

Image Pakistan Limited

January 24, 2024

Mr. Akbar Ali
Assistant Manager
Trading & TREC Holder's Affairs Department
Pakistan Stock Exchange Limited
Karachi

Dear Sir,

Sub: **Issuance of Right Shares**

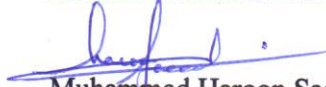
This is with reference to your letter No. PSX/C-778-108 dated January 22, 2024 on the captioned subject.

Enclosed please find the draft Offer Document of Image Pakistan Limited (IPL) for your review and comments.

Furthermore, we would like to inform you that we do not intend to seek public comments on the draft Offer Document, as mentioned under Clause 3 and sub clause (iv) in Companies (Further Issue of Shares) Regulations, 2020.

Thanking you.

Yours truly,
IMAGE PAKISTAN LIMITED


Muhammad Haroon Saeed
Company Secretary

ADVICE FOR INVESTORS

INVESTMENT IN EQUITY SECURITIES AND EQUITY RELATED SECURITIES INVOLVES A CERTAIN DEGREE OF RISKS. THE INVESTORS ARE REQUIRED TO READ THE RIGHTS SHARE OFFER DOCUMENT (HEREIN REFERRED TO AS 'OFFER DOCUMENT') AND RISK FACTORS CAREFULLY, ASSESS THEIR OWN FINANCIAL CONDITIONS AND RISK-TAKING ABILITY BEFORE MAKING THEIR INVESTMENT DECISIONS IN THIS OFFERING.

RIGHT ENTITLEMENT LETTER IS TRADABLE ON PSX, RISKS AND REWARDS ARISING OUT OF IT SHALL BE SOLE LIABILITY OF THE INVESTORS.

THIS DOCUMENT IS ISSUED FOR THE PURPOSE OF PROVIDING INFORMATION TO SHAREHOLDERS OF THE COMPANY AND TO THE PUBLIC IN GENERAL IN RELATION TO THE RIGHTS ISSUE OF PKR 987,298,500/-, CONSISTING OF 98,729,850 NEW ORDINARY SHARES BY IMAGE PAKISTAN LIMITED. A COPY OF THIS DOCUMENT HAS BEEN REGISTERED WITH THE SECURITIES EXCHANGE.

THIS OFFER DOCUMENT IS VALID TILL _____, 2024.

image

**Image Pakistan Limited
Right Share - Offer Document**

Date and place of incorporation: November 14, 1990, Pakistan, **Incorporation number:** 0022754.

Registered Office: F/538, SITE, Karachi-75700, Sindh.

Corporate Office: A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi-Sindh

Contact No: +92-21-32582613, **Website:** www.imagepakistan.com, **Contact Person:** Mr. M. Haroon Saeed, Phone: +92-21-32582613, **Email:** haroon@image.net.pk (To contact during business hours i.e. from Monday to Friday from 9:00 am to 5.00 pm.)

Issue Size: The Right Issue consists of 98,729,850 Right Shares (i.e. 75% of the existing paid-up capital of Image Pakistan Limited) having a face value of PKR 10/- each, at an offer price of PKR 10/- each. The total amount to be raised through the Right Issue is PKR 987,298,500/-.

Date of Placing Offer Document on PSX for Public Comments: N/A (Public comments were not sought)

Date of Final Offer Letter: [●], 2024

Date of Book Closure: From [●], 2024 to [●], 2024

Subscription Amount Payment Dates: From [●], 2024 to [●], 2024

Trading Dates for Letter of Rights: From [●], 2024 to [●], 2024

Details of the relevant contact persons:

	Name of the Person	Designation	Contact Number	Office Address	Email ID
Authorized Officer of the Issuer	Mr. M. Haroon Saeed	Company Secretary	+92 21-32582613	A/33, Central Commercial Area, Block 7/8, Main Shahrah-e-Faisal, Karachi	haroon@image.net.pk
Underwriters					
M. Munir M. A. Khanani Securities Limited	Mr. M. Munir Khanani	Chief Executive	+92 21-36490034	Room No. 601-603, 6 th Floor, Stock Exchange Building, Karachi	support@munirkhanani.com
MRA Securities Limited	Mirza Muhammad Baig	Chief Executive	+92 21-32410136	Room No. 739-741, 7 th Floor, Stock Exchange Building, Karachi	farhan.mra@gmail.com
Banker to the Issue					
Al Baraka Bank (Pakistan) Limited	Sajjad Kaswani	VP-Unit Head	+92-21-3431585	162 Banglore Town, Shahrah-e-Faisal, Karachi	sajjad.kaswani@albaraka.com.pk

UNDERTAKING ON RS.100/- STAMP PAPER

UNDERTAKING BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

WE, ASAD AHMAD, THE CHIEF EXECUTIVE OFFICER AND MUHAMMAD ZAMEER, THE CHIEF FINANCIAL OFFICER OF IMAGE PAKISTAN LIMITED CERTIFY THAT;

- (i) THE OFFER DOCUMENT CONTAINS ALL INFORMATION WITH REGARD TO THE ISSUER AND THE ISSUE, WHICH IS MATERIAL IN THE CONTEXT OF THE ISSUE AND NOTHING HAS BEEN CONCEALED IN THIS RESPECT;
- (ii) THE INFORMATION CONTAINED IN THE OFFER DOCUMENT IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF;
- (iii) THE OPINIONS AND INTENTIONS EXPRESSED THEREIN ARE HONESTLY HELD;
- (iv) THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH MAKES THE OFFER DOCUMENT AS A WHOLE OR ANY PART THEREOF MISLEADING; AND
- (v) ALL REQUIREMENTS OF THE COMPANIES ACT, 2017, THE COMPANIES (FURTHER ISSUE OF SHARES) REGULATIONS, 2020, THE CENTRAL DEPOSITORY COMPANY AND THAT OF PSX PERTAINING TO THE RIGHT ISSUE HAVE BEEN FULFILLED.

FOR AND ON BEHALF OF IMAGE PAKISTAN LIMITED

ASAD AHMAD
Chief Executive Officer

MUHAMMAD ZAMEER
Chief Financial Officer

UNDERTAKING ON RS.100/- STAMP PAPER

UNDERTAKING BY THE BOARD OF DIRECTORS (BOARD)

WE, THE BOARD OF DIRECTORS OF IMAGE PAKISTAN LIMITED HEREBY CONFIRM THAT:

- (i) ALL MATERIAL INFORMATION AS REQUIRED UNDER THE COMPANIES ACT, 2017, THE SECURITIES ACT, 2015, COMPANIES (FURTHER ISSUE OF SHARES) REGULATIONS, 2020, THE LISTING OF COMPANIES AND SECURITIES REGULATIONS OF THE PAKISTAN STOCK EXCHANGE LIMITED HAS BEEN DISCLOSED IN THIS OFFER DOCUMENT AND THAT WHATEVER IS STATED IN OFFER DOCUMENT AND IN THE SUPPORTING DOCUMENTS IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE AND BELIEF AND THAT NOTHING HAS BEEN CONCEALED.
- (ii) WE UNDERTAKE THAT ALL MATERIAL INFORMATION, INCLUDING RISKS THAT WOULD ENABLE THE INVESTOR TO MAKE AN INFORMED DECISION, HAS BEEN DISCLOSED IN THE OFFER DOCUMENT.
- (iii) RIGHT ISSUE IS THE DISCRETION OF BOARD OF THE ISSUER AND IT NEITHER REQUIRE APPROVAL OF THE COMMISSION NOR THE SECURITIES EXCHANGE.
- (iv) THE DRAFT OFFER DOCUMENT WAS PLACED ON THE WEBSITE OF THE SECURITIES EXCHANGE AND THE ISSUER ON _____ (I.E. WITHIN 45 DAYS OF THE DATE OF ANNOUNCEMENT BY THE BOARD).
- (v) COMMENTS FROM SECURITIES EXCHANGE AND THE SECP WERE RECEIVED ON _____
- (vi) THE BOARD HAS ENSURED THAT DRAFT OFFER DOCUMENT IS UPDATED IN LIGHT OF THE SECURITIES EXCHANGE AND SECP COMMENTS.
- (vii) THE FINAL OFFER DOCUMENT WAS PLACED ON SECURITIES EXCHANGE WEBSITE ON _____ ALONG WITH THE BOOK CLOSURE DATES AND RELEVANT RIGHT ISSUANCE TIMELINES. (I.E. WITHIN 20 WORKING DAYS FROM THE DATE OF RECEIPT OF COMMENTS OF PSX & SECP).
- (viii) THE STATUTORY AUDITOR M/s. FEROZE SHARIF TARIQ & CO., CHARTERED ACCOUNTANTS, WILL MONITOR THE PROCEED UTILIZATION IF THE ISSUANCE PROCEEDS EXCEED RS.750 MILLION OR 50% OF THE PAID UP CAPITAL OF THE LISTED COMPANY ISSUING RIGHT SHARES, WHICHEVER IS HIGHER.

ASAD AHMAD	FARNAZ AHMAD	UZMA AHMAD
MARIUM AHMAD	JAWED AHMED SIDDIQUI	SYED HUSSAM ASHRAF SUBZWARI
	MUHAMMAD ZIYAD AKHTAR SYED	

DRAFT

DISCLAIMER:

- i. In line with Companies Act, 2017 and Companies (Further Issue of Shares) Regulations, 2020, this document does not require approval of the Securities Exchange and the Securities Exchange Commission of Pakistan (SECP).
- ii. The Securities Exchange and the SECP disclaims:
 - a. Any liability whatsoever for any loss however arising from or in reliance upon this document to anyone, arising from any reason, including, but not limited to, inaccuracies, incompleteness and / or mistakes, for decisions and / or actions taken, based on this document.
 - b. Any responsibility for the financial soundness of the Company and any of its schemes / projects stated herein or for the correctness of any of the statements made or opinions expressed with regards to them by the Company in this Offer document.
 - c. Any responsibility w.r.t quality of the issue.
- iii. It is clarified that information in this Offer document should not be construed as advice on any particular matter by the SECP and the Securities Exchange and must not be treated as a substitute for specific advice.

GLOSSARY OF TECHNICAL TERMS AND DEFINITIONS

Banker to the Issue	Any bank with whom an account is opened and maintained by the Issuer for keeping the issue amount. Bank AL Habib Limited has been appointed, in this Right Issue, as the Banker to the Issue.
CDC	Central Depository Company of Pakistan Limited
CDS	Central Depository System
Company / Image / Issuer	Image Pakistan Limited
Companies Act	Companies Act, 2017
Commission / SECP	Securities & Exchange Commission of Pakistan
Ordinary Shares	Ordinary Shares of the Company having a face value of PKR 10/- each.
PSX	Pakistan Stock Exchange Limited
PKR / Pak Rupees	Pakistani Rupees
Regulations	The Companies (Further Issue of Capital) Regulations, 2020
Right Issue / Issue	98,729,850 Right Shares representing 75% of total paid-up capital of the Company.
Right Shares	Shares offered by a company to its members strictly in proportion to the shares already held in respective kinds and classes.
Sponsors	A person who has contributed initial capital in the issuing company or has the right to appoint majority of the directors on the board of the issuing company directly or indirectly; A person who replaces the person referred to above; and A person or group of persons who has control of the issuing company whether directly or indirectly.

Table of Contents

1	SALIENT FEATURES OF THE RIGHT ISSUE	9
1.1.	BRIEF TERMS OF THE RIGHT ISSUE	9
1.2.	PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS	11
1.3.	FINANCIAL EFFECTS ARISING FROM RIGHT ISSUE	11
1.4.	TOTAL EXPENSES TO THE ISSUE	11
1.5.	DETAILS OF UNDERWRITERS	12
1.6.	COMMITMENTS FROM SUBSTANTIAL SHAREHOLDERS/DIRECTORS:	12
1.7.	FRACTIONAL SHARES	13
1.8.	IMPORTANT DATES	13
2	SUBSCRIPTION AMOUNT PAYMENT PROCEDURE	14
3	PROFILES OF THE BOARD OF DIRECTORS OF THE COMPANY AND SPONSORS	14
3.1.	PROFILE OF THE BOARD OF DIRECTORS OF THE COMPANY	15
3.2.	DIRECTORS DIRECTORSHIP IN OTHER COMPANIES	16
4	FINANCIAL DETAILS OF THE ISSUER	17
4.1.	FINANCIAL HIGHLIGHTS OF THE ISSUER FOR THE LAST THREE YEARS	17
4.2.	DETAILS OF ISSUE OF CAPITAL IN PREVIOUS FIVE YEARS	17
4.3.	AVERAGE MARKET PRICE OF THE SHARE OF THE ISSUER DURING THE LAST SIX MONTHS	17
4.4.	SHARE CAPITAL AND RELATED MATTERS	17
5	RISK FACTORS	19
5.1.	RISK ASSOCIATED WITH THE RIGHT ISSUE	19
5.2.	RISK ASSOCIATED WITH ISSUER	19
6	LEGAL PROCEEDINGS	21
6.1.	OUTSTANDING LEGAL PROCEEDINGS OF THE COMPANY	21
6.2.	ACTION TAKEN BY THE SECURITIES EXCHANGE AGAINST THE ISSUER OR ASSOCIATED LISTED COMPANIES OF THE ISSUER DURING THE LAST THREE YEARS DUE TO NONCOMPLIANCE OF THE ITS REGULATIONS	22
6.3.	ANY OUTSTANDING LEGAL PROCEEDING OTHER THAN THE NORMAL COURSE OF BUSINESS INVOLVING THE ISSUER, ITS SPONSORS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND ASSOCIATED COMPANIES, OVER WHICH THE ISSUER HAS CONTROL, THAT COULD HAVE MATERIAL IMPACT ON THE ISSUE	22
7	SIGNATORIES TO THE OFFER DOCUMENT	23
8	Annexure A	24

1 SALIENT FEATURES OF THE RIGHT ISSUE

1.1. BRIEF TERMS OF THE RIGHT ISSUE

a)	Description of Issue:	Issuance of Right Shares to existing shareholders
b)	Size of the proposed Issue:	PKR 987,298,500/- is being raised via issuance of 98,729,850 ordinary shares at an issue price of PKR 10/- per share.
c)	Face Value of the share:	PKR 10/-
d)	Basis of determination of price of the right issue:	The Board of Directors of the company decided the price of Right Issue is reasonable, considering various factors including current market value of the Company's shares and break-up value per share ¹ .
e)	Proportion of new issue to existing shares with any condition applicable there to:	75 right shares for every 100 ordinary shares held i.e. 75% of the existing paid-up capital of the company.
f)	Date of meeting of Board of Directors (BoD) wherein the right issue was approved:	Friday, January 19, 2024
g)	Name of directors attending the Board Meeting:	<ol style="list-style-type: none"> 1. Mr. Asad Ahmad 2. Ms. Farnaz Ahmad 3. Ms. Uzma Ahmad 4. Ms. Mariam Ahmad 5. Mr. Jawed Ahmed Siddiqui 6. Mr. S. Hussam Ashraf Subzwari 7. Mr. M. Ziyad Akhtar Syed

¹ Last six months' average share price is PKR 14.14 per share (From July 1, 2023 to December 31, 2023)

h)	Brief purpose of utilization of right issue proceeds:	The purpose of the Right Issue is to finance the expansion of existing production capacity and Company's working capital requirements, which is essential for sustained business growth. This aligns with the Company's broader strategy to fortify its financial position in order to enhance profitability and, consequently, provide greater shareholders return.
i)	Purpose of the Right Issue - Details of the main objects for raising funds through present right issue:	The Company intends to issue rights to raise funds for purchase of land, expansion of existing production capacity through installation of new Multihead machines so as to reduce reliance on outsourcing embroidery for manufacturing quality product and cost saving, opening of more new outlets in different cities and to meet the working capital requirements and reducing Diminishing Musharika finance. Thus, to increase Company's profitability.
j)	Minimum level of subscription (MLS):	None.
k)	"Application Supported by Blocked amount" (ASBA) facility, if any, will be provided for subscription of right shares	Not Applicable.

1.2 PRINCIPAL PURPOSE OF THE ISSUE AND FUNDING ARRANGEMENTS:

A	Details of the principal purpose of the Right Issue	
	The Company intends to issue rights to meet the capital requirements of the Company to effectively implement its BMR & Expansion plan with the objective to increase the company's profitability.	
B	Additional disclosure relating to purpose of the Right Issue	
	Activities that are classified as working capital	The following are the broad activities that are classified as working capital, based on the Company's business / operations and requirements from time to time: <ul style="list-style-type: none"> - Procurement of raw and packing materials - Current Assets Inventory - Manufacturing overheads - Short Term Business credit

1.3 FINANCIAL EFFECTS ARISING FROM RIGHT ISSUE

Description	Measurement Unit	Pre-Issue	Post-Issue
Authorized Capital	PKR	3,000,000,000	3,000,000,000
Paid-up Capital*	PKR	1,316,398,000	2,303,696,500
Net Assets / Breakup value per share *	PKR	19.47	11.12
Gearing Ratio**	Times	0.13	0.10

Note:

* These numbers are taken from the audited financial statements of the Company for the year ended June 30, 2023.

**Expected / Estimated

1.4 TOTAL EXPENSES TO THE ISSUE

Underwriting Commission	PKR	[●]*
Underwriter Take-up Commission	PKR	2.00%
Bankers to the Issue – Out of Pocket	PKR	100,000
CDC – Fresh Issue Fee	PKR	1,421,710
CDC – Annual Fees for Eligible Security (Listing Fee)	PKR	1,000,000
PSX Fee (0.2% of increase in paid-up capital)	PKR	1,974,597
SECP Supervisory Fee (10% of fees paid to PSX)	PKR	197,460
Auditor Fee for Auditor Certificates	PKR	100,000
Stamp duty on issuance of additional shares	PKR	Up to PKR 9,872,985
Printing costs	PKR	Up to PKR 500,000
Lawyers and consultation fees	PKR	1,500,000

1.5 DETAILS OF UNDERWRITERS

Name of the Underwriter	Amount Underwritten	Associated Company / Associated Undertaking of the Issuer
M. Munir M. A. Khanani Securities Limited	PKR [●]*	No
MRA Securities Limited	PKR [●]*	No

*Will be determined in due course

1.6 COMMITMENTS FROM DIRECTORS:

Name of the person	Status (Substantial Shareholder / Director)	Number of Shares Committed to be subscribed ²	Amount Committed to be Subscribed	Shareholding (post issuance) ³ %
Mr. Asad Ahmad	Chief Executive	16,976,476	169,764,760	17.20
Ms. Farnaz Ahmad	Director	7,078,802	70,788,020	7.17
Ms. Uzma Ahmad	Director	1,778,219	1,778,219	1.80
Ms. Marium Ahmad	Director	6,066,665	60,666,650	6.14
Mr. Jawed Ahmed Siddiqui	Director	996	9,960	0.002
Mr. S. Hussam Ashraf Subzwari	Director	1,734	17,340	0.001
Mr. M. Ziyad Akhtar Syed	Director	862	8,620	0.001

² These may be subscribed to through persons arranged by the said directors as permitted under the Regulations.

³ Subject to actual subscription of right entitlements (as stated above, the same may be subscribed by persons arranged by individuals) and / or subscription of additional shares.

1.7 FRACTIONAL SHARES

The Board of Directors of the Company have resolved in their meeting held on January 19, 2024 that all fractional entitlements, if any, will be consolidated in the name of the Company Secretary (under trust), and unpaid letters of right in respect thereof shall be sold on the PSX, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in proportion to their respective entitlements as per the Regulations.

1.8 IMPORTANT DATES

IMAGE PAKISTAN LIMITED Tentative Schedule for Issuance of Letter of Rights Book Closure: From [●], 2024 to [●], 2024 (both days inclusive)			
Sr. No.	Procedure	Day	Date
a)	Date of credit of unpaid Rights into CDC in Book Entry Form		
b)	Dispatch of Letter of Right (LOR) to physical shareholders		
c)	Intimation to PSX for dispatch of physical Letter of Rights		
d)	Commencement of trading of unpaid Rights on PSX		
e)	Last date of trading of letter of Rights		
f)	Payment of subscription amount start date		
g)	Last date for acceptance of payment		
h)	Allotment of shares and credit of Shares into CDS		
i)	Date of dispatch of physical shares certificates		

2 SUBSCRIPTION AMOUNT PAYMENT PROCEDURE

- a) Payment as indicated above should be made by cash or crossed cheque or demand draft or pay order made out to the credit of "Image Pakistan Limited - Right Shares Subscription Account" through any of the authorized branches of above-mentioned bank(s) on or before _____, 2024 along with this Right Subscription Request duly filled in and signed by the subscriber(s).
- b) In case of Non-Resident Pakistani / Foreign shareholder, the demand draft of equivalent amount in Pak Rupees should be sent to the Company Secretary, Image Pakistan Limited at the registered office of the Issuer along with Right Subscription Request (both copies) duly filed and signed by the subscriber(s) with certified copy of NICOP / Passport well before the last date of payment.
- c) All cheques and drafts must be drawn on a bank situated in the same city where Right Subscription Request is deposited. Cheque is subject to realization.
- d) The Bankers to the Issue will not accept Right Subscription Request delivered by post which may reach after the closure of business on _____, 2024, unless evidence is available that these have been posted before the last date of payment.
- e) Payment of the amount indicated above to the Issuer's Banker(s) to the Issue on or before on _____, 2024, shall be treated as acceptance of the Right offer.
- f) After payment has been received by the Company's Banker(s) to the Issue, the Right Securities will be credited into respective CDS Accounts within 14 business days from the last payment date. Paid Right Subscription Request will not be traded or transferred.

3 PROFILES OF THE BOARD OF DIRECTORS OF THE COMPANY

BOARD OF DIRECTORS		
Name	Position	Date of Appointment
Mr. Asad Ahmad	Chief Executive	24-12-2021
Ms. Farnaz Ahmad	Non-Executive Director	24-12-2021
Ms. Uzma Ahmad	Non-Executive Director	24-12-2021
Ms. Marium Ahmad	Non-Executive Director	24-12-2021
Mr. Jawed Ahmed Siddiqui	Executive Director	24-12-2021
Mr. S. Hussam Ashraf Subzwari	Independent Director	24-12-2021
Mr. M. Ziyad Akhtar Syed	Independent Director	06-05-2022

3.1. PROFILE OF THE BOARD OF DIRECTORS OF THE COMPANY

Mr. Asad Ahmad – Chief Executive

Asad Ahmad a prominent businessman with a diverse experience of over 35 years in manufacturing, export, import, trade and finance is the Chief Executive Officer (CEO) of the Company. He holds a master's degree in business administration from the Institute of Business Administration (IBA), Karachi. Mr. Ahmad's family is involved in business since more than 200 years initially doing trading in India and migrated to Pakistan in 1948 and subsequently entered the manufacturing field 70 years ago. He is the key player in the transformation of the company, a team leader and a visionary having in depth knowledge of the overall industry and the sector. He is on the board of Directors of 4 listed companies by virtue of his position is well versed with the corporate sector and effective in the implementation and management of the code of corporate governance at the Company.

Ms. Farnaz Ahmad – Non-Executive Director

Farnaz Ahmad a graduate in Business Administration from the Institute of Business Administration (IBA), Karachi. She along with her husband Asad Ahmad was the founder and launched the brand Image in 1993. She comes from a business family involved in the manufacturing and marketing of consumer goods since last 70 years. She is responsible for creative design development, supply chain and outlet management.

Ms. Uzma Ahmad – Non-Executive Director

Uzma Ahmad completed her BSc in Economics from the University of Warwick and then did her MSc in Law & Accounting at the London School of Economics & Political Science. Uzma identified an opportunity for retail business followed by diversification into ready-to-wear clothing for women by using efficient manufacturing systems in order to offer competitively priced garments to the local market. On her initiative in 2016 Image started growing their store network in Karachi & Lahore as a high street fashion label.

Ms. Marium Ahmad – Non-Executive Director

Marium Ahmad is a graduate with BSc in Mathematics from the University of Warwick, UK and had worked as an Actuarial Consultant for Willis Towers Watson in London for a couple of years before returning to her home country. She works as the Director Marketing & E-Commerce and has successfully established a strong e-commerce platform for the brand and an in-house marketing team for faster promotions and sale conversions in the current digital age.

Mr. Jawed Ahmed Siddiqui – Executive Director

Jawed Ahmed Siddiqui is an engineer B.E. Mechanical by qualification having 39 years of experience in the industry. He is one of the founder Directors of the Company.

Mr. S. Hussam Ashraf Subzwari – Independent Director

S. Hussam Ashraf Subzwari is a graduate in Business Administration from MAJU, Karachi. He retired from HBL in February, 2020 and have more than 35 years of experience in Project Financing, Credit and Risk Management.

Mr. M. Ziyad Akhtar Syed – Independent Director

M. Ziyad Akhtar Syed worked as a General Manager in Sui Southern Gas Company Limited (SSGC). He retired from SSGC in 2020.

3.2. DIRECTORS' DIRECTORSHIP IN OTHER COMPANIES

<p>Mr. Asad Ahmad Chief Executive 21 DMCHS, Block 7/8, Tipu Sultan Road, Karachi</p>	<p>A.R.T. Modaraba Management (Pvt) Limited Image International Limited Image Tech Limited Indus Battery Industries (Pvt) Limited Prestige Enterprises (Pvt) Limited Sinolink Properties (Pvt) Limited Sinolink REIT Management Co. Limited Tri-Star Energy Limited Tri-Star Foundation Tri-Star Image (USA) Inc. Tri-Star Investments Limited Tri-Star Leasing Limited Tri-Star Mutual Fund Limited Tri-Star Power Limited</p>
<p>Ms. Farnaz Ahmad Non-Executive Director 21 DMCHS, Block 7/8, Tipu Sultan Road, Karachi</p>	<p>Indus Battery Industries (Pvt) Limited Sinolink Properties (Pvt) Limited</p>
<p>Ms. Uzma Ahmad Non-Executive Director 21 DMCHS, Block 7/8, Tipu Sultan Road, Karachi</p>	<p>Image International Limited Image Tech Limited Tri-Star Image (USA) Inc. Tri-Star Power Limited Tri-Star Foundation UMF (Pvt) Limited</p>
<p>Ms. Marium Ahmad Non-Executive Director 21 DMCHS, Block 7/8, Tipu Sultan Road, Karachi</p>	<p>Image International Limited Image Tech Limited Sinolink REIT Management Co. Limited Tri-Star Energy Limited Tri-Star Image (USA) Inc. Tri-Star Leasing Limited Tri-Star Mutual Fund Limited UMF (Pvt) Limited</p>
<p>Mr. Jawed Ahmed Siddiqui Executive Director 43/2, Main Khayaban-e-Sahar, Phase – 6, Street 13, DHA, Karachi</p>	<p>Tri-Star Power Limited Tri-Star Mutual Fund Limited</p>
<p>Mr. S. Hussam Ashraf Subzwari Independent Director C-81/1, Block-I, North Nazimabad, Karachi</p>	<p>None</p>
<p>Mr. M. Ziyad Akhtar Syed Independent Director 12-A/1, Central Avenue, Phase – II, DHA, Karachi</p>	<p>None</p>

4 FINANCIAL DETAILS OF THE ISSUER

4.1 FINANCIAL HIGHLIGHTS OF ISSUER FOR LAST THREE YEARS

		December, 2023* (Half Yearly)	June, 2023*	June, 2022*	June, 2021**
Revenue	PKR	1,668,740,220	2,696,311,753	1,718,240,569	1,001,848,809
Gross Profit	PKR	725,869,781	1,042,202,753	744,850,785	442,043,924
Operating Profit	PKR	330,537,304	384,719,616	245,280,676	199,198,987
Profit after Tax	PKR	246,097,395	288,637,106	208,161,853	115,099,317
Accumulated Profit / (Loss)	PKR	301,949,353	246,532,057	266,735,315	104,485,282
Total Assets	PKR	4,426,166,171	3,618,879,008	2,516,638,899	2,070,759,234
Total Liabilities	PKR	1,816,085,466	1,056,288,808	656,288,190	851,737,478
Net Equity	PKR	2,610,080,705	2,562,590,200	1,860,350,709	1,219,021,756
Earnings per Share	PKR	1.87	2.65	2.47	2.02
Cash Dividend	%	-	15%	-	10%
Bonus Dividend	%	-	15%	15%	-

*Consolidated figures

** Unconsolidated figures

4.2. DETAILS OF ISSUE OF CAPITAL IN PREVIOUS FIVE YEARS

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Right issue	None	75%	None	None	None
Bonus Issue	15%	15%	None	None	None

4.3. AVERAGE MARKET PRICE OF THE SHARE OF THE ISSUER DURING THE LAST SIX MONTHS

Average market price of the share of the Company during the last six months (from July, 2023 to December, 2023) is PKR 14.14/- per share.

4.4. SHARE CAPITAL AND RELATED MATTERS

Pattern of Shareholding of the Issuer

Shareholders	Shares Held	(%)
Directors, Chief Executive Officer, their Spouse(s) and Minor Children		
Mr. Asad Ahmad	22,635,302	17.195
Ms. Farnaz Ahmad	8,638,403	6.562
Ms. Uzma Ahmad	2,370,959	1.801
Ms. Marium Ahmad	7,788,887	5.917
Mr. Jawed Ahmed Siddiqui	1,329	0.001
Mr. S. Hussam Ashraf Subzwari	2,313	0.001
Mr. M. Ziyad Akhtar Syed	1,150	0.001
Associated Companies, undertakings and related parties		
First Tri-Star Modaraba	1,100	0.001
Prestige Enterprises (Pvt) Ltd.	80,870	0.061

Offer Document | Image Pakistan Limited

Tri-Star Investments Ltd.	141,824	0.108
NIT & ICP	38,487	0.03
Banks, Development Financial Institutions, Non-Banking Financial Institutions	186,150	0.14
Insurance & Leasing Companies	444,506	0.34
Modaraba and Mutual Funds	4,892,400	3.72
Investment Companies	60,117	0.05
General Public (local)	73,251,999	55.65
Other Companies	10,557,136	8.02
Joint Stock Companies	546,868	0.42
Total	131,639,800	100%

Shares held by Directors of the Issuer (both Existing and Post Right Issue)

Shares held by	Existing Shareholding	%	Post Right Shareholding ⁴	%
Directors				
Mr. Asad Ahmad	22,635,302	17.20	22,635,302	17.20
Ms. Farnaz Ahmad	9,438,403	7.17	9,438,403	7.17
Ms. Uzma Ahmad	2,370,959	1.80	2,370,959	1.80
Ms. Marium Ahmad	8,088,887	6.14	8,088,887	6.14
Mr. Jawed Ahmed Siddiqui	1,329	0.001	1,329	0.001
Mr. S. Hussam Ashraf Subzwari	2,313	0.002	2,313	0.002
Mr. M. Ziyad Akhtar Syed	1,150	0.001	1,150	0.001

⁴ Subject to the actual number of shares subscribed during the Right Issue (note that directors and subscribers may arrange for others to subscribe to their entitlements; furthermore, such persons may subscribe to additional shares offered by the Board).

5 RISK FACTORS

5.1. RISK ASSOCIATED WITH THE RIGHT ISSUE

Undersubscription Risk

There is a risk that the Right Issue may get undersubscribed due to lack of interest from shareholders of the Company. The Right Issue is being carried out at a price which is less than the current share price in the market and hence there is no major investment risk associated with the Right Issue. The substantial shareholder and directors of the Company have confirmed that they shall subscribe to (or arrange the subscription of) their respective right entitlements, while the balance portion of the Right Issue will be underwritten in accordance with the applicable laws.

However, the Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. The Directors / Shareholders have given undertaking for subscription (or arrangement of subscription) of their respective right entitlements. The balance portion of Right Issue is to be fully underwritten as per requirement of applicable regulations. Normal risks associated with the business will remain.

5.2. RISK ASSOCIATED WITH ISSUER

1. Internal Risk Factors

Operational Risk

Operational risk summarizes the uncertainties a business faces when it attempts to conduct its day-to-day business activities specifically in relation to plant operation. It can result from breakdowns in internal procedures, people and systems.

A high turnover ratio of skilled staff, disruption in the Company's supply chain or inappropriate planning could be a major determinant to operational risk for the Company.

Procurement Risk

As a prominent player in the embroidery fabrics manufacturing industry, it is crucial to be cognizant of the inherent procurement risks associated with the business. The sector is particularly susceptible to raw material price fluctuations. Additionally, the volatility in currency exchange rates can impact the cost of raw materials. Our commitment to transparency involves acknowledging and mitigating these risks through proactive procurement strategies, supplier diversification and diligent monitoring of market dynamics.

Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause to the other party by failing to discharge a financial obligation. The Company manages credit risk *inter alia* by setting credit limits in relation to individual customers and by selling on cash. Consequently, the Company believes that it is not exposed to any major concentration of credit risk.

Liquidity Risk

Liquidity risk is where an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. Based on the above, the management believes the liquidity risk to be insignificant.

Risk of Non-compliance with Regulations of SECP and PSX

In the event of non-compliance with any regulatory requirements of SECP or PSX, the Company may be placed on the defaulter segment of PSX which may potentially hamper trading in the Company's shares, leading to potential suspension in trading of its shares as well as delisting.

2. External Risk Factors

Business Risk

Business risk is the possibility of the Company reporting lower than anticipated profits or loss due to factors such as:

- Increase in input costs such as raw materials
- Increase in conversion / utility costs

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. When interest rates are high, borrowing costs increase, making it more expensive for the Company to finance its operations. This can lead to reduced business spending, lower economic growth, and decreased profitability. It also discourages business investment as financing new projects becomes more expensive.

Foreign Exchange Risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arise mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is exposed to foreign exchange risk arising from currency value fluctuations, primarily with respect to the USD, Euro, CHF and JPY.

Economic Slowdown

Slow down and/or deterioration of macroeconomic conditions could trigger a reduction in disposable incomes, compelling consumers to postponing their purchase. The growth of any sector is affected by the economic conditions prevailing in the country. An economic slowdown may adversely affect the growth and performance of the Retail sector, as a whole.

Global Economic and Financial Market Risk

Due to ongoing geopolitical disruption causing high commodity prices, all major economies of the world including USA, UK and European countries are facing inflationary pressure. Some of the major global financial institutions are foreseeing signs of recession in major countries which may cause volatility in international financial markets. The ripple down effect may affect the Pakistani economy and financial markets adversely which could impact the overall macro condition of the Country with limited ability of the government to secure new debt from international markets, which in turn could affect the PKR/USD parity.

Regulatory Risk

Regulatory risk pertains to the possibility of future changes in government policies and regulations which could potentially impact the various business segments the Company operates in. Modifications in the regulatory landscape, such as change in import tariffs which have the potential to notably impact the industry's overall performance. Additionally, any change in regulatory duties or taxes related to the import of raw materials or finished products could directly affect the Company's profitability and operational efficiency.

Risk of Substitutes

The textile industry is confronted with potential substitute risks that may affect the demand for end products. Price sensitivity, global competition, and advancements in the textile industry also contribute to the complexity of substitute risks. Our Company stays adaptable, invests in research and development including investment in plant & machinery and considers sustainable practices to effectively navigate these challenges, ensuring the maintenance of a competitive position in the market.

3. Additional Risk Factors

Capital Risk Management

The Company's objectives in managing capital is to ensure the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders while maintaining an optimal capital structure to reduce the cost of capital. The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate balance between the various sources of finance to minimize risk and cost. The Company is not exposed to any externally imposed capital requirement.

Profitability

The Company's after-tax profit for FY 2023 amounted to Rs. 288 million, compared to Rs. 208 million in FY 2022. The profitability may be impacted if there is a fall in demand of the products or due to the overall economic slowdown.

4. Company's Efforts to Mitigate Risk Factors

Although, there are other competitors in the market but the Company have already the advantage of holding niche market, the risk is greatly mitigated. Moreover, the sponsors of the company already have an experience of 30 years of manufacturing and marketing of embroidered fabric and the decision for growth is based on the experience.

The Directors / Shareholders have given their undertaking for subscription (or arrangement of subscription) of their respective right entitlements. The balance portion of Right Issue is to be fully underwritten as per requirement of applicable regulations. Hence, no major risk is involved.

NOTE: IT IS STATED THAT TO THE BEST OF OUR KNOWLEDGE AND BELIEF, ALL MATERIAL RISK FACTORS HAVE BEEN DISCLOSED AND THAT NOTHING HAS BEEN CONCEALED IN THIS RESPECT.

6 LEGAL PROCEEDINGS:

6.1. OUTSTANDING LEGAL PROCEEDINGS OF THE COMPANY

There is no material litigation, other than in the ordinary course of business, that would have an adverse effect on the Company. Moreover, these litigation matters have already been disclosed in the audited financial statements.

6.2. ACTION TAKEN BY THE SECURITIES EXCHANGE AGAINST THE ISSUER OR ASSOCIATED LISTED COMPANIES OF THE ISSUER DURING THE LAST THREE YEARS DUE TO NON-COMPLIANCE OF THE ITS REGULATIONS

None

6.3. ANY OUTSTANDING LEGAL PROCEEDING OTHER THAN THE NORMAL COURSE OF BUSINESS INVOLVING THE ISSUER, ITS SPONSORS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND ASSOCIATED COMPANIES, OVER WHICH THE ISSUER HAS CONTROL, THAT COULD HAVE MATERIAL IMPACT ON THE ISSUE

None

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7 SIGNATORIES TO THE OFFER DOCUMENT

ASAD AHMAD	FARNAZ AHMAD	UZMA AHMAD
MARIUM AHMAD	JAWED AHMED SIDDIQUI	SYED HUSSAM ASHRAF SUBZWARI
	MUHAMMAD ZIYAD AKHTAR SYED	

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Extract of the Resolution passed by the Board of Directors of Image Pakistan Limited (the "Company") at its meeting held on January 19, 2024 at the Registered Office of the Company at Karachi.

Resolved that the ordinary Paid-up Capital of the Company be increased from Rs. 1,316,398,000/- to Rs. 2,303,696,500/- by issue of further 98,729,850 ordinary shares of the Company of Rs. 10/- each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e. as right issue) in accordance with the provisions of Section 83 of the Companies Act, 2017 and all applicable laws, at a price of Rs. 10/- per share, in the ratio of 75 right shares for every 100 existing ordinary shares, against payment to the Company of the price of the shares subscribed, which shares shall rank pari passu in all respects with the existing ordinary shares of the Company (the "Right Issue").

Further Resolved that the following are the quantum, size, price and purpose of the Right Issue, along with the utilization of proceeds, benefits of the Right Issue of the Company and the shareholders of the Company, the risk factors associated with the Right Issue, and the justification for the issue of shares, in accordance with Regulation 3(1)(iii) of the Companies (Further issue of Shares) Regulations, 2020:

a) **Quantum of the Right Issue:**

The quantum of the Right Issue is 75% of the existing paid-up capital of the Company i.e. 75 right shares for every 100 ordinary shares held by the shareholders of the Company.

b) **Right Issue Size:**

The Company shall issue 98,729,850 ordinary shares at a price of Rs. 10/- per share, aggregating to Rs. 987,298,500/-.

c) **Right Issue Price:**

Rs. 10/- per share.

d) **Purpose of the Right Issue:**

The purpose of the Right Issue is to finance the expansion of existing production capacity and Company's working capital requirements, which is essential for sustained business growth. This aligns with the Company's broader strategy to fortify its financial position in order to enhance profitability and, consequently, provide greater shareholders return.

e) **Utilization of Proceeds of the Right Issue:**

The Company intends to issue rights to raise funds for expansion of existing production capacity through purchase of land, installation of new Multihead machines so as to reduce reliance on outsourcing embroidery for manufacturing quality product and cost saving, opening of more new outlets in different cities and to meet the working capital requirements and reducing Diminishing Musharika finance. Thus, to increase Company's profitability.

f) **Benefits to the Company and Shareholders:**

The subscription amount from the Right Issue will enable the Company to implement its capacity expansion plans and to make available the required liquidity for meeting its working capital requirements. Effective implementation of the BMR & Expansion plan is expected to positively impact the profitability of the Company, which in consequence would benefit its shareholders.

g) **Risk Factors associated with the Right Issue:**

The Right Issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. The Directors / Shareholders have given undertaking for subscription (or arrangement of subscription) of their respective right entitlements. The balance portion of Right Issue is to be fully underwritten as per requirement of applicable regulations. Normal risks associated with the business will remain.

Further Resolved that the letter of offer may be issued / signed by any two directors of the Company in compliance with the applicable laws.

Further Resolved that all fractional entitlements, if any, will be consolidated in the name of the Company Secretary (under trust), and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited ("PSX"), the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in proportion to their respective entitlements as per the Regulations.

Further Resolved that any unsubscribed shares may be offered and allotted (upon subscription) to such persons as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, including the sponsors / substantial shareholders, directors or associated undertakings of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

Further Resolved that the Chief Executive and / or Company Secretary and / or the Chief Financial Officer, be and are hereby severally authorized to prepare, revise and finalize the draft offer document / letter and share it with the Securities and Exchange Commission of Pakistan ("SECP") and PSX, and revise the same based on the observations and changes of the SECP and PSX as may be deemed fit by them, in the manner prescribed under the Regulations, along with preparing and submitting other necessary documents in this respect. While the draft offer letter shall be placed on the PSX website, public comments on the same shall not be required to be solicited.

Further Resolved that Mr. Asad Ahmad, Chief Executive and Mr. Haroon Saeed, Company Secretary be and are hereby singly authorized to do the following on behalf of the Company:

- (i) To appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreement(s), other documents and settle / finalize fees, underwriting commission, take-up commission and third-party expenses and / or any other expenses relating to the Right Issue;
- (ii) To prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the Securities & Exchange Commission of Pakistan (SECP) / Pakistan Stock Exchange (PSX) / Central Depository Company of Pakistan (CDC) (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;
- (iii) to decide and announce the closure of the share transfer books of the Company, including the dates thereof, to determine entitlements of the shareholders of the Company with respect to the Right Issue;
- (iv) To open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of shares;
- (v) To allot / credit right shares and file returns as required by SECP / PSX / CDC along with the auditors' certificate; and

Offer Document | Image Pakistan Limited

- (vi) To take all other necessary steps, and to do all other acts, deeds and things, sign circular to accompany the letter of offer, pursuant to Section 83(3) of the Companies Act, 2017 and to prepare the offer letter, schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of Image Pakistan Limited held at Karachi on January 19, 2024.

M. Haroon Saeed
Company Secretary

January 24, 2024

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**Statement in Fulfilment of Requirements Contained Under Regulation 3(3)(vi) Of
The Companies (Further Issue of Shares) Regulations, 2020**

In relation to Comments Received from
Securities & Exchange Commission of Pakistan
Vide its Letter Dated [●], 2024
On the Draft Circular under Section 83(1) of the Companies Act, 2017
And the Changes made to the Circular Based on the Given Comments

Sr. No	Name of the Person	Comment Received	Whether the Company agree / disagree to the comment	Proposed change, if agreed	Rationale
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