

By Email/ By Hand

17<sup>th</sup> October 2021

**Mr. Renuke Wijewardhane**

Chief Regulatory Officer,  
Colombo Stock Exchange,  
Level 4-1, West Tower,  
World Trade Centre,  
Echelon Square,  
Colombo 01,

Dear Sir,

**RE: MISINFORMATION PRESENTED IN EX-PACK CORRUGATED CARTONS  
LIMITED EQUITY INITIAL PUBLIC OFFERING PROSPECTUS**

We are in receipt of your letter , and its annexure being a letter written to you by Lanka Corrugated Carton Manufacturer’s Association dated Saturday 16<sup>th</sup> October 2021 (hereinafter the “Complaint”). sent to us today, Sunday 17<sup>th</sup> October 2021

Prior to addressing the obviously mala fide allegations made in the aforesaid Complaint may we draw your attention to the following.

1. Our Prospectus and Research Report were released to the public, after approval from the Colombo Stock Exchange (CSE) on 6<sup>th</sup> October 2021, as many as 11 days prior to the Complaint.
2. We have also shared our “Teaser” document on Monday 6<sup>th</sup> September 2021, to General Public, as many as 40 days prior to the complaint.
3. One day prior to the Complaint, for the very first time the Lanka Corrugated Carton Manufacturer’s Association (LCCMA) raised the purported allegations with us at a meeting held on Friday 15<sup>th</sup> October 2021 at 2.30pm via Zoom video conference). Even at the said meeting, and as observed by the Complaint, no information whatsoever has been provided to us to refute the assertions made by us in our Prospectus and IM. This demonstrates and confirms the level of secrecy of information prevalent amongst the entities in this corrugated carton industry.
4. The real motives behind the Complaint are patently visible in the fact that the LCCMA and/or certain key corporates acting under the guise of the LCCMA have chosen to wait for the weekend prior to our public issue in order to raise these allegations with us and/or with you.

Responding to the Complaint we address the allegations as follows.

1. As informed to the CSE when tendering our Prospectus and Research Report for approval, we based our claims to be the Market Leader and our market share, and related information on the findings of internal research carried out into the corrugated carton market in Sri Lanka. A copy of the internal research report is submitted to you separately for your reference. This document is extremely confidential and ought not to be released to any party without our specific written consent.
2. The research report and independent inquiries would no doubt confirm, that there is no formal data available or published with regard to market share and market positions in this industry. The information therefore must necessarily be collected through research carried out internally or as commissioned with an external agency.
3. As explained in the research report that the sources of data, the methodology of collection and the analysis of information has been properly carried out, meeting all reasonable standards as can be expected in these circumstances.
4. We confirm that we are reasonably of the belief that we are market leaders in the corrugated cartons industry in Sri Lanka. The computations of market leadership are based on a combination of methodologies that includes data in terms of a)-sales tonnage of each player by interviewing Staff and internal stakeholders of the Largest Corrugators, b) monthly waste output of corrugators obtained from key players of the waste recycling industry in order to determine the monthly production of individual players, c) the volumes of paper consumed/ utilized by us vis-à-vis the estimates of competitors' usage as extracted from available sources and d) based on analysis of the published information of a key competitor. We reiterate that except for one competitor, namely Unidil Packaging Pvt Ltd whose business volumes for financial year 2020/2021 have been made public via the annual report published of the said competitors parent Company on the CSE none of the other competitors in the industry have done so, but on the contrary, choose to closely guard such information from the public.
5. As regards specific market share, we have at all times maintained that the figure of 18.3% in 2021 is an approximation and/ or estimate. The words used at Page 28 of the Prospectus are, "*Ex-pack has been able to lead the industry with close to market share of 18.3% in 2021.*" Further at Page 62 we state "*Ex-pack has been at the forefront in the industry, accounting for approximately 18.3% of the market share...*" The fact that it is an estimation has been deliberately and manipulatively suppressed in the Complaint referred to you.
6. We reiterate that this approximate market share figure is arrived at with reasonable care and in good faith based on information duly researched as aforesaid, which is the maximum that can be expected for many organizations seeking to list shares on any Stock Exchange.

7. The reference to our manufacture of 1 in 5 cartons produced in Sri Lanka is again a rounded estimation based on the approximate market share of 18.3%. It is common parlance to relate market share in percentages to a more conveniently understandable comparison, for example by a reference to 1 in every 5 cartons produced.
8. We draw your reference to Rule 3.1.21a, Declaration by the Directors which specifically provides that the Directors are required to make “*all reasonable inquiries*” and to confirm “*to the best of their knowledge and belief*” that the statements made in the Prospectus are accurate. We reiterate that our Company and our directors have made all reasonable inquiries prior to making the statements referred to above in our Prospectus/ IM and published same believing them to be true and accurate to the best of our knowledge and belief.
9. We deny the several allegations in the Complaint and particularly deny-
  - (a) that there is no factual basis for the statements made by us;
  - (b) that we have not exercised reasonable care to ensure full and fair disclosure of information regarding the company’s profile;
  - (c) that we have knowingly made any misrepresentation in our Prospectus or IM.

We further state, without prejudice to the matters above, that the reference to market leadership and approximate market shares are only material to an IPO in a general sense to demonstrate the stature and extent of presence that a company has in its market. As conceded in the Complaint itself, we are a “larger” corrugated company in the industry.

We believe you are also aware of a malicious campaign on social media actively promoted by certain interested parties designed to prejudice our initial public offering.

We would be pleased to respond to any further queries that you may have on this matter and urge you to dismiss and disregard the frivolous and misconceived allegations in the Complaint purportedly forwarded by the LCCMA.

Yours faithfully,



Zulficar Ghouse

**Managing Director**

cc.

1. **Mr Chinthaka Menid, Director General**  
**Dr Harsha Suriyapperuma, Director – Corporate Affairs,**  
**Securities and Exchange Commission,**  
**Level 28 and 29, East Tower, World Trade Center, Echelon Square, Colombo 1**
2. **Capital Alliance Partners Limited, Level 5, Millenium House, 45/58, Nawam Mw,**  
**Colombo 02.**
3. **Asia Securities Advisors (Private) Limited, 4<sup>th</sup> Floor, Lee Hedges Tower, Galle Main**  
**Road,**