

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that the Extra Ordinary General Meeting of the Members of **Ismail Industries Limited** (the "Company") will be held on Monday April 12, 2021 at 12:00 noon at Hotel Galaxy, Bushra Hall, 164, B.C.H.S. Shahrah-e-Faisal, Karachi to transact the following business:

Ordinary Business

1. To confirm the minutes of the 32nd Annual General Meeting of the Company held on October 26, 2020.

Special Business

To consider and if deemed appropriate, pass the following resolutions as special resolutions, with or without modifications, under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 as recommended by the Board of Directors in their meeting held on March 15, 2021.

2. **"RESOLVED THAT** the Company be and is hereby authorized to make an investment in the form of equity for an amount upto Rs. 1,500,000,000/- (Rupees: One billion five hundred million only) divided into 150,000,000 ordinary shares of Rs. 10/- each in the recently incorporated associated/subsidiary company M/s. Ismail Resin (Private) Limited which have the intention of setting-up a Polyester Resin (PET Resin) Manufacturing Plant."
3. **"FURTHER RESOLVED THAT** the Company be and is hereby approved to issue Cross Corporate Guarantee upto Rs. 4,700,000,000/- (Rupees: Four billion seven hundred million only) for its recently incorporated associated/subsidiary company M/s. Ismail Resin (Private) Limited."

"FURTHER RESOLVED THAT the Company be and is hereby approved to issue a guarantee in the form of Sponsors Support Agreement to the lenders of its recently incorporated associated/subsidiary company M/s. Ismail Resin (Private) Limited for investment in the form of equity or subordinated debts to cover the cost over-run, or to cover the funding shortfall or any other obligation that may arise under financing documentations / agreements executed with them. Such sponsor obligation shall be for a period of the tenure of the project loan, or such other date as may be prescribed in the Sponsors Support Agreement."



Head Office: 17 Bangalore Town, Main Shahrah-e-Faisal, Karachi - 75350, Pakistan.
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4. **"FURTHER RESOLVED THAT** the Company be and is hereby approved to issue Cross Corporate Guarantee up to Rs. 600,000,000/- (Rupees: Six hundred million only) for its subsidiary company M/s. Hudson Pharma (Private) Limited."

"FURTHER RESOLVED THAT the Chief Executive Officer / Company Secretary of the Company be and is hereby singly authorized to take any and/or all actions to implement and give effect to above resolutions and to complete any or all required corporate and necessary legal formalities for the purpose of implementation of above resolutions."

Any Other Business

5. To consider any other business with permission of the Chairman.

Statement under Section 134(3) of the Companies Act, 2017, concerning special business is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board



Ghulam Farooq
Company Secretary

Karachi: March 19, 2021

Notes

1. The shares transfer book of the Company shall remain closed with effect from April 6, 2021 to April 12, 2021 (both days inclusive). Transfers received at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, 32-C, Jami Commercial Street-2, D.H.A. Phase VII, Karachi, Phone # 021-111-000-322 at the close of business on Monday, April 5, 2021 will be considered in time to attend and vote at the meeting.
2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy, in order to be effective must reach the Company Registrar Office not less than 48 hours before the time of the meeting during working hours.

3. Shareholders are requested to immediately notify the changes in address, if any.

Guidelines for CDC Account Holders

CDC Accounts holders will further have to follow the guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate their identity by showing their original Computerized National Identity Card ("CNIC") or original Passport at the time of attending the meeting.
- ii. In case of corporate entities, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless provided earlier).

B. For Appointing Proxies

i. In case of individuals:

- a) The account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations shall submit the proxy form as per the above-mentioned requirements.
- b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with proxy form.
- c) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

ii. In case of corporate entities:

The Board of Directors resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to the Company.



STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement is annexed as an integral part of the Notice of the Extra Ordinary General Meeting of Ismail Industries Limited to be held on Monday, April 12, 2021 at 12:00 noon at Hotel Galaxy, Bushra Hall, 164, B.C.H.S., Shahrah-e-Faisal, Karachi, Pakistan, and set out the material facts concerning the Special Business to be transacted at the Meeting.

Investment in an Associated/Subsidiary company, M/s. Ismail Resin (Private) Limited u/s. 199 of the Companies Act, 2017.

(A) Regarding associated company or associated undertaking:

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| (i) | Name of the associated company or associated undertaking | M/s. Ismail Resin (Private) Limited. |
| (ii) | Basis of relationship | The relationship is established based on common directorship of: 1) Mr. Muhammad M. Ismail 2) Mr. Maqsood Ismail Ahmed 3) Mr. Munsarim Saifullah 4) Mr. Hamid Maqsood Ismail 5) Mr. Ahmed Muhammad |
| (iii) | Earnings per share for the last three years; | Not Applicable (the company incorporated on January 13, 2021 the financial statement period not yet concluded) |
| (iv) | Break-up value per share, based on latest audited financial statements | Not Applicable (the company incorporated on January 13, 2021 the financial statement period not yet concluded) |
| (v) | Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements. | Not Applicable (the company incorporated on January 13, 2021 the financial statement period not yet concluded) |
| (vi) | In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely; (i) Description of the project and its history since conceptualization; (ii) Starting date and expected date of completion of work; | Polyester Resin (PET Resin) Manufacturing Plant with capacity of 108,000 tons per annum Letter of Credits for Plant & machineries are already established and factory building construction is expected to be started by June 2021. |



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| <p>(iii) Time by which such project shall become commercially operational;</p> <p>(iv) Expected time by which the project shall start paying return on investment; and</p> <p>(v) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p> | <p>By September 2022 project will be commercially operational.</p> <p>From financial year 2023-2024</p> <p>Funds to be invested by the sponsors in shape of cash.</p> |
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(B) General disclosures:

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| (i) | Maximum amount of investment to be made | <p>Long-term equity investment upto Rs. 1,500,000,000/- (Rupees: One billion five hundred million only).</p> <p>Cross Corporate Guarantee upto Rs. 4,700,000,000/- (Rupees: Four billion seven hundred million only).</p> <p>Guarantee in the form of Sponsors Support Agreement.</p> |
| (ii) | Purpose, benefits likely accrue to the investing company and its members from such investment and period of investment | <p>Purpose:</p> <p>To make the equity investment with the intention of setting-up Polyester Resin (PET Resin) Manufacturing Plant.</p> <p>The purpose of issuance of Cross Corporate Guarantee and Sponsors Support Agreement is to facilitate the associated/subsidiary company to securitize their lenders against project financing they are going to obtain.</p> <p>Benefits:</p> <ol style="list-style-type: none"> 1. To earn dividend income which ultimately maximize the shareholder value of the investing company. 2. PET Resin will be available locally for the investing company which it presently procures from abroad through import. <p>Period of Investment:</p> <p>The investment would be made in piecemeal as and when needed till the completion of project.</p> |
| (iii) | Sources of fund to be utilized for investment and where the | From Surplus funds of the Company. |



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| | investment is intended to be made using borrowed funds: | |
| | (i) Justification for investment through borrowings: | Not Applicable |
| | (ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds: and | Not Applicable |
| | (iii) Cost benefit analysis: | Not Applicable |
| (iv) | Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment; | Not Applicable |
| (v) | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration. | Mr. Muhammad M. Ismail, Mr. Maqsood Ismail Ahmed, Mr. Munsarim Saifullah, Mr. Hamid Maqsood Ismail, and Mr. Ahmed Muhammad, are the Directors of Ismail Industries Limited (the investing company), they are also Directors of Ismail Resin (Private) Limited. However, they have no direct or indirect interest except to the extent of their shareholding in the investing company. |
| (vi) | In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs: | Not Applicable (the company incorporated on January 13, 2021 the financial statement period not yet concluded) |
| (vii) | Any other important details necessary for the members to understand the transaction | Not significant |

Additional information for equity investment:

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| (i) | Maximum price at which securities will be acquired. | At face value of Rs. 10/- per share |
| (ii) | In case the purchase price is higher than is market value in case of listed securities and fair value in case of | Not Applicable |



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| | unlisted securities, justification thereof; | |
| (iii) | Maximum number of securities to be acquired. | 150,000,000 Ordinary shares of Rs. 10/- each. |
| (iv) | Number of securities and percentage thereof held before and after the proposed investment | At present, the Company does not hold any share of Ismail Resin (Private) Limited. However, the Company proposing to acquire up to 75% of the paid-up share capital of Ismail Resin (Private) Limited. |
| (v) | Current and preceding twelve weeks weighted average market price where investment is proposed to be made in listed securities; | Not Applicable |
| (vi) | Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities; | Regulation 5(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 provides that in case of investment in unlisted equity securities of an associated company or associated undertaking, the fair value of such securities shall be determined based on the generally accepted valuation techniques and latest audited financial statements of the associated company. Ismail Resin (Private) Limited incorporated on January 13, 2021 and the financial statement period not yet concluded. The fair value per share has been determined at Rs. 19.21 by M/s. Munaf Yusuf & Co., Chartered Accountant on dated: March 18, 2021 based on projected financial statements. |

Additional information for Cross Corporate Guarantee and Sponsor Support Agreement:

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| (i) | Category-wise amount of investment | <p>Cross Corporate Guarantee up Rs. 4,700,000,000/- will be issued by Ismail Industries Limited in favor of Ismail Resin (Private) Limited's lenders for securitization the project financing extended to them.</p> <p>Guarantee in the form of Sponsors Support Agreement will be issued by Ismail Industries Limited in favor of Ismail Resin (Private) Limited's lenders for investment in the form of equity or subordinated debts to cover the cost over-run, or to cover the funding shortfall or any other obligation that may rise under financing documentations/agreements executed with them. Such Sponsors obligation shall be for a period of the tenure of the project loan, or such other date as may be prescribed in the Sponsors Support Agreement.</p> |
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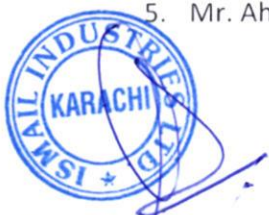


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| (ii) | Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period. | The current average borrowing cost of Ismail Industries Limited for the year ended June 30, 2020 is 9.17%. |
| (iii) | Rate of interest, markup, fees or commission etc. to be charged by investing company | Not Applicable |
| (iv) | Particulars of collateral or security to be obtained in relation to the proposed investment | No security will be obtained from the associated/subsidiary company as it will be in the form of equity or subordinated debt to cover the financial or any other obligation of the lenders. |
| (v) | If the investment carries conversion features i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable | Not Applicable |
| (vi) | Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking | Not Applicable |

Information under Rule 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

As mentioned above and as per the disclosure requirement of Regulation 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, it is informed that the following Directors of the Company are also the Directors of Ismail Resin (Private) Limited.

1. Mr. Muhammad M. Ismail
2. Mr. Maqsood Ismail Ahmed
3. Mr. Munsarim Saifullah
4. Mr. Hamid Maqsood Ismail
5. Mr. Ahmed Muhammad



Investment in Subsidiary company, M/s. Hudson Pharma (Private) Limited u/s. 199 of the Companies Act, 2017.

(A) Regarding associated company or associated undertaking:

| (i) | Name of the associated company or associated undertaking | M/s. Hudson Pharma (Private) Limited | | | | | | | | | | | | | | | | | | |
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| (ii) | Basis of relationship | Subsidiary Company with 77.71% holding and common directorship of following directors: 1) Mr. Munsarim Saifullah 2) Mr. Hamid Maqsood Ismail 3) Mr. Ahmed Muhammad | | | | | | | | | | | | | | | | | | |
| (iii) | Earnings per share for the last three years; | Loss per share: 2020 – 5.91 2019 – 3.94 2018 – 0.40 | | | | | | | | | | | | | | | | | | |
| (iv) | Break-up value per share, based on latest audited financial statements | Rs. 5.53/- per share | | | | | | | | | | | | | | | | | | |
| (v) | Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements. | <table><tr><th colspan="2">Financial Position and Profit & Loss</th></tr><tr><th colspan="2">Year ended June 30, 2020</th></tr><tr><th></th><th>Rs.</th></tr><tr><td>Non-Current Assets</td><td>1,086,959,367</td></tr><tr><td>Total Assets</td><td>1,643,056,672</td></tr><tr><td>Equity – net</td><td>1,142,958,876</td></tr><tr><td>Non-Current Liabilities</td><td>389,601,618</td></tr><tr><td>Total Liabilities</td><td>500,097,796</td></tr><tr><td>Loss for the Year</td><td>508,269,850</td></tr></table> | Financial Position and Profit & Loss | | Year ended June 30, 2020 | | | Rs. | Non-Current Assets | 1,086,959,367 | Total Assets | 1,643,056,672 | Equity – net | 1,142,958,876 | Non-Current Liabilities | 389,601,618 | Total Liabilities | 500,097,796 | Loss for the Year | 508,269,850 |
| Financial Position and Profit & Loss | | | | | | | | | | | | | | | | | | | | |
| Year ended June 30, 2020 | | | | | | | | | | | | | | | | | | | | |
| | Rs. | | | | | | | | | | | | | | | | | | | |
| Non-Current Assets | 1,086,959,367 | | | | | | | | | | | | | | | | | | | |
| Total Assets | 1,643,056,672 | | | | | | | | | | | | | | | | | | | |
| Equity – net | 1,142,958,876 | | | | | | | | | | | | | | | | | | | |
| Non-Current Liabilities | 389,601,618 | | | | | | | | | | | | | | | | | | | |
| Total Liabilities | 500,097,796 | | | | | | | | | | | | | | | | | | | |
| Loss for the Year | 508,269,850 | | | | | | | | | | | | | | | | | | | |
| (vi) | In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely; (i) Description of the project and its history since conceptualization; (ii) Starting date and expected date of completion of work; | Not Applicable | | | | | | | | | | | | | | | | | | |



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| | <p>(iii) Time by which such project shall become commercially operational;</p> <p>(iv) Expected time by which the project shall start paying return on investment; and</p> <p>(v) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;</p> | |
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(B) General disclosures:

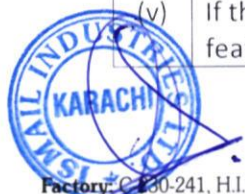
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| (i) | Maximum amount of investment to be made | Cross Corporate Guarantee upto Rs. 600,000,000/- (Rupees: Six hundred million only) |
| (ii) | Purpose, benefits likely accrue to the investing company and its members from such investment and period of investment | The purpose of issuance of Cross Corporate Guarantee is to facilitate the subsidiary company to securitize its lender against proposed expansion plan for which they are going to obtain financing. |
| (iii) | <p>Sources of fund to be utilized for investment and where the investment is intended to be made using borrowed funds:</p> <p>(i) Justification for investment through borrowings:</p> <p>(ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds: and</p> <p>(iii) Cost benefit analysis:</p> | Not Applicable |
| (iv) | Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment; | Not Applicable |
| (v) | Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if | Mr. Munsarim Saifullah, Mr. Hamid Maqsood Ismail, and Mr. Ahmed Muhammad, are the Directors of Ismail Industries Limited (the investing company), they are also |



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| | any, in the associated company or associated undertaking or the transaction under consideration. | Directors of Hudson Pharma (Private) Limited. However, they have no direct or indirect interest except to the extent of their shareholding in the investing company. |
| (vi) | In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs: | <p>Ismail Industries Limited have made an equity investment of Rs. 1,605,984,000/- (Rupees: One billion six hundred five million nine hundred eighty-four thousand only) in Hudson Pharma (Private) Limited (HPL). HPL having the state of art and most modern facility anywhere in Pakistan. It has a well-established track record of executing their vision based on repeatable and reliable process that they have developed and refined over many years. It has an aim to provide health institution with more sterile injectable materials which are easier to administer as compare to other form of dosage.</p> <p>There are no impairment and write off relating to the equity investment made so far.</p> |
| (vii) | Any other important details necessary for the members to understand the transaction | Not significant |

Additional information for Cross Corporate Guarantee:

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| (i) | Category-wise amount of investment | Cross Corporate Guarantee upto Rs. 600,000,000/- will be issued by Ismail Industries Limited in favor of Hudson Pharma (Private) Limited's lenders for securitization the project expansion financing extended to them. |
| (ii) | Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period. | The current average borrowing cost of Ismail Industries Limited for the year ended June 30, 2020 is 9.17%. |
| (iii) | Rate of interest, markup, fees or commission etc. to be charged by investing company | Not Applicable |
| (iv) | Particulars of collateral or security to be obtained in relation to the proposed investment | No security will be obtained from the subsidiary company as it will be in the form of equity or subordinated debt to cover the financial or any other obligation of the lenders. |
| (v) | If the investment carries conversion features i.e. it is convertible into | Not Applicable |



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| | securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable | |
| (vi) | Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking | Not Applicable |

Information under Rule 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

As mentioned above and as per the disclosure requirement of Regulation 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, it is informed that the following Directors of the Company are also the Directors of Hudson Parma (Private) Limited.

1. Mr. Munsarim Saifullah
2. Mr. Hamid Maqsood Ismail
3. Mr. Ahmed Muhammad

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

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| Name of the Investee Company | The Bank of Khyber |
| Total Amount approved | Rs. 1,000,000,000 (Rupees: One billion only) was approved by members in Annual General Meeting on October 26, 2018. |
| Amount of investment made to date | Rs. 16,284,035/- |
| Reason for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time | Investment in the Bank of Khyber shall be valid for three years effective from members approval. |
| Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment | There is no material change in financial statements of the Bank of Khyber. |

