



Lanka ORIX Leasing Company PLC

Debenture Issue 2017 Introductory Document

Manager to the Issue





**LANKA ORIX LEASING COMPANY PLC
DEBENTURE ISSUE 2017**

INTRODUCTORY DOCUMENT

For obtaining the listing of 20,000,000 (Twenty Million) Senior, Unsecured, Listed, Redeemable, Rated Five Year (2017/2022) Type A Debentures and 7,500,000 (Seven Million Five Hundred Thousand) Two Year (2017/2019) Type B Debentures.

Rated [SL] A (Stable) by ICRA Lanka Limited

This Introductory Document is dated 08 November 2017

The CSE has taken reasonable care to ensure full and fair disclosure of information in this Introductory Document. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed or reports included in this Introductory Document. Moreover, the CSE does not regulate the pricing of Debentures which is decided solely by the issuer.

The delivery of this Introductory Document 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 Introductory Document.

If you are in doubt regarding the contents of this document or if you require any clarification or advice in this regard, you should consult the Manager to the issue, your stockbroker, lawyer or any other professional advisor.

Responsibility for the Content of the Introductory Document

This Introductory Document has been prepared by Capital Alliance Partners Limited on behalf of Lanka ORIX Leasing Company PLC. Lanka ORIX Leasing Company PLC (hereinafter referred to as "LOLC" or the "Company") and its Directors confirm that to the best of their knowledge and belief this Introductory Document contains all information regarding the Company and Debentures offered herein which is material; such information is true and accurate in all material aspects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Introductory Document on the part of the Company are honestly held or made and are not misleading in any material respect; this Introductory Document contains all material facts and presents them in a clear fashion in all material respects and all proper inquiries have been made to ascertain and to verify the foregoing. The Company accepts responsibility for the information contained in this Introductory Document.

No person has been sanctioned to make any representations not contained in this Introductory Document and if such representations are made, they must not be relied upon as having been authorized by the company.

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 must rely on their knowledge, examination and assessments on Lanka ORIX Leasing Company PLC and the terms of the Debentures issued (knowledge, perception together with their own examination and assessment on Lanka ORIX Leasing Company PLC and the terms and conditions of the Debentures issued) including risks associated.

Investment Considerations

It is important that this Introductory Document is read 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 3.14 of this Introductory Document.

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DETAILS OF THE DEBT SECURITIES TO BE LISTED

Instrument	Senior, Unsecured, Listed, Redeemable, Rated Debentures
Issue Rating	[SL] A (Stable) by ICRA Lanka Limited
Number of Debentures Issued	20,000,000 Debentures with the option to increase by a further 7,500,000 Debentures totalling up to a maximum of 27,500,000 Debentures.
Aggregate Face Value / Investment Value of the Issue	LKR2b with an option to raise a further LKR750m upon over subscription of the initial tranche.
Face Value / Issue Price/Par Value of Debenture	LKR100.00
Tenure of Debentures	Type A: 5 Years (2017/2022) Type B: 2 Years (2017/2019)
Interest Rates	Type A: Fixed Coupon Rate of 13.00% p.a. payable Semi-annually (AER – 13.42%). Type B: Fixed Coupon Rate of 12.65% p.a. payable Semi-annually (AER – 13.05%).
Issue Date/ Allotment date	31 July 2017
Maturity Date	Type A: 31 July 2022 Type B: 31 July 2019
Dates of Payment of Interest	30 of January and 31 of July of each year from the Date of Allotment until the Date of Redemption and includes the Date of Redemption.
Method of Payment of Principal and Interest	Through an electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS (arranged only at the expense of the investor). RTGS transfers however could be effected only for amounts over and above the maximum value (Rupees Five Million) that can be accommodated via SLIPS transfers or By cheque marked "Account Payee Only" in the event accurate bank details have not been provided. If the applicant has not provided details of his bank account in the application, the entity shall make such payments to the applicant by way of a cheque.
Date of Payment of Interest	Interest Payments will be made no later than three (3) market days from the due date of interest (Excluding such due date of interest).

1.0 CORPORATE INFORMATION

The Company	Lanka ORIX Leasing Company PLC
Legal Form of the Company	Lanka ORIX Leasing Company PLC was incorporated in 1980 under the provisions of the Companies Ordinance No. 51 of 1938 and re-registered under the Companies Act No. 7 of 2007 on 15 October 2007. In 1982 the company was listed on the Colombo Stock Exchange.
Company Registration No.	PQ 70
Issuer Rating	[SL] A (Stable) by ICRA Lanka Limited
Registered/ Business Office	No. 100/1, Sri Jayawardenepura Mawatha, Rajagiriya. Tel: +94 115 880 880 Fax: +94 112 865 606 Web: www.lolc.com
Company Secretary	L O L C Corporate Services (Pvt) Ltd 100/1, Sri Jayawardenepura Mawatha, Rajagiriya.
Auditors to the Company	M/s. Ernst & Young Chartered Accountants, 201, De Saram Place P.O. Box 101, Colombo 10.
Credit Rating Agency	ICRA Lanka Limited 10-02, East Tower, World Trade Centre, Colombo 01.
Bankers	Bank of Ceylon, Standard Chartered Bank, Citi Bank N A, Hatton National Bank PLC, Hongkong & Shanghai Banking Corporation, Deutsche Bank AG, Nations Trust Bank PLC, Commercial Bank of Ceylon PLC, NDB Bank Ltd, Sampath Bank PLC, Seylan Bank PLC, Union Bank Colombo PLC, MCB Bank, Pan Asia Banking Corporation PLC.
Board of Directors	Ishara Chinthaka Nanayakkara - Executive Deputy Chairman Waduthantri Dharshan Kapila Jayawardena- Managing Director / Group CEO Kalsha Upeka Amarasinghe - Executive Director

	Minuwanpitiyage Dharmasiri Dayananda Pieris - Independent Director
	Ravindra Ajith Fernando - Independent Director
	Harukazu Yamaguchi – Non-Executive Director
	Hiroshi Nishio – Non-Executive Director
	Keiji Okuno (Alternate to H Nishio)- Non-Executive Director
	Kiyokazu Ishinabe (Alternate to H Yamaguchi)- Non-Executive Director

2.0 ABBREVIATIONS USED IN THE INTRODUCTORY DOCUMENT

AER	Annual Effective Rate
ATS	Automated Trading System
AWPLR	Average Weighted Prime Lending Rate
CAL	Capital Alliance Partners Limited
CBSL	Central Bank of Sri Lanka
CDS	Central Depository Systems (Private) Limited
CSE	Colombo Stock Exchange
FY	Financial Year
LCB	Licensed Commercial Bank
LOLC	Lanka ORIX Leasing Company PLC
NIC	National Identity Card
POA	Power of Attorney
RGFCA	Resident Guest Foreign Currency Account
RTGS	Real Time Gross Settlement
Rs./LKR	Sri Lankan Rupees
SEC	Securities and Exchange Commission of Sri Lanka
SIA	Securities Investment Account
SLIPS	Sri Lanka Interbank Payment System
USD	US Dollar
VAT	Value Added Tax
WHT	Withholding Tax
YoY	Year on Year

3.0 DETAILS OF THE ISSUED DEBENTURE

3.1 Summary of the Issued Debenture

The Board of Directors of Lanka ORIX Leasing Company PLC, on 7 June 2017 and 20 June 2017 resolved to borrow only from the Qualified Investors, LKR2,000,000,000 (Rupees Two Billion) with an option to raise a further LKR750,000,000 (Rupees Seven Hundred and Fifty Million) upon over subscription of the initial tranche by way of issuing Senior, Unsecured, Listed, Redeemable, Rated Debentures Five (5) year (2017/2022) and Two (2) year (2017/2019) Debentures.

The Debentures were subsequently allotted on the 31 July 2017.

The Board of Directors of Lanka ORIX Leasing Company PLC on 18 August 2017, resolved to list the said debenture via an Introduction.

The Debentures which are to be listed are fully paid.

The two types of Debentures to be listed:

Type	Interest rate	Issue Price	Par Value
A	Fixed rate of 13.00% per annum payable Semi-annually (AER of 13.42%)	LKR100.00	LKR100.00
B	Fixed rate of 12.65% per annum payable Semi-annually (AER of 13.05%)	LKR100.00	LKR100.00

These Debentures shall **Not be Convertible** to shares or other securities of Lanka ORIX Leasing Company PLC.

Qualified investors are classified as those applicants that meet one or more of the criterion mentioned below:

- A licensed Commercial bank within the meaning of the Banking Act No.30 of 1988
- A licensed Specialised bank within the meaning of the Banking Act No.30 of 1988 as amended by Act No.33 of 1995
- Development banks
- Specialised Savings banks
- Housing banks
- Co-operative bank unions, excluding Co-operative Societies
- A Finance company registered under the Finance Companies Act No.78 of 1988

- A person registered to carry on finance leasing business under the Finance Leasing Act No. 56 of 2000
- licensed securities dealer or broker, acquiring for its own account or acting as agent for or for the purpose of selling to another qualified Investor
- A regulated Finance company
- A registered issuer
- the trustee or manager of a mutual fund, pension fund, Employee Provident Fund or any other similar pooled fund
- A company with net asset of LKR500 Million or more as disclosed in the last audited accounts of the company
- An individual whose initial investment is LKR50 Million or more.

Upon listing, these Debentures will be freely transferable among all investors.

3.2 Nature of the Issued Debentures

Type A: Senior, Unsecured, Listed, Redeemable, Rated Five (5) year (2017/2022) Debentures issued at par LKR100.00 per each Debenture and redeemed at par at LKR100.00 each with a Fixed Coupon Rate of 13.00% per annum payable Semi-annually (AER of 13.42%).

Type B: Senior, Unsecured, Listed, Redeemable, Rated Two (2) year (2017/2019) Debentures issued at par LKR100.00 per each Debenture and redeemed at par at LKR100.00 each with a Fixed Coupon Rate of 12.65% per annum payable Semi-annually (AER of 13.05%).

The frequency at which the interest is paid is equal for the two (2) different options but differ with respect to the interest rate offered.

3.3 Size of the Issued Debentures

Twenty Seven Million Five Hundred Thousand (27,500,000) Debentures at a value of Rupees Two Billion Seven Hundred and Fifty Million (LKR 2,750,000,000) in total.

3.4 Interest Rate

Type A: Five Year (2017/2022) Debentures with a Fixed Coupon Rate of 13.00% p.a. payable Semi-annually (AER- 13.42%).

Type B: Two Year (2017/2019) Debentures with a Fixed Coupon Rate of 12.65% per annum payable Semi-annually (AER of 13.05%).

The Company shall pay all income tax which is payable by way of withholding (up to a maximum of 14%) on account of interest in connection the issue of Debentures. In case of WHT rate exceeds 14% p.a. due to any laws prevalent at that time, the investor would bear the difference.

The stated coupon rates of the Debentures would not change due to the said adjustments to tax rates.

The interest payments in respect of the Debenture will be as follows:

The semi-annual interest payment would fall on the expiry of every six (06) months from the Date of Allotment of the Debentures and every six months thereafter until the Date of Redemption and will be payable no later than three (3) market days from the Interest Payment Date (Excluding such Interest Payment Date).

The first interest payment in respect of the Debentures shall fall due on the date of expiry of six (06) months from the Date of Allotment. The final interest payment will be paid with the Principal Sum on the Date of Maturity/Redemption of the Debentures.

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

The Company shall in the event of any taxes being payable by way of withholding on the interest on the Debentures, cause the Rate of Interest to be grossed up such that the Debenture Holders of Type A Debentures receive an interest of 13.00% p.a. after the deduction of such withholding tax and the Debenture Holders of Type B Debentures receive an interest of 12.65% p.a after the deduction of such withholding tax.

3.5 Objectives of the Issued Debentures for which the listing is sought

The maximum of Rupees Two Billion Seven Hundred and Fifty Million (LKR 2,750,000,000) raised through the debenture issue was to be utilised to retire short term debt and financing of working capital investments of LOLC.

LOLC has approximately LKR 28,980 Million short term borrowings maturing within a 12 month period (borrowed at an average of 14.25%). The company intended to lock in longer term funds in part settlement of these short term loans.

Based on the above mentioned objectives of the debenture issue, the company was able to deploy all the funds raised to settle short term debt within one month as expected.

As at the date of listing all objectives of the issue has been met.

3.6 Listing

An application for two types Senior, Unsecured, Listed, Redeemable, Rated Five (5) year (2017/2022) Debentures and Senior, Unsecured, Listed, Redeemable, Rated Two (2) year (2017/2019) Debentures has been made to the CSE for permission to deal in and obtain a listing, at a par value of LKR100/- each. The company has obtained CSE approval in-principal for the listing of said Debentures.

The CSE however, assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Introductory Document. A Listing on the CSE is not to be taken as an indication of the merits of Lanka ORIX Leasing Company PLC or of the Debentures issued

3.7 Payment of Principal and Interest

Payment of Principal and interest will be made in Sri Lankan Rupees after deducting any taxes and charges thereon (if any) to the Debenture holders registered as at the Entitlement Date. (In case of joint debenture holders, the payment will be made to the one whose name stands first in the Register of Debenture Holders.)

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. RTGS transfers however shall be accommodated only for amounts over and above the maximum value of Rupees Five Million that can be accommodated via SLIPS transfers.

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 posted to the address registered with the CDS through registered post to the debenture holder, by crossed cheques marked "Account Payee Only". Interest payable will be made only by cheques within three (3) market days from the end of each period.

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 Interest Payment Date.

3.8 Redemption

Type A Debentures are redeemable at the maturity on the expiry of Five (5) years from the Date of Allotment in accordance with the provisions contained in the Trust Deed. Type B Debentures are redeemable at the maturity on the expiry of Two (2) years from the Date of Allotment in accordance with the provisions contained in the Trust Deed.

The Debenture Holders shall not have any right or option to call for redemption of the Debentures before the date of maturity of such Debentures, except in the circumstances where the Debentures have become immediately payable in terms of Clause 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 for the avoidance of doubt interest shall be paid for the intervening days which are not Market Days. For the avoidance of doubt it should be noted that no interest on interest would be payable for the aforesaid interim period.

3.9 Trustees to the offering

Hatton National Bank PLC - HNB Towers, No. 479, T. B. Jayah Mawatha, Colombo 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 authorise the Trustee, subject to overriding clauses in the Trust Deed, to act as their agent 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 3.13 of this Introductory Document. 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 Entity. We further note that Hatton National Bank PLC is a banker to the Company.

3.10 Rights of Debenture holders

Debenture holders are entitled to the following rights

- Receive principal on the date of maturity/redemption and interest on the Debentures as per Sections 3.4, 3.12 and 3.8 of this Introductory Document and the provisions contained in the Trust deed
- In the event of liquidation, Senior, Unsecured, Listed, Redeemable, Rated, Debenture holders will rank after all the claims of secured creditors and preferential claims under any Statutes governing the Company but pari passu to the claims of unsecured creditors of the Company and shall rank in priority to and over any subordinated debt of the Company and the claims and rights of the shareholder/s of the Company.
- Call, receive notice, attend and vote at the meetings of the Debenture holders in accordance with the provisions contained in the Trust Deed pertaining to this Debenture issue.
- The other rights of the holders of these Debentures are set out in the Trust Deed.
- To receive a copy of the Annual Report within 5 months of the year end.

Debenture holders are NOT entitled to the following rights

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

Obligations on the Debentures

- The Company shall repay the principal sum on the date of maturity/redemption and interest on the Debentures as per 3.4, 3.12 and 3.8 of this Introductory Document and the provisions contained in the Trust Deed and comply with all other terms and conditions stipulated in the Trust Deed in respect of these Debentures.
- When making payment of the principal sum and interest on the Debentures, the Company shall always act on the information furnished in the Register prior to the listing and on information furnished by the CDS subsequent to the listing and it shall be the responsibility/obligation of each Debenture Holder to keep all the information in respect of such Debenture holder updated in the CDS. Each Debenture Holder shall absolve the Company from any responsibility or liability in respect of any error or absence of necessary changes in the information recorded with the CDS. In addition the Debenture Holder shall absolve CDS and CSE from any responsibility or liability in respect of any error or absence of any necessary changes initiated by the Debenture Holder in the information recorded with the CDS.

Benefits of investing in Debentures

- Provides an opportunity to diversify the investment portfolio of the investor.
- Provides the investor with a regular cash inflow of interest payments.

- Provides the investor with an opportunity to invest in Debentures issued by a leading Company in Sri Lanka.
- The Debentures may be used as collateral to obtain credit facilities from banks and financial institutions.

The company will permit Non-Residents to hold Debentures of the company. When permitting Non-Residents to hold Debentures, the Company will comply with the relevant Exchange Control 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 foreign investors as published in the Government Gazette (Extraordinary) No. 1864/39 on 28th May 2014.

3.11 Credit Rating

ICRA Lanka Limited has assigned [SL] A (Stable) rating to the Company's Senior, Unsecured, Listed, Redeemable, Rated Debentures from the report dated 05 July 2017. The rating report issued by ICRA Lanka Limited is set out in Annexure II of this Introductory Document.

3.12 Transfer of Debentures

- 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.
- 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.
- 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 recognised by the issuer as having any title to his/her Debentures.
- Any person becoming entitled to any Debenture in consequence of bankruptcy or winding up of any Debenture holder, upon producing 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.

- No change of ownership in contravention of the above conditions will be recognised by the Company.

3.13 Inspection of Documents

Certified copies of the Articles of Association of the Company, the Audited financial statements of the Company for the last five years ending 31 March 2013, 2014, 2015, 2016 and 2017, Rating Report, Trust Deed and all other documents pertaining to the Company to which references are made in this Introductory document could be inspected by the public during normal business hours at the Registered Office of Lanka ORIX Leasing Company PLC from the date hereof, until the date of maturity of the Debentures issued.

In terms of Rule 3.5.6 of the CSE Listing Rules; the Introductory Document, Articles of Association of the Company and the Trust Deed are also hosted in the Company's website, www.lolc.com, and the CSE website, www.cse.lk, at least seven (7) Market Days prior to the submission of the Declaration referred to in Appendix 2 D until the date of maturity of the Debt Security.

3.14 Risks Related to the Debentures

1. Reinvestment Risk

Interest on the Debentures are payable semi-annually. 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.

2. Interest Rate Risk

The price of a typical debenture will have a negative correlation with the market interest rates. Interest rate risk captures this relationship between market interest rates and the value of Debentures. If market interest rates rise, the value of the Debentures may fall: as market interest rates fall the value of Debentures may rise (all other factors being equal). If the investor wishes to sell the Debenture prior to its maturity, he might be facing a capital loss (gain) if the market interest rates have increased (decreased) subsequently. Interest rate risk is irrelevant for the investor who wishes to hold the Debenture till maturity.

3. Credit Risk

Risk of the issuer not being able to pay interest and principal payments as promised on a timely basis is default risk/credit risk. It is advisable for prospective investors of the Debenture to take into account the credit rating awarded to the Company and to its Debentures by ICRA Lanka Limited,

present financial strength as reflected in the Balance Sheet of the Company, asset and earnings growth and experience and skills of the Directors and senior management when forming an opinion on default risk. ICRA Lanka Limited has assigned a credit rating of [SL] A (Stable) for Senior Lanka ORIX Leasing Company PLC Debenture issue (Refer Annex II for Rating Report) and this credit rating will be reviewed periodically.

4. 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 Lanka ORIX Leasing Company PLC Debentures are listed, should an investor require an exit option, they will be able to sell the Debentures through the CSE in order to convert them to cash and exit from the investment. Therefore the liquidity risk is mitigated to a greater degree in the Lanka ORIX Leasing Company PLC 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 as the equity markets in Sri Lanka.

5. Inflation Risk

An increase in inflation rates will cause a decrease in the real value of coupon cash flows of the debenture. The Debenture which offers the fixed coupon is subject to inflation risk since the interest rates are not adjusted upwards depending on the inflation rate.

6. 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.

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

4.0 COMPANY INFORMATION

Top twenty (20) Ordinary voting shareholders of the company as at 31 October 2017 are as follows:

	Shareholders	No. Of shares	%
1	ORIX Corporation	142,560,000	30.00
2	Commercial Bank of Ceylon/I. C. Nanayakkara	79,000,000	16.63
3	Mr. I.C. Nanayakkara	70,613,792	14.86
4	Sampath Bank PLC/Ishara Chinthaka Nanayakkara	61,774,000	13.00
5	Mrs. K.U. Amarasinghe	23,760,000	5.00
6	Mr. R. M. Nanayakkara (Deceased)	21,000,000	4.42
7	Employees Provident Fund	15,182,259	3.20
8	HSBC INTL NOM LTD-BBH-Matthews International Funds	12,121,473	2.55
9	Renaissance Capital (PVT) LTD	8,671,625	1.83
10	HSBC INTL NOM LTD-State Street Luxembourg C/O SSBT	6,937,775	1.46
11	Mrs. I. Nanayakkara	2,827,948	0.60
12	Creation Investments SL1 LLC	2,697,458	0.57
13	Mr. R.C. De Silva	1,683,200	0.35
14	J.B. Cocoshell (PVT) LTD	1,447,540	0.31
15	Employees Trust Fund Board	1,191,788	0.25
16	Swastika Mills LTD	985,703	0.21
17	Mrs. S.N. Fernando	818,440	0.17
18	Dr. M. Ponnambalam	772,616	0.16
19	Mr. G.G. Ponnambalam	766,818	0.16
20	HSBC INTL NOM LTD-BBH-Matthews Emerging Asia Fund	573,466	0.12
		445,385,901	95.83
	Other	19,814,099	4.17
	Total	475,200,000	100.00

5.0 FINANCIAL INFORMATION

The following financial information is hosted on the CSE web site www.cse.lk and www.lolc.com;

- Audited financial statements of the Entity for the year ended 31 March 2017.
- Interim financial statements of the Entity for the period ended 30 June 2017.
- Summarized financial statement for the five years commencing from 31 March 2013 to 31 March 2017 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.

5.1 Particulars of Interest bearing borrowings of the Lanka ORIX Leasing Company PLC

As at 30 June 2017 the outstanding balances are given in the table below

Group

Outstanding Borrowings	LKR
Balance as at 01 April 2017	294,114,616,000
New Borrowings/Settlements	15,226,715,000
Balance as at 30 June 2017	309,341,331,000

As at 31 July 2017 the outstanding balances are given in the table below

Company

Outstanding Borrowings	LKR
Balance as at 01 July 2017	46,785,068,704
New Borrowings/Settlements	(2,636,137,856)
Balance as at 31 July 2017	44,148,930,848

5.2 Details of borrowings of Lanka ORIX Leasing Company PLC

Group (as at 30 June 2017)

Type of Borrowing	Outstanding (LKR)
Debenture	15,338,082,000
Short Term Loans	73,946,692,000
Long Term Loan	211,003,966,000
Commercial Papers	7,945,703,000
Finance Lease Liabilities	1,106,888,000

Company (as at 31 July 2017)

Type of Borrowing	Outstanding (LKR)
Overdraft	1,005,992,310
Debenture	6,819,633,728
Short Term Loans	20,081,279,266
Long Term Loan	6,594,312,758
Commercial Papers	9,566,298,319
Finance Lease Liabilities	80,642,815

* Lanka ORIX Leasing Company PLC does not hold any convertible debt in issue.

Total Value of borrowings of the company as at 31 July 2017 for Lanka ORIX Leasing Company PLC stands at LKR44,148,930,848.

5.3 Details of Debentures of LOLC in issue as at 31 July 2017

Rated, Senior, Unsecured, Redeemable, Listed Debentures

Number of Debentures Issued	Interest Rate	Interest Payment Frequency	Allotment Date	Maturity Date
50,000,000	Fixed interest rate of 9.00%p.a.	Quarterly	24 November 2014	24 November 2019

The holders of Debentures are entitled to receive the Principal sum on the date of Maturity/Redemption and interest on the Debentures as per the provisions set out stated in the prospectus and the Trust Deed. The holders of the said Debentures are not entitled to any special rights or any privileges or rights of the Shareholders of the Company, including the right to receive notice, attend and vote at the General Meeting of the Company, receive any dividend or distributions or share the profits of the Company or to participate in any surplus assets of the Company in the event of liquidation. Lanka ORIX Leasing Company PLC to date has not defaulted on any previous debt issuances carried out by the company.

5.4 Litigation, disputes and contingent liabilities

Apart from legal proceedings in the normal course of its business, the Company and its subsidiaries are not a party to any material contingent liabilities, litigation, mediation or arbitration proceedings and is not aware of any pending or threatened litigation or arbitration that, if decided adversely to the Company, would have a significant effect upon the Company's financial position nor has it been a party to any such proceedings in the recent past.

5.5 Financial ratios of Lanka ORIX Leasing Company PLC

Group

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Debt Equity	2.51x	2.73x	3.12x	3.72x	4.91x	6.19x
Interest Cover	1.76x	1.26x	1.30x	1.65x	1.63x	1.74x
Acid Ratio	1.18x	1.24x	1.50x	1.22x	1.24x	2.62x
Gearing ratio	1.51x	1.88x	1.69x	2.13x	3.24x	2.87x

Company

	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Debt Equity	0.72x	0.60x	0.42x	0.72x	1.08x	1.12x
Interest Cover	2.19x	1.02x	1.25x	1.27x	1.26x	2.93x
Acid Ratio	5.64x	4.18x	4.18x	4.18x	4.18x	7.68x
Gearing ratio	0.72x	0.60x	0.42x	0.72x	1.08x	1.12x

Debt/Equity

$$\frac{\text{Interest bearing loans \& Borrowings + Bank Overdraft}}{\text{Average of total Equity}}$$

Interest Cover ratio

$$\frac{\text{Profit before Interest \& Taxes}}{\text{Interest Expense}}$$

Acid Ratio (Times)

$$\frac{\text{Current Assets- Inventories}}{\text{Current Liabilities}}$$

Gearing Ratio

$$\frac{\text{Interest bearing borrowings}}{\text{Capital employed}}$$

5.6 Debt servicing details of the Issuer

	2013	2014	2015	2016
Gross interest due on Debentures	-	-	339,041,095.88	449,999,999.99
Debenture interest paid on due date	-	-	339,041,095.88	449,999,999.99
Debenture interest paid after the due date	-	-	-	-
Debenture interest not paid as of to date	-	-	-	-

ANNEX I – STATUTORY DECLARATIONS

Statutory Declaration by the Directors

We, the undersigned who are named in the Introductory Document issued by Lanka ORIX Leasing Company PLC 'The Company' in connection with obtaining the listing of 20,000,000 (Twenty Million) Senior, Unsecured, Listed, Redeemable, Rated Five Year (2017/2022) Debentures and 7,500,000 (Seven Million Five Hundred Thousand) Two Year (2017/2019) Debentures ('The Introductory Document), as Directors of the Company, hereby declare and confirm that we have seen and read the provisions of the CSE Listing Rules and the Companies Act No.07 of 2007 relating to the issue of the Introductory Document and those provisions have been complied with.

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

Name	Designation	Signature
Ishara Chinthaka Nanayakkara	Executive Deputy Chairman	Sgd.
Waduthantri Dharshan Kapila Jayawardena	Managing Director / Group CEO	Sgd.
Kalsha Upeka Amarasinghe	Executive Director	Sgd.
Minuwanpitiyage Dharmasiri Dayananda Pieris	Independent Director	Sgd.
Ravindra Ajith Fernando	Independent Director	Sgd.
Harukazu Yamaguchi	Non-Executive Director	Sgd.
Hiroshi Nishio	Non-Executive Director	Sgd.
Keiji Okuno (Alternate to H Nishio)	Non-Executive Director	Sgd.
Kiyokazu Ishinabe (Alternate to H Yamaguchi)	Non-Executive Director	Sgd.



ICRA Lanka assigns [SL] A with a stable outlook to the proposed senior, unsecured, unlisted, redeemable, rated, debenture programme of Lanka ORIX Leasing Company PLC

July 05, 2017

Instrument	Amount	Rating Action
Senior, unsecured, unlisted, redeemable, rated debenture programme	LKR 2,000 Mn (with the option to raise further LKR 750 Mn)	[SL]A(stable); assigned

ICRA Lanka Limited, subsidiary of ICRA Limited, a group company of Moody's Investors Service, has assigned the [SL]A (pronounced SL A) with stable outlook to the LKR 2,000 Mn (with the option to raise further LKR 750 Mn) senior, unsecured, unlisted, redeemable, rated debenture programme of Lanka ORIX Leasing Company PLC (LOLC or the HoldCo). ICRA Lanka has the issuer rating of [SL]A (pronounced SL A) with stable outlook and issue rating of [SL]A (pronounced SL A) with stable outlook for the LKR 5,000 Mn listed senior unsecured redeemable debenture programme of LOLC.

Given the significant operational and financial linkages with the subsidiaries (especially financial services), ICRA Lanka continues to take a consolidated financial analysis of the HoldCo and the key subsidiaries in the financial sector. The contribution of all financial services entities to the total income and consolidated group PBT(unaudited) was about 90% and 81% respectively in FYE2017 and accounted for 97% of the group assets.

The ratings factor in LOLC group's long track record in the retail finance sector, its established franchise and leadership position in the Sri Lankan retail financial market, experienced management team, commensurate risk management systems, comfortable asset quality and adequate profitability. The ratings also take note of the committed support and oversight from its largest institutional investor-ORIX Corporation of Japan (rated Baa1 with positive outlook by Moody's) which has a 30% stake in the entity. ICRA Lanka notes that the group level gearing increased to 4.9 times in March 31, 2017 from 4.3 times in March 31, 2016. The increase was partly due to its leveraged acquisition of Prasac Micro Finance Institution Limited (PRASAC). ICRA Lanka would continue to monitor the performances of other entities, including the non-financial services entities, in the group and improvement in the performances of the same would be key rating sensitivity going forward. LOLC's group level asset quality indicators marginally weakened from 2.30% as at March 31, 2016 to 2.85% as at March 31, 2017, however the same is comfortable. LOLC Micro Credit Limited (LOMC) recorded improvements in asset quality during FYE2017. LOMC's gross NPA ratio reduced from 1.44% as at March 31, 2016 to 1.22% as at March 31, 2017, while the gross NPA ratio of LOFC and CLC increased from 4.33% to 4.41% and from 1.09% to 1.93% respectively, during the above mentioned period.

LOLC group's NIMs reduced to 4.2% in FYE2017 from 5.9% in FYE2015 due to increase in systematic interest rates and consolidation of its newest subsidiary during FY2017. LOLC's net profitability improved because of the LKR 7.0 Bn revaluation gain on LOLC's stake in PRASAC and LKR 3.5 Bn gain recorded from the sale of its stake in two non-financial subsidiaries. The consolidated RoA therefore improved to 4.1% for FYEE2017 as compared with 3.0% in FYE2016. RoA adjusted for the above extraordinary gains would be moderate at about 2.0% for FYE2017, largely because of the margin compression.



The overall composition of the LOLC (standalone) investment profile is characterized by investments in its subsidiaries, which accounted for 92% of the total investments as of March 31, 2017 as compared with 82% as on March 31, 2016 levels. The investments in other group companies accounted for 6% in March 31, 2017. Other investments include investment in securities properties etc. The standalone gearing is moderate at 1.1 times and the group has adequate financial flexibility, which provides comfort on the liquidity front.

LOLC Group's general and life insurance business reported a combined growth of 26% in its gross premium written ("GWP") to LKR 4.8 Bn in FYE2017 (LKR 3.8 Bn combined GWP in FYE2016). The insurance business reported a PBT of LKR 632 Mn in FY2017 against a loss of LKR 76 Mn in FY2016. The trading segment reported a PBT of LKR 2,188 Mn on an income of LKR 18 Bn. However, the leisure business continued to incur loss of LKR 903 Mn for FYE2017 (LKR 618 Mn loss for FYE2016). LOLC's power and plantation segments reported a PBT of LKR 4,823 Mn for FY2017 as against a loss of LKR 669 Mn.

Company Profile

Setup in 1980, Lanka ORIX Leasing Company PLC (LOLC) is a leading player in leasing, lending and other financial services activities with ORIX Corporation of Japan holding 30% of LOLC since its inception. With the group diversifying into other sectors including trading, plantation, leisure and energy in the past few years, LOLC surrendered its Specialized Leasing Company (SLC) license from CBSL and transformed itself into a holding company by transferring all operations to its subsidiaries. At the end of March 31, 2017 financial services contributed 81% of PBT (unaudited) of the group while leisure sector reported losses.

During the FYE2017, LOLC group reported net profit of LKR 20.9 Bn (unaudited) on a total asset base of LKR 640 Bn compared to net profit of LKR 9.3 Bn on a total asset base of LKR 379 Bn in the corresponding period of the previous fiscal.

July 2017

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ANNEX III – COLLECTION POINTS

Copies of the Introductory Document can be obtained free of charge from the following collection points.

Managers to the Issue	Registrar to the Issue
Capital Alliance Partners Limited Level 5, Millennium House, 46/58 Navam Mawatha, Colombo 02 T: +94 11 2317777 F: +94 11 2317788	SSP Corporate Services (Pvt) Ltd No 101, Inner Flower Road, Colombo 03. T :+94 11 2573894 ,+94 11 2576871 F: +94 11 2573609