

together with the Prospectus. The said Report shall contain a section that covers the basis and methodologies used to determine the Offer Price/Price Band for the IPO. The Entity should host the said Report on the CSE Website, as well as on the Entity's own Website for a period of two (02) months commencing from the date of granting in principle approval for listing by the Colombo Stock Exchange (CSE).

AND

3. To mandate entities to disclose in the Prospectus the basis of the IPO Price/Price Bands as given in **Schedule I** annexed hereto.

For the avoidance of doubt, (3) above is mandatory whilst (1) and (2) are options for an entity to adopt.

Accordingly, the Colombo Stock Exchange is hereby directed to incorporate the aforesaid rules and the Schedule attached hereto into the Listing Rules of the CSE.

This Directive shall be effective from 01st January 2015.



Dhammika Perera
Deputy Director General / Officer-in-Charge
aa/bh

Annexure: Schedule I

SCHEDULE I

BASIS FOR OFFER PRICE

The Offer Price was/will be determined (in the case of Book Building Process) by the Entity in consultation with the (eg: Name of the Investment Bank/ Independent Valuer). The Net Asset Value per share of the Equity (NAV) is Rs. XXX and the Offer Price is XX times the NAV.

(In the case of price band, the lower end of the price band is XX times the NAV of the Entity and the higher end of the price band is XX times the NAV of the Entity.)

INVESTORS SHOULD READ THE FOLLOWING SUMMARY WITH THE RISK FACTORS INCLUDED ON PAGE NO. XXX AND THE DETAILS ABOUT THE ENTITY AND ITS FINANCIAL STATEMENTS INCLUDED IN THIS PROSPECTUS.

1. QUALITATIVE FACTORS

The qualitative factors that were considered by the Entity when arriving at the Offer Price/Price Band should be mentioned here, OR alternatively the Entity could provide the necessary cross references to the relevant sections in the Prospectus.

2. QUANTITATIVE FACTORS

2.1 Adjusted Earnings Per Share (EPS) & Average Return on Equity (ROE %)

For Main Board entities: at least for last three (03) years based on the Audited Financial Statements and as per the latest interim financial statement (Not Annualized):

For Dirisavi Board entities: at least for last one (01) year based on the Audited Financial Statements and as per the latest interim financial statement (Not Annualized):

Year Ended	Basic EPS (Rs).	Diluted EPS (Rs).	ROE	P/E
March 31, 20X2				
March 31, 20x3				
March 31, 20X4				
Average EPS				
Three months ended June 30, 20X4 (Not Annualised)				

Note:

Earnings per share (Rs.) = $\frac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted Average number of equity shares outstanding during the year/period}}$

$$\text{Return on Equity (\%)} = \frac{\text{Net profit after tax, as restated}}{\text{Net Assets as at the end of the year / period}}$$

2.2 Price/Earnings Ratio (P/E) in relation to Offer Price of Rs. XXX

- a. Based on financial year ended March 31, 20XX (as applicable) Basic & Diluted EPS of Rs. XXX, the P/E Ratio is XXX
- b. Based on average EPS of Rs. XXX, the P/E Ratio is XXX
- c. Industry P/E XXX

Particulars	Name of the Peer Entity	P/E
Highest		
Lowest		
Industry Composite		

Source:

Sector Classification:

2.3 NAV

- (i) As per the latest audited financial statements (eg: as on March 31, 20X4 – Rs. XXX)
- (ii) As per the latest interim financial statements (eg: as on June 30, 20X4 – Rs. XXX)
- (iii) Post IPO: Rs. XXX (date)
- (iv) Offer Price: Rs. XXX

2.4 Comparison of Accounting Ratios

The comparable ratios of the entities which are to some extent similar in business, are given below (as per the latest audited financial statements):

Peer Entity	NAV (Rs.)	EPS (Rs.)	P/E	ROE %

Source:,

Sector Classification of peers:.....

Note: If the Entity is of the view that there are no comparable listed entities to compare with, that fact should be disclosed in this schedule together with the reasons for such unavailability.