



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting of **Ismail Industries Limited** will be held at Hotel Galaxy, Bushra Hall, 164, B.C.H.S. Shahrah-e-Faisal, Karachi on Wednesday, October 26, 2022 at 12:00 noon to transact the following businesses.

### Ordinary Businesses:

1. To confirm the minutes of 33<sup>rd</sup> Annual General Meeting of the Company held on October 25, 2021.
2. To receive, consider, approve and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2022, together with the Chairman's Review, Directors' Review, and Auditors' Reports thereon.
3. To approve and declare the final cash dividend on the ordinary shares of the Company for the year ended June 30, 2022 @ 40% (Rs.4/- per share) as recommended by the Board of Directors.
4. To appoint Auditors for the year ending June 30, 2023 and fix their remuneration. The Audit Committee of the Board has recommended that the retiring auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants being eligible have offered themselves for re-appointment.
5. To elect seven (7) Directors of the Company as fixed by the Board of Directors in their meeting held on September 16, 2022, for a term of three (3) years commencing from October 27, 2022, in accordance with Section 159 of the Companies Act, 2017. The following present Directors retire and are eligible for re-election.

- |                                 |                             |
|---------------------------------|-----------------------------|
| 1. Mr. Muhammad M. Ismail       | 2. Mr. Maqsood Ismail Ahmed |
| 3. Mr. Munsarim Saifullah       | 4. Mr. Ahmed Muhammad       |
| 5. Ms. Mehvish Ahmed Karim      | 6. Ms. Tasneem Yusuf        |
| 7. Mr. Muhammad Zubair Motiwala |                             |

### Special Businesses:

6. To ratify and approve transactions conducted with Related Parties for the year ended June 30, 2022 by passing the following special resolution with or without modification:

**"RESOLVED THAT** transactions carried out in normal course of business with Related Parties during the year ended June 30, 2022 as disclosed in the note no. 46 of the unconsolidated financial statements be and are hereby ratified and approved."

7. To authorize the Board of Directors of the Company to approve transactions with Related Parties for the financial year ending June 30, 2023, by passing the following special resolutions with or without modification:

**"RESOLVED THAT** the Board of Directors of the Company be and are hereby authorized to approve transactions to be conducted with Related Parties on case-to-case basis for the financial year ending June 30, 2023."

**"FURTHER RESOLVED THAT** these transactions as approved by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting of the Company for their formal ratification/approval."





8. To consider and if deemed appropriate, pass following 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.

**“RESOLVED THAT** pursuant to the requirements of section 199 of the Companies Act, 2017 the Board has decided to enhance the quantum of long-term equity investment in its subsidiary company M/s. Hudson Pharma (Private) Limited (Hudson Pharma) as approved by the shareholders in Annual General Meeting of the Company held on October 25, 2021 from Rs. 800,000,000/- (Rupees: Eight hundred million only) to Rs. 1,200,000,000/- (Rupees: One billion two hundred million only). The enhancement of Rs. 400,000,000/- (Rupees: Four hundred million only) is being proposed specifically to meet the current operational expenses / working capital requirements of the Hudson Pharma.”

9. **“RESOLVED THAT** pursuant to the requirements of section 199 of the Companies Act, 2017 the Board has decided to enhance the amount of Cross Corporate Guarantee by Rs.300,000,000/- (Rupees: Three hundred million only) for its subsidiary company M/s. Hudson Pharma as approved by the shareholders in Annual General Meeting of the Company held on October 25, 2021 from Rs. 700,000,000/- (Rupees: Seven hundred million only) to Rs. 1,000,000,000/- (Rupees: One billion only).”

10. **“RESOLVED THAT** pursuant to the requirements of section 199 of the Companies Act, 2017 the Board has decided to enhance the quantum of long-term equity investment in its subsidiary company M/s. Ismail Resin (Private) Limited (Ismail Resin) as approved by the shareholders in Annual General Meeting of the Company held on October 25, 2021 from Rs. 2,500,000,000/- (Rupees: Two billion five hundred million only) to Rs. 3,000,000,000/- (Rupees: Three billion only). The enhancement of Rs. 500,000,000/- (Rupees: Five hundred million only) is being proposed specifically to meet further estimated cost over-run arises in which main reasons are high inflation and massive devaluation of Pak Rupee.”

11. **“RESOLVED THAT** pursuant to the requirements of section 199 of the Companies Act, 2017 the Board hereby authorized to provide financial assistance to its subsidiary company M/s. Ismail Resin by way of creation of lien/charge/hypothecation/ mortgage/pledge, (ranking/pari passu) over the fixed assets of the Company to the extent of Rs. 7,000,000,000/- (Rupees: Seven billion only) in favor of Banks/Financial Institutions to secure the banking facilities extended to Ismail Resin.”

**“FURTHER RESOLVED THAT** the Chief Executive Officer / Company Secretary of the Company be and are hereby singly authorized to execute and deliver all necessary deeds, agreements, declarations, undertakings, documents and 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 Businesses:**

12. To transact any other business with the permission of the Chair.

**"Statement under Section 134(3) of the Companies Act, 2017, concerning the Special Resolutions, is attached along with the Notice circulated to the members of the Company, and is deemed to be an integral part hereof."**

By order of the Board

Karachi: October 1, 2022

**Ghulam Farooq**  
Company Secretary

**Notes:**

**1. Closure of Shares Transfer Book**

The shares transfer book of the Company shall remain closed with effect from October 20, 2022 to October 26, 2022 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, Plot # 32-C, Jami Commercial Street 2, D.H..A. Phase VII, Karachi, Phone # 021-111-000-322 (the Share Registrar) at the close of business on October 19, 2022 will be considered in time to attend and vote at the meeting.

**2. Participation in Annual General Meeting**

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 Share Registrar Office not less than 48 hours before the time of the meeting during working hours.

An individual beneficial owner of shares must bring his/her original CNIC or Passport, Account and Participant I.D. numbers to prove his/her identity. A representative of Corporate members, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated: January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

**3. Submission of the CNIC/NTN Details (Mandatory)**

In accordance with the notification of the Securities and Exchange Commission of Pakistan Notifications SRO 779 (I) dated: August 18, 2011, and SRO 831 (I) 2012 dated: July 05, 2012, which mandates that the dividend counters should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate entities. Shareholder are requested to submit the same to the Company's Share Registrar. In case of non-compliance, the Company shall withhold credit of dividend as per law.





#### 4. Withholding Tax on Dividend

Pursuant to the provisions of section 150 of the Income Tax Ordinance, 2001 as amended by the Finance Act, 2022 prescribes rates for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- (i) Rate of tax deduction for filer of income tax return 15%
  - (ii) Rate of tax deduction for non-filer of income tax return 30%
- I) All the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure date otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.
- II) According to clarification received from Federal Board of Revenue, Withholding Tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts. In this regard, all Members/Shareholders of the Company either holding shares in physical form or in CDC, who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing and in the following manner:

Folio/ CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

- III) A valid Exemption Certificate under Section 159 of the Ordinance, 2001 is mandatory to claim exemption of withholding tax under Clause 47-B of Part-IV of Second Schedule to the Ordinance, 2001. Those who wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Share Registrar prior to the date of commencement of Book Closure otherwise tax will be deducted according to the applicable Law.

#### 5. Payment of Cash Dividend Electronically (Mandatory Requirement)

The provisions of section 242 of the Companies Act, 2017, and Companies (Distribution of Dividends), Regulation 2017, a listed company, is required to pay cash dividend to the Shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the following information to Company's Share Registrar at the address given herein above. In case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

<b>(i) Shareholder's details:</b>	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
<b>(ii) Shareholder's Bank account details:</b>	
Title of Bank Account	
IBAN	
Bank's Name	
Branch Name & Code No.	
Branch Address	

## 6. Transmission of Annual Report through Email

Pursuant to the SRO No. 787(I)/2014 dated: September 08, 2014, issued by the Securities and Exchange Commission of Pakistan permitted Companies to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Director Report etc. ("Annual Report") along with the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company, who wish to receive the Company's Annual Report and Notice by email, are requested to provide the complete Electronic Communication details. However, the Company may provide hard copy of Annual Report and Notice to such members on their request, free of cost, within seven days of receipt of such request.

## 7. Transmission of Annual Report through CD

The Company has circulated annual audited financial statements to its members through CD at their registered address. Printed copy of above said statements can be provided to members upon request.

## 8. Unclaimed / Unpaid Entitlements

Shareholders who by any reason could not collect their dividends/bonus shares/other entitlements are advised to contact our Share Registrar to collect / enquire about their unclaimed dividends/bonus shares/other entitlements, if any.

## 9. Deposit of Physical Shares into CDC Account

As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Securities & Exchange Commission of Pakistan.

The shareholders having physical shares are encouraged to open CDC sub-account with any of the broker or Investor account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including save custody and sale of shares any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.





## 10. E-Voting

Pursuant to the Companies (E-voting) Regulations, 2016, shareholders will be able to exercise their right to vote through e-voting by giving their consent in writing, holding in aggregate 10% or more of the voting power, at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

## 11. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of Director and for any other agenda item subject to the requirement of section 143 to 145 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.

## 12. Availability of Financial Statements and Reports on the Website

In accordance with the Provision of section 223(7) of the Companies Act, 2017 the audited financial statements of the Company for the year ended June 30, 2022, are available on the Company's website.

## 13. Request for Video Conference Facility

In accordance with section 134(1)(b) of the Companies Act, 2017 if the Company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city. To avail this facility, fill the request form reproduce below and submitted to the registered address of the Company.

### REQUEST FOR VIDEO CONFERENCE FACILITY

I/We/Messrs. \_\_\_\_\_ of \_\_\_\_\_, being Member(s) of Ismail Industries Limited, holder of \_\_\_\_\_ ordinary share(s) as per Folio # \_\_\_\_\_ and/or CDC Participant ID & Sub-Account No. \_\_\_\_\_, hereby opt for video conference facility at \_\_\_\_\_ city.

\_\_\_\_\_  
Signature of Member(s)

(Please affix Company stamp in case of corporate entity)

## 14. Election of Directors

The office term of the existing Board of Directors of the Company will expire on October 26, 2022. In terms of section 159 (1) of the Companies Act, 2017 the directors have fixed the number of persons seven (7) to be elected at the 34<sup>th</sup> Annual General Meeting for a period of three years commencing from the conclusion of the said AGM.

The present directors are interested to the extent that they are eligible for re-election as directors of the Company.

Any person who seeks to contest the election to the office of Director, whether he is a retiring director or otherwise, shall file with the Company at its registered office 17-

Bangalore Town, Main Shahrah-e-Faisal, Karachi, not later than fourteen (14) days before the date of Annual General Meeting the following:

- a. A person must hold Company shares at the time of filing his/her consent to act as Director except a person representing a member, which is not a natural person.
- b. A notice of his/her intention to offer himself/herself for election as director in terms of section 159(3) of the Companies Act, 2017 along with consent to act as director Form-28 duly completed and signed under section 167(1) of the Companies Act, 2017.
- c. A detailed profile along with office address as required under SECP SRO 634(1)2014 dated July 10, 2014.
- d. A declaration confirming that:
  - i. He/she is not serving as a director in more than seven (7) listed companies including the Company.
  - ii. He/she is not ineligible to become a director of the Company under any applicable laws and regulations (including Listing Regulations of the Pakistan Stock Exchange)
  - iii. He/she is aware of his/her duties and powers under the relevant laws, the Company's Memorandum & Articles of Association and Listing Regulations of the Pakistan Stock Exchange, Listed Companies (Code of Corporate Governance) Regulations, 2019 to be elected as director of the Company.
  - iv. He/she is not engaged in the business of brokerage or is not a spouse of such person or is not a sponsor, or officer of a corporate brokerage house.

#### **Statement of Material Facts under Section 166 (3) of the Companies Act, 2017**

Independent Directors will be elected through the process of election of director in terms of section 159 of the Act and they shall meet the criteria laid down in section 166 of the Act, and the Companies (Manner and Selection of Independent Directors) Regulations, 2018 accordingly the following additional documents are to be submitted by candidates intending to contest election of directors as independent director:

- a) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019; and
- b) Undertaking on non-judicial stamp paper that he/she meets the requirement of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.





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

This statement is annexed as an integral part of the Notice of the Annual General Meeting of Ismail Industries Limited to be held on Wednesday, October 26, 2022, 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 Businesses to be transacted at the Meeting.

### **1. Item number 6 of the notice – Ratification and approval of the related parties' transactions carried out during the year ended June 30, 2022.**

The Company carries out transactions with its related parties during the year ended June 30, 2022, on an arm's length basis as per the approved policy in the normal course of business. All transactions entered into with related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

Many of the Company's Directors were interested in certain transactions with related parties due to their common directorships in associated/subsidiaries companies. During the 33<sup>rd</sup> Annual General Meeting of the Company, shareholders had authorized the Board of Directors to approve transactions with related parties from time-to-time on case-to-case basis for the year ended June 30, 2022 and such transactions were deemed to be placed before the shareholders in upcoming Annual General Meeting for their formal approval/ratification.

In view of above, transactions conducted with related parties as shown in note no. 46 of the unconsolidated financial statements for the year ended June 30, 2022, are being placed before the shareholders for their consideration and approval/ratification.

### **2. Item number 7 of the notice – Authorization for the Board of Directors to approve the related party transactions during the year ending June 30, 2023.**

The Company shall be conducting transactions with its related parties during the year ending June 30, 2023, on an arm's length basis as per the approved policy in the normal course of business. Many of the Company's Directors are interested in these transactions due to their common directorship in the subsidiaries/associated companies. In order to promote transparent business practices, shareholders desire to authorize the Board of Directors to approve transactions with related parties from time-to-time on case-to-case basis for the year ending June 30, 2023, which shall be deemed to be approved by the Shareholders. These transactions shall be placed before the shareholders in the next Annual General Meeting of the Company for their formal ratification/approval.



**3. Item number 8 & 9 of the notice – 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																
(ii)	Basis of relationship	Subsidiary Company with 78.26% shareholding and common directorship of following directors: 1) Mr. Munsarim Saifullah 2) Mr. Ahmed Muhammad																
(iii)	Earnings per share for the last three years;	Loss per share: Financial Year 2021-2022, Rs. 1/11 Financial Year 2020-2021, Rs. 1/75 Financial Year 2019-2020, Rs. 5/91																
(iv)	Break-up value per share, based on latest audited financial statements	Rs. 4/42 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 border="1"> <thead> <tr> <th colspan="2"><b>Financial Position and Profit / Loss for the Year ended June 30, 2022</b></th> </tr> <tr> <th></th> <th><b>Rs.</b></th> </tr> </thead> <tbody> <tr> <td>Non-Current Assets</td> <td>1,592,040,870</td> </tr> <tr> <td>Total Assets</td> <td>1,939,207,614</td> </tr> <tr> <td>Equity – net</td> <td>1,200,547,817</td> </tr> <tr> <td>Non-Current Liabilities</td> <td>510,721,008</td> </tr> <tr> <td>Total Liabilities</td> <td>738,659,797</td> </tr> <tr> <td>Loss for the Year</td> <td>231,377,800</td> </tr> </tbody> </table>	<b>Financial Position and Profit / Loss for the Year ended June 30, 2022</b>			<b>Rs.</b>	Non-Current Assets	1,592,040,870	Total Assets	1,939,207,614	Equity – net	1,200,547,817	Non-Current Liabilities	510,721,008	Total Liabilities	738,659,797	Loss for the Year	231,377,800
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Total Liabilities	738,659,797																	
Loss for the Year	231,377,800																	
(vi)	<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely;</p> <p>(i) Description of the project and its history since conceptualization;</p> <p>(ii) Starting date and expected date of completion of work;</p> <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</p>	Not Applicable																





	distinguishing between cash and non-cash amounts;	
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**(B) General disclosures:**

(i)	Maximum amount of investment to be made	<p>Enhance the quantum of long-term equity investment as approved by the shareholders in Annual General Meeting of the Company held on October 25, 2021 from Rs. 800,000,000/- (Rupees: Eight hundred million only) to Rs. 1,200,000,000/- (Rupees: One billion two hundred million only).</p> <p>Enhance the amount of Cross Corporate Guarantee as approved by the shareholders in Annual General Meeting of the Company held on October 25, 2021 from Rs. 700,000,000/- (Rupees: Seven hundred million only) to Rs. 1,000,000,000/- (Rupees: One billion only).</p>
(ii)	Purpose, benefits likely accrue to the investing company and its members from such investment and period of investment	<p>The Company made investment for their operational expenses / working capital requirements. The Company expects to earn good return in long run because of this strategic investment.</p> <p>The purpose of enhancement in amount of Cross Corporate Guarantee is to facilitate the subsidiary company for securitizing their lenders against banking facilities extended to them.</p> <p>The Company expects to get good return in long run on this strategic investment.</p> <p>Period of Investment: Investment would be made in piecemeal as and when needed and shall be valid for period of three years effective from the date of members approval.</p>
(iii)	Sources of fund to be utilized for investment and where the investment is intended to be made using borrowed funds: (i) Justification for investment through borrowings: (ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds: and (iii) Cost benefit analysis:	<p>From Surplus funds of the Company</p> <p style="text-align: center;">Not Applicable</p>
(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. Munsarim Saifullah and Mr. Ahmed Muhammad are Directors of Ismail Industries Limited (the investing company), they are also Directors of Hudson Pharma (Private) Limited (Hudson Pharma). However, they have no direct or indirect interest except to the extent of their shareholding in the Hudson Pharma. Whereas the investing company is a major shareholder of Hudson Pharma.
(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. 2,125,984,000/- (Rupees: Two billion one hundred twenty-five million nine hundred eighty-four thousand only) and issued Cross Corporate Guarantee of Rs. 663,811,644/- (Rupees: Six hundred sixty-three million eight hundred eleven thousand six hundred forty-four only) in favor of the lenders of Hudson Pharma for securitizing them against banking facilities extended.</p> <p>Hudson Pharma 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 compared to other form of dosage.</p> <p>There are no impairment and write off relating to the investment made so far.</p>
(vii)	Any other important details necessary for the members to understand the transaction	Not significant

**Additional information for equity investment:**

(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 its market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Not Applicable
(iii)	Maximum number of securities to be acquired.	40,000,000 Ordinary shares of Rs. 10/- each.
(iv)	Number of securities and percentage thereof held before and after the proposed investment	Currently, the Company holds 212,598,400 ordinary shares constituting 78.26%. Last year Company got the investment approval from its members for further 80,000,000 ordinary shares. The Company has subscribed its portion of 52,000,000 shares which have been issued by Hudson Pharma. Remaining un-issued portion of 28,000,000 shares along with further proposed enhancement in investment of 40,000,000 shares, the Company's equity investment position would be 280,598,400 ordinary shares in same proportion.
(v)	Current and preceding twelve weeks weighted average market price where investment is proposed to be made in	Not Applicable





	listed securities;	
(vi)	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	The fair value of equity has been worked out at Rs. 14/- per share, as determined by M/s. Munaf Yusuf & Co., Chartered Accountants. The valuation has been carried out using discounted cash flow method. The underlying five (5) years projections were prepared by the management.

**Additional information for Cross Corporate Guarantee:**

(i)	Category-wise amount of investment	Further Cross Corporate Guarantee up to Rs. 300,000,000/- will be issued by Ismail Industries Limited in favor of Hudson Pharma's lenders for securitizing them against banking facilities extended.
(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, 2022, is 5.76%.
(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 obtained from the subsidiary company as collateral.
(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

**4. Item number 10 & 11 of the notice – Investment in subsidiary company M/s. Ismail Resin (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. Ismail Resin (Private) Limited																
(ii)	Basis of relationship	Subsidiary Company with 75% shareholding and common directorship of following directors: 1) Mr. Muhammad M. Ismail 2) Mr. Maqsood Ismail Ahmed 3) Mr. Munsarim Saifullah 4) Mr. Ahmed Muhammad																
(iii)	Earnings per share for the last three years;	Loss per share:  Financial Year 2021-2022 Rs. 0/20 Financial Year 2020-2021: Rs. 31/87																
(iv)	Break-up value per share, based on latest audited financial statements	Rs. 9/90 per share																
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Total Liabilities	1,047,967,856																	
Loss for the Year	24,345,926																	
(vi)	<p>In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely;</p> <p>(i) Description of the project and its history since conceptualization;</p> <p>(ii) Starting date and expected date of completion of work;</p> <p>(iii) Time by which such project shall become commercially operational;</p>	<p>Polyester Resin (PET Resin) Manufacturing Plant with capacity of 108,000 tons per annum.</p> <p>Almost all plant &amp; machineries have been arrived and factory building construction is under final phase. Erection &amp; installation will be started from October 2022.</p> <p>Hopefully by April/May 2023 project will be 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>From financial year 2024-2025</p> <p>Funds invested or to be invested by the sponsors are in the form of cash.</p>
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**(B) General disclosures:**

<p>(i) Maximum amount of investment to be made</p>	<p>Enhance the quantum of long-term equity investment in its subsidiary company M/s. Ismail Resin (Private) Limited (Ismail Resin) as approved by the shareholders in Annual General Meeting of the Company held on October 25, 2021 from Rs. 2,500,000,000/- (Rupees: Two billion five hundred million only) to Rs. 3,000,000,000/- (Rupees: Three billion only).</p>
<p>(ii) Purpose, benefits likely accrue to the investing company and its members from such investment and period of investment</p>	<p>Purpose: Enhancement in long-term equity investment is made specifically to meet further estimated cost over-run arises in which main reasons are high inflation and massive devaluation of Pak Rupee.</p> <p>Benefits:</p> <ol style="list-style-type: none"> <li>1. To earn dividend income which ultimately maximize the shareholder value of the investing company.</li> <li>2. PET Resin will be available locally for investing company which it presently procures locally as well as from abroad through import.</li> </ol> <p>Period of Investment: Investment would be made in piecemeal as and when needed and shall be valid for period of three years effective from the date of members approval.</p>
<p>(iii) 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>	<p>From Surplus funds of the Company</p> <p style="text-align: right;">Not Applicable</p> <p style="text-align: right;">Not Applicable</p> <p style="text-align: right;">Not Applicable</p>

(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 and Mr. Ahmed Muhammad, are Directors of Ismail Industries Limited (the investing company), they are also Directors of Ismail Resin. However, they have no direct or indirect interest except to the extent of their shareholding in the Ismail Resin. Whereas the investing company is the major shareholder of Ismail Resin.
(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:	Ismail Industries Limited have made an equity investment of Rs. 1,875,000,000/- (Rupees: One billion eight hundred seventy-five million only) for acquisition of land and construction of building and ancillary work. The Company has also issued Cross Corporate Guarantee of Rs. 3,500,000,000/- (Rupees: Three billion five hundred million only) to facilitate the subsidiary company to securitize its lenders against banking facilities extended to them for setting-up the project.  There are no impairment and write off relating to the investment made so far.
(vii)	Any other important details necessary for the members to understand the transaction	Not significant

#### Additional information for equity investment:

(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 unlisted securities, justification thereof;	Not Applicable
(iii)	Maximum number of securities to be acquired.	50,000,000 Ordinary shares of Rs. 10/- each.
(iv)	Number of securities and percentage thereof held before and after the proposed investment	Currently, the Company holds 187,500,000 ordinary shares constituting 75%. Last year Company got the investment approval from its members up to 250,000,000 ordinary shares. The Company has subscribed its portion which have been issued by Ismail Resin. Remaining un-issued portion of 62,500,000 shares along with further proposed enhancement in investment of 50,000,000 shares, the Company's equity investment position would be 300,000,000 ordinary shares in same proportion.
(v)	Current and preceding twelve weeks weighted average market price where investment is proposed to be made in	Not Applicable





	listed securities;	
(vi)	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	The fair value of equity has been worked out at Rs. 19/21 per share, as determined by M/s. Munaf Yusuf & Co., Chartered Accountants. The valuation has been carried out using discounted cash flow method. The underlying five (5) years projections were prepared by the management.

**Additional information for Financial Assistance:**

(i)	Category-wise amount of investment	Transactions does not involve any cash outlay for the Company. The Company will only be creating a lien / charge / hypothecation / mortgage / pledge, (ranking/pari passu) over the fixed assets of the Company to the extent of Rs. 7,000,000,000/- in favor of Banks/Financial Institutions to secure the banking facilities extended to M/s. Ismail Resin.
(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.	Not Applicable
(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 obtained from the subsidiary company as collateral.
(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 following Directors of the Company are also the Directors of Investee companies.



Ismail Resin (Private) Limited	Hudson Pharma (Private) Limited
Mr. Munsarim Saifullah	Mr. Munsarim Saifullah
Mr. Ahmed Muhammad	Mr. Ahmed Muhammad
Mr. Muhammad M. Ismail	
Mr. Maqsood Ismail Ahmed	

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

Name of the Investee Company	Ismail Resin (Private) Limited
Total Amount approved	Rs. 2,500,000,000 (Rupees: Two billion five hundred million only) as equity investment and Rs. 4,700,000,000/- (Rupees: Four billion seven hundred million only) as Cross Corporate Guarantee in favor of Ismail Resin's lenders for the project financing extended to them was duly approved by members in previously Extra Ordinary General /Annual Meetings.
Amount of investment made to date	Equity Investment Rs. 1,875,000,000/- Guarantee Issued Rs. 3,500,000,000/-
Reason for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	There is no deviation in timeline of Investment made in the Ismail Resin and shall be valid till the completion of the project.
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 Ismail Resin.

Name of the Investee Company	Hudson Pharma (Private) Limited
Total Amount approved	Rs. 800,000,000/- (Rupees: Eight hundred million only) as equity investment and Rs. 700,000,000 (Rupees: Seven hundred million only) as Cross Corporate Guarantee in favor of Hudson Pharma's lenders for securitization the project expansion financing extended to them was duly approved by members in Annual General Meeting held on October 25, 2021.
Amount of investment made to date	Equity Investment Rs. 520,000,000/- Guarantee Issued Rs. 663,811,644/-
Reason for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	There is no deviation in timeline of Investment made in the Hudson Pharma's and shall be valid till the completion of expansion project.
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 Hudson Pharma.

