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas)

- Global, regional and country funds approved by the SEC
- Non-residents: foreign institutional investors, corporate bodies incorporated or established outside Sri Lanka, individuals and Sri Lankans resident outside Sri Lanka.

Applications will not be accepted from individuals under the age of 18 years, or in the names of sole proprietorships, partnerships or unincorporated trusts, or non-corporate bodies.

“Individual residents outside Sri Lanka” will have the same meaning as in the notice published under the Foreign Exchange Act No. 12 of 2017 in Gazette no. 2045/56 dated 17<sup>th</sup> November 2017.

When permitting Non -Residents to invest in the Debentures, the Company will comply with the relevant Foreign Exchange Regulations including, the conditions stipulated in the notice under the Exchange Control Act with regard to the issue and transfer of Debentures of Companies incorporated in Sri Lanka to persons resident outside Sri Lanka as published in the Government Gazette (Extraordinary) No. 2045/56 dated 17<sup>th</sup> November 2017.

### 2.03 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 Registrars to the Issue and also issued free of charge from the places / institutions covered in Section 2.01 & Annexure IV of the Prospectus.

The Application Forms could also be downloaded from the web site of CSE, [www.cse.lk](http://www.cse.lk) the web site of the Company, [www.bogawantalawa.com](http://www.bogawantalawa.com) and the web site of the Managers’ to the Issue, [www.aveva.lk](http://www.aveva.lk) until the closure date.

The Prospectus will be made available and can be downloaded from the web site of the CSE, [www.cse.lk](http://www.cse.lk) the web site of the Company, [www.bogawantalawa.com](http://www.bogawantalawa.com) and the web site of the Managers’ to the Issue [www.aveva.lk](http://www.aveva.lk) until the date of redemption of the Debentures.

- b) Care must be taken to follow the instructions given on the reverse side of the Application Form. **Applications that do not strictly conform to such instructions and / or the terms and conditions set out in this Prospectus or which are incomplete or illegible may be rejected.**
- c) Applications should be made for a minimum of 100 debentures. Applications exceeding the minimum subscription should be in multiples of 100 debentures. Applications which are not in line with these guidelines will be rejected.

**In the event an applicant wishes to apply for more than one type of Debenture, separate Application Forms should be used. Once the Application has been submitted for a particular type of Debentures, it will not be possible for an applicant to switch between the types of debentures.**

More than one application submitted by an applicant under the same type of Debentures will not be accepted. If more than one Application Forms are submitted for one Type of Debentures from a single Applicant, those would be construed as multiple Applications and the Company will not accept such multiple Applications or suspected multiple Applications.

- d) 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.

e) **Joint Applications**

An applicant of a joint application will not be eligible to apply for the same Type of Debenture 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.

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).

Joint applicants should note that all parties should either be residents of Sri Lanka or non-residents.

f) **Corporate Bodies**

Applications by companies, corporate bodies, incorporated 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. In the case of approved provident funds, trust funds and approved contributory pension schemes, the applications should be in the name of the Trustee/s or member/s of the Board of Management.

g) **Margin Trading**

Applicants who wish to apply through their margin trading account, 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 Applicants should state 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.

Please note that the Margin Provider can apply under its own name and such Applications will not be construed as multiple Applications.

h) **Applications made under Power of Attorney**

In the case of Applications made under Power of Attorney (POA), a copy of the said POA, certified by a Notary Public as a “True Copy” of the original, should be attached with the Application Form. **The original POA should not be attached.**

## 2.04 IDENTIFICATION INFORMATION

### a) Sri Lankan Citizens

All applicants should disclose their identification/registration information including their CDS account number by filling in the space provided in the Application Form for this purpose. Applicants are requested to state their residency and nationality in the appropriate spaces provided in the Application Form.

**The NIC, passport, or company registration number as the case may be, must be stated in the Application Form and any Application Form which does not provide the appropriate identification information will be rejected.**

Resident applicants may use the passport number for purposes of identification only, and the Passport number will be accepted only when the NIC number is not available. In such event, the CDS account must be for the same passport number.

### b) Foreign / Non-Resident Investors

Foreign/non-resident investors are required to state the passport number in the space provided.

Non-resident investors may be affected by the laws of the jurisdiction of their residence. If the Non-resident investors 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.

### c) Corporate Entities

In the case of a corporate applicants, the company registration number must be provided and the common seal or rubber stamp should be affixed & attested and duly signed as required by the Articles of Association, constitutional documents of such applicant or as per the statutes governing them.

## 2.05 SUBMISSION OF APPLICATIONS

Application Forms properly and legibly filled in accordance with the instructions thereof, together with the remittance for the full amount payable on application if not remitted through RTGS transfer should be enclosed in a sealed envelope marked “**BOGAWANTALAWA TEA ESTATES PLC – DEBENTURE ISSUE 2019**” on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Issue at the below given address prior to 4.30 p.m. on the Closure Date (refer Section 1.2)

**PW Corporate Secretarial (Pvt) Ltd**  
No. 3/17, Kynsey Road,  
Colombo 08

Applications may also be handed over to the Managers to the Issue, Members and Trading Members of the CSE as set out in Annexure IV prior to 4.30 p.m. on the Closure Date.

In the case of Applications sent by post or courier or delivered to any collection points such Applications should reach the Registrars to the Issue not later than 4.30 p.m. on the Market Day immediately following the Closure Date. Any Applications received after the said deadline shall be rejected even though the courier or postmark is dated prior to the Closure Date.



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

## 2.06 MODE OF PAYMENT FOR THE INVESTMENT BY THE APPLICANTS

Remittance on Applications will be deposited in a separate Bank Account in the name of “**BOGAWANTALAWA TEA ESTATES PLC – DEBENTURE ISSUE 2019**”

Payment in full for the total value of Debentures applied for should be made separately in respect of each application either by cheque/s or bank draft/s or bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or an RTGS transfer directly through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to the following:

a) **PAYMENT FOR APPLICATIONS FOR DEBENTURES OF VALUES OF BELOW LKR 100,000,000/-**

Should be supported by a cheque or bank draft or bank guarantee. In such instances, each Application Form should be accompanied by only one cheque or bank draft or bank guarantee and should be issued for the full amount indicated in the Application Form.

Debenture applications of value below LKR 100,000,000 accompanied by multiple cheques, multiple bank drafts, multiple bank guarantees will be rejected at the outset.

Further **NO** RTGS transfers will be accommodated for applications of below LKR 100,000,000

b) **PAYMENTS FOR APPLICATIONS FOR DEBENTURES OF VALUES OF ABOVE AND INCLUSIVE OF LKR 100,000,000/-**

Application Form should be supported by either;

- RTGS transfer with value on the date of opening the Issue.
- Bank guarantee issued by a licensed commercial bank.
- Multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000

**Cash will not be accepted. Anyone wishing to pay cash should obtain a Bank Draft from a licensed commercial bank in Sri Lanka.**

The amount payable should be calculated by multiplying the number of Debentures applied for by the Issue price of (LKR 85). 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.

### 2.06.01 CHEQUES OR BANK DRAFTS

Cheques or bank drafts should be made payable to “**BOGAWANTALAWA TEA ESTATES PLC – DEBENTURE ISSUE 2019**” drawn on any licensed commercial bank in Sri Lanka and crossed “**Account Payee Only**” and must be honoured on the first presentation for the application to be valid.

Cheques or bank drafts accompanying Application Forms should be made for the amount payable, calculated by multiplying the number of debentures applied for by issue price of LKR 85. Applications which are not in line with these guidelines will be rejected (as

mentioned in Section 2.08) and will not be sent for clearing and shall be returned via ordinary post at the risk of the Applicant, or in the case of joint Applicants, to the first named Applicant.

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. In the event that cheques are not realized within two Market Days from the date of deposit, 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.

#### 2.06.02 BANK GUARANTEES

Applications made by Sri Lankan investors backed by bank guarantees issued by any licensed commercial bank in Sri Lanka in favour of “**BOGAWANTALAWA TEA ESTATES PLC – DEBENTURE ISSUE 2019**” should be in a manner acceptable to the Company. Bank guarantees should be valid for a minimum of one (1) month from the date of the Issue opening, i.e. 18<sup>th</sup> July 2019.

Bank guarantees will be presented to the respective banks upon the Issuer deciding and announcing the Basis of Allotment and the Date of Allotment to the CSE. Therefore, the applicants are advised to ensure that sufficient funds are available in order to honour 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.

#### 2.06.03 RTGS TRANSFERS

In case of RTGS transfers (only for Application values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000) such transfer should be made to the credit of “**BOGAWANTALAWA TEA ESTATES PLC – DEBENTURE ISSUE 2019**” bearing account number **1000179819** at **Commercial Bank of Ceylon PLC, Foreign Branch** with value on the Issue Opening Date, i.e. 18<sup>th</sup> July 2019. (i.e. the funds to be made available to the aforesaid account on the Issue Opening Date).

The applicant should obtain a confirmation from the Applicant’s bank, to the effect that arrangement have been made to transfer payment in full for the total value of Debentures applied to the credit of “**BOGAWANTALAWA TEA ESTATES PLC – DEBENTURE ISSUE 2019**” bearing the account number **1000179819** at **Commercial Bank of Ceylon PLC, Foreign Branch** with value on the Issue opening date. (i.e. the funds to be made available to the above account on 18<sup>th</sup> July 2019) This confirmation should be attached with the Application Form.

For such RTGS transfers above and inclusive of Sri Lanka Rupees One Hundred Million (LKR100,000,000), the applicants are entitled to an interest at the rate of 3.00% per annum (on actual / actual basis) will be paid from the date of such transfer up to the Date of Allotment, and the entire interest earned will be paid back to the investor.

However, no interest will be paid for RTGS transfers in the following instances;

- RTGS transfers not realized before 4.30 p.m. of the closing date of Subscription List.
- RTGS transfers which are affected prior to the Issue Opening Date - no interest will be paid for the period prior to the issue opening date.

#### **2.06.04 FOREIGN CURRENCY REMITTANCES**

This section is applicable to citizens of Sri Lanka who are above 18 years of age and resident overseas, corporate bodies incorporated or established outside Sri Lanka, global, regional or country funds approved by the SEC and foreign citizens (irrespective of whether they are resident in Sri Lanka or overseas) who are above 18 years of age and may be affected by the laws of the jurisdiction of their residence. Therefore, Non-residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures. If the non-resident investors wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and the jurisdiction of Sri Lanka.

Funds for the investments in debentures and the payments for debentures by non-residents should be made only out of funds received as inward remittances or available to the credit of “Inward Investment Account” (IIA) (formally known as Securities Investment Accounts “SIA”) of the non-residents opened and maintained in a licensed commercial bank in Sri Lanka, in accordance with directions given by the Director of the Department of Foreign 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 IIA, 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 IIA. Applications not made in line with the instructions will be rejected.

Foreign/non-resident investors shall also ensure that the Bank details of their IIA account are mentioned in the Application Form to facilitate refund payment and recorded in the CDS to facilitate the dispatch of their interest cheques to the relevant bank.

#### **2.07 RESTRICTIONS APPLICABLE TO FOREIGN CITIZENS RESIDENT IN SRI LANKA**

Foreign citizens resident in Sri Lanka may make payments through Sri Lanka Rupee accounts only if they possess dual citizenship where one such citizenship is Sri Lankan. Foreign citizens having Sri Lankan citizenship should attach a certified copy of the citizenship certificate with the Application Form.

Foreign citizens residing in Sri Lanka having valid residency visas should note that they cannot make remittances via cheques or bank drafts or bank guarantees or RTGS transfers drawn on Sri Lanka Rupee accounts maintained with any licensed commercial bank in Sri Lanka but may do so via IIA/FCBU/RGFCA/RGRCA accounts. Applications made by foreign citizens not in accordance to the foregoing shall be rejected.

#### **2.08 REJECTION OF APPLICATIONS**

- Application Forms and the accompanying remittance mode (Cheque / Bank Draft / Bank Guarantee / RTGS Transfers) which are illegible or incomplete in any way and / or are 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 the Company.
- Applications from individuals under the age of 18 years or in the names of sole proprietorships, partnerships or unincorporated trusts will be rejected.

- An applicant of a joint application will not be eligible to submit another application either individually or jointly under the same Debenture type. More than one Application Form submitted under one type of debentures by an applicant will not be accepted. The Company reserves the right to reject such multiple applications or suspected multiple Applications. Any Application form with more than three (3) natural persons as joint applicants for any type of Debentures will be rejected.
- Applications which do not state a valid CDS account number or which indicate an incorrect / inaccurate CDS Account number shall be rejected, and no allotment will be made. Application Forms stating third party CDS Account numbers, instead of their own CDS Account numbers, except in the case of Margin Trading Accounts, will also be rejected.
- Any Application Form which does not state the NIC number, Passport number (where NIC is not available) or Company Registration number, as the case may be, will be rejected.
- Applications made for less than one hundred (100) Debentures or for a number which is not in multiples of one hundred (100) Debentures will be rejected.
- Cheques or bank drafts or bank guarantees must be honored on first presentation for the Application to be valid. In the event Cheques or bank drafts or bank guarantees are dishonored / returned on first presentation, the Application will be rejected, and the dishonoured Cheque or bank draft or bank guarantee will be returned via ordinary post at the risk of the Applicant.
- In the event that cheques are not realized within two Market Days from the date of deposit the monies will be refunded and no allotment of Debentures will be made even if they are realized after such date.
- Applications delivered by hand to the Registrars to the Issue after the Subscription List is closed will be rejected. Applications received at the Registrar's office 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 Closure 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 Closure Date.

**Notwithstanding any provision contained herein, the Board of Directors shall reserves the right to refuse any Application or to accept any Application in full or part.**

## **2.09 BANKING OF PAYMENTS**

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

## 2.10 BASIS OF ALLOTMENT OF DEBENTURES

In the event of an over subscription, the Board of Directors of the Company will endeavour to decide the basis of allotment in a fair manner within 7 market days in compliance with the CSE Listing Rules. Upon the allotments being decided, an announcement will be made to the CSE.

The Company has reserved the preferential right to allot up to a maximum of 75% of the total number of Debentures to be issued under this Prospectus, **to the Cornerstone Investor/s**, Metrocorp (Pvt) Ltd, its group entities and their related parties, for the purpose of strengthening and adding value to the issue and to **identified institutional investor/s** of strategic importance with whom the Company might have mutual beneficial relationships in the future.

The Company also reserves the right to allot more than 75% of the Debentures to the preferential investors, in the event there is an undersubscription from the other (non-preferential category) investors of the Issue.

The number of Debentures to be allotted among the three (03) Debenture types shall be decided at the discretion of the Board of Directors of the Company in a fair manner in the event of an over subscription. The Company reserves the right to reject any application or to accept any application in part only, without assigning any reason thereof.

Apart from the Cornerstone Investor/s who are identified as Metrocorp (Pvt) Ltd, its group entities and their related parties, any party to whom debentures are allotted on a preferential basis becomes a related party prior to the date of redemption, the Directors of the Company will undertake to make an immediate disclosure by way of an announcement to the CSE.

A written confirmation informing successful applicants of the allotment of Debentures will be dispatched within ten (10) market days from the closure date as required by the CSE.

## 2.11 REFUNDS

Monies will be refunded where;

- **AN APPLICATION IS REJECTED FOR REASONS GIVEN IN SECTION 2.08 OR OTHERWISE;**

Where an Application Form is rejected, the cheque or bank draft or bank guarantee received in respect of the application will be returned via ordinary post at the risk of the applicant. In the case of joint applicants, the cheque or bank draft or bank guarantee received in respect of the application will be returned to the first named applicant.

Where the Application Form is accepted and the cheque or bank draft or bank guarantee is not honoured at the first presentation, the application will be rejected and the dishonoured cheque or bank draft or bank guarantee will be returned via ordinary post at the risk of the applicant. In the case of joint applicants, the dishonoured cheque or bank draft or bank guarantee will be returned to the first named applicant.

- **THE APPLICATION IS ACCEPTED ONLY IN PART**

Where an application is accepted only in part, the balance of the monies received on the application will be refunded. Refunds on Debentures that have not been allotted will be refunded on or before the expiry of ten (10) Market Days from the Closure Date (excluding the Closure Date) as required by the CSE Listing Rules. Applicants would be entitled to receive interest at the last quoted AWPLR published by the CBSL plus five per centum

(5.00%) for the delayed period on any refunds not made by the expiry of the above mentioned period.

▪ **REFUNDS TO FOREIGN / NON-RESIDENTS**

Foreign/non-resident applicants are advised to provide accurate and complete details of IIA in the Application Form, consistent with the details given to the CDS in order to facilitate their refund payments.

**2.11.01 REFUNDS VIA SLIPS / RTGS**

If the Applicant has provided accurate and complete details of his bank account in the Application Form, 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), the Bankers to the Issue will make refund payments via RTGS transfers to the bank account specified by the Applicant.

Applicants can obtain details on bank and branch codes required for providing instructions on SLIPS/RTGS transfers at the following web sites;  
*[http://www.lankaclear.com/product\\_service/8-guidelines](http://www.lankaclear.com/product_service/8-guidelines)*

**2.11.02 REFUNDS VIA CROSSED CHEQUES**

If the applicant has not provided details of the bank account in the Application Form or has provided inaccurate or incomplete details of the bank account with respect to refunds via SLIPS/RTGS, the Company 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.

Refunds on Application Forms rejected in total or partially allotted would be made within Ten (10) market days excluding the closure date.

**2.12 DIRECT LODGMENT WITH THE CDS AND TRADING OF DEBENTURES**

The new Debentures allotted will be directly uploaded to the respective CDS accounts given in the Application Forms before the expiry of eighteen (18) Market Days, from the Closure Date as required by the CSE Listing Rules.

Written confirmation, upon the completion of crediting the respective CDS account will be sent to the applicant within two (02) Market Days of crediting the CDS accounts, by ordinary post to the address provided by each Debenture holder in their respective Applications.

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 new Debentures.

Trading of Debentures on the secondary market will commence on or before the third (3<sup>rd</sup>) Market Day from the receipt of the Declaration by the CSE, as per the CSE Listing Rules.



### 3.0 PROCEDURE IF EXERCISING THE CONVERSION OPTION

#### 3.01 CONVERSION TIME LINE

At the respective conversion points described below, which are 2 years, 3 years and 4 years from the date of allotment, the debenture holders can convert a minimum of 10 debentures and thereafter in multiples of 10 debentures up to 50% of their outstanding debentures to ordinary voting shares for a payment consideration, solely at their own discretion.

<b>Type A</b>	2 Years from the Date of Allotment
<b>Type B</b>	3 Years from the Date of Allotment
<b>Type C</b>	4 Years from the Date of Allotment

#### **Conversion Mechanism**

At the conversion points, Debenture Holders at their own discretion shall convert a minimum of 10 debentures and thereafter in multiples of 10 debentures up to the maximum of 50% of their outstanding Debentures, to ordinary voting shares for a payment consideration. 10 Ordinary voting shares will be issued for 1 debenture converted. Therefore at the conversion, debenture holders will be issued a minimum of 100 shares and thereafter in multiples of 100 shares up to a maximum as determined by their outstanding debenture threshold of 50% of their holding.

The balance 50% or more of the outstanding Debentures will continue to be serviced in the manner specified in the Prospectus up to the date of Redemption.

Accordingly, the payment consideration for the shares arising from the conversion, will be at the Conversion Price less the cost of the debentures being converted, for which the Investor has already paid for at the price of LKR 85 per debenture. *(For worked examples, please refer Annexure II of the Prospectus)*

#### **Pricing**

The Conversion Price will be determined by extending a 10% discount to the simple average of the Volume Weighted Average Price (VWAP) of the Ordinary Voting Shares of BTE traded during the past 3 months period immediately preceding the date of entitlement for conversion. Ten (10) new shares will be allotted per one (1) debenture to be converted by the Investor.

Cost of the Debentures to be converted is determined by multiplying the number of Debentures to be converted with the Issue Price of the Debenture, at LKR 85. Accordingly, this cost of the converted debentures will be set-off against the total due from the investor, where he will only have to pay for the difference as payment consideration for the shares to be purchased via debenture conversion. *(For worked examples, please refer Annexure II of the Prospectus)*

No payment consideration will be required in the event the cost of the debentures to be converted is equal or more than the payment required on the shares being purchased. Under such circumstances no refunds will be made by the Company to the debenture holders.

**Issuance of Ordinary Voting Shares upon the occurrence of Conversion**

Upon the conversion of debentures to ordinary voting shares **at the discretion of the debenture holder**, BTE shall be required to issue & allot ordinary voting shares of the Company ranking equal and pari passu with the existing ordinary voting shares to the Debenture Holders. Interest in respect of debentures that are to be converted, will be accrued up to and including of the date of allotment of shares and will be paid to the debenture holder in the usual manner together with the coupon payment for the balance outstanding debentures, and no interest will accrue for the debentures converted to shares thereafter, **as those debentures will cease to exist.**

The CDS uploads pertaining to ordinary shares will be completed on the day of completion of two (02) years, three (03) years or four (04) years from the date of allotment of Debenture type A, B or C respectively. If this day is not a market day, then CDS uploads will be completed on the immediate market day prior to the day of completion of two (02) years, three (03) years or four (04) years from the date of allotment of Debenture type A, B or C respectively.

Consequently, over the period of two (2) to four (4) years from the date of allotment of Debentures, a maximum of 50,000,000 ordinary voting shares that could arise from conversions maybe listed on the CSE, if the debenture holders fully exercise their right of conversion.

**Market Announcements**

The Company will make the required market announcements at conversion points addressing the conversion process including the conversion price.

The Company will also make announcements with regard to the entitlement dates of each debenture type, **7 market days** prior to such date/s.

**Compliance with applicable laws and regulations**

Issue of any new ordinary voting shares via equity conversion would be carried out in compliance with the Articles of Association of the Company & relevant applicable laws and regulations of Sri Lanka. Further, this convertible debenture issue was approved via special shareholder resolution at the Extraordinary General Meeting (EGM) held on 31<sup>st</sup> December 2018.

**Partial or non-conversion of debentures to equity**

Debenture Holders will have the right to exercise the conversion option to convert only up to the maximum of 50% of outstanding Debentures to ordinary voting shares at stipulated conversion points.

Also debenture holders can convert less than 50% of the outstanding debentures subject to a minimum of 10 debentures or zero conversion at their own discretion. Accordingly, the outstanding debentures after conversion/s will be entitled to quarterly coupon payments up to the date of redemption in the usual manner. *(For worked examples, please refer Annexure II of the Prospectus)*

The Conversion time-lines shown below, applies commonly at the completion 2 years, 3 years and 4 years for Type A, Type B or Type C respectively.



- **Fifteenth (15<sup>th</sup>) Market day prior to the completion two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively**

The Debenture holders as at end of trading on this date are entitled to the conversion option. Accordingly, the CDS runs the system in order to identify the updated data base of the Debenture holders who are entitled to exercise the conversion option.

- **Fourteenth (14<sup>th</sup>) Market day prior to the completion two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively**

Based on the updated data base extracted from the CDS, the Registrars to the Issue will dispatch the documentation, which includes the Form of Application, containing information pertaining to the conversion mechanism, pricing, time plan, etc. to the relevant debenture holders via ordinary post.

Accordingly, any person who purchases debentures after the Entitlement date for Conversion relevant to the type of debentures he purchases, will not be entitled to convert for that type of debenture, as he has purchased the debentures after the Entitlement date for conversion.

- **Seven (07) to Fourteen (14) Market days prior to the completion two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively**

Debenture holders at their own discretion can decide to convert a minimum of 10 debentures and thereafter in multiples of 10 debentures up to the up to a maximum of 50% of their outstanding debentures to ordinary voting shares for a payment consideration.

Details pertaining to the required payment considerations for the Debenture conversions are given in Section 3.02 & Annexure II of the Prospectus.

Conversion Application Form and the Letter of Authorization to CDS properly and legibly filled in accordance with the instructions thereof, together with the payment consideration on application, if not remitted through RTGS transfer should be enclosed in a sealed envelope marked “**Bogawantalawa Tea Estates PLC – Debenture Issue 2019**” on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Issue at the below given address on or before 4.30 p.m. of the Seventh (7<sup>th</sup>) Market day prior to the completion two (02) years, three (03) years or Four (04) years from the date of Allotment of Type A, Type B and Type C respectively. Finalized dates will be informed to the relevant Debenture holders via CSE announcements seven market days prior to the dates of entitlement for conversions, and will also be stated in the Conversion Application Forms.

**PW Corporate Secretarial (Pvt) Ltd**  
No. 3/17, Kynsey Road,  
Colombo 08

The Registrars will bank the proceeds received together with the Debenture conversion application forms on a daily basis. RTSG transfers will also be accepted on a date specified in the Conversion Application Form up to the Seven (07) Market days prior to the

completion of two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively.

- **On or before (05) Market days prior to the completion of two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively**

CDS to complete the transfer of the applied convertible portion of the debentures from the Applicants' CDS Accounts in to the reserve account, in respect of the Applications that are received from the Registrars on a daily basis, and from the date of such transfer the debenture holder shall not be able to trade on that portion of debentures.

- **Fourth (4<sup>th</sup>) Market days prior to the completion of two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively**

The Company will resolve to allot shares to the applicants who have made valid applications for conversion subject to the realization of the payment.

- **On or before Three (03) Market days prior to the completion of two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively**

The registrars will forward to the CDS, the details of the shares to be allotted to the applicants' consequent to conversion of Debentures, so as to upload in their respective CDS Accounts.

- **On the day of completion of two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively,**

The CDS will finalize the uploads pertaining to the shares.

If the day of completion is not a market day, in such an event, on the Market day immediately prior to the date of completion of two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively

- **On the First (01<sup>st</sup>) Market day immediately after the completion two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively**

The Company will allot the shares and submit to the CSE a 'Declaration' as per the Listing rules, confirming the completion of the direct uploads and the listing of newly allotted shares resulting from the conversion of Debentures.

- **On the Second (02<sup>nd</sup>) Market day immediately after the completion two (02) years, three (03) years and Four (04) years from the date of Allotment of Type A, Type B and Type C respectively**

Listing and commencement of trading of the newly allotted shares resulting from the conversion of Debentures.

### 3.02 PAYMENT CONSIDERATION OF DEBENTURE CONVERSION

The Payment required in the debenture conversion process will be determined by netting off the cost of the Debentures to be converted from the share purchase price.

Share Purchase Price is arrived by extending a 10% discount to the simple average of the Volume Weighted Average Price (VWAP) of the Ordinary Voting Shares of BTE traded during 3 months period immediately preceding the date of entitlement for conversion. The resultant share purchase price calculated will be notified in the Debenture conversion Application Forms dispatched to the relevant debenture holders by the Registrars to the Issue.

Ten (10) new shares will be issued per one (1) debenture converted by the Investor.

Cost of the Debentures to be converted is determined by multiplying the No. of Debentures to be converted with the Issue Price of the Debenture, at LKR 85.

Please refer worked examples given in Annexure II of the Prospectus.

#### PAYMENT METHOD

Payment consideration required for the shares purchased shall be made either by cheque/s or bank draft/s drawn upon any licensed commercial bank operating in Sri Lanka or an RTGS transfer directly through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to the following:

a) **PAYMENTS BELOW LKR 100,000,000/-**

Should be supported by a cheque or bank draft. In such instances, each Application Form should be accompanied by only one cheque or bank draft and should be issued for the full amount of consideration.

Conversion Applications below LKR 100,000,000/- accompanied by multiple cheques or multiple bank drafts will be rejected at the outset.

Further no RTGS transfers will be accommodated for applications of below LKR 100,000,000/- unless under special circumstances, prior arrangements are made with the Managers to the Issue.

b) **PAYMENTS ABOVE AND INCLUSIVE OF LKR 100,000,000/-**

Conversion Application Form should be supported by either;

- RTGS transfer with value on the date specified in the Conversion Application Form. *(Please ensure to make prior arrangements with the Managers to the Issue / Registrars to the Issue pertaining to RTGS Transfers)*
- Multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/-

**Cash will not be accepted. Anyone wishing to pay cash should obtain a Bank Draft from a Licensed Commercial Bank in Sri Lanka.**

If there is a discrepancy in the amount payable and the amount specified in the Conversion Application Form & cheque / bank draft or in the RTGS transfer, the Conversion Application

will be rejected. *(For further explanations & clarifications on payment considerations to be made on debenture conversions, please refer **Annexure II** or contact the Managers to the Issue)*

### **CHEQUES OR BANK DRAFTS**

Cheques or bank drafts should be made payable to **“BOGAWANTALAWA TEA ESTATES PLC – DEBENTURE ISSUE 2019”** drawn on any licensed commercial bank in Sri Lanka and crossed **“Account Payee Only”** and must be honoured on the first presentation for the application to be valid.

All cheques / bank drafts received together with the conversion application for Debentures will be banked on a daily basis.

### **RTGS TRANSFERS**

In case of RTGS transfers (only for payments above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000) such transfer should be made to the credit of **“BOGAWANTALAWA TEA ESTATES PLC – DEBENTURE ISSUE 2019”** bearing account number **1000179819** at **Commercial Bank of Ceylon PLC, Foreign Branch**.

The applicable dates for RTGS transfers will be informed via CSE announcements and in the Conversion Application Forms.

The funds should be made available to the above account on or before the due date. Debenture holder should obtain a confirmation from his Bank, to the effect that arrangements have been made to transfer payment in full to the credit of **“BOGAWANTALAWA TEA ESTATES PLC – DEBENTURE ISSUE 2019”** bearing the account number **1000179819** at **Commercial Bank of Ceylon PLC, Foreign Branch** and such confirmation letter should be attached to the Conversion Application Form. No interest will be paid for such RTGS transfers.

### **REMITTANCE BY FOREIGN AND NON-RESIDENT INVESTORS**

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 **“Inward Investment Account” (IIA)** of the non-residents opened and maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by the Director Department of Foreign 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 IIA, should be attached to the Conversion Application Form to the effect that such payment through bank draft / RTGS has been made out of the funds available in the IIA.**

## 4.0 PROFILE OF THE COMPANY

### 4.01 CORPORATE BACKGROUND

Bogawantalawa Tea Estates PLC, also known as the Golden Valley of Ceylon Tea has been producing the finest teas since 1869. Under the privatization programme carried out by the Sri Lankan Government, Metrocorp Group through its subsidiary, Metropolitan Resource Holdings Ltd entered the plantation industry by acquiring the most lushes tea estates in this region. Accordingly, BTE was incorporated in 1992, operating as a quoted company in the Colombo Stock Exchange. To this date, cultivation and processing of tea remains as the principal activity of the Company.

Tucked in the midst of pristine montane forest reserves and situated at an elevation of approximately 4500 – 6000 feet above sea level facing the Eastern slopes of the choicest tea growing regions of Sri Lanka, the high grown tea estates of BTE are blessed with perfect microclimatic conditions to produce some of the finest all-rounded teas in the world, with its exquisite and unmatched character that is true to its origin. This has led BTE to achieve premium prices for its produce over other tea plantation companies in Sri Lanka. As per the official tea industry database maintained by SSP Bureau Services (Pvt) Ltd, which is compiled from data extracted from the Tea Board of Sri Lanka, the Company's Net Sales Averages (NSAs) are among the top five plantation companies in Sri Lanka.

BTE managing 11 high grown and 2 low grown tea estate covering over 7000 hectares of land with over 50 million carefully nurtured tea bushes produces over 28 million kilos of tender Greenleaf picked and processed by 8100 employees. Across 12 processing centres, BTE manufactures around 6.3 million kilos of made tea that produces over 3.15 billion cups of tea per annum.

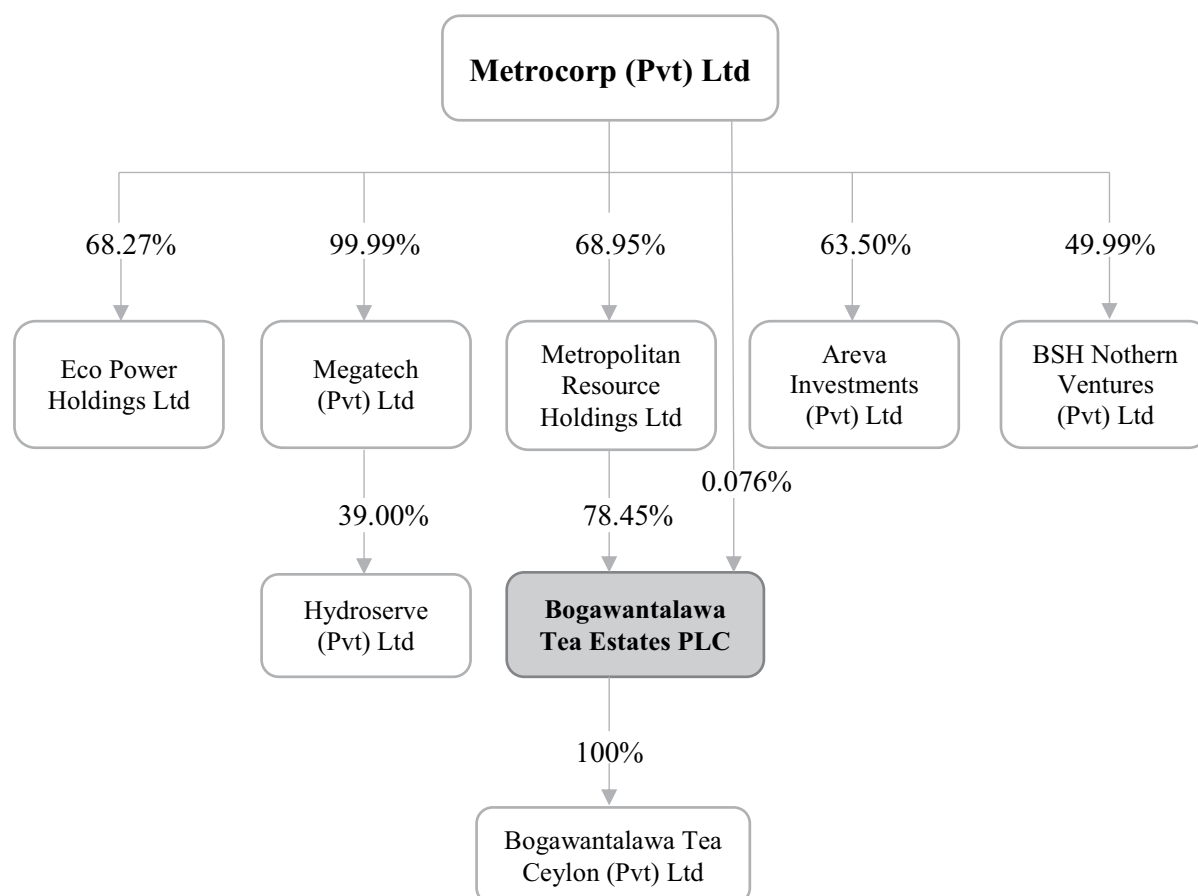
Producing a wide array of high and low grown teas ranging from Green, White, Gold, Oolong and Black, BTE through its garden to cup concept ensures full traceability to its origin and complete quality control through its value chain.

Adjudging from the certifications received by BTE, their commitment towards environmental sustainability has led the Company to be one of the world's first tea growing, manufacturing, and marketing company offering Uncompensated Carbon Neutral Teas from its state of the art carbon neutral facilities. Notably leading the way in sustainability and causing a paradigm shift in the tea industry and the manner in which it's viewed globally, BTE competing among the world giants was declared the winner under the category of "New Sustainable Product" at the Sustainable Food Awards 2018 in Amsterdam.

Through the privatization programme in 1992, the Company also acquired 17 rubber estates, located at Deraniyagala estates in Kegalle District, which are subleased through numerous strategic partnerships. Diversifying the business plan, BTE has recently ventured into palm oil and mixed development projects, targeting to grow over 1,500 acres of palm oil trees by 2020.

ICRA Lanka has assigned an issuer rating of [SL] BBB+ with negative outlook to Bogawantalawa Tea Estates PLC after considering numerous factors including strong brand name for high quality Ceylon Tea, its leading market position, strong track record and reputation in the industry, and most pertinently the strength and ability of obtaining financial support from its ultimate holding company, Metrocorp (Pvt) Ltd.

## 4.02 GROUP STRUCTURE



### **Metrocorp (Pvt) Ltd**

Formally known as Metropolitan Investment (Pvt) Ltd, which was incorporated in 1998 with diversified interest in agro industries, plantations, hydro power, water & environment and leisure sectors. The mini-hydropower segment (through Eco Power (Pvt) Ltd), is the largest revenue contributor of the Metrocorp Group. Currently, under the leisure sector, the Group manages 40 tourism related bungalows situated in their estates.

The Group has continuously expanded its business through organic as well as inorganic growth. Metrocorp Group along with BTE currently records a consolidated annual turnover of US\$ 25 million with total asset base exceeding over US\$ 117 million.

### **Metropolitan Resource Holdings Ltd**

Metropolitan Resource Holdings Ltd, which was incorporated in 2009 was a public quoted company until it obtained a delisting in July 2017. Management of plantations continues to be the principal activity of this company and presently has a majority equity investment in Bogawantalawa Tea Estates PLC.

### **Bogawantalawa Tea Ceylon (Pvt) Ltd**

Bogawantalawa Tea Ceylon Pvt Ltd (BTC) is the marketing arm of Bogawantalawa Tea Estates PLC (BTE). It primarily engages in the development of products for own and private labels, store brands and co-brands. With its state of the art production facilities BTC has the in-house capacity to produce the finest blends of tea and create a range of unique flavors, infusions and herbals. The company also specializes in providing a range of customized packaging options to best suit its customers. The 'Estate direct' business model ensures that Bogawantalawa Tea reaches its customers, garden fresh.

At present the products of BTC reaches over 2000 supermarket chains, retail stores and food service sectors across the world covering over 23 countries. Despite other key tea exporters who directly target Middle Eastern and CIS countries, BTE's key export destinations could be short listed to Japan, UK, Sweden and Netherlands. These export markets have helped the Company to mitigate common problems arising due to risks of political / economic instabilities.

### **Eco Power Holdings Ltd**

Generating sustainable energy using natural resources, Eco Power Holdings Ltd (Eco power) and its subsidiaries are one of the largest build, own and operate small hydropower generating group in Sri Lanka, owning and operating 11 plants in Sri Lanka with an installed capacity of 37 MW which is approximately 9% of the country's installed small hydropower capacity. (Source; Report on Present status of Non-Conventional Renewable Energy Sector – Ceylon Electricity Board) Further, Eco Power has 2 operational plants in Uganda with a combined capacity of 12 MW. This Company undertakes Engineering, Procurement and Construction Management (EPCM) contracts and Operations and Management (O & M) services of power plants.

### **Megatech (Pvt) Ltd**

Megatech is in operation since 1984, and engages in water purification, distribution, sewerage, waste water treatment & discharge and complete turnkey solutions for electromechanical content.

This Company's vast experience, proven track record of successfully completing large scale turn key projects together with the ISO certification, favoured them to be a trusted partner to key state institutions like National Water Supply & Drainage Board, Board of Investments (BOI) and Ceylon Petroleum Corporation as well as to act as the local partner for multinational organizations in the same sector.

### **Hydroserve (Pvt) Ltd**

Hydroserve (Pvt) Ltd was incorporated on 13<sup>th</sup> October 2010, for the supply and installation of machinery and equipment related to the water industry such as Chlorine systems, water pumps, air blowers, surge vessels, valves, couplings etc.

### **Areva Investments (Pvt) Ltd (Areva)**

Metrocorp Group ventured into the financial services sector by investing in Areva Investments (Pvt) Ltd, a specialized outfit in corporate finance and investment banking services. Areva's key business activities include Debt Issue Management, Equity Issue Management, Structuring short – term funding lines and secondary market debt trading.



### BSN Nothern Ventures (Pvt) Ltd

BHS Nothern Ventures (Private) Limited is a private limited liability company incorporated in 2013 and the company is engaged in the real estate property development industry.

#### 4.03 ACCREDITATIONS

Bogawantalawa Tea Estates PLC makes it a priority to ensure that the entire chain meets the highest international standards encompassing all its processes, eco-friendly practices, food hygiene, ethical principles or origin traceability. All accreditations obtained, stands as a testimony for the consistency and adherence to the good agricultural and manufacturing standards and continued commitment to excellence.



ISO 9001:2008



Rainforest Alliance



Ethical Tea Partnership



Fairtrade



Organic – USDA



Organic – EU



GMP and GHP



HACCP



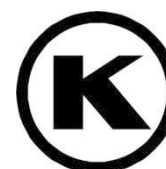
British Retail Consortium



ISO 22000:2005



ISO 9001:2015



Kosher

#### 4.04 FUTURE STRATEGIES

- **Expanding further into the leisure business via joint ventures.**

Presently BTE has entered into a joint venture agreement with Tea Trails (Pvt) Ltd, where four estate bungalows (Summerville, Castlreigh, Tienstin and Norwood) are sub leased to Tea



Trails (Pvt) Ltd on a payment of a fixed monthly lease rental and a variable lease rental of 5% of the total revenue over and above the revenue share threshold.

Future plans are underway to enter into a joint-venture agreement with Uga Escapes (Pvt) Ltd to develop unproductive estate land into high-end tourist destinations through sub-leases, where BTE will contribute to equity by providing the land and old unused premises and Uga Escapes (Pvt) Ltd will invest for the construction of the buildings. Two such projects are identified below;

- An old planters' bungalow in Wanarajah Estate will be converted to an upmarket resort and spa called 'Ugahills', which will consist of 29 luxury rooms in total. BTE will receive 2% of net turnover up to 7 years of operations and thereafter 1.50% of net turnover year on year. Further a minimum of 50% of the distributable profits will be received as dividends by BTE.
- Similar arrangements are being made to convert the closed down tea factory, Carfax in Lethenty Estate, facing the scenic Castlereigh reservoir to a luxury hotel.

This strategy is linked to the underlying assumption that a conducive environment is prevalent in the country for upmarket tourism and that there would be no resurgence of racial violence and war etc.

Risks of upmarket tourism declining due to political uncertainties, industrial relations issues, racial violence in the upcountry areas etc, would lower the occupancy levels of the hotels, which would mean that the future revenues, will not be received to the extent expected, by BTE.

- **Diversification of land unsuitable for tea/rubber cultivation, into fuelwood planting for commercial forestry and conservation forestry.**

Lands identified as unsuitable for planting tea/rubber have been diversified into plantation forestry and conservation forestry. Forestry nursery capacities are increased and the extent in forestry is expanded with forestry planting programmes in both up and low country estates. Last financial year witnessed the planting of 80,000 forestry plants and forestry nursery capacities increasing up to 160,000 plants per annum.

To protect biodiversity in the valley, diverse conservation programmes are being implemented with the participation of government organizations, school children, estate communities and villagers.

Protection of water shed areas & catchment areas, enrichment of biodiversity of estates & line gardens, trainings of estate staff and workers, awareness programmes for school children are being continued every year.

Apart from the additional revenue that is generated from the sale of the trees to construction and manufacturing Industries. The core assumption behind this strategy is that disposal of fuel wood and timber trees by Regional Plantation Companies will not be considered as an environmental threat, as the harvesting process is properly conducted in accordance with a Forestry Management Plan approved by the Department of Forest and Ministry of Plantation Industries, under the supervision of a number of government agencies.

The risks remain that due to environmental implications, government policies with regard to harvesting of timber in the country could change from time to time, which would adversely affect the revenues generated from this area.

- **Diversification of land in to oil palm cultivation**

BTE with a view to strengthening the operating business model and sustaining the plantations on the whole have launched an ambitious plan to develop its low country old rubber cultivated land in to oil palm cultivation of over 1000 hectares within a period of five years.

The Company has selected on diversifying in to oil palm mainly as oil palm has easily the lowest cost of production (COP) at just Rs.15 per kilogram of fresh fruit bunches, with a net sale average (NSA) of Rs.45 per kg of the same. By comparison Rubber commands a NSA of approximately Rs.300 per kg, but is hampered by a substantially lower margin given the rubber COP of Rs.250 per kg. The dynamics are further escalated when oil palm is compared with tea, which has a NSA of Rs.550 per kg, but also accounts for the highest COP; both of Sri Lankan plantation crops as well as when compared with tea productions in competing countries, at Rs.520 per kg. The fact that the average land productivity for tea and rubber in the regional plantation companies is only around 1,500 and 1,000 kg per hectare per annum respectively, also contributes to relatively low returns from these crops.

The superior potential of oil palm to reinvigorate the Sri Lankan plantation sector is undeniable. Growth in demand for palm oil in the world, even surpasses that of tea and rubber. Unlike tea or rubber, palm oil is cheaper to produce and requires far less land, and far less investment. The only other close competitor for vegetable oil in Sri Lanka, coconut, has a NSA and a COP of Rs.50 and Rs.15 per nut respectively. However, coconut produces a yield per hectare (YPH) of only 7,000 nuts, whilst oil palm produces 18,000 kg per hectare per annum.

In essence, oil palm is by far Sri Lanka's most profitable crop. Coconut generates revenues of Rs.245,000 per hectare per annum, while Tea and Rubber produces revenues of Rs.45,000 and Rs.50,000 respectively whereas oil palm generates revenues of Rs.514,000 per hectare per annum.

Given the stark differences in the profit making potential of these crops, the main assumption underlying this strategy is that the present and future governments of Sri Lanka, together with the plantation industry will have the ability to establish and manage oil palm cultivation in a manner that is sustainable for all stakeholders and for the environment as a whole.

The risks stemming from inconsistencies in government policy; especially with regard to obtaining land clearance for planting of oil palms, importation of seeds etc, due to the present political and social environment in Sri Lanka, could lead to slower expansion progress in this area and as a result lower than expected revenues generated.

- **Expanding further into non-conventional renewable energy projects such as solar power and wind power generation.**

Among the regional plantation companies, BTE presently owns the country's largest solar panel system, commissioning a capacity of 780kW and generating 1,092,360 kWh of power annually in aggregate, from five of its estates. The Green House Gases (GHG) emission reduction attributable to this is approximately 2,000 tons per annum.

Expanding further into this area, five more estates have been identified to harness solar power where the aggregate capacity commissioned would be 1,100kW, with annual power generation of 1,350,000 kWh.

Potential for wind power is also being evaluated in the Bogawantalawa valley in consultation with Sri Lanka's Sustainable Energy Authority.

The assumptions underlying this strategy would be that favourable factors for solar power generation would be prevalent most of the time, such as pleasant up-country weather patterns of ambient air temperature, lower levels of aerosols in atmosphere, cool wind and less Relative Humidity.

Risks associated with this strategy would be Climate Change, lower levels of solar irradiation, due to unfavourable weather patterns of rain and gloominess, which would lead to less solar power generation.

#### **4.05 STATED CAPITAL**

The detailed breakdown of the Stated Capital as at 31<sup>st</sup> March 2019 is given below;

No. of issued shares	83,750,001
Stated Capital (Rs.)	586,250,010

This includes one golden share held by the Secretary to the Treasury and the special rights vested with the golden shareholder is covered in the Articles of the Company.

The Company's capital structure does not include non-voting, preference or any other class of shares. Also the Company does not have any outstanding convertible debt securities.

There is no statutory restriction on the free transferability of securities.

#### **4.06 TOP TWENTY (20) SHAREHOLDERS OF THE COMPANY AS AT 31<sup>ST</sup> MARCH 2019**

<b>Name</b>	<b>No. of Shares</b>	<b>Percentage (%)</b>
Metropolitan Resource Holdings Ltd	53,889,067	64.35
Commercial bank of Ceylon PLC / Metropolitan Resource Holdings Ltd	11,812,500	14.10
Mr. D.A.D.E.S. Wickramanayake	9,468,778	11.31
Capital Trust Holdings Ltd	353,492	0.42
Seylan Bank PLC / Mohamed Mushtaq Fuad	222,832	0.27
Dr. R.D. Bandaranaike	196,909	0.23
Mr. M.M. Fuad	192,065	0.23
Mr. A.K. Seneviratne	119,271	0.14
Mrs. K.G.M. Pieris	100,000	0.12
Employees Provident Fund	81,724	0.10
Mr. R.E. Rambukwelle	79,275	0.10
Seylan Bank PLC/Jayantha Dewage	70,000	0.08
People's Leasing & Finance PLC / L.T.Samarawickrama	68,100	0.08
Commercial Bank of Ceylon PLC / Metrocorp (Pvt) Ltd	63,750	0.08
Kelmarsh Investments Limited	57,831	0.07

Katunayake Garments Limited	56,575	0.07
People's Merchant Finance PLC / M.M. Fuad	50,668	0.06
Mr. P.K.C.P. Samarasinghe	50,000	0.06
Mrs. F.F. Hanifa	49,471	0.06
Avondale Factories (Pvt) Ltd	46,801	0.06
Hatton National Bank PLC / Capital Trust Holdings Ltd	40,770	0.05
Others	6,680,121	7.97
<b>Total</b>	<b>83,750,000</b>	<b>100.00</b>

#### **4.07 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE**

The Related party Transactions Review Committee was established to ensure that necessary processes are in place to identify, approve, disclose and monitor related party transactions, in line with the applicable rules and regulations including the CSE Listing Rules. The Committee is responsible to ensure the related parties are treated on par with other shareholders of the Company.

The members of the Related party Transactions Review Committee are as follows;

Mr. G.V.M. Nanayakkara - Chairman (Independent non-executive Director)

Mr. S.A.S. Jayasundara - Member (Independent non-executive Director)

Mr. J. Molligoda – Member (Non-Executive Director)

## 5.0 FINANCIAL INFORMATION

The following financial information is hosted on the CSE web site [www.cse.lk](http://www.cse.lk) and [www.bogawantalawa.com](http://www.bogawantalawa.com);

- Audited financial statements of the Entity for the year ended 31<sup>st</sup> March 2018
- Interim Financial Statements of the Company for the period ended 31<sup>st</sup> March 2019
- Summarized financial statement for the five years commencing from 31<sup>st</sup> March 2014 to 31<sup>st</sup> March 2018 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.

### 5.01 DETAILS OF BORROWINGS OF BOGAWANTALAWA TEA ESTATES PLC AS AT 31<sup>ST</sup> MARCH 2019

TYPE OF BORROWINGS	LENDER	OUTSTANDING BAL. (RS.)
Bank Loans	National Development Bank PLC	86,700,947
	Commercial Bank of Ceylon PLC	335,799,552
	HNB Bank	238,005,000
Government Loan	Sri Lanka Tea Board	36,456,726
Commercial Papers	Multiple	54,326,091

Other than the Borrowings tabulated above, the Company does not possess any outstanding convertible debt or any other debt securities as at 31<sup>st</sup> March 2019.

In 2009/2010 the Company issued unsecured, redeemable private debentures of Rs. 100 million to Plantation Trust Fund, which was fully repaid by June 2015.

### 5.02 KEY FINANCIAL RATIOS IN RELATION TO DEBT CAPITAL

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19 (Unaudited)
Interest Cover Ratio	0.42	2.11	2.50	2.83	2.87	0.91
Debt to Equity Ratio	1.13	1.02	1.10	0.85	0.68	0.56

### **5.03 LITIGATION, DISPUTES AND CONTINGENT LIABILITIES**

Provision for gratuity for the financial year 2017/2018 has been determined based on the latest actuarial valuation report issued on 28/05/2018 which was done by Actuarial & Management Consultants (Pvt) Ltd. The provision in respect of gratuity liabilities of existing employees as at 31st March, 2018 is LKR 631,237,454 (company). If the company had provided for gratuity on the basis of fourteen days wages and half month salary for each completed years of service in line with the payment of Gratuities Act No. 12 of 1983, the liability would have been LKR 726,349,480. Hence, there is a contingent liability of LKR 95,112,026 which would crystallize only if the company ceases to be a going concern.

The contingencies in respect of pending litigations in Labour Tribunals are not expected to crystallize in a material liability to the company/group and no other contingent liabilities exist as at the date of the statement of financial position other than those disclosed in the note no. 40.1 of the financial statements 2018/19 and circumstances disclosed below;

- The company has provided a corporate guarantee on behalf of Bogawantalawa Tea Ceylon (Pvt) Ltd amounting to US \$ 1,685,000 and LKR.25,000,000 to Commercial Bank of Ceylon PLC.
- As per the assessment (dated 11.06.2012) issued to the company by the Department of Inland Revenue, additional VAT liabilities amounting to LKR 20.5 million would crystalize. The tax appeal no. TAC/VAT/04/2014 has been made by the company and awaiting for final determination from the Tax Appeal Commission.

## 6.0 STATUTORY DECLARATIONS

### 6.01 STATUTORY DECLARATION BY THE DIRECTORS

**21<sup>st</sup> June 2019**

We, the undersigned who are named as Directors of the Company, in the Prospectus issued by Bogawantalawa Tea Estates PLC ‘The Company’ in connection with its issue of 10,000,000 Senior, Listed, Rated, Convertible, Unsecured, Redeemable LKR 100 debentures issued at LKR 85 each, to raise an amount of LKR 850,000,000 - hereby declare and confirm that we have seen and read the provisions of the Companies Act No.07 of 2007 and the Listing Rules of CSE relating to the issue of the Prospectus and those provisions have been complied with.

This Prospectus has been seen, read and approved by the Directors of the Company and we 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 our 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 Company have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time in our best judgement.

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

Mr. D.J. Ambani	Co-Chairman	Sgd.
Mr. L.J. Ambani	Co-Chairman	Sgd.
Mr. J. Molligoda	Non-Executive Deputy Chairman	Sgd.
Mr. L.H. Munasinghe	Executive Director	Sgd.
Mr. C.M.O. Haglind	Non-Executive Director	Sgd.
Mr. D.A. de Silva Wickramanayake	Non-Executive Director	Sgd.
Mr. S.A.S. Jayasundara	Independent Non-Executive Director	Sgd.
Mr. G.V.M. Nanayakkara	Independent Non-Executive Director	Sgd.

## **6.02 STATUTORY DECLARATION BY THE MANAGERS TO THE OFFERING**

**21<sup>st</sup> June 2019**

We, Areva Investments (Pvt) Ltd, of No. 11, Haig Road, Colombo 04, being Managers to the Bogawantalawa Tea Estates PLC debenture issue of 10,000,000 Senior, Listed, Rated, Convertible, Unsecured, Redeemable LKR 100 debentures issued at LKR 85 each, to raise an amount of LKR 850,000,000 - hereby declare and confirm to the best of our knowledge and belief and based on the information provided to us by the Company, the Prospectus constitutes full and true disclosure of all material facts about the Issue and about Bogawantalawa Tea Estates PLC, whose Debentures are being listed.

Signed by two authorized Signatories of Areva Investments (Pvt) Ltd, at Colombo on the 21<sup>st</sup> June 2019.

(Sgd.)  
Ms. Anoma Bandara  
Director / CEO

(Sgd.)  
Ms. Gayanthi Perera  
Senior Manager – Corporate Finance





## ICRA Lanka reaffirms [SL]BBB+ ratings of Bogawantalawa Tea Estates PLC; Outlook revised to Negative from Stable

May 15, 2019

Instrument*	Current Rated Amount (LKR Mn)	Rating Action
Issuer Rating	N/A	[SL]BBB+ reaffirmed; Outlook revised to Negative from Stable
Proposed Senior Convertible Unsecured Redeemable Debentures Programme	LKR 850 Mn	[SL]BBB+ reaffirmed; Outlook revised to Negative from Stable

### Rating action

ICRA Lanka Limited, Subsidiary of ICRA Limited, Group company of Moody's Investors Service, has reaffirmed the issuer rating of [SL]BBB+ (pronounced S L triple B plus) for Bogawantalawa Tea Estates PLC ("BTE" / "the Company"). The outlook of the rating has been revised to Negative from Stable. ICRA Lanka has also reaffirmed the Issue Rating at [SL]BBB+ (pronounced S L triple B plus) for the Company's proposed Senior Convertible Unsecured Redeemable Debenture programme, amounting to LKR 850 Mn, while the Outlook has been revised to Negative from Stable.

### Rationale

ICRA Lanka has taken a consolidated view on Bogawantalawa Tea Estates PLC and its subsidiary-Bogawantalawa Tea Ceylon (Pvt) Ltd, given the significant operational and financial linkages among them.

The reaffirmed ratings primarily factor in the Company's strong brand name, which is synonymous with high quality Ceylon Tea and the leading position in the Sri Lankan tea plantation industry. ICRA Lanka takes into account the experience of the promoters, the Company's strong track record and reputation in the industry which have enabled the Company to enjoy steady access to funding from financial institutions. Moreover, since Metrocorp group considers its plantation sector as a strategically important sector due to its environmental sustainability and carbon neutrality objectives, the assigned ratings factor Metrocorp group's consolidated financial strength and the ability of the group to provide any financial support towards the plantation sector. Bogawantalawa tea estates are situated in the Golden Valley located in the central hills of Sri Lanka. This has not only helped the Company to produce high quality tea, but also to command premium prices over other tea plantation companies in Sri Lanka.

However, the revision of the rating outlook to Negative from Stable, is on account of moderation in the financial profile of BTE at the consolidated level during 9MFY2019 as well as the current macro challenges faced by the plantation sector. During FY2017, and FY2018, the Company's tea production was affected negatively due to adverse weather conditions that prevailed during these periods. However, during these periods, the Company's net realizations (NSAs) have increased to LKR 540/Kg in FY17 and LKR 620/Kg in FY18 and this has in turn helped the Company to cushion the impact from the overall reduction in tea productions during these periods. Similarly, during 9MFY19, the adverse (inconsistent) weather conditions have continued and the Company's tea production has been affected. In contrast, during this period, the Company's net realizations (NSAs) have declined by YOY 10-12% to LKR 560/Kg, resulting in reduced profitability margins of the Company during this period; the Company's revenue has declined by ~YOY 10-11% to LKR 2,404 Mn in 9MFY2019. During this period, the Company's PAT has declined to LKR 36 Mn compared to LKR 163 Mn in FY2018. The Company's capital structure remains moderate due to declining profitability margins and increasing debt level, with gearing of 0.38x in FY18 and 0.60x in 9MFY19. The



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impact from the recent wage hike, which was implemented from early CY2019, is also expected to affect the overall financial performance going forward. However, the Company is planning to implement several cost saving measures and thereby, the impact from the recent wage hike is expected to be reduced to an extent. ICRA Lanka also notes that the Company's debt metrics is likely to be moderated to an extent in the short term, post the proposed convertible debenture programme, notwithstanding these funds being expected to be utilized largely in the Company's efficiency/productivity improvement measures such as replantation and the settlement of short term debts.

Historically, the Company's high grown tea segment has accounted for ~95% of the total revenue and therefore, ICRA Lanka takes note of the Company's recent/ongoing diversification initiatives into the new segments such as specialty tea varieties, timber plantations, and oil palm cultivation. The proposed convertible debenture programme will further help the Company to accelerate these capital expenditure programmes, going forward.

The financial performance of Bogawantalawa Tea Ceylon (Pvt) Ltd (BTC) has been negative over the past several years largely due to operational losses in the local division. Therefore, the ability of the Company to successfully turnaround this operation in the medium term, will remain as a concern.

### Key rating drivers

#### Credit strengths

**Experience of the promoters and the group support:** The assigned ratings consider favourably the experience of the management team and BTE's strong operational track record, which have enabled the Company to record healthy growth in revenues and profits over the past several years. ICRA Lanka also draws comfort from the experience of the promoters, who are actively engaged in the strategic decisions of Bogawantalawa Tea Estates PLC and the reputation in the industry, which have helped the Company to enjoy steady access to funding both from the capital markets as well as financial institutions that have supported its growth over the years. The Company's strong corporate governance structure adds further comfort for the reaffirmed ratings.

**Attractive NSA levels;** The Company's NSAs are among the top three plantations companies in Sri Lanka and further, the Company's estate level NSAs are well diversified. However, during 9MFY2019, the overall average tea prices (for high grown tea) have declined by 10% to LKR 575 from LKR 620/Kg in FY2018. This was largely attributable to tea import restrictions, imposed by Japanese authorities (due to higher MRL levels of MCPA chemicals, after banning widely used Weedicide-Glyphosate in Sri Lanka). Moreover, the political/economic instabilities of Ceylon tea importing key markets/regions (such as Middle Eastern and CIS countries) have also contributed to this reduction in average NSAs. However, the management is confident that the average NSAs (for their tea produce) would be further increased by ~ LKR 50/Kg in FY2020, after further enhancing the quality-standards of their tea productions (through the manufacturing/plucking processes). Further, the Company intends to market their quality standard as Bogawantalawa teas are produced from the globally famous-Golden Valley of Ceylon. Therefore, the ability of the management to successfully market their tea produce (through the quality enhancement exercise) and thereby increase the average NSAs as envisaged, remains to be reviewed in the future.

**Strong revenue visibility amidst the diversification Strategy:** the Company intends to further develop highly demanded specialty tea varieties (such as oolong and organic tea varieties) going forward although this market segment is still at initial stages. The proposed convertible debenture programme will help accelerate the Company's replanting exercises (for tea and other crops) and therefore, ICRA Lanka will





continue to monitor the progress of the Company's capital development programmes going forward. The Company also continues to invest in timber plantations in its low country estates; these biological assets are valued on annual basis and the fair value of these trees were valued at LKR 839 Mn as at 31st March, 2018. Going forward, this segment will be a major income generator of the Company, as certain regulations preventing the harvesting of timber trees, have now been resolved by the Company. Given, the Company's tea plant-age profile, which represents relatively older tea plants in the tea plantation estates, ICRA Lanka envisages that the Company's ongoing replantation/infilling exercises should be further accelerated, post the proposed convertible debenture programme, besides the Company's increased long term capital commitments towards new oil palm projects.

### Credit challenges

**Cyclical nature of the plantation industry, leading to risk of volatile cash flows:** Plantation industry is cyclical in nature and the exposure to adverse weather conditions, impacts the net realizations (due to quality variations) as well as tea production. During past two years, Sri Lanka's tea production has declined by 10-13% (from the normal production levels during CY2010-CY2016) due to adverse weather conditions that prevailed during these periods. Moreover, during 9MFY2019, the adverse weather conditions have further continued and therefore, again, the country's tea production levels have been negatively affected. However, Company's yield levels are relatively higher than the national average due to ongoing replantation exercises.

The Company's operations are also exposed to regulatory risks, including changes in interest rates, changes in agricultural practices & policies etc. However, ICRA Lanka notes Sri Lankan tea plantation industry's position as a major foreign exchange earner and employer in the country and therefore, the government's policy towards this industry will tend to be supportive, as in the past. Moreover, given the tea plantation industry in Sri Lanka is an export oriented industry, the Company's net realizations (NSAs) are indirectly benefited by the Sri Lankan Rupee depreciation.

**Increased cost of Production due to periodic wage hikes:** the increased labour costs and lower productivity levels have negatively affected the performance of the tea plantation industry over the past several years. The labour cost represents around 60-70% of the Company's production cost. The collective labour agreement (between the plantations workers' unions and the Regional Plantation Companies (RPCs)) was renewed in early CY2019. The plantations unions have agreed for a total wage of LKR 855/day. According to the new wage agreement, the productivity based incentive scheme, which was introduced in Oct 2016, has been excluded. However, according to the management, this is unlikely to negatively affect their productivity levels as most estates of the Company have lower norm levels (average tea plucking-targets per day per worker). Notwithstanding, the Company's recent efficiency improvement measures, the risk of margin erosion due to periodical wage hikes is high and is accentuated by BTE's volatile operating profit margins. Therefore, the ability of the management to manage the increased labour costs without affecting the Company's tea productions is key towards improving the overall profitability indicators and therefore, this is a rating sensitivity to the reaffirmed ratings.

**Moderation in Financial Profile:** BTE's revenues have increased at a compounded annual growth of 1.2% over the last five years (FY2012-FY2018) driven by the sharp Increase (9.3% annual growth) in average NSAs. The Company has recorded a PAT of LKR 94 Mn in FY 2017 and LKR 163 Mn in FY2018, as against LKR 36 Mn in 9MFY2019. The Company's capital structure has moderated on account of declining profitability margins and relatively high debt level. The debt profile of the Company is largely skewed towards long term loans, with the same contributing to over 65% of the debt outstanding in 9MFY2019. BTE's cash flows and coverage metrics have also moderated in 9MFY2019, stemming from reduced



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profitability, and consequently, the moderation in debt levels. However, the Company is likely to further increase its capital expenditure plan on replantation and revenue diversifications projects through the proposed convertible debenture programme. This would exert some pressure on the debt coverage metrics to an extent in the short to medium term.

**Negative financial performance of the Subsidiary:** Financial performance of Bogawantalawa Tea Ceylon (Pvt) Ltd (BTC) has been negative over the past several years largely due to operational losses in the local division, which is approximately 25-30% of the Company's revenue. The losses in the local operation is attributable to the increased competitive landscape in Sri Lankan market. Moreover, BTC has been strategically investing in the distribution system during past two years. Over the past few years, BTE has not provided any direct capital support for Tea Ceylon (Pvt) Ltd. However, during 9MFY2019, the financial losses at BTC has been further contained and therefore, BTC is expected to turnaround in FY2020. This will also help the Company to limit its financial support towards the marketing operation going forward. Therefore, the ability of the Company to successfully manage and turnaround the marketing operation in the medium term remains to be reviewed.

**Analytical approach:** For arriving at the ratings, ICRA has applied its rating methodologies as indicated below.

**Links to applicable criteria:** [www.icralanka.com/images/pdf/Corporate%20Rating%20Methodology.pdf](http://www.icralanka.com/images/pdf/Corporate%20Rating%20Methodology.pdf)

#### **About the Company:**

Bogawantalawa Tea Estates has been producing predominantly high grown tea since 1869 from the Golden Valley located in the central hills of Sri Lanka and manages over 6,000 hectares of land (with 11 estates). After the privatization of the plantation estates in 1992 by the Sri Lankan Government, Metrocorp group, through Metropolitan Resource Holdings Plc (MRH) acquired the Bogawantalawa tea estates (along with some rubber estates). However, during 2002/03, the management decided to fully focus on the tea plantation business and therefore, 17 rubber estates were subleased to Lalan Rubber (Pvt) Ltd. Therefore, currently, the Company's operation is largely limited to the production of high grown tea (the Company has only one low grown tea estate, and the low grown tea production of this estates is about 5-7% of the total tea production). BTE was incorporated in 1992, and is today a public quoted Company listed on the Colombo Stock Exchange. Metropolitan Resource Holdings PLC (MRH) is the plantation agent of Bogawantalawa Tea Estates PLC and currently MRH owns a 79% stake in Bogawantalawa Tea Estates PLC.

Bogawantalawa Tea Ceylon Pvt Ltd (BTM) is the marketing arm and a fully owned subsidiary of Bogawantalawa Tea Estates PLC. BTC markets a wide range of black and green tea in packets and tea bags. The Company's product range includes flavoured, herbal and bulk forms. BTC is one of the largest and preferred suppliers of tea and herbs from Sri Lanka to many prestigious global supermarket chains and large scale food & beverage distributors.

#### **About the Group:**

Metrocorp (Pvt) Ltd, formerly known as Metropolitan Investment (Pvt.) Ltd, was established in 1994 and has diversified interests in Agro Industries, Plantations, Hydro power, Water and Environment, Office Automation and Leisure Sectors. The mini-hydropower segment (through Eco Power (Pvt) Ltd), is the largest revenue contributor of Metrocorp Group. Eco Power (Pvt) Ltd is now expanding rapidly in the overseas market, particularly in the African and East Asian regions. Eco Power has a total installed capacity of 75MW of which 37 MW installed capacity (12% of Sri Lanka's installed mini hydro power capacity) is based in Sri Lanka, while the balance is in overseas projects. Currently, under the leisure sector, Metrocorp group manages 40 tourism related bungalows based in their tea estates. The group has continuously





expanded its businesses through an organic as well as inorganic growth. Metrocorp Group along with BTE currently has an asset base of US\$ 120.8 Mn and consolidated revenues of US\$ 26.5 Mn in FY18.

### Key Consolidated financial indicators (audited)

Revenue and profitability indicators-Figs are in LKR Mn	FY14	FY15	FY16	FY17	FY18	9MFY19*
Operating Income	4,109.5	4,464.9	4,327.7	4,368.2	4,933.0	3,404.3
OPBDITA	115.2	209.5	178.9	308.5	435.5	246.0
PAT	-28.7	131.5	-1.3	61.8	41.7	-4.0
ROCE (%)	9.7%	12.3%	5.4%	9.5%	14.3%	5.6%
NWC / OI(%)	-27.7%	-26.7%	-25.0%	-26.6%	-15.7%	-20.8%
Total Debt	1,231.1	1,261.6	1,420.0	1,340.6	1,399.5	1,786.6
Networth	1,007.0	1,096.7	1,204.0	1,383.0	1,482.3	1,478.4
Gearing (x)	1.2	1.2	1.2	1.0	1.0	1.2
OPBDITA/Interest & Finance Charges(x)	1.2	1.9	1.5	1.9	2.3	1.9
Total Debt/OPBDITA (x)	10.7	6.0	7.9	4.3	3.2	5.4

Note;-\* Unaudited Financials

### Rating history for last three years:

Instrument	Amount Rated	Current Rating (FY19) Date & Rating in April 2019	Chronology of Rating History for the past 3 years				
			Date & Rating in July 2018	Date & Rating in FY 2018 March 2018	Date & Rating in FY 2017 April 2017	Date & Rating in FY 2016 July 2016	Date & Rating in FY 2015
Issuer rating	N/A	[SL]BBB+ (Negative)	[SL]BBB+ (Stable)	[SL]BBB+ (Stable)	NA	NA	NA
Proposed Senior Convertible Unsecured Redeemable Debentures	LKR 850 Mn	[SL]BBB+ (Negative)	[SL]BBB+ (Stable)	NA	NA	NA	NA

### ANALYST CONTACTS

Mr. Danushka Perera,  
+94-77-4781591  
[danushka@icralanka.com](mailto:danushka@icralanka.com)

Mr. Sai Krishna  
+91 44 45964304  
[sai.krishna@icraindia.com](mailto:sai.krishna@icraindia.com)

### RELATIONSHIP CONTACT

Mr. W. Don Barnabas  
+94 11 4339907  
[wdbarnabas@icraindia.com](mailto:wdbarnabas@icraindia.com)



*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 – CONVERSION MECHANISM

In order to simplify the debenture conversion mechanism, please find below given examples;

**Example 1 - FULLY EXERCISES THE CONVERSION ALLOCATION FOR TYPE A, WHERE AN INVESTORS' OUTSTANDING NUMBER OF DEBENTURES ARE 50,000 DEBENTURES, WHERE HE CONVERTS HIS FULL 50% ENTITLEMENT OF 25,000 DEBENTURES**

**Example 11 - PARTIALLY EXERCISES THE CONVERSION ALLOCATION FOR TYPE A, WHERE AN INVESTORS' OUTSTANDING NUMBER OF DEBENTURES ARE 50,000 DEBENTURES, WHERE HE CONVERTS ONLY 10,000 DEBENTURES**

**Example 1 - FULLY EXERCISES THE CONVERSION ALLOCATION FOR TYPE A, WHERE AN INVESTORS' OUTSTANDING NUMBER OF DEBENTURES ARE 50,000 DEBENTURES, WHERE HE CONVERTS HIS FULL 50% ENTITLEMENT OF 25,000 DEBENTURES**

The pre-set conversion point, for Type A is at the completion of 2 years from the Date of Allotment.

- *Investors' Debenture conversion entitlement to Ordinary Voting Shares would be:*

**A minimum of 10 debentures and thereafter in multiples of 10 debentures up to a maximum of 25,000 debentures** are entitled to be converted to Ordinary Voting Shares, where 10 shares are issued for 1 debenture held.

No. of Shares entitled to be received                      - 25,000 \* 10                      = 250,000 Shares

**(Therefore a minimum of 100 shares and thereafter in multiples of 100 shares up to a maximum of 250,000 shares can be issued in this instance)**

- *Conversion Price*

Build in the discount of 10% to the Volume Weighted Average Price (VWAP) of BTE shares traded during the past 3 months period immediately preceding the entitlement date of conversion. (The accurate price will be contained in the Conversion Application Form). For calculation purposes we assume the VWAP was recorded at LKR 12.00

Conversion Price    - LKR 12.00 \* 0.90    =                      LKR 10.80

- *Payment consideration for the equity conversion*

Value of the shares issued via conversion                      - 250,000 \* LKR 10.80                      = LKR 2,700,000

Less

*Cost incurred on the Debentures to be converted* - 25,000 \* LKR 85                      = LKR (2,125,000)

***Net Payment consideration required at the conversion*    =                      LKR 575,000**

- ***Outstanding Debentures not converted to Shares***

The balance 50% of outstanding Debentures, i.e. 25,000 debentures will continue till maturity earning quarterly coupons as described in the Prospectus.

**Example 11 - PARTIALLY EXERCISES THE CONVERSION ALLOCATION FOR TYPE A, WHERE AN INVESTORS' OUTSTANDING NUMBER OF DEBENTURES ARE 50,000 DEBENTURES, WHERE HE CONVERTS ONLY 10,000 DEBENTURES**

The pre-set conversion point, for Type A is at the completion of 2 years from the Date of Allotment,

- ***Investors' Debenture Conversion entitlement to Ordinary Voting Shares***

**A minimum of 10 debentures and thereafter in multiples of 10 debentures up to a maximum of 25,000 debentures** are entitled to be converted to Ordinary Voting Shares in this instance, where 10 shares are issued for 1 debenture held.

No. of Shares entitled to be received - 25,000 debentures \* 10 = 250,000 Shares

**(Therefore, a minimum of 100 shares and thereafter in multiples of 100 shares up to a maximum of 250,000 shares can be issued in this instance)**

However Investor converts only - 10,000 debentures \* 10 = 100,000 Shares

- ***Conversion Price***

Build in the discount of 10% to the Volume Weighted Average Price (VWAP) of the Ordinary Voting Shares of BTE traded during the past 3 months period immediately preceding the Entitlement date of conversion. (The accurate price will be contained in the Conversion Application Form. For calculation purposes we assume the VWAP was recorded at LKR 12.00.

Conversion Price - LKR 12.00 \* 0.90 = LKR 10.80

- ***Payment consideration for the equity conversion***

Value of the shares issued via conversion - 100,000 \* LKR 10.80 = LKR 1,080,000

Less

Cost incurred on the Debentures to be converted - 10,000 \* LKR 85 = LKR (850,000)

**Net Payment consideration required at the conversion = LKR 230,000**

- ***Outstanding Debentures not converted to Shares***

After converting 10,000 Debentures, the balance 40,000 Debentures outstanding will continue till the maturity earning quarterly coupons as described in the Prospectus.



**ANNEXURE III – MONTHLY CONTRIBUTIONS TO THE SINKING FUND**

<b>Month</b>	<b>Monthly Contributions To the Sinking Fund</b>
0	50,000,000.00
1	8,277,012.86
2	8,277,012.86
3	8,277,012.86
4	8,277,012.86
5	8,277,012.86
6	8,277,012.86
7	8,277,012.86
8	8,277,012.86
9	8,277,012.86
10	8,277,012.86
11	8,277,012.86
12	8,277,012.86
13	8,277,012.86
14	8,277,012.86
15	8,277,012.86
16	8,277,012.86
17	8,277,012.86
18	8,277,012.86
19	8,277,012.86
20	8,277,012.86
21	8,277,012.86
22	8,277,012.86
23	8,277,012.86
24	8,277,012.86
25	8,277,012.86
26	8,277,012.86
27	8,277,012.86
28	8,277,012.86
29	8,277,012.86
30	8,277,012.86
31	8,277,012.86
32	8,277,012.86
33	8,277,012.86
34	8,277,012.86
35	8,277,012.86
36	8,277,012.86
37	8,277,012.86
38	8,277,012.86
39	8,277,012.86
40	8,277,012.86
41	8,277,012.86
42	8,277,012.86

<b>Month</b>	<b>Monthly Contributions To the Sinking Fund</b>
43	8,277,012.86
44	8,277,012.86
45	8,277,012.86
46	8,277,012.86
47	8,277,012.86
48	8,277,012.86
49	8,277,012.86
50	8,277,012.86
51	8,277,012.86
52	8,277,012.86
53	8,277,012.86
54	8,277,012.86
55	8,277,012.86
56	8,277,012.86
57	8,277,012.86
58	8,277,012.86
59	8,277,012.86
60	8,277,012.86
61	4,853,555.79
62	4,853,555.79
63	4,853,555.79
64	4,853,555.79
65	4,853,555.79
66	4,853,555.79
67	4,853,555.79
68	4,853,555.79
69	4,853,555.79
70	4,853,555.79
71	4,853,555.79
72	4,853,555.79
73	2,245,593.99
74	2,245,593.99
75	2,245,593.99
76	2,245,593.99
77	2,245,593.99
78	2,245,593.99
79	2,245,593.99
80	2,245,593.99
81	2,245,593.99
82	2,245,593.99
83	2,245,593.99
84	2,245,593.99

## ANNEXURE IV – COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

<p><b>Managers to the Issue</b></p> <p><b>Areva Investments (Pvt) Ltd</b> No. 11, Haig Road Colombo 04 T: +94 11 2599682 - 5 F: +94 11 2599687</p>	<p><b>Registrar to the Issue</b></p> <p><b>PW Corporate Secretarial (Pvt) Ltd</b> No. 3/17, Kynsey Road, Colombo 08 T: 94-11-4640360 F: 94-11-4740588</p>
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### Members of the CSE

<p><b>Acuity Stockbrokers (Private) Limited</b> No. 53, Dharmapala Mawatha, Colombo 03 T: +94 11 2206206 F: +94 11 2206298-9 E: <a href="mailto:sales@acuitystockbrokers.com">sales@acuitystockbrokers.com</a></p>	<p><b>Asha Securities Limited</b> No. 60, 5<sup>th</sup> Lane, Colombo 03 T: +94 11 2429100 F: +94 11 2429199 E: <a href="mailto:asl@ashasecurities.net">asl@ashasecurities.net</a></p>
<p><b>Asia Securities (Private) Limited</b> 4<sup>th</sup> Floor, Lee Hedges Tower, No.349, Galle Road, Colombo 03 T: +94 11 7722000 F: +94 11 2372280 E: <a href="mailto:marketinfo@asiasecurities.lk">marketinfo@asiasecurities.lk</a></p>	<p><b>Assetline Securities (Private) Limited</b> No. 120, 120A, Pannipitiya Road, Battaramulla T: +94 11 4700100 F: +94 11 4700101, +94 11 4700112 E: <a href="mailto:info@assetline.lk">info@assetline.lk</a></p>
<p><b>Bartleet Religare Securities (Private) Limited</b> Level "G", "Bartleet House" No. 65, Braybrooke Place, Colombo 02 T: +94 11 5 220 200 F: +94 11 2 434 985 E-mail: <a href="mailto:info@bartleetstock.com">info@bartleetstock.com</a></p>	<p><b>Capital Trust Securities (Private) Limited</b> No. 42, Mohamed Macan Markar Mawatha, Colombo 03 T:+94 11 2174174, +94 11 2174175 F:+94 11 2174173 E: <a href="mailto:inquiries@capitaltrust.lk">inquiries@capitaltrust.lk</a></p>
<p><b>CT CLSA Securities (Private) Limited</b> 4-14, Majestic City, No. 10, Station Road, Colombo 04 T: +94 11 2552290-4 F: +94 11 2552289 E: <a href="mailto:info@ctclsa.lk">info@ctclsa.lk</a></p>	<p><b>First Capital Equities (Private) Limited</b> No. 2, Deal Place, Colombo 03 T:+94 11 2639898 F:+94 11 5736264 E: <a href="mailto:equity@firstcapital.lk">equity@firstcapital.lk</a></p>
<p><b>John Keells Stockbrokers (Private) Limited</b> No. 186, Vauxhall Street, Colombo 02 T: +94 11 2306250 F: +94 11 2342068 E: <a href="mailto:jkstock@keells.com">jkstock@keells.com</a></p>	<p><b>J B Securities (Private) Limited</b> No. 150, St Joseph Street, Colombo 14 T: +94 11 2490900 F: +94 11 2430070 E: <a href="mailto:jbs@jb.lk">jbs@jb.lk</a></p>

<p><b>Lanka Securities (Private) Limited</b> No. 228/1, Galle Road, Colombo 04 T: +94 11 4706757, 2554942 F: +94 11 4706767 E: <a href="mailto:info@lankasec.com">info@lankasec.com</a></p>	<p><b>Nation Lanka Equities (Private) Limited</b> No. 44, Guildford Crescent, Colombo 07 T: +94 777630624,773030885,776521001 F: +94 11 2 688 899 E: <a href="mailto:info@nlequities.com">info@nlequities.com</a></p>
<p><b>NDB Securities (Private) Ltd</b> Level 2, NDB Capital Building, No. 135, Bauddhaloka Mawatha, Colombo 04 T: +94 11 2131000 F: +94 11 2314181 E: <a href="mailto:mail@ndbs.lk">mail@ndbs.lk</a></p>	<p><b>SC Securities (Private) Limited</b> 5<sup>th</sup> Floor, 26 B, Alwis Place, Colombo 3 T: +94 11 4711000-1 F: +94 11 2394405 E: <a href="mailto:itdivision@sampathsecurities.lk">itdivision@sampathsecurities.lk</a></p>
<p><b>Somerville Stockbrokers (Private) Limited</b> 1A, Park Way, Park Road, Colombo 05 T: +94 11 2502852 / 54 / 58 F: +94 11 2502596 E: <a href="mailto:ssb-web@sltnet.lk">ssb-web@sltnet.lk</a></p>	

**Trading Members (Equity)**

<p><b>Candor Securities Limited</b> Level 8, South Wing 'Millennium House', No. 46/58 Nawam Mawatha, Colombo 02 T: +94 11 2359 100 F: +94 11 2305 522 E: <a href="mailto:info@candorh.com">info@candorh.com</a></p>	<p><b>Capital Alliance Securities (Private) Limited</b> Level 5, "Millennium House", No. 46/58, Navam Mawatha, Colombo 02 T: +94 11 2317777 F: +94 11 2317788 E: <a href="mailto:info@cal.lk">info@cal.lk</a></p>
<p><b>TKS Securities (Private) Limited</b> L4, No. 245, Dharmapala Mawatha, Colombo 07 T: +94 11 7857799 F: +94 11 7857857 E: <a href="mailto:info@tks.lk">info@tks.lk</a></p>	<p><b>Enterprise Ceylon Capital (Private) Limited</b> No. 73/1, Dharmapala Mawatha, Colombo 07 T: +94 11 2445644 F: +94 11 2372541 E: <a href="mailto:info@ecc.lk">info@ecc.lk</a></p>
<p><b>First Guardian Equities (Private) Limited</b> L32, East Tower, World Trade Centre, Colombo 01 T: +94 11 5884400 F: +94 11 5884401 E: <a href="mailto:info@fge.lk">info@fge.lk</a></p>	<p><b>LOLC Securities (Private) Limited</b> No.481, T. B. Jayah Mawatha, Colombo 10. T: +94 11 5889889 F: +94 11 2662883 E: <a href="mailto:info@lolcsecurities.com">info@lolcsecurities.com</a></p>
<p><b>Navara Securities (Private) Ltd</b> No. 12B, Gregory's Road, Colombo 07 T: +94 11 2358700 / 20</p>	<p><b>Richard Pieris Securities (Private) Ltd</b> No. 310, High Level Road, Nawinna, Maharagama T: +94 11 4310500</p>

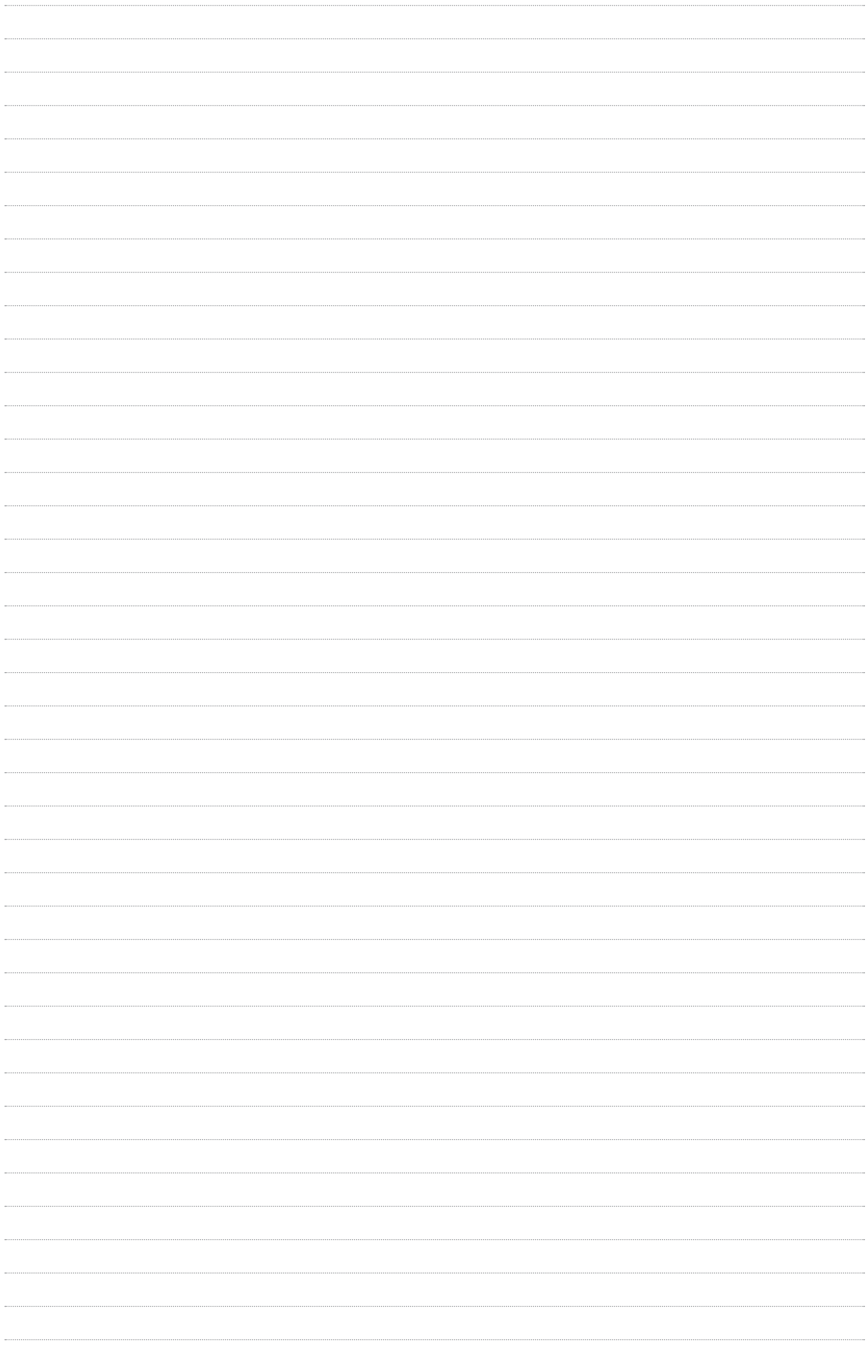
F: +94 11 5005551 E: <a href="mailto:info@navarasecurities.lk">info@navarasecurities.lk</a>	F: +94 11 2330711 E: <a href="mailto:rpfs@rpsecurities.com">rpfs@rpsecurities.com</a>
<b>SMB Securities (Private) Limited</b> No. 02, Gower Street, Colombo 05 T: +94 11 5388138 F: +94 11 2550100 E: <a href="mailto:info@smbsecurities.lk">info@smbsecurities.lk</a>	<b>Softlogic Stockbrokers (Private) Limited</b> 37 <sup>th</sup> Lane, No.06, Queens Road, Colombo 03 T: +94 11 7277000 F: +94 11 7277099 E: <a href="mailto:ssb@inquiry.softlogic.lk">ssb@inquiry.softlogic.lk</a>
<b>Taprobane Securities (Private) Limited</b> 2 <sup>nd</sup> Floor, No. 10, Gothami Road, Colombo 08 T: +94 11 5328200 F: +94 11 5328177 E: <a href="mailto:info@taprobane.lk">info@taprobane.lk</a>	

**Trading Members (Debt)**

<b>Capital Alliance Limited</b> Level 5, "Millennium House", No. 46/58, Navam Mawatha, Colombo 02 T: +94 11 2317777 F: +94 11 2317788 E: <a href="mailto:info@cal.lk">info@cal.lk</a>	<b>NSB Fund Management Company Limited</b> No. 255, 1 <sup>st</sup> Floor, NSB Head Office Galle Road, Colombo 03 T: +94 11 2564601 F: +94 11 2574387
<b>Wealthtrust Securities Limited</b> No. 32, Dudley Senanayake Mawatha, Colombo 08 T: +94 11 2675091-4 F: +94 11 2 689 605 E: <a href="mailto:info@wealthtrust.lk">info@wealthtrust.lk</a>	

**ANNEXURE V – CUSTODIAN BANKS**

<p>Bank of Ceylon Head Office, 11th Floor, 04, Bank of Ceylon Mawatha, Colombo 01 Tel: 011 2317777, 011 2448348</p>	<p>Banque Indosuez C/O Hatton National Bank Ltd, Cinnamon Garden Branch, 251, Dharmapala Mawatha, Colombo 07 Tel: 011 2686537, 0112689176</p>
<p>Citi Bank, N A 65 C, Dharmapala Mawatha, P.O. Box 888, Colombo 07 Tel: 011 2447316-8, 011 2447318, 011 2499061</p>	<p>Commercial Bank of Ceylon PLC Commercial House, 21, Sir Razik Fareed Mawatha, P.O. Box 856, Colombo 01 Tel: 011 2486000-3</p>
<p>Deutsche Bank AG P.O. Box 314, 86, Galle Road, Colombo 03 Tel: 011 2447062, 011 2438057</p>	<p>Hatton National Bank PLC HNB Towers, 479, T. B. Jayah Mawatha, Colombo 10 Tel: 011 2661762</p>
<p>National Savings Bank 255, Galle Road, Colombo 03 Tel: 011 2573008-15</p>	<p>Nations Trust Bank PLC 242, Union Place, Colombo 02 Tel: 011 4711411</p>
<p>Pan Asia Banking Corporation PLC 450, Galle Road, Colombo 03 Tel: 011 2565565</p>	<p>People's Bank Head Office; Treasury, 13<sup>th</sup> Floor, 75, Sir Chittampalam A Gardiner Mawatha, Colombo 02 Tel: 011 2206782</p>
<p>Public Bank Berhard 340, R.A De Mel Mawatha, Colombo 03 Tel: 011 2576289, 011 7290200-7</p>	<p>Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 02 Tel: 011 5600374</p>
<p>Seylan Bank PLC Level 8, Seylan Towers, 90, Galle Road, Colombo 03 Tel: 011 4701812, 011 4701819</p>	<p>Standard Chartered Bank 37, York Street, Colombo 01 Tel: 011 4794400, 011 2480450</p>
<p>State Bank of India 16, Sir Baron Jayathilake Mawatha, Colombo 01 Tel: 011 4622350</p>	<p>The Hong Kong and Shanghai Banking Corporation Limited 24, Sir Baron Jayathilake Mawatha, Colombo 01 Tel: 011 2325435, 011 2446591</p>
<p>Union Bank of Colombo PLC 450, Galle Road, Colombo 03 Tel: 011 2565565</p>	







**BOGAWANTALAWA TEA ESTATES PLC**

No. 153, Nawala Road, Narahenpita,  
Colombo 05, Sri Lanka.