



# LAXAPANA BATTERIES PLC

27<sup>th</sup> February, 2024.

Our Ref: SEC/LBPLC/889

Mr. R. Wijayawardhane  
Chief Regulatory Officer  
Colombo Stock Exchange  
Level 4 – West Tower  
World Trade Centre  
Echelon Square  
Colombo 1.

Dear Sir,

## **DISCLOSURE UNDER SECTIONS 8 AND 9 OF THE CSE LISTING RULES**

We write in terms of Sections 8 and 9 of the Listing Rules of the Colombo Stock Exchange.

### **Acquisition of Lanka Special Steels Limited (LSSL)**

The Board of Directors of Laxapana Batteries PLC (the Company) (Laxapana) have resolved to acquire from its Parent Company E. B. Creasy & Company PLC (EBC) the 100% Equity stake in Lanka Special Steels Limited (LSSL), represented by 2,138,657 shares for a total consideration of Rs.694Mn which has been agreed to by the Boards of the two companies. Such consideration will be settled in installments as mutually agreed to by both entities. The settlement of the first tranche would be Fifty percent of the total consideration amounting to Rs. 347 Mn whilst the balance sum of Rs. 347 Mn would be settled in several installments within a period of 03 years from the date of the Share Purchase Agreement (i.e. on or before 26<sup>th</sup> February, 2027 ).

However the entirety of the shareholding in LSSL will be transferred by EBC to Laxapana on the payment of the first tranche of the consideration.

It is intended that the above acquisition would synergize the lines of business of the entities and would consolidate and strengthen the Company's position in the steel industry.

The aforesaid proposed acquisition of LSSL and the funding to facilitate the said purchase would constitute major transactions in terms of Section 185 of the Companies Act No.7 of 2007 and will be subject to the approval of the shareholders to be obtained at a General Meeting.

In terms of Section 9 of the Listing Rules, the proposed purchase of the LSSL shares by the Company from its Parent Company EBC, would amount to a Related Party Transaction (RPT) as defined by the Sri Lanka Accounting Standards. The Related Party Transactions Review Committee of the Company is of the view that the transaction is on usual commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and its shareholders as a whole and is not prejudicial to the interests of the Company and its minority shareholders and have considered the valuation obtained from an independent valuer in relation to the valuation of LSSL prior to forming its view on the transaction. The said RPT would also be subject to the sanction of the shareholders being obtained at a General Meeting by way of a Special Resolution, in terms of Section 9.14.6 (1) (A) of the Listing Rules of the Colombo Stock Exchange.

As required by the Listing Rules, we confirm that the Aggregate Value of all Related Party Transactions with EBC during the financial period 2023/2024 is Rs. 186,235,761/- . There had not been any Non-Recurrent Related Party Transactions carried out by the Company during the said financial period.

Consequent to the aforesaid acquisition Laxapana would function as the immediate parent and holding company of Lanka Special Steels Limited. The Board of Directors have recommended, to change the name of the Company from LAXAPANA BATTERIES PLC to LAXAPANA PLC since the Company intends to expand its business activities. Prior approval has been obtained from the Registrar General of Companies for the said change of name and will be subject to the approval of the shareholders at General Meeting.

Yours faithfully,

By Order of the Board

**LAXAPANA BATTERIES PLC**

**CORPORATE MANAGERS & SECRETARIES (PVT) LTD**



Secretaries