

PAPER CONVERTING COMPANY LIMITED

*(A Public Company limited by shares
registered in Mauritius under the Companies Act 2001)*

FURTHER ADMISSION DOCUMENT

**IN RESPECT OF THE BONUS ISSUE OF 1,000,000 NEW ORDINARY
SHARES IN A PROPORTION OF 1 NEW ORDINARY SHARE FOR EVERY
4 ORDINARY SHARES HELD ON THE DEVELOPMENT & ENTERPRISE
MARKET
OF THE STOCK EXCHANGE OF MAURITIUS LIMITED**

AD NUMBER: LEC/B/01/2019

Rule 2.3 THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Further Admission Document includes particulars given in compliance with the rules for the Development & Enterprise Market (the 'DEM') and the Securities Act 2005 and the regulations promulgated under it for the purpose of giving information with regard to the issuer.

Rule 2.1 The Directors, whose names appear on pages 13 and 14 of this Further Admission Document, collectively and individually accept full responsibility for the accuracy of the information contained in this Further Admission Document and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The Directors also state that the financial statements have been prepared in accordance with the Act and the International Financial Reporting Standards and collectively and individually accept responsibility for these financial statements.

Sch3 Sec (e) Application is being made for the Bonus Issue of 1,000,000 new Ordinary Shares of **Paper Converting Company Limited (PCCL)** in a proportion of one (1) new Ordinary Shares for every four (4) Ordinary Shares held on the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd.

Sch3 Sec (c) The Further Admission Document will be available for inspection by the public at the Company's registered office at Bonne Terre, Vacoas, Mauritius and at St James Secretaries Limited, 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius, for at least 14 days as from the date of the Further Admission Document.

Paper Converting Company Limited

(A Company registered in Mauritius under the Mauritius Companies Act 2001)

Further Admission Document in respect of the issue and admission to listing of 1,000,000 new Ordinary Shares on the Development & Enterprise Market of the Stock Exchange of Mauritius Ltd by way of a Bonus Issue.

The distribution of this Further Admission Document and the sale or delivery of the Ordinary Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Further Admission Document are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Further Admission Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

This Document should be read in its entirety before making any application for the Ordinary Shares. All questions and inquiries relating to this Document should be directed to Mr. Seedheshwar Mojee on telephone no: +230 402 0852 or Mrs Shenaz Rughoonauth of St James Secretaries Limited, 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius, Telephone: +230 213 7000.

Rule 2.2 Neither the Listing Executive Committee of The Stock Exchange of Mauritius Ltd, nor The Stock Exchange of Mauritius Ltd, nor the Financial Services Commission assumes any responsibility for the contents of this Document. The Listing Executive Committee of The Stock Exchange of Mauritius Ltd, the Stock Exchange of Mauritius Ltd and the Financial Services Commission make no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this Document and expressly disclaim any liability whatsoever for any loss arising from or in reliance upon the whole or any part thereof.

The Stock Exchange of Mauritius Ltd, the Listing Executive Committee of the Stock Exchange of Mauritius Ltd and the Financial Services Commission do not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it. If you are in any doubt about the contents of this Document, you may consult an independent qualified person who may advise you accordingly.

This Document has also been filed with the Financial Services Commission.

The Directors also wish to highlight that as at date of this Further Admission Document:

Rule 19.7 No material adverse change in the financial or trading position of the Company has taken place since the last audited or any later interim financial statements that have been published;

Investors in the Company are not protected by any statutory compensation arrangements in Mauritius in the event of the Company's failure.

Rule 2.1 Mr. Seedheshwar Mojee

Mr Aymeric Hermann Dookun

Date : 12 June 2019

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DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

“Act”	the Companies Act 2001 in force in Mauritius and any subsequent amendments to it or any regulations promulgated under it;
“Board”	the Board of Directors as constituted from time to time or any duly constituted committee of the Board of Directors acting within its authority;
“Company”	Paper Converting Company Limited, a company registered under the laws of Mauritius under registration number 1564;
“Company Secretary”	St James Secretaries Limited, a company incorporated under the laws of Mauritius and having its registered office at 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius;
“Constitution”	the Constitution of the Company as may be amended from time to time;
“Controlling Shareholder”	Any person who is (or in the case of a Related Party Transaction only was within the 12 months preceding the date of that transaction) entitled to exercise, or control the exercise of 20 percent or more of the voting power at general meetings of the Company or one which is in a position to control the appointment and/or removal of Directors holding a majority of voting rights at Board meetings on all or substantially all matters;
“Directors”	the Directors of the Company as at the date of this Further Admission Document, whose details are given on pages 13 and 14 of this Document;
“Expenses”	All costs, fees and expenses related to the Company’s organization and operations, to the extent permitted by law and the Constitution;
“FMCG”	Fast moving consumer goods;
“FSC”	Financial Services Commission;
“IFRS”	International Financial Reporting Standards;
“Law”	the laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law in Mauritius;
“PCCL”	Paper Converting Company Limited;
“Meeting”	a meeting of Members;

DEFINITIONS (Cont'd)

“Member”	a registered holder of shares in the Company;
“Rs”	Mauritian Rupees, the lawful currency of the Republic of Mauritius;
“Person”	an individual, a corporation, a trust, the estate of a deceased individual, a partnership or an unincorporated association of persons;
“Register”	the register of Members to be kept pursuant to the Law;
“Related Party”	in relation to a company means a director, chief executive or Controlling Shareholder of the company or any of its subsidiaries or associates of any of them;
“Related Party Transaction”	<ul style="list-style-type: none">(i) a transaction (other than a transaction of a revenue nature in the ordinary course of business) between the Company, or any of its subsidiaries, and a Related Party; or(ii) any arrangements pursuant to which the Company, or any of its subsidiaries, and a Related Party each invests in, or provides finance to, another undertaking or asset;
“Secretary”	St James Secretaries Limited, a company incorporated under the laws of Mauritius and having its registered office at 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius;
“SEM”	The Stock Exchange of Mauritius Ltd established under the repealed Stock Exchange Act 1988 and now governed by the Securities Act 2005;
“Special Resolution”	A resolution approved by 75% percent of the votes of those Members entitled to vote and voting on the matter which is the subject of the resolution or a written a resolution signed by Members holding not less than 75% percent of the Members who would be entitled to vote on that resolution at a Meeting who together would hold not less than 75% percent of the votes entitled to be cast on that resolution;
“Special Meeting”	Special Meeting of Shareholders

PART I

KEY INFORMATION

The following information must be read in conjunction with the information set out in the remainder of this Document, and with the Constitution of the Company. Prospective investors should read the whole of this Document, and not rely solely on the following summarised information.

1 THE COMPANY

Rule 5.1.1-5.1.5 **Paper Converting Company Limited** (the ‘Company’ or ‘PCCL’) was incorporated in Mauritius as a private company limited by shares according to the Act on 19 November 1966 with registration number 1564. The Company is domiciled in Mauritius. The Company was converted into a public company under the Act by way of a Special Resolution of its shareholders on 01 March 1985. The Company has an unlimited life. Its registered office address is Bonne Terre, Vacoas (telephone no. +230 402 0852).

Rule 6.1.1 & 20.2.1 The Company is a leading manufacturer of tissue and toilet paper in Mauritius. It produces the international prestigious brand of toilet and tissue paper “Kleenex” under license from Kimberly Clark Corporation of USA. As in almost every part of the globe, “Kleenex” products have consolidated their leadership in the Mauritian market and have established themselves as a household brand today. The Company is rightly considered in Mauritius to be the pioneer in the production of toilet tissue rolls since it started operations in October 1967. Now a wide array of paper products is being manufactured with quality ranging from basic to premium.

The Company operates under the license of Kimberly Clark and abides by the International Corporation Policy concerning quality control. Samples are thus sent regularly to USA for stringent laboratory tests. Furthermore, the Company also obtained the AFNOR Certification on 11 December 2015.

During 2018, the Company got its Forest Stewardship Council (FSC) certification. The FSC certification guarantees consumers that the Company operates in an environmentally, economically and socially responsible way. The certification constitutes a major milestone achieved in the Company’s continuous endeavours for sustainable development and is the result of the mobilisation of significant resources and cost. Being the first Mauritian FSC certified company represents an important competitive edge and brand differentiation for environmentally sensitive clients.

Substantial interests in shares and shares in public hands

The list of substantial shareholders as at 09 May 2019 was as follows:

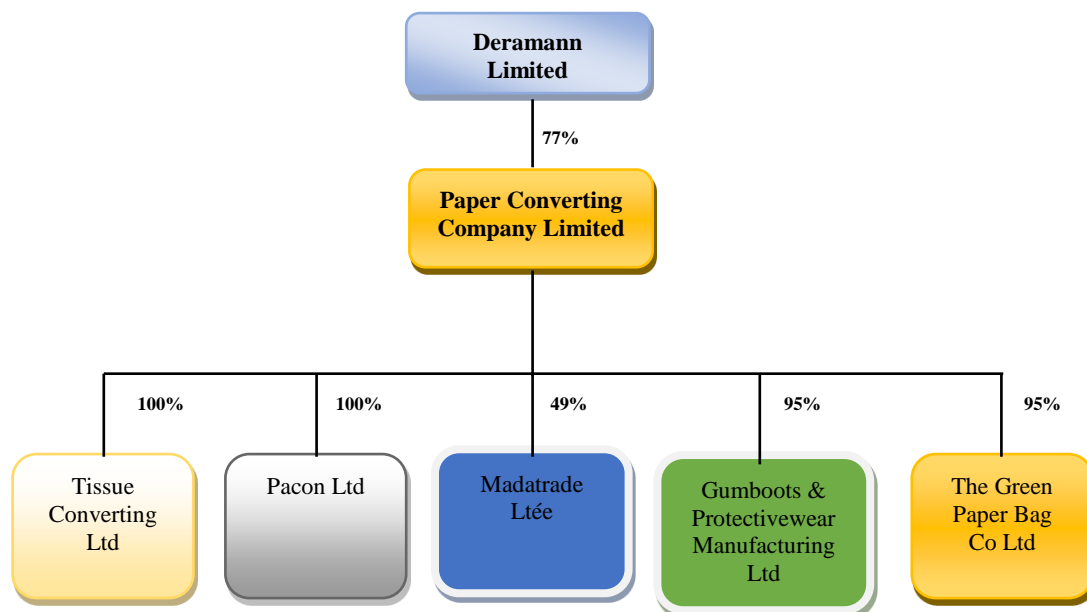
<i>Member</i>	<i>Number of Shares</i>	<i>% shareholding</i>
Controlling shareholder - Deramann Limited	3,082,327	77.06%
Other related parties	429,300	10.73%
Public	488,373	12.21%

PART I

KEY INFORMATION (Cont'd)

1 THE COMPANY (Cont'd)

PCCL is a subsidiary of Deramann Limited, which is a property and investment holding company. The Group structure of PCCL, prior to the issue of the 1,000,000 Ordinary Shares, is provided below:



All the subsidiary companies are incorporated in Mauritius.

Salient Features of the Bonus Issue

Items	Details
Issuer	Paper Converting Company Limited
Terms of the issue	Entitled shareholders will be allotted one (1) new Ordinary Shares for each four (4) Ordinary Shares held in the Company on the Record Date.
Purpose of the Issue	The main purpose of the Bonus Issue is to improve the liquidity of PCCL shares on the SEM.
Rights of newly issued Ordinary Shares	The newly issued Ordinary Shares will rank pari-passu with the existing Ordinary Shares of the Company.
Key dates	Record Date: 15 July 2019 Listing Date: 23 July 2019

PART I

KEY INFORMATION (Cont'd)

1 THE COMPANY (Cont'd)

Calendar of events

In relation to the Bonus Issue, the following timetable will apply:

Events	Dates
Board decision for Bonus Issue	22 April 2019
Issue of Cautionary Announcement by Company	25 April 2019
Approval received from relevant authorities	12 June 2019
Issue of Communiqué after receipt of approval from relevant authorities and Board of Directors approval of Bonus Issue	12 June 2019
Special meeting of shareholders	25 June 2019
First cum bonus trading session	26 June 2019
Last day to deposit existing share certificates at CDS for the first day of trading bonus shares	08 July 2019
Last cum bonus trading session	10 July 2019
Ex-Bonus Issue	11 July 2019
Close of books	15 July 2019
Direct credit of CDS accounts with bonus shares	22 July 2019
First day for trading of new bonus shares	23 July 2019
Issue of new share certificates	12 August 2019

Shareholders who have not yet deposited their shares in the Central Depository & Settlement Co Ltd (CDS) and who wish to trade in the bonus shares on the 23 July 2019 are advised to deposit their existing share certificates with CDS by 08 July 2019 at latest.

2 TERMS AND CONDITIONS OF THE BONUS ISSUE

Rule 20.1.1 & 26.3.1

Before the Bonus Issue, the stated capital of the Company was Rs 40,000,000 made up of 4,000,000 fully paid Ordinary Shares of Rs 10 each.

On the 22 April 2019, the Board of Directors (the 'Board') of Paper Converting Company Limited (the 'Company') has resolved to capitalise a sum of Rs 10,000,000 and used for distribution by way of a Bonus Issue of 1,000,000 Ordinary Shares of the Company ('Bonus shares'), to and among the holders of Ordinary Shares registered at close of business on the 15 July 2019.

The 1,000,000 Ordinary Shares from the Bonus Issue shall be allotted and distributed in the proportion of one (1) new Ordinary Share for every four (4) Ordinary Shares held in the Company on the Record Date.

The Board has also approved the application for the admission of the 1,000,000 new Ordinary Shares from the Bonus Issue on the Development & Enterprise Market ("DEM") of the Stock Exchange of Mauritius Ltd ("SEM").

In accordance with section 27 of the constitution of the Company, the Company's shareholders will be called to vote, by way of a Special Resolution at a Special Meeting of shareholders to be held on 25 June 2019, the Bonus Issue of 1,000,000 new Ordinary Shares.

PART I

KEY INFORMATION (Cont'd)

2 TERMS AND CONDITIONS OF THE BONUS ISSUE (Cont'd)

The table below summarises the impact of the Bonus Issue on the share capital and reserves of the Company:

	Total equity as at 31 December 2018 (Audited)	Bonus Issue	Total equity after Bonus Issue
	Rs	Rs	Rs
Stated capital	40,000,000	10,000,000	50,000,000
Share premium	14,900,866	-	14,900,866
Revaluation reserve	105,485,555	(10,000,000)	95,485,555
Retained earnings	160,746,829	-	160,746,829
Total	321,133,250	-	321,133,250
Number of shares	4,000,000	1,000,000	5,000,000

The Auditors have confirmed that the Company's reserves are sufficient for the purpose of the Bonus Issue.

Rights of newly issued Ordinary Shares

The newly issued Ordinary Shares will rank pari-passu with the existing Ordinary Shares of the Company and accordingly shall have the rights set forth in the Constitution.

Impact on Share Price

Immediately after the Bonus Issue, the theoretical share price of the Company will be equivalent to the share price of the Company prior to the Bonus Issue multiply by 8/10. For example, using the share price of the Company of Rs 31.50 on 2 May 2019, being the last practicable date prior to the Bonus Issue, the revised theoretical share price after the Bonus Issue would be Rs 25.20.

	Number of shares	Price per share Rs	Market capitalization Rs
Pre Bonus Issue	4,000,000	31.50	126,000,000
Bonus Issue (1 new Ordinary Share per 4 existing shares)	1,000,000	-	-
Post Bonus Issue	5,000,000	25.20	126,000,000

PART I

KEY INFORMATION (Cont'd)

3 APPLICATION FOR LISTING

- Rule 25.1, 25.3** (a) An application is being made for the listing of the 1,000,000 new Ordinary Shares. The new shares carry rights similar to the existing Ordinary Shares. All the shares to be issued by the Company will be in registered form. Details of the entity in charge of keeping the records are as follows: St James Secretaries Limited, 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius.
- Sch3 Sec (g)** (b) The first day of listing and admission to trading of the abovementioned 1,000,000 new Ordinary Shares has been scheduled for 23 July 2019.

4 DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Rule 3.2 The following are officers and service providers of the Company:

Directors

- Mr Jadoo Hermann Dookun (Chairperson)
- Mr Aymeric Jadoo Hermann Dookun (Managing Director)
- Mr Uwe Hollmichel
- Dr Assish Kumar Ganshyam Singh Jugmohun
- Mr Navind Kumar Dookun
- Mr Anil Kumar Shiwpursad
- Mr Seedheshwar Mojee
- Mr Vinod K Bussawah

Company Secretary

St James Secretaries Limited
5th Floor, C&R Court
49 Labourdonnais Street
Port Louis, Mauritius
Telephone no.: +230 213 7000
Fax no.: +230 210 7878

Registered Office Address

Bonne Terre
Vacoas
Mauritius
Telephone no.: 402 0852

Bankers

Barclays Bank Mauritius Ltd
Sir William Newton Street
Port Louis
Telephone no.: 404 1000

Bank of Baroda
6, Sir William Newton Street
Port Louis
Telephone no.: 208 1504

State Bank of Mauritius
State Bank Tower
1, Queen Elizabeth II Avenue
Port Louis, Mauritius
Telephone no.: 202 1111

PART I

KEY INFORMATION (Cont'd)

4 DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS (Cont'd)

Rule 3.2

The following are officers and service providers of the Company (Cont'd):

Bankers

ABC Banking Corporation Ltd
WEAL HOUSE, Duke of Edinburgh Avenue
Place d'Armes, 11328
Port Louis
Telephone no.: 206 8000

The Mauritius Commercial Bank Ltd
9-15, Sir William Newton Street
Port Louis, Mauritius
Telephone no.: 202 5000

AfrAsia Bank Limited
Bowen Square
10, Dr. Ferrière Street,
Port Louis
Telephone no.: 208 5500

Habib Bank Limited
Royal Road, Curepipe
Telephone no.: 670 0019

Investment Dealer

Axys Stockbroking Ltd
Bowen Square
10, Dr. Ferrière Street, Port Louis
Telephone no.: 213 3475

Rule 3.1

The auditors and Mauritius tax advisors are as at date:

Nexia Baker & Arenson
Chartered Accountants
5th Floor, C&R Court
49 Labourdonnais Street
Port Louis, Mauritius
Telephone no.: 207 0600

PART I

KEY INFORMATION (Cont'd)

Rule 14.1 4.1 BOARD OF DIRECTORS

The Board of Directors of the Company is composed of eight members and is committed to achieving success of the Company by building a sustainable business for the long term and generating the highest return on shareholders' investment.

The Board of Directors is the ultimate governing body and has full powers over the affairs of the Company. The Board is made up of 1 Managing Director, 3 Executive Directors, 4 Non Executive Directors, of which 2 are independent Directors.

Directors' Profiles

Mr Jadoo Hermann Dookun (57 years)

Born in 1962, Jadoo Dookun terminated his secondary education at Lycee Labourdonnais before leaving for the United States where he studied international business. He joined the Deramann group of companies in early 1984 and has over the years acquired substantial experience in various sectors ranging from manufacturing to the distribution of consumer goods. He was appointed as Managing Director of the Group since 2007 after the demise of his brother Deo Rajah Dookun. He is currently the Chairperson of the Group.

Mr Aymeric Jadoo Hermann Dookun (26 years)

After completing his high school education in Australia, Aymeric Dookun attended Schiller International University in Heidelberg where he studied International Business and Marketing. On his return in Mauritius, he was nominated as Chief Marketing Officer for the Deramann Group and was appointed to the Board of Directors in 2014. He is currently the Managing Director of the Group.

Mr Uwe Hollmichel (62 years)

Uwe holds a degree from the Heidelberg Economic School. He started his career at Deutsche Bank AG Germany in 1974 and is a Branch Manager and Director for over 25 years. One of his main concern in both professional and personal field is Corporate Social Responsibility and the Sustainable use of Nature and Human beings. He is the President of one of the major Sport Club in Heidelberg, Advisor, independent consultant and Board Member of several companies, non-governmental, cultural and social organizations in the city of Heidelberg and in the Metropolitan region Rhein-Neckar, Germany.

Dr Assish Kumar Ghanshyamsingh JUGMOHUN (48 years)

Dr Assish Kumar Jugmohun is a holder of a Doctorate in Business Administration (DBA) (Mauritius), MBA (General Management) from South Africa. In addition, he also has an MSc (Human Resources Management) (Mauritius) and a BSc (Mathematics and Statistics) (South Africa). He is presently continuing his post-doctoral research in the field of Performance Management System, Reward and Training. He has been shouldering responsibilities at managerial level in the sugar and financial sector in Mauritius.

PART I

KEY INFORMATION (Cont'd)

Rule 14.1 4.1 BOARD OF DIRECTORS (Cont'd)

Mr Navind Kumar Dookun (59 years)

Mr Navind Kumar Dookun has a vast experience of over 25 years in the cultivation of sugarcane and other crops, and is an elected member of Managing Committee of The Mauritius Sugarcane Planters' Association. Mr Dookun manages a filling station, and he is a member of The Petroleum Retailers Association. Apart from being a member of the Board of PCCL, he is also involved in various social and cultural activities.

Mr Anil Kumar Shiwpursad (60 years)

Mr Anil Kumar Shiwpursad was born in 1958. After completing his secondary education he did some courses in leadership and management and also courses in shipping line. He joined the Deramann Group of companies in 1976 where he has occupied various positions such as shipping manager, procurement manager and assistant managing director. He was appointed as Director of PCCL in 2013.

Mr Seedheshwar Mojee (43 years)

Mr Seedheshwar Mojee is a graduate of the Association of Chartered Certified Accountants. He started his working career in the audit field where he works in various audit firms for 8 years. He also worked as accountant for nearly 3 years before joining the Deramann Group of companies in 2007 as financial controller. He was appointed as Director of PCCL in 2013.

Mr Vinod Khooshiramsing Bussawah (59 years)

Mr Bussawah is a finance professional with over 25 years' experience at senior management level with reputed organisations in Mauritius and the region. He was the Officer in Charge - Finance and Administration at The Mauritius Chamber of Agriculture for twelve years, following which he was appointed as Country Manager for ACCA Mauritius where he spent nine years in making ACCA the most sought-after professional qualification in the field of finance. He was also the General Manager of LCA Mauritius for more than three years. Vinod has gained his experience in the manufacturing sector by working as General Manager of Crestanks Ltd, a leading water tank manufacturer in Uganda. He is an FCCA (Fellow Chartered Certified Accountant) and also holds an MBA Finance and a Diploma in Corporate Governance. Mr Bussawah is a member of MIOD and a registered professional accountant with MIPA.

4.2 SECRETARY

Details of the company secretary are as follows: St James Secretaries Limited, a company incorporated under the laws of Mauritius and having its registered office at 5th Floor, C&R Court, 49 Labourdonnais Street, Port Louis, Mauritius.

5. COSTS

The estimated admission cost amounts to Rs 240,000, which represents the application fee of Rs 65,000 to be paid to the SEM, professional fees of Rs 115,000 and publication costs of Rs 60,000.

PART II

Rule 4

RISK FACTORS

The table below provides details of the risk factors facing the Company and the corresponding measures to mitigate the consequences:

<i>Risks</i>	<i>Mitigation</i>
<p><i>Quality standards</i></p> <p>The Company works with international brands and needs to maintain quality standards to retain these licenses.</p>	<p>Regular quality checks are carried out and the international brands perform regular audits to assess quality. The Company is ISO and AFNOR compliant and Forest Stewardship Council certified.</p>
<p><i>Financial Risk</i></p> <p>Financial risk is the risk that the Company will not have adequate cash flow to meet financial obligations. The Company is faced with two main types of financial risks, namely Credit risk and Liquidity risk.</p> <p>(i) <i>Credit risks</i></p> <p>Credit risk represents the potential loss that the Company would incur if counterparty fail to perform pursuant to the terms of their obligations to the Company. The carrying amount of financial assets represents the maximum credit exposure. Credit risk consists of cash deposit with banks, investment in securities and receivables.</p> <p>(ii) <i>Liquidity risks</i></p> <p>Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.</p>	<p>The Company only deposits cash with major banks with high quality credit standing and limits exposure to anyone counterparty. Company invests exclusively in low risk financial instruments in order to mitigate any potential default risk. The exposure to credit risk on receivables is monitored on an ongoing basis by management and these are considered recoverable.</p> <p>The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.</p>

PART II

Rule 4

RISK FACTORS (Cont'd)

<i>Risks</i>	<i>Mitigation</i>
<p><i>Operational Risk</i></p> <p>Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.</p>	<p>These risks are monitored through the establishment of proper planning and control procedures to ensure that the risk of loss from inadequate or failed processes, people and from external events are mitigated. Besides, the Company has policies in place to continuously maintain operating equipment in good running conditions.</p>
<p><i>Compliance Risk</i></p> <p>Compliance risk is the current and prospective risk arising from violations of, or nonconformance with, applicable laws, rules, regulations, internal policies and procedures. This risk exposes the Company to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can lead to diminished reputation, reduced franchise value, limited business opportunities, reduced expansion potential, and an inability to enforce contracts.</p>	<p>The Company has established effective controls and procedures to ensure segregation of duties at all levels. The Board has put in place an effective ‘whistle blowing’ mechanism to facilitate and encourage the reporting of any lack, or breach of internal controls and any unethical or irregular behaviour.</p>
<p><i>Information Technology risk</i></p> <p>It is the risk of potential loss that the Company would incur subsequent to its information system vulnerabilities because of unauthorized (malicious or accidental) disclosure, modification, or destruction of information; unintentional errors and omissions; IT disruptions due to natural or man-made disasters; and failure to exercise due care and diligence in the implementation and operation of the IT system.</p>	<p>The Company has implemented effective controls and procedures to ensure segregation of duties and logical access rights at all levels and minimise the technological risk through the establishment of an appropriate back up and continuity of systems, internal audit and protection of data.</p>
<p><i>Reputational Risk</i></p> <p>This risk arises as a result of the Company being unable to meet its professional obligation towards its stakeholders due to unintentional or negligent action.</p>	<p>The risk is mitigated by communicating regularly with its stakeholders and constantly striving to build strong business relationships.</p>
<p><i>Procurement Risk</i></p> <p>It is a risk that insufficient or poor quality raw materials are supplied to the Company by external suppliers.</p>	<p>The Company mitigates this risk by maintaining a buffer stock of raw materials. It also purchases from different suppliers.</p>

PART III

ADDITIONAL INFORMATION

Rule 20.2.1 1. CONSTITUTION

Capital

The authorized share capital of the Company is Rs 40,000,000, divided into 4,000,000 Ordinary Shares of Rs 10 each.

The issued share capital as at the date of this Further Admission Document is Rs 40,000,000, divided into 4,000,000 Ordinary Shares of Rs 10 each.

Issue of new shares and rights/options to acquire shares

The Board may issue shares at par or at a premium, at one or different times as and when the Board shall so decide.

The said shares or any part thereof shall be offered by the Board for subscription in the first instance to all the shareholders of the Company in proportion as nearly as may be to the number of shares held by them respectively for the time being.

Annual meeting and special meeting of shareholders

An Annual meeting shall be held once at least in every calendar year at such time not being more than fifteen months after the holding of the last preceding general meeting and at such place may be determined by the Board.

The Board may whenever they think fit convene a Special meeting and they shall on the requisition of the holders of not less than one/tenth of the issued share capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene a Special Meeting of the Company.

No member shall be entitled to vote at any Annual meeting unless all calls and other sums presently payable by him in respect of shares in the Company have been paid.

Directors

The Directors of the Company shall be such person or persons as may be appointed from time to time by the Company in Annual and Special meetings.

The Company may by Special Resolution remove any Director.

PART III

ADDITIONAL INFORMATION (CONT'D)

Rule 20.2.1 1. CONSTITUTION (Cont'd)

Authority to remunerate Directors

- (a) The Board may approve the payment of remuneration (or the provision of other benefits) by the Company to a Director for his services as a Director, or the payment of compensation for loss of office;
- (b) The Board shall ensure that, prior to authorising any payment under Section 67 of the Constitution, such payment shall be deemed fair and reasonable to the Company and its existing shareholders;
- (c) The Board shall ensure that, forthwith after authorising any payment under Section 67 of the Constitution, particulars of such payment are entered in the Interests Register.

Directors' Interests

The Company shall cause to be kept in an interests register and each Director must declare to the Board any interest that he may have in relation to a proposed resolution.

A Director and alternate Director shall be counted in the quorum at any Board meeting in relation to any resolution in respect of which he has declared an interest but may not vote thereon.

Rule 25.5 2. RIGHTS ATTACHED TO THE SHARES

- ***Dividend rights***

The Directors may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix the time for payment. No dividend shall be payable out of the capital of the Company and the declaration of the Board as to the amount available for dividend shall be conclusive.

The Board may from time to time pay to the members such interim dividend, as in their judgement the position of the Company justifies. Dividends may be authorised and declared by the Board at such time and for such amount (subject to the solvency test required by the Companies Act) as it thinks fit.

All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed.

PART III

ADDITIONAL INFORMATION (CONT'D)

Rule 25.5

2. RIGHTS ATTACHED TO THE SHARES (Cont'd)

- *Voting rights*

Each share shall carry one vote. Ordinary resolutions put to vote at an Annual or Special meeting may be approved by a simple majority of votes. In case of equality of votes, the Chairperson of the meeting shall be entitled to a casting vote.

- *Pre-emption rights in offers for subscription of securities of the same class*

Subject to any direction to the contrary in the resolution deciding on the creation of new shares, all new shares shall be offered in the first instance and either at par or at a premium for subscription to all the then existing shareholders of the Company in proportion to such shares held by them.

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as if they formed part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalment, transfer and transmission, forfeiture, lien, surrender voting and otherwise.

- *Right to share in the Company's profits*

Subject to the rights of holders of shares issued upon special conditions and to any arrangement that may be made by the Company to the contrary, the profits of the Company shall be divisible among the members in proportion to the capital paid or credited as paid on the shares held by them respectively.

- *Rights to share in any surplus in the event of liquidation*

In case of winding up, the proceeds from the sale of the Company's assets shall be used to repay the Company's debts and other liabilities, including the costs of liquidation. Any surplus remaining shall then be distributed amongst the Company's shareholders in proportion to their respective holdings.

3. LITIGATION

Rule 19.6

The Company is not involved in any governmental, legal or arbitration proceedings and, so far as the Directors are aware, there are no governmental, legal or arbitration proceedings pending or threatened against them, or being brought by the Company since the date of incorporation of the Company which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

APPENDIX 1

REPORT OF THE INDEPENDENT AUDITORS ON SUFFICIENCY OF RESERVES

STATEMENTS OF FINANCIAL POSITION OF PCCL

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF PCCL

06 May 2019

The Directors
Paper Converting Company Limited
Bonne Terre
Vacoas

Dear Sirs

Re. Auditors' Report – Proposed Bonus Issue

We have inquired into Paper Converting Company Limited ("the Company") state of affairs as at 31 December 2018 and confirm that the Company has sufficient reserves to proceed with the proposed bonus issue of 1,000,000 new ordinary shares in a proportion of one new ordinary share for every four held as at that date, on the basis of the following:

- (i) Audited financial statements of the Company for the year ended 31 December 2018 and
- (ii) Management representation to the effect that there has been no matter which has negatively affected the Company's reserves available for the proposed bonus issue from 31 December 2018 to date.

Yours faithfully


.....
Nexia Baker & Arenson

STATEMENTS OF FINANCIAL POSITION OF PCCL

AS AT 31 DECEMBER 2018 & 2017

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs	Rs	Rs	Rs
ASSETS				
Non-current assets				
Property, plant and equipment	209,194,336	211,313,066	170,896,941	176,281,372
Intangible assets	-	1,825,328	-	-
Investment properties	79,627,000	79,627,000	79,627,000	79,627,000
Investments in subsidiaries	-	-	45,632,183	68,529,536
Available-for-sale investments	325,701	325,701	325,701	325,701
Investments in joint ventures	426,280	448,272	877,167	877,167
Investments in associate	-	20,572,359	-	-
Advance on equity	2,961,917	1,410,663	-	-
	292,535,234	315,522,389	297,358,992	325,640,776
Current assets				
Inventories	83,083,906	88,519,896	42,323,083	38,448,801
Trade and other receivables	201,405,355	181,445,322	163,527,191	132,171,554
Cash and cash equivalents (excluding bank overdraft)	1,897,575	3,053,159	282,344	499,511
	286,386,836	273,018,377	206,132,618	171,119,866
Assets held for sale				
Investment in Madatrade	9,798,702	-	9,798,702	-
	Rs 588,720,772	588,540,766	513,290,312	496,760,642
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	40,000,000	36,000,000	40,000,000	36,000,000
Share premium	14,900,866	14,900,866	14,900,866	14,900,866
Revaluation reserve	105,485,555	109,485,555	105,485,555	109,485,555
Retained earnings	142,186,286	148,248,387	160,746,829	159,565,615
Total equity attributable to owners	302,572,707	308,634,808	321,133,250	319,952,036
Non-controlling interests	305,817	734,593	-	-
Total equity	302,878,524	309,369,401	321,133,250	319,952,036
Non-current liabilities				
Borrowings	69,824,003	68,437,476	62,822,988	58,173,140
Deferred income taxes	13,509,958	14,633,185	13,509,958	14,263,185
Retirement benefit obligations	2,710,572	3,480,642	868,450	584,291
	86,044,533	86,551,303	77,201,396	73,020,616
Current liabilities				
Borrowings	81,897,611	80,496,294	26,744,920	27,680,963
Trade and other payables	80,892,405	73,767,996	63,624,322	49,144,572
Current tax liabilities	2,303,280	2,856,548	1,980,447	2,329,638
Bank overdrafts	29,558,293	31,953,098	17,459,851	21,086,691
Dividend payable	5,146,126	3,546,126	5,146,126	3,546,126
	199,797,715	192,620,062	114,955,666	103,787,990
Total liabilities	285,842,248	279,171,365	192,157,062	176,808,606
Total equity and liabilities	Rs 588,720,772	588,540,766	513,290,312	496,760,642

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2018 & 2017

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs	Rs	Rs	Rs
Revenue	229,572,062	230,992,311	161,101,995	164,990,381
Cost of sales	(192,026,366)	(196,000,983)	(128,266,875)	(133,517,296)
Gross profit	37,545,696	34,991,328	32,835,120	31,473,085
Other Operating income	2,116,681	3,037,625	1,861,887	1,371,580
Selling and Distribution expenses	(376,698)	(574,833)		-
Other Operating expenses	(2,559,585)	(2,761,243)		-
Administrative expenses	(26,963,667)	(25,279,167)	(19,238,643)	(17,178,633)
Profit from operations	9,762,427	9,413,710	15,458,364	15,666,032
Goodwill written off	(1,825,328)	(803,846)	-	-
Loss on disposal of subsidiary	(835,046)	-	(285,247)	-
Impairment on investments in subsidiaries	-	-	(2,900,000)	-
Fair value gain on revaluation of investment property	-	-	-	-
Gain on bargain purchase	-	852,422	-	-
Finance costs	(10,393,277)	(13,014,343)	(7,886,183)	(8,172,506)
Share of loss in joint venture	(21,993)	(51,369)		-
Share of profit in associate	-	521,846		-
(Loss)/profit before tax	(3,313,217)	(3,081,580)	4,386,934	7,493,526
Taxation	(1,133,863)	(1,527,392)	(1,227,220)	(1,946,223)
Corporate social responsibility	(443,797)	(56,288)	(378,500)	-
(Loss)/profit for the year	Rs (4,890,877)	(4,665,260)	2,781,214	5,547,303
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss:</i>				
Gain on revaluation of land and buildings	-	-	-	-
Deferred tax on revaluation of buildings	-	-	-	-
Other comprehensive income for the year	Rs -	-	-	-
Total comprehensive (loss)/income for the year	Rs (4,890,877)	(4,665,260)	2,781,214	5,547,303
(Loss)/profit for the year attributable to:				
- Equity holders of the Company	(4,462,101)	(4,150,563)	2,781,214	5,547,303
- Non-controlling interests	(428,776)	(514,697)	-	-
Other comprehensive income for the period is attributable to:				
- Equity holders of the Company	-	-	-	-
- Non-controlling interests	-	-	-	-
	-	-	-	-
(Loss)/earnings per share (Rs./Cts.)	Rs/cts (1.12)	(1.04)	0.70	1.39

For comparative purposes, the earnings per share for the year ended 31 December 2017 were recomputed based on the number of ordinary shares further to the bonus issue during the year ended 31 December 2018.