NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given to all the shareholders of **Ismail Industries Limited** that an Extra Ordinary General Meeting of the Company will be held at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi on Wednesday May 25, 2016 at 11:30 am to transact the following business.

Ordinary Business

1. To confirm the minutes of the 27th Annual General Meeting of the Company held on October 28, 2015.

Special Business

2. To consider and, if thought fit, pass, with or without modification, the following special resolution, under Section 208 of the Companies Ordinance, 1984 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 for the purpose of approving the investment to be made by the Company in Hudson Pharma (Private) Limited (HPL), an associated company, by subscribing 60,598,400 Right Shares of Rs.10/- each not subscribed by other shareholders of HPL, which were offered to the Company on April 20, 2016:

Special Resolution

"**RESOLVED** that pursuant to the requirements of section 208 of the Companies Ordinance, 1984, a long term equity investment of Rs. 605,984,000/- (Rupees Six hundred five million nine hundred eighty four thousand only) divided into 60,598,400 ordinary shares of Rs.10/- each of Hudson Pharma (Private) Limited, an associated company be and is hereby made by way of subscribing un-subscribed portion of right shares offered to the Company on April 20, 2016."

"**FURTHER RESOLVED** that the Chief Executive / 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 208 of the Companies Ordinance, 1984 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Any Other Business

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

By order of the Board

Karachi: May 3, 2016

Ghulam Farooq
Company Secretary

Head Office: 17-Bangalore Town, Main Shahrah-e-Faisal, Karachi-75350 Pakistan. Tel: (0092-21) 34311170-77 - 34370056-68 Fax: (0092-21) 34541094, 34547843 - 34541095
E-mail: info@candyland1.com
Factory: C-230-241, H.I.T.E., Distt. Lasbela, Balochistan, Pakistan. Tel : (0092-853) 302526, 302392 Fax: (0092-853) 302527
Web: http://www.candyland1.com

Notes

1. The shares transfer book of the Company shall remain closed with effect from May 19, 2016 to May 25, 2016 (both days inclusive). Transfers received at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi, Phone # 021-111-000-322 at the close of business on Wednesday, May18, 2016 will be considered in time to attend and vote at the meeting and for the purpose of above entitlement to the transferees.

2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy, in order to be effective must reach the Company Registrar Office not less than 48 hours before the time of the meeting during working hours.

3. The shareholders are advised to notify the Registrar of any change in their addresses.

Guidelines for CDC Account Holders

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

A. For Attending the Meeting

i. In the case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate their identity by showing their original Computerized National Identity Card ("CNIC") or original Passport at the time of attending the meeting.

ii. In the case of corporate entities, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless provided earlier).

B. For Appointing Proxies

i. In the case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations shall submit the proxy form as per the above mentioned requirements.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii. The proxy shall produce his/her original **CNIC** or original passport at the time of the meeting.

iv. In the case of corporate entities, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

4. Pursuant to the Securities and Exchange Commission of Pakistan (SECP) Notifications dated January 10, 2014, July 05, 2012 and August 18, 2011, made it mandatory that dividend warrants should bear Computerized National Identity Card (CNIC) number of the registered member or the authorized person except in case of minor(s) and corporate members. With reference to our various advertisements in daily newspapers and letters sent to individual members/ shareholders at their registered addresses, it is hereby informed that the individual members who have not yet submitted photocopy of their valid CNIC to the Company are again advised to send the same at their earliest directly to The Company Secretary, Ismail Industries Limited, 17-Bangalore Town, Shahra-e-Faisal, Karachi. The Corporate entities are requested to provide their National Tax Number (NTN). Failure to provide the same would constraint the Company to withhold dispatch of dividend warrants.

5. Statement under Section 160(1) (b) of the Companies Ordinance, 1984, pertaining to the Special Business referred to above is annexed to this Notice being sent to the members of the Company.

As per the disclosure requirement of Para 4(1) of the S.R.O. 27(I)/2012 dated January 16, 2012, it is informed that the following directors of the company are also the directors in the investing company, however, they have no direct or indirect interest except to the extent of their shareholding in the investing company:

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

Statement under section 160 (1) (b) of the Companies Ordinance, 1984 and Informations Required Under SRO 27(I)/2012 dated January 16,2012

Agenda Item No. 2- Investment in an Associated Undertaking u/s. 208

The Board of Directors of Ismail Industries Limited (IIL) in their meeting held on April 25, 2016 had approved to make equity investment by subscribing un-subscribed portion of right shares offered by its associated undertaking, Hudson Pharma (Private) Limited (HPL). The information required to be annexed to the Notice by Notification No.SRO No. 27(I)/2012 dated January 16, 2012 is set out below:

Information required under S.R.O. 27(I)/2012 dated 16 January, 2012

(i)	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 relationship is established due to Common Directorship of: 1) Mr. Hamid Maqsood Ismail 2) Mr. Ahmed Muhammad 3) Mr. Munsarim Saifullah
(ii)	Purpose, benefits and period of investment	The Company has proposed an equity investment by way of subscribing un-subscribed portion of right shares offered by HPL. The Company expects to earn good return in the long run as a result of this long term strategic investment.
(iii)	Maximum amount of investment	Rs.605,984,000/- being un-subscribed portion of right issue of HPLwhich were offered to the company.
(iv)	Maximum price at which securities will be acquired.	At par Rs.10/- per share.
(v)	Maximum number of securities to be acquired.	60,598,400 Ordinary shares of Rs.10/- each.
(vi)	Number of securities and percentage thereof held before and after the proposed investment	**Before Investment:**Nil **After Investment:** 60,598,400 Ordinary shares equivalent to 71.29 % of paid-up capital of HPL.

(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired;	Not Applicable.
(viii)	In case of Investment in unlisted securities, fair market value of such securities determined in terms of regulation 6 (1).	The fair value of equity has been worked out at Rs.45.12 per share, as determined by Munaf Yusuf & Co., Chartered Accountants. The valuation has been carried out using discounted cash flow method. The underlying 9 years projections were prepared by the management duly incorporating the management plan for the expansion and envisaged business growth. The management is confident that it will be able to realize further business growth after getting the funds from the proposed right issue.
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	Rs.8.69/- per share.
(x)	Earnings per share of the associated company or associated undertaking for the last three years;	Loss per share: 2015 –Rs.0.74 per share 2014 –Rs.0.11 per share 2013 – Rs.192.16 per share
(xi)	Sources of fund from which securities will be acquired;	Surplus funds of the Company.
(xii)	Where the securities are intended to be acquired using borrowed funds;	
	(I) Justification for investment through borrowings:	Not Applicable.
	(II) Detail of guarantees and assets pledged for obtaining such funds;	Not Applicable.
(xiii)	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the	An equity investment by way of subscribing un-subscribed portion of right shares offered by HPL.

	proposed investment;	
(xiv)	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.
(xv)	Any other important details necessary for the members to understand the transaction;	None
(xvi)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required namely;	
	(I) Description of the project and its history since conceptualization;	(I) Attached Annexure "A"
	(II) Starting and expected date of completion of work;	(II) Starting from December 2014 to be completed by September 2016.
	(III) Time by which such project shall become commercially operational; and	(III) By January 2017.
	(IV) Expected time by which the project shall start paying return on investment;	(IV) From Financial year 2017-2018.