

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of **Ismail Industries Limited** will be held at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shakra-e-Faisal, Karachi on Friday, October 25, 2019 at 12:00 noon to transact the following businesses.

### Ordinary Businesses:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 26, 2018.
2. To receive, consider, approve and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' Report in English and Urdu Version and Auditors' Reports thereon.
3. To approve and declare the cash dividend @ 30% (Rs. 3.00 per share) on the ordinary shares of the Company as recommended by the Directors for the year ended June 30, 2019.
4. To appoint Auditors for the year ending June 30, 2020 and fix their remuneration. The Audit Committee of the Board has recommended 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 18, 2019 for a term of 3 (three) years commencing from October 26, 2019 in accordance with Section 159 of the Companies Act, 2017. The following present Directors retire and are eligible for re-election.

- |                             |                         |
|-----------------------------|-------------------------|
| 1. Muhammad M. Ismail       | 2. Maqsood Ismail       |
| 3. Munsarim Saifullah       | 4. Hamid Maqsood Ismail |
| 5. Ahmed Muhammad           | 6. Farzana Muhammad     |
| 7. Almas Maqsood            | 8. Reema Ismail Ahmed   |
| 9. Muhammad Zubair Motiwala |                         |

**Special Businesses:**

6. To consider and, if thought fit, pass with or without modification, the following special resolution under section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for the purpose of approving further increase in the long-term equity investment in its associated / a subsidiary company M/s. Hudson Pharma (Private) Limited as approved by the shareholders in 30<sup>th</sup> Annual General Meeting of the Company from Rs. 500,000,000/- (Rupees: Five hundred million only) to Rs. 1,000,000,000/- (Rupees: One billion only) in order to meet its operational expenses/working capital requirements.

**RESOLVED THAT** pursuant to the requirements of section 199 of the Companies Act, 2017 further increase in the long-term equity investment in its associated / a subsidiary company M/s. Hudson Pharma (Private) Limited as approved by the shareholders in 30<sup>th</sup> Annual General Meeting of the Company from Rs. 500,000,000/- (Rupees: Five hundred million only) to Rs. 1,000,000,000/- (Rupees: One billion only) in order to meet its operational expenses/working capital requirements.

**FURTHER RESOLVED THAT** the Chief Executive Officer / Company Secretary be and is hereby authorized to do all acts to affect the Special Resolution for completion of all legal and necessary formalities with respect to the investment made under section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

7. To transact any other business with 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 an integral part hereof."

Karachi: October 2, 2019

By order of the Board

**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 19, 2019 to October 25, 2019 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, 1<sup>st</sup> Floor, 40-C, Block-6, P.E.C.H.S., Karachi, Phone # 021-111-000-322 (the Share Registrar) at the close of business on Thursday, October 18, 2019 will be considered in time to attend and vote at the meeting and payment of cash dividend, if approved by the Shareholders.

### 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 on 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 (SECP) 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 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 Finance Act, 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payment shall be made on the basis of following criteria:

- (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 47B 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 Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report. In case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

#### 6. Transmission of Annual Report through e-mail.

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan pursuant to SRO No. 787(I)/2014 dated September 08, 2014 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 Audited Accounts and notices of annual general meeting by email, are requested to provide the complete Electronic Communication. However, the Company may provide hard copy of Annual Report 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 referred statements can be provided to members upon request.

## 8. Unclaimed / Unpaid Entitlements

Shareholders who by any reason could not collect their dividends/bonus shares/others are advised to contact our Share Registrar to collect / enquire about their unclaimed dividends/bonus shares/others, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividends/bonus shares/others outstanding for a period of 3 years or more from the date due shall be deposited to the credit of Federal Government.

## 9. Statement of Material Facts

### Under Section 166 (3) of the Companies Act, 2017

#### Ordinary Business

#### Item 5 – Election of Directors

The term of office of the existing Board of Directors of the Company will expire on October 25, 2019. In terms of section 159 (1) of the Companies Act, 2017 the directors have fixed the number of directors at seven (7) to be elected at the 31<sup>st</sup> Annual General Meeting for the period of three years commencing from the conclusion of the said AGM.

Any person who seeks to contest the election to the office of Director, shall file the following documents with the Company not later than fourteen (14) days before the date of Annual General Meeting.

- a. Consent to act as Director of the Company along with consent on Form 28 prescribed under the Act.
- b. A detailed profile along with office address as required under SECP SRO 634(1)2014 dated July 10, 2014
- c. Declaration under Clause 3 of the Listed Companies (Code of Corporate Governance) Regulation, 2017
- d. Declaration that he/she is not ineligible to become a Director in terms of Section 153 of the Act.
- e. A member must hold 500 shares of the Company at the time of filing his/her consent to act as Director. The aforesaid requirement shall not be applicable for instances mentioned in the provision to Section 153(i) of the Act.



- f. Independent Director(s) must meet the criteria laid down in Section 166 of the Act, and the Companies (Manner and Selection of Independent Directors) Regulation 2018, accordingly the following additional documents are to be submitted by the candidates intending to contest election of directors as independent director:
- i. Declaration by Independent Director(s) under Clause 6(2) of the Listed Companies (Code of Corporate Governance) Regulations 2017.
  - ii. Undertaking on non-judicial stamp paper that he/she meet the requirement of sub-regulation (1) of the Regulation 4 of the Companies (Manner and Selection of Independent Director) Regulation, 2018.

#### 10. Deposit of Physical Shares in to 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 Commission, within a period not exceeding four years from the commencement of this Act, i.e. May 30 2017.

The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers 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.

#### 11. 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, at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.

## 12. 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 and 144 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.

## 13. Request for Video Conference Facility

In accordance with section 132(2) 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 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 or video conference facility at \_\_\_\_\_  
city.

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

(Please affix Company stamp in case of Corporate entity)



**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 Friday, October 25, 2019 at 12:00 noon, at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi, Pakistan, and sets out the material facts concerning the Special Business to be transacted at the Meeting.

**Agenda # 6. Investment in subsidiary/an Associated Undertaking, Hudson Pharma (Private) Limited u/s. 199 of the Companies Act, 2017.**

Set out below are the material facts concerning the Special Business to be transacted at the Annual General Meeting of Ismail Industries Limited to be held on Friday, October 25, 2019 and the required details of the increase in investment proposed to be made by the Company, in the associated Company, M/s. Hudson Pharma (Private) Limited.

1.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.	Hudson Pharma (Private) Limited (HPL).  The associated company is a subsidiary of the Company.  The common directorship is as follows: 1) Mr. Hamid Maqsood Ismail 2) Mr. Ahmed Muhammad 3) Mr. Munsarim Saifullah														
2.	Earnings per share of the associated company or associated undertaking for the last three years;	Loss per share: 2019 – Rs. 3.94 per share 2018 – Rs. 0.40 per share 2017 – Rs. 0.33 per share														
3.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	Rs. 5.11/- per share.														
4.	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements for the year ended June 30, 2019.	<table><tr><th colspan="2">Financial Position and Profit &amp; Loss</th></tr><tr><th colspan="2">Year ended June 30, 2019</th></tr><tr><th></th><th>Rs.</th></tr><tr><td>Non-Current Assets</td><td>1,193,225,929</td></tr><tr><td>Total Assets</td><td>1,438,266,609</td></tr><tr><td>Equity – net</td><td>434,428,427</td></tr><tr><td>Advance against issue of shares</td><td>431,115,000</td></tr></table>	Financial Position and Profit & Loss		Year ended June 30, 2019			Rs.	Non-Current Assets	1,193,225,929	Total Assets	1,438,266,609	Equity – net	434,428,427	Advance against issue of shares	431,115,000
Financial Position and Profit & Loss																
Year ended June 30, 2019																
	Rs.															
Non-Current Assets	1,193,225,929															
Total Assets	1,438,266,609															
Equity – net	434,428,427															
Advance against issue of shares	431,115,000															

		Non-Current Liabilities	356,395,205
		Total Liabilities	572,723,182
		Loss for the Year	335,298,599
5.	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; (iii) Time by which such project shall become commercially operational; (iv) Expected time by which the project shall start paying return on investment; and (v) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	Not Applicable	
6.	Maximum amount of investment to be made	Further increase in the long-term equity investment as approved by the shareholders in 30 <sup>th</sup> Annual General Meeting of the Company from Rs. 500,000,000/- (Rupees: Five hundred million only) to Rs. 1,000,000,000/- (Rupees: One billion only).	
7.	Purpose, benefits and period of investment	The Company made investment for its operation need. The Company expects to earn good return in the long run as a result of this long-term strategic investment.	
8.	Sources of fund to be utilized for investment and where the	Surplus funds of the Company.	



	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:	Not Applicable  Not Applicable  Not Applicable
9.	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	An equity investment by way of acquiring right shares which will be offered by Hudson Pharma (Private) Limited in financial year 2019-2020.
10.	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. Hamid Maqsood Ismail, Mr. Ahmed Muhammad and Mr. Munsarim Saifullah, the Directors of Ismail Industries Limited (the investing company) are also the 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.
11.	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:	Company has already made an equity investment of Rs.605,984,000/- (Rupees Six hundred five million nine hundred eighty-four thousand only) by subscribing 60,598,400 Ordinary shares @ Rs.10/- each. The fair value has been worked out at Rs.44.91/- per share, as determined by M/s. Munaf Yusuf & Co., Chartered Accountants, on September 19, 2018.
12.	Any other important details necessary for the members to understand the transaction	Not Applicable
13.	Maximum price at which securities will be acquired.	Rs. 10/- per share
14.	In case the purchase price is higher than is market value in case of listed securities and fair value in case of	Not Applicable

	unlisted securities, justification thereof;	
15.	Maximum number of securities to be acquired.	100,000,000 Ordinary shares
16.	Number of securities and percentage thereof held before and after the proposed investment	Currently, the Company holds 60,598,400 after proposed investment it will hold 160,598,400 ordinary shares constituting 71.29%.
17.	Current and preceding twelve weeks weighted average market price where investment is proposed to be made in listed securities;	Not Applicable
18.	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	<p>The fair value of equity has been worked out at Rs. 44.91/- per share, as determined by M/s. Munaf Yusuf &amp; Co., Chartered Accountants, on September 19, 2018. The valuation has been carried out using discounted cash flow method. The underlying 5 years projections were prepared by the management.</p> <p>The management is confident that it will be able to realize further business growth after getting the funds from the proposed right issue.</p>



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

Name of the Investee Company	The Bank of Khyber
Total Amount approved	Rs. 1,000,000,000 (Rupees: One million only) was approved by members in Annual General Meeting on October 26, 2018.
Amount of investment made to date	Nil
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.

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

Name of the Investee Company	Hudson Pharma (Private) Limited
Total Amount approved	Rs. 500,000,000 (Rupees: Five hundred million only) was approved by members in Annual General Meeting on October 26, 2018.
Amount of investment made to date	Rs. 376,115,000/-
Reason for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	There wasn't any specified timeline for Investment in Hudson Pharma (Private) Limited.
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 (Private) Limited.







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