

ISMAIL INDUSTRIES LIMITED

IN THE MATTER OF THE COMPANIES ORDINANCE, 1984

AND

**IN THE MATTER OF (1) ASTRO PLASTICS (PRIVATE) LIMITED
(2) ISMAIL INDUSTRIES LIMITED**

AND

IN THE MATTER OF JUDICIAL MISCELLANEOUS APPLICATION NO. 13 / 2016 IN THE HIGH COURT OF SINDH AT KARACHI FOR SANCTION OF AND FOR OTHER ORDERS IN RESPECT OF THE SCHEME OF ARRANGEMENT FOR THE AMALGAMATION BY WAY OF MERGER OF ASTRO PLASTICS (PRIVATE) LIMITED AND ITS MEMBERS WITH AND INTO ISMAIL INDUSTRIES LIMITED AND ITS MEMBERS.

NOTICE

NOTICE IS HEREBY GIVEN that in pursuant to the Order dated the 22nd day of April, 2016 of the High Court of Sindh at Karachi passed in Judicial Miscellaneous Application No.13/2016 an Extraordinary General Meeting of the Shareholders of **ISMAIL INDUSTRIES LIMITED** will be held at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shakra-e-Faisal, Karachi on Monday, the 30th day of May, 2016 at 11:00 a.m. to consider and if thought fit, approve, agree and adopt the Scheme of Arrangement dated March 21, 2016 for the amalgamation by way of merger of Astro Plastics (Private) Limited and its members with and into Ismail Industries Limited and its members, if thought fit, to pass the following Special Resolution, with or without modifications:

Special Resolution:

“RESOLVED THAT the Scheme of Arrangement dated March 21, 2016 for Amalgamation by way of merger of Astro Plastics (Private) Limited and its members with and into Ismail Industries Limited and its members considered by this meeting be and is hereby approved, agreed and adopted”.

A copy of the Scheme of Arrangement and a Statement of Information explaining its effect are being provided with the notice of the meeting sent to the members and other persons entitled to receive notice of the meeting. Further copies of the Scheme and the Statement may be obtained from the Registered Office of the Company during normal office hours on application prior to the meeting by the members and other persons entitled to attend the meeting.

Mr. Maqsood Ismail, Chief Executive of Ismail Industries Limited, or failing him Mr. Munzarim Saifullah, Director of Ismail Industries Limited will act as Chairman of the meeting and will report the results thereof to the Honorable High Court of Sindh.

The Scheme of Arrangement will be subject to the subsequent approval of the Honorable High Court of Sindh.

Statement under Sections 286 and 160(1) (b) of the Companies Ordinance, 1984, pertaining to the Special Resolution referred to above is annexed to this Notice being sent to the members of the Company.

By Order of the Board

**(Ghulam Farooq)
Company Secretary**

Karachi
Dated: May 6, 2016

Notes:

1. The shares transfer book of the Company shall remain closed with effect from May 27, 2016, to June 2, 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 Thursday, May 26, 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 and 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 once 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.

IN THE MATTER OF THE COMPANIES ORDINANCE, 1984

and

IN THE MATTER OF (1) ASTRO PLASTICS (PRIVATE) LIMITED
(2) ISMAIL INDUSTRIES LIMITED

And

IN THE MATTER OF JUDICIAL MISCELLANEOUS APPLICATION NO. 13/2016 IN THE HIGH COURT OF SINDH AT KARACHI FOR SANCTION OF AND FOR OTHER ORDERS IN RESPECT OF THE SCHEME OF ARRANGEMENT FOR AMALGAMATION BY WAY OF MERGER OF ASTRO PLASTICS (PRIVATE) LIMITED AND ITS MEMBERS WITH AND INTO ISMAIL INDUSTRIES LIMITED AND ITS MEMBERS.

**Statement to the Members of Ismail Industries Limited
Under Sections 286 and 160(1) (b) of the Companies Ordinance, 1984**

Dear Sir/Madam,

In the Judicial Miscellaneous Application No. 13 / 2016, in the High Court of Sindh at Karachi has been petitioned under sections 284 to 287 of the Companies Ordinance, 1984 read with Rule 60 of the Companies (Court) Rules, 1997 for sanction of and for other Orders in respect of the Scheme of Arrangement for Amalgamation by way of merger of Astro Plastics (Private) Limited and its members and Ismail Industries Limited and its members. In that preceding the Court has directed the convening of separate meetings of the members of each Company for seeking their agreement to the Scheme. A copy of the Scheme is provided with this Statement.

The accompanying notice convenes the meeting of the members of your Company as directed by the Court. It is intended to propose the following resolution for the consideration of the meeting:

“RESOLVED THAT the Scheme of Arrangement dated March 21, 2016 for Amalgamation by way of merger of Astro Plastics (Private) Limited and its members with and into Ismail Industries Limited and its members considered by this meeting be and is hereby approved, agreed and adopted”.

As required by Section 284(2) of the Companies Ordinance, 1984, the above resolution has to be passed at the meetings convened under the Order(s) of the Court, of the members of Astro Plastics (Private) Limited and of the members of Ismail Industries Limited, by a majority representing three-fourths in value of the issued shares held by the members of Astro Plastics (Private) Limited and Ismail Industries Limited respectively present in person or by proxy and voting at the meetings. The sanctioning of the Scheme and the making of other appropriate Order(s) in connection therewith will be considered by the Court after the Scheme of Arrangement is agreed by the requisite majority at the meeting being convened for this purpose under the Order of the Court, by the members of each Company separately.

In case you are unable to attend the meeting convened by the accompanying notice, you are requested to complete the Proxy Form attached to the notice (in which you can direct the proxy how you wish him/her to vote) and send the completed form as soon as possible to the Company Secretary at the Registered Office of the Company situated at 17, Bangalore Town, Main Shahra-e-Faisal, Karachi-75350. Proxies for the meeting will not be treated as valid if received less than 48 hours before the time of the meeting.

Application will be made by Ismail Industries Limited to the Pakistan Stock Exchange Limited for the listing of Ordinary shares of Ismail Industries Limited to be issued to the members/sharcholders of Astro Plastics (Private) Limited in pursuant to the Scheme of Arrangement.

STATEMENT OF INFORMATION

1. OBJECT OF THE SCHEME

The object of the Scheme of Arrangement is to effect an amalgamation of Ismail Industries Limited and Astro Plastics (Private) Limited. The amalgamation involves the transfer to and vesting in Ismail Industries Limited of the whole of undertakings and businesses of Astro Plastics (Private) Limited, together with all the properties, assets, rights, liabilities, trademarks, brands, logos, quotas and obligations of every description of the Company against allotment of shares held by the registered shareholders in the company accordingly as defined in para 4. On the completion of amalgamation and after issuance of shares of Ismail Industries Limited, Astro Plastics (Private) Limited will be dissolved by the Order of the Hon'able High Court without going into winding up.

2. APPROVALS

The Scheme of Arrangement has been approved by the respective Board of Directors of Ismail Industries Limited and Astro Plastics (Private) Limited. The Board of Directors have approved the effective date of the Scheme as July 01, 2015 or any other date as may be stipulated by the Hon'able High Court of Sindh. The proportion in which the shares of Ismail Industries Limited are to be allotted under the Scheme in lieu of shares of Astro Plastics (Private) Limited held by the registered holders thereof has been worked out by the management with the assistance of Deloitte Yousuf Adil, Chartered Accountants on the recommendation of the respective Board of Directors, which is based on the break-up value of shares of both the companies as at June 30, 2015.

3. SANCTION BY COURT

The Scheme is subject to the sanction of the Hon' able High Court of Sindh in its present form or with any modifications thereof or addition thereto and is also subject to any conditions which the Court may impose. The Board of Directors of Ismail Industries Limited and Astro Plastics (Private) Limited, acting jointly have the power to consent on behalf of all concerned to any modifications thereof or additions thereto the Scheme or to any conditions which the Court may think fit to impose.

4. ISSUANCE AND ALLOTMENT OF SHARES

As consideration for the transfer to and vesting in Ismail Industries Limited of the undertakings and businesses of Astro Plastics (Private) Limited, Ismail Industries Limited shall issue at par and allot:

=13,284,000= Ordinary shares of Rs.10/- each credited as fully paid up to the registered shareholders of APL on the basis of swap ratio 0.09:1 i.e. = 9 = Ordinary shares of ISL for =100= Ordinary shares of APL.

The Swap Ratio has been determined by the management in assistance with Deloitte Yousuf Adil, Chartered Accountants. The calculation of the Swap Ratio is based on the respective break-up value of the shares of Ismail Industries Limited and Astro Plastics (Private) Limited.

The break-up value of the shares is based on the audited financial statements of Ismail Industries Limited and Astro Plastics (Private) Limited for the year ended June 30, 2015.

The fractional entitlements of above 0.5 shares shall be rounded up to one share and below 0.5 shall be ignored. The allotment of the Ordinary shares of Ismail Industries Limited shall be made by Ismail Industries Limited within 90 days from the Completion Date.

The new shares issued pursuant to the Scheme of Arrangement shall rank paripassu with the existing shares in all respect and will be entitled to all dividends, bonus, right issue declared after the Completion Date.

5. LIABILITIES, OBLIGATIONS AND LEGAL PROCEEDINGS

The transfer to and vesting in Ismail Industries Limited of Astro Plastics (Private) Limited businesses and undertakings in accordance with the Scheme of Arrangement will include all the liabilities and obligations of Astro Plastics (Private) Limited, howsoever arising, and after the amalgamation is accomplished, Ismail Industries Limited will discharge all such outstanding liabilities and will perform all such outstanding obligations in due course as if these were originally the liabilities and obligations of Ismail Industries Limited instead of Astro Plastics (Private) Limited.

The transfer of all assets of Astro Plastics (Private) Limited to Ismail Industries Limited under the Scheme of Arrangement, including properties of all kinds, movable or immovable, tangible or intangible, leasehold properties, actionable claims, stocks, receivables and book debts, will be subject to any specific mortgages or charges created over these assets before the merger in favour of the creditors. However, with respect to the paripassu charges by way of hypothecation of stocks, book debts and receivables in favour of the creditors of Astro Plastics (Private) Limited prior to the merger will automatically convert into paripassu charge over stocks, receivables and book debts of Ismail Industries Limited immediately upon merger in favour of their respective creditors to the extent of the charge registered in favour of such creditors prior to the merger.

All the legal proceedings instituted by or against Astro Plastics (Private) Limited and pending immediately before the amalgamation will be treated as legal proceeding by or against the Ismail Industries Limited and will be dealt with accordingly.

6. COSTS

In accordance with the Scheme of Arrangement all the costs, charges and expenses incurred by Ismail Industries Limited and Astro Plastics (Private) Limited in respect of the preparation of the Scheme and carrying it into effect will be borne and jointly paid by Ismail Industries Limited and Astro Plastics (Private) Limited.

7. BUSINESS

The business presently carried on by the companies is as under:

Ismail Industries Limited

The Principal activities of IIL are manufacturing and trading of sugar confectionery items, biscuits, potato chips and cast polypropylene film under the brands of Candyland, Bisconni, Snackcity and Astrofilms respectively.

Astro Plastics (Private) Limited

APL is engaged in the business of flexible BOPET & CPP packaging under the brand name of Astrofilms.

8. ADVANTAGES OF AMALGAMATION

Ismail Industries Limited and Astro Plastics (Private) Limited belong to ONE GROUP under common management.

The purpose of the amalgamation of both the companies is to operate/run business under one management and avoid duplication of work.

The Directors to the respective Board of the amalgamating companies are also common, as such the interest of shareholders will not be affected and instead of several Boards of Directors looking after the affairs of the company there will be only one Board.

The maintenance of separate manufacturing operations, selling, purchasing, marketing, legal, administrative, and secretarial and other records under the various laws results in duplication of work and higher costs.

The directors of the companies have no interest in the amalgamation, except to the extent of their shareholding and remuneration.

8.1. Re-organization of Duplicate Facilities

Reorganization of the machinery setup and better utilization of surplus plant machines capacities.

Added flexibility in handling customer orders, product mix and material requirements.

Integrated banking and financing arrangements and combination of various other functions would result in sizeable savings

Quality control equipment and set up of both the units would be combined to integrate this important facility and to arrange / procure further sophisticated and costly devices.

9. INVENTORY

9.1. Raw Materials

The stock requirements of raw material inventories will decrease as same raw materials are being consumed by the Group companies, hence, lower funds will be required for the financing of raw material purchases. As a result of this, the financial charges will reduce.

9.2. Stores and Spares

There will be lower requirement for keeping common stores and spares inventory to meet emergency and regular requirements.

9.3. Economies of Scale

A large sized operation has various advantages and chances of complete shutdown are minimized. The amalgamated company will have more than one production facility for each area of operation. Similarly, auxiliary facilities such as power generation, gas supply, water supply etc. are also located at more than one place. Therefore, breakdown in any one area will not affect production of critical order items more particularly export orders, as work can be shifted to another operation area. This will act as a major comfort factor for the export customers and the Company will get valuable edge and compete more aggressively.

The consolidated operation will result in eliminating duplicate services and operations and reduction in administrative and overhead expenses besides increasing efficiency on account of unified control.

The amalgamation will help in carrying on the business more economically and provide satisfactory organizational framework conducive to the growth of the business.

9.4. Common Board of Directors and Rationalization of Secretarial Cost

In the event of amalgamation of both the Companies, the administrative costs incurred individually by each company will be considerably reduced as:

- Only a single Board of Directors will be required to manage the affairs of the Company.
- Only one AGM will be required to be held and one set of Financial Statements will be required to be circulated by the Company.
- Only one register of shareholders and one set of books and records will be required to be maintained and one set of forms will be filed with the various Government Agencies including the SECP and Registrar of Companies.
- Single assessment for income tax and sales tax and their filing and record keeping.
- Amalgamation of the Companies would result in an improvement in the administration of personnel affairs of the staff and administrative policies will be uniform.

Ismail Industries Limited and Astro Plastics (Private) Limited are associated companies, having common management. As the same team of key management and technical personnel will continue, there will be no disruption of business activity during the post amalgamation period.

9.5. Common Departments

Economies of scale comes from sharing central services such as office management and accounting, finance, human resources and top level management.

9.6. Broader Capital Base

Merger will result in broadening the assets base of the company, which will result in diversification of business having better chances of profitability and growth of all the merged companies.

9.7. Better Bargaining For Financing Facilities

Company will be in a position to obtain funds at better rates due to broader capital base, high profile management, future growth prospects and strong footing of the company.

10. FINANCIAL RESULTS

10.1. Ismail Industries Limited

The authorized share capital of the Company is Rs.1,000,000,000/- (Rupees One Billion Only) divided into =100,000,000= (One Hundred Million) Ordinary shares of Rs.10/- each, out of which =50,520,750= Ordinary shares of Rs.10/- each have been issued and fully paid in cash and remaining shares are un-issued.

The profits after taxation for the financial years from 2011 to 2015 as shown in its audited financial statements and the dividend / bonus declared for each year are as follows :-

Year ended	Profit/Loss After Tax (Rs. "000")	Fully paid Ordinary shares (Rs. "000")	Dividend (%)	Bonus shares (%)
30-06-2011	305,738	505,207	20%	-
30-06-2012	367,313	505,207	20%	-
30-06-2013	358,118	505,207	22.50%	-
30-06-2014	502,265	505,207	22.50%	-
30-06-2015	639,566	505,207	60%	-

The financial position of the Company as at June 30, 2015 duly audited is summarized below:

	June 30, 2015 Rupees
ASSETS	
Non-current assets	
Property, plant and equipment	4,372,072,916
Long term investments	3,178,355,067
Long term deposits	<u>47,687,783</u>
Total non-current assets	7,598,115,766
Current assets	
Stores and spares	84,765,314
Stock in trade	5,196,389,762
Trade debts	778,548,491
Advances - considered good	115,953,099
Trade deposits and short term prepayments	30,276,202
Other receivables	34,482,045
Taxation – net	408,344,617
Cash and bank balances	<u>29,092,389</u>
Total current assets	<u>6,677,851,919</u>
Total assets	<u>14,275,967,685</u>

June 30, 2015
Rupees

EQUITY AND LIABILITIES

Shareholders' equity

Authorized capital	
100,000,000 Ordinary shares of Rs.10 each	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	505,207,500
Reserves	<u>3,469,954,968</u>
Total shareholders' equity	3,975,162,468

Non-current liabilities

Sponsors' loan – subordinated	602,151,770
Long term finances – secured	2,736,454,358
Liabilities against assets subject to finance lease	84,436,492
Deferred liabilities	<u>647,740,169</u>
Total non-current liabilities	4,070,782,789

Current liabilities

Trade and other payables	820,336,751
Accrued mark-up	92,907,394
Short term finances - secured	4,039,905,924
Current portion of:	
- long term finances	1,098,327,169
- liabilities against assets subject to finance lease	41,597,336
Advances from customers	<u>136,947,854</u>
Total current liabilities	<u>6,230,022,428</u>

Total liabilities 10,300,805,217

Contingencies and commitments

Total equity and liabilities 14,275,967,685

10.2. Astro Plastics (Private) Limited

The authorized share capital of the company is Rs.1,500,000,000/- (Rupees One Billion and Five Hundred Million Only) divided into =150,000,000= (One Hundred and Fifty Million) Ordinary shares of Rs.10/- each, out of which =147,600,000= Ordinary shares are issued (80,601,000 Ordinary shares are fully paid in cash and 66,999,000 Ordinary shares are against conversion of director's loan) and remaining are un-issued.

The profits / (losses) after taxation for the financial years from 2011 to 2015 as shown in its audited financial statements and the dividend/ bonus declared for each year are as follows:

Year ended	Profit/(Loss) After Tax (Rs. "000")	Fully paid Ordinary shares (Rs. "000")	Dividend (%)	Bonus shares (%)
30-06-2011	(12,462)	270,070	-	-
30-06-2012	(41,905)	806,000	-	-
30-06-2013	(267,993)	806,000	-	-
30-06-2014	(133,725)	1,476,000	-	-
30-06-2015	29,788	1,476,000	-	-

The financial position of the Company as at June 30, 2015 duly audited is summarized below:

	June 30, 2015
	Rupees
ASSETS	
Non-current assets	
Property, plant and equipment	2,720,024,659
Long term deposits	<u>6,481,309</u>
Total non-current assets	2,726,505,968
Current assets	
Stores and spares	30,040,851
Stock-in-trade	1,242,895,469
Trade debts	407,484,399
Advances – considered good	29,895,516
Trade deposits and short term prepayments	375,000
Short term receivable from related parties	-
Other receivables	396,592,052
Taxation - net	46,241,157
Cash and bank balances	<u>3,615,288</u>
Total current assets	2,157,139,732
Total assets	<u>4,883,645,700</u>
EQUITY AND LIABILITIES	
Shareholders' equity	
Authorized capital	
150,000,000 ordinary shares of Rs.10 each	<u>1,500,000,000</u>
Issued, subscribed and paid-up capital	1,476,000,000
Accumulated loss	<u>(426,297,933)</u>
Total shareholders' equity	1,049,702,067
Advance against future issue of shares	9,333,303
Non-current liabilities	
Directors' loan	300,000,000
Long term finance - secured	943,666,939
Liabilities against assets subject to finance lease	7,734,291
Deferred liabilities	<u>7,802,351</u>
Total non-current liabilities	1,259,203,581
Current liabilities	
Trade and other payables	622,996,459
Accrued mark-up	56,170,891
Short term finance - secured	1,561,148,670
Current portion of:	
- long term finance	320,763,269
- liabilities against assets subject to finance lease	4,327,460
Advances from customers	-
Total current liabilities	<u>2,565,406,749</u>
Total liabilities	3,824,610,330
Contingencies and commitments	
Total equity and liabilities	<u>4,883,645,700</u>

10.3. Authorized Share Capital

Consequent upon the Scheme becoming effective, the authorized share capital of Astro Plastics (Private) Limited of Rs.1,500,000,000 (Rupees One billion and five hundred million) shall be merged and combined with the authorized share capital of Ismail Industries Limited of Rs.1,000,000,000 (Rupees One billion) without any further act or deed and that the authorized share capital of Ismail Industries Limited shall stand increased to Rs.2,500,000,000 (Rupees Two billion and five hundred million) divided into 250,000,000 Ordinary shares of Rs.10/- each.

11. DIRECTORS AND MANAGEMENT

11.1. Ismail Industries Limited

The following are the present directors and their holding of shares in the Company:

	Name of Directors	Shareholding
1.	Muhammad M. Ismail	14,986,913
2.	Maqsood Ismail Ahmed	100,000
3.	Hamid Maqsood Ismail	10,000
4.	MunsarimSaifullah	500
5.	Ahmed Muhammad	1,000,000
6.	Farzana Muhammad	608,700
7.	Almas Maqsood	16,454,413
8.	Reema Ismail Ahmed	499,900
9.	Jawed Abdullah	500

11.2. Astro Plastics (Private) Limited

The following are the present directors and their holding of shares in the Company:

	Name of Directors	Shareholding
1.	Muhammad M. Ismail	40,623,667
2.	Maqsood Ismail Ahmed	1,000,000
3.	Hamid Maqsood Ismail	1,000
4.	MunsarimSaifullah	1,000
5.	Ahmed Muhammad	1,000
6.	Farzana Muhammad	8,575,000

12. DIRECTORS AFTER AMALGAMATION

No question will arise due to common directorship in both the companies. The directors of Ismail Industries Limited are expected to serve as directors of the Company after amalgamation.

13. INTEREST OF DIRECTORS

All the directors of Ismail Industries Limited and Astro Plastics (Private) Limited are interested to the extent of shares that are held by them in those companies, in terms of the Scheme of Arrangement. The effect of the Scheme on the interest of these directors does not differ from its effect on the like interest of other Members.

The Directors are also interested to the extent of remuneration and fringe benefits as per the policies of the Companies.

14. COMPENSATION FOR LOSS OF OFFICE

No compensation is payable to any of the directors for the loss of office as Director of Astro Plastics (Private) Limited.

15. INSPECTION OF DOCUMENTS

The documents of Ismail Industries Limited and Astro Plastics (Private) Limited namely, copies of the Memorandum and Articles of Association, the Audited Financial Statements, the Scheme of Arrangement, the Statement of Information and the Report on computation of Share Swap Ratio from Deloitte Yousuf Adil, Chartered Accountants, Karachi in respect of the allotment of shares by Ismail Industries Limited to the shareholders of Astro Plastics (Private) Limited, may be inspected at the following address during the usual business hours on any working day till the conclusion of the meeting in which the resolution of amalgamation will be adopted:

**Ismail Industries Limited
17 Bangalore Town,
Main Shahra-e-Faisal,
Karachi-75350.**

**Astro Plastics (Private) Limited
17 Bangalore Town,
Main Shahra-e-Faisal,
Karachi-75350.**

SCHEME OF ARRANGEMENT

UNDER SECTIONS 284 TO 288 OF THE COMPANIES
ORDINANCE, 1984

FOR AMALGAMATION
BY WAY OF MERGER

OF

ASTRO PLASTICS (PRIVATE) LIMITED
and its Members

with and into

ISMAIL INDUSTRIES LIMITED
and its Members

PRELIMINARY

DEFINITIONS

In this Scheme of Arrangement, unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them:

“IIL”	Means Ismail Industries Limited , a public company limited by shares, incorporated in Pakistan and listed at the Pakistan Stock Exchange and having its registered office at 17, Bangalore Town, Main Shakra-e-Faisal, Karachi.
“APL”	Means Astro Plastics (Private) Limited , a private company limited by shares, incorporated in Pakistan and having its registered office at 17, Bangalore Town, Main Shakra-e-Faisal, Karachi.
“Court”	Means the Honourable High Court of Sindh or any other Court for the time being having jurisdiction under Sections 284 to 288 of the Companies Ordinance, 1984 in connection with this Scheme.
“Scheme”	Means this Scheme of Arrangement in its present form or with any modification thereof or addition thereto approved or condition imposed by the Court.
“Cut Off Date”	Means June 30, 2015 or such other date as may be stipulated by the Court.
“Effective Date”	Means July 01, 2015 or such other date as may be stipulated by the Court.
“Completion Date”	Means the day on which the Scheme is sanctioned by the Order of the Court under section 287(1) of the Companies Ordinance, 1984 and filing of the Order with the Additional Registrar of Companies, as specified in Section 9(g) of the Scheme.

1. CAPITAL

III

The authorized share capital of the Company is Rs.1,000,000,000 (Rupees One billion) divided into 100,000,000 ordinary shares of Rs.10/- each, out of which 50,520,750 ordinary shares are issued and fully paid in cash and remaining are un-issued.

APL

The authorized share capital of the Company is Rs.1,500,000,000 (Rupees One billion and five hundred million) divided into 150,000,000 ordinary shares of Rs.10/- each, out of which 147,600,000 ordinary shares are issued (80,601,000 ordinary shares are fully paid in cash and 66,999,000 ordinary shares are against conversion of directors' loan) and remaining are un-issued.

2. AUTHORISED SHARE CAPITAL

Consequent upon the Scheme becoming effective, the authorized share capital of APL of Rs.1,500,000,000 (Rupees One billion and five hundred million) shall be merged and combined with the authorized share capital of IIL of Rs.1,000,000,000 (Rupees One billion) without any further act or deed and that the authorized share capital of IIL shall stand increased to Rs.2,500,000,000 (Rupees Two billion and five hundred million) divided into 250,000,000 ordinary shares of Rs.10/- each.

3. BOARD OF DIRECTORS

The Board of Directors of IIL and APL are constituted as follows:

IIL	APL
Muhammad M. Ismail	Muhammad M. Ismail
Maqsood Ismail Ahmed	Maqsood Ismail Ahmed
Hamid Maqsood Ismail	Hamid Maqsood Ismail
Munsarim Saifullah	Munsarim Saifullah
Ahmed Muhammad	Ahmed Muhammad
Farzana Muhammad	Farzana Muhammad
Almas Maqsood	
Reema Ismail	
Jawed Abdullah	

4. DIRECTORS AFTER AMALGAMATION

Most of the Directors on the Board of the above Companies are common. The present directors of IIL shall continue to serve as directors of the company after amalgamation, unless any of them cease to be director on account of any reason(s) and persons appointed as directors as a result of casual vacancies arising shall continue to serve as directors of IIL after amalgamation.

The present directors of APL will relinquish their respective offices in APL as a result of amalgamation. No compensation is payable to any of these directors for the loss of office as directors or any other office of APL.

The directors of the companies have no interest in the amalgamation, except to the extent of their shareholding and remuneration.

5. ADVANTAGES AND BENEFITS OF AMALGAMATION

III and APL belongs to **ONE GROUP**. The purpose of the amalgamation by way of merger of the companies is to operate and run the business under one single management and to avoid duplication of work, as maintenance of separate manufacturing operations, selling, purchasing, marketing, legal, administrative, secretarial and other functions and maintenance of multiple records under various laws which results in duplication of work and increase in costs.

One of the major benefits normally achieved through merger / amalgamation is synergy in operations which is an important characteristic of merger decisions. The advantages that synergies offer includes:

- Combining duplicate functions
- Better utilizing excess capacity in one or both organizations
- Achieving economies of scale
- Spreading of risk
- Reducing the cost of capital
- Better cash and inventory management
- Increased market presence

6. THE SCHEME

In terms of the Scheme, the undertakings, businesses, trademarks, logos, and other assets and liabilities of APL shall transfer to and vest in III as follows:

- a) The principal object of the Scheme is to effect amalgamation by way of merger of APL, through transfer to and vesting in III of the **whole** of undertakings and businesses of APL, together with all the properties, assets, rights, liabilities, interests, quotas, logos and obligations of every description of the company against allotment of fully paid ordinary shares of III, to the registered holders of shares in APL, in lieu of the shares of APL held by them and to dissolve APL without going into winding up.
- b) APL and III shall be amalgamated with effect from the Effective Date by transfer to and vesting in III of the **whole** of business and undertaking of APL together with all the properties of APL, including the following properties, assets, rights, liabilities, quotas, trademarks, logos, patents, and obligations of every description of APL subsisting immediately preceding the Effective Date, without any further act or deed or document being required to be executed, registered or filed in respect of such transfer, vesting and/or assumption:

Properties of Astro Plastics (Private) Limited with Plot No(s). D-91, D-92, D-94, E-164 to E-168 with Plot No. E-154 to E-157 measuring 18.48 Acres situated in North Western Industrial Zone of Port Qasim Authority, Karachi now transferred to Ismail Industries Limited without any further act, deed, documentation or registration.

c) The undertakings and businesses of APL to be transferred to and vested in IIL and assumed by IIL under the Scheme shall be inclusive of the following:

(i) Assets:

The entire assets of APL, including properties, rights and interests of every description and kinds whether movable or immovable, actual or contingent, present or future, tangible or intangible, stock-in-trade, inventory, leasehold properties, actionable claims, book debts, advances, deposits, prepayments and other receivables, stocks, shares, bonds, financial instruments and investments of any nature, cash and bank balances, but the transfer and vesting of such assets shall be subject to all mortgages or charges or other encumbrances subsisting thereon;

(ii) Debts and Other Liabilities:

The debts and other liabilities, obligations and commitments of APL whether accrued or accruing or contingent and whether incurred solely or jointly with another or others, whether under contracts, agreements or otherwise, including amounts owing to banks and financial institutions and other creditors and IIL;

(iii) Banking and Other Accounts:

The banking and other accounts maintained by APL;

(iv) Rights, Power and Authorities:

The rights, powers, authorities and privileges of APL including all registrations, licenses, permits, categories, entitlements, sanctions, quotas, trademarks, logos and permissions relating to any activities or functions including imports and exports or otherwise concerning the investment in or carrying on of any business by APL;

(v) Telecommunication Facilities:

The connections and facilities for telecommunication owned by or leased or licensed to APL, including telephones, telexes, internet connections and facsimile and benefit of all payments and deposits made by APL in connection therewith;

(vi) Utility Connections:

The connections, meters and other installations owned by or leased or licensed to APL, for the supply of electricity, gas and water and the benefit of all payments and deposits made by APL in connection therewith;

(vii) Employees' Benefits:

The liabilities as recognized in the books of account of APL on account of its employees or former employees, including such liabilities payable on termination of service by way of gratuity, provident fund, pension or otherwise;

(viii) Contracts of Employment:

a) The contracts of employment between APL and those of its employees who may have agreed to accept employment with IIL in lieu of their employment with APL, upon the amalgamation of APL with and into IIL becoming effective and the rights and obligations of APL arising under such contracts;

b) The contracts, agreements, trusts, leases, conveyances, grants and instruments of transfer entered into by or subsisting in favour of APL and the rights and obligations of APL arising thereunder;

(ix) Rights and Obligations:

The proprietary rights of APL and the rights and obligations of APL as licensee in respect of trademarks, trade names, trading styles, copyrights, patents, logos, secret processes, know-how and confidential information and goodwill of APL acquired in respect of each and all of its businesses;

(x) Taxes, Levies and Other Duties:

The liabilities of APL for payment of taxes, levies and duties and entitlements of APL of any tax credit under any statute, assessed tax losses (including business and losses due to depreciation), duty drawbacks, sales tax refunds or refund of payments made for or in respect of any assessment or liability for taxes, including advance tax collections.

d) Subject to the sanction of the Court, the amalgamation in accordance with this Scheme shall be treated as having taken effect from the Effective Date and as from that time and until the Completion Date when APL undertakings and businesses are transferred to and vested in IIL, the businesses of APL shall be deemed to have been carried on for and on account and for the benefit of IIL.

7. **ISSUANCE OF SHARES BY IIL**

a) As consideration for the transfer to and vesting in IIL of the undertakings, businesses, assets and liabilities of APL, IIL shall issue at par and allot:

~~=13,284,000=~~ Ordinary shares of Rs.10/- each credited as fully paid up to the registered shareholders of APL on the basis of swap ratio 0.09 : 1 (the "Swap Ratio") i.e. ~~=9=~~ Ordinary shares of IIL for ~~=100=~~ Ordinary shares of APL.

- b) The **Swap Ratio** has been determined by the management in assistance with Deloitte Yousuf Adil, Chartered Accountants. **The calculations of the Swap Ratio are based on the respective breakup value of the shares of IIL and APL.**
- e) The **break-up** value of the shares is based on the audited financial statements of IIL and APL for the year ended June 30, 2015.
- d) The allotment of the ordinary shares of IIL shall be made within ninety (90) days from the Completion Date.
- e) The fractional entitlements of above zero point five (0.5) shares shall be rounded up to one (1) share and below zero point five (0.5) shall be ignored.
- f) **Upon the allotment** of the ordinary shares of IIL to the shareholders of APL in the manner aforesaid, all share certificates representing the ordinary shares of APL shall stand cancelled.
- g) The ordinary shares of IIL upon issuance and allotment pursuant to this Scheme shall rank **pari passu** with the existing ordinary Shares of IIL in all respects and shall be entitled to all dividends, bonus, right issue declared and privileges after the **Completion Date**.

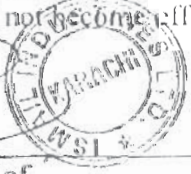
8. DISCHARGE OF LIABILITIES AND OBLIGATIONS

- a) All contracts, agreements, undertakings, guarantees, trusts, leases, conveyances, grants and **instruments of transfer entered** into by or subsisting in favour of APL upon being transferred to and vested in IIL shall remain in full force and effect as if **originally** entered into by or granted in favour of IIL instead of APL and IIL may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly.
- b) The debts and liabilities and the obligations of APL upon being transferred to and vested in IIL shall be treated as the debts and liabilities and the obligations of IIL, as if originally incurred by IIL instead of APL and IIL shall pay and discharge all such debts and liabilities and shall perform all such obligations accordingly.
- c) On and from the **Completion Date**, IIL will take in employment all those employees of APL who have accepted employment with IIL in lieu of their employment with APL on the terms and conditions applicable to them in APL immediately preceding the **Completion Date**, including those relating to entitlements arising upon termination of service i.e. payment of gratuity/provident fund.
- d) All deeds, rules and other instruments relating to the employees of APL upon being transferred to and vested in IIL shall remain in full force and effect for the benefit of those employees of APL who have accepted employment with IIL, as if originally IIL was a party thereto and **was** mentioned therein instead of APL and IIL may enforce all rights and shall perform all obligations and discharge all liabilities arising thereunder accordingly.

9. MISCELLANEOUS

- a) All suits, appeals and other legal proceedings instituted by or against APL and pending immediately before the Effective Date and any judgments, orders or directions passed in respect thereof shall be treated as suits, appeals and legal proceedings by or against IIL and judgments, orders or directions passed in respect of APL and may be continued, prosecuted and enforced by or against IIL, accordingly. All books of account and other documents, which would before the Completion Date have been the evidence in respect of or against APL, shall be admissible in evidence in respect of the same matter for and against IIL.
- b) The reserves including un-appropriated profit of APL as at the Effective Date shall constitute and be treated as reserves of a corresponding nature in IIL and shall be accounted for on that basis in the books of account of IIL.
- c) APL shall stand dissolved, without winding up, on the date on which the ordinary shares of IIL are allotted to the holders of the ordinary shares of APL or on such later date as the Court by Order may prescribe.
- d) This Scheme is subject to the sanction of the Court and may be sanctioned in its present form or with any modification thereof or addition thereto as the Court may approve and this Scheme, with such modification or addition if any, is also subject to any conditions which the Court may impose.
- e) The Board of Directors of IIL and APL may consent jointly on behalf of all concerned to any modifications of or additions to this Scheme or to any conditions which the Court may think fit to impose
- f) All costs, charges and expenses of APL and IIL in respect of the preparation of this Scheme and carrying the same into effect shall be borne and jointly paid by APL and IIL.
- g) This Scheme shall become operative as soon as a certified copy of an Order or Orders of the Court under Section 284 of the Companies Ordinance, 1984 sanctioning this Scheme and making any necessary provisions under Section 287 of the said Ordinance shall have been filed with the Additional Registrar of Companies, Karachi and unless this Scheme shall have become effective as aforesaid on July 01, 2015 or such later date, if any, as the Court may allow, the same shall not become effective.


 For and on behalf of
ISMAL INDUSTRIES LIMITED


 For and on behalf of
ASTRO PLASTICS (PRIVATE) LIMITED



Karachi.

Dated: March 21st, 2016