Candyland®
Confectionery Division

ISMAIL INDUSTRIES LIMITED

Head Office: 17 Bangalore Town, Main Shahrah-e-Faisal, Karachi - 75350, Pakistan.
Tel: +92 21 34311170-77, 34370056-68
Fax: +92 21 34541094, 34547843, 34541095

Ref: IIL/19-20/___

January 22, 2020

The General Manager,
Pakistan Stock Exchange Ltd,
Stock Exchange Building,
Stock Exchange Road,
Karachi

Declaration of Right Shares

Dear Sir,

We are pleased to inform you that the Board of Directors of Ismail Industries Limited (the "Company") in their meeting held on Wednesday, January 22, 2020 at 11:00 am at its Registered Office, 17-Bangalore Town, Main Shahrah-e-Faisal, Karachi has approved to issue 4% Right Shares in proportion of approximately 4 Right Shares for every 100 ordinary shares held by the existing ordinary shareholders of the Company at a price of Rs. 360/-per share (including premium of Rs. 350/- per share). The Company offering 2,552,190 Right Shares which shall rank pari passu with the existing shares in all respect.

Share Transfer Book of the Company will be closed from February 15, 2020 to February 21, 2020 (both days inclusive) to determine the entitlement of Right Shares. Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S., Karachi at the close of business on February 14, 2020 will be treated in time for the purpose of entitlement to Right Shares to the transferees.

We are enclosing herewith following information / documents:

a) Statement with respect to the details of the Right Issue, including the purpose, justification of right issue at premium, use of proceeds, benefits to the Company & shareholders and underlying risks, if any (Annexure "A").

b) Financial Projection duly approved by the Board of Directors (Annexure "B").

c) Certified true copy of the extract of the resolutions passed by the Board of Directors dated: January 22, 2020 (Annexure "C").

d) Draft copy of Notice for Right Issue and Book Closure to the shareholders prior to its publication in newspapers (Annexure "D").

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Continue to page 2

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e) Certified true copy of Statutory Auditors' Certificate towards free reserves per ordinary share as at June 30, 2019 (Annexure "E").

f) Undertaking of directors and sponsors that they will subscribe the right shares to be offered to them (Annexure "F").

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Regards,

For **Ismail Industries Limited**

ISMAIL INDUSTRIES LTD. KARACHI

Ghulam Farooq
(Company Secretary)

Encl: As above

Copy with enclosures to:

The Director/ HOD,
Surveillance, Supervision and Enforcement Department,
Securities and Exchange Commission of Pakistan,
NIC Building, 63-Jinnah A venue, Blue Area,
Islamabad

Share Registrar,
THK Associates (Private) Limited,
1st Floor, 40-C, Block 6, P.E.C.H.S.,
Karachi

The Registrar,
Securities and Exchange Commission of Pakistan,
Company Registration Office (CRO),
4th Floor, State Life Building No. 2,
I. I. Chundrigar Road,
Karachi

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Annexure "A"

Statement with respect to the details of the Right Issue, including the purpose, justification of right issue at premium, use of proceeds, benefits to the Company & shareholders and underlying risks, if any.

Quantum and size of the issue	The issue size is 2,552,190 shares i.e. 4% of existing ordinary share capital of the Company and approximately 4 shares for every 100 shares held by the existing shareholders of the Company.
Issue price	The Right Share will be offered at a price of Rs. 360/- including premium of Rs. 350/- per share.
Purpose or justification of right issue	The purpose of right issue of shares is to reduce the long-term liabilities (Sponsors Loan) and improve the equity base. The sponsors of the Company have already inducted funds into the Company from financial year 2010-11 to 2014-15 amounting to Rs. 902,151,770/- and utilized for the purposes of capital expenditures incurred and working capital requirements of the Company. Remaining proceed of Right Issue Rs. 16,636,630/- shall be utilized for meeting the working capital requirements of the Company.
Benefits to the company and shareholders and underlying risks	The benefit of the right issue of shares is to reduce the debts levels (Sponsors Loan) and improve the equity base of the Company. Over and above 98% of total Right Issue Subscription have already been inducted by the Directors / Sponsor of the Company, hence there is no major investment risk associated with the Right Issue. Normal risks associated with the business will remain, however, the Company is well equipped and positioned in the market to mitigate such risk factors.
Justification for issue of shares at premium	The premium charged over the par value is in line with prevailing market practice of weighted average market price of last 12 months.

ISMAIL INDUSTRIES LTD. KARACHI

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E-mail: info@candyland1.com
Web: www.ismailindustries.com.pk

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Annexure "B"

Financial Projection duly approved by the Board of Directors

Financial Projections

	2020 (Rs. in Million)	**2021 (Rs. in Million)**	**2022 (Rs. in Million)**	**2023 (Rs. in Million)**	**2024 (Rs. in Million)**
Turnover	46,571	57,060	62,981	69,948	76,978
Profit after Tax	1,026	1,307	1,800	2,343	2,849
EPS (Rs.)	15.46	19.71	27.13	35.31	42.93
Share Capital	663.57	663.57	663.57	663.57	663.57

Note:
Depending on the current business environment and macro-economic conditions of the country, actual results may be changed compared to above mentioned financial projections for the future years. The Company and or its directors shall not be liable for any investment decision or conclusion drawn by any person on the basis of the foregoing financial projections.

We, the Directors of Ismail Industries Limited, do hereby state that the requirements of the Companies Act, 2017 and the Companies (further issue of shares) Regulations, 2018 have been considered by the Board and shall be duly complied by the Company.

Muhammad M. Ismail
Director

Maqsood Ismail
Director

Munsarim Saifullah
CEO & Director

Ahmed Muhammad
Director

Hamid Maqsood Ismail
Director

Tasneem Yusuf
Director

Muhammad Zubair Motiwala
Director

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Annexure "C"

Extract from the Minutes of the meeting of the Board of Directors of Ismail Industries Limited (the "Company") held on Wednesday, January 22, 2020 at 11:00 am at its registered office 17-Bangalore Town, Main Shahrah-e-Faisal, Karachi

The Board of Directors (the Board) of the Company discussed and approved the proposed issue of Right Shares. The Board has confirmed that all requirements of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2018 have been considered by the Board of Directors and shall be duly complied with.

In this respect, the Board has also received the requisite confirmation / undertaking from all Directors and Sponsors of the Company.

Accordingly, the following resolutions were passed by the Board:

Resolved that the ordinary paid-up share capital of the Company be increased by issue of 4% Right Shares in proportion of approximately 4 Right Shares for every 100 ordinary shares held by the existing ordinary shareholders of the Company at a price of Rs. 360/-per share (including premium of Rs. 350/- per share). The Company offering 2,552,190 Right Shares which shall rank pari passu with the existing shares in all respect.

Further Resolved that the following shall be the quantum of Right Issue, size, price, purpose, the benefits of the same to the Company, the risk factors associated with it and justification for issue at a premium be and are hereby approved.

Quantum and size of the issue
The issue size is 2,552,190 shares i.e. 4% of existing ordinary share capital of the Company and approximately 4 shares for every 100 shares held by the existing shareholders of the Company.

Issue price
The Right Share will be offered at a price of Rs. 360/- including premium of Rs. 350/- per share.

Purpose or justification of right issue
The purpose of right issue of shares is to reduce the long-term liabilities (Sponsors Loan) and improve the equity base. The sponsors of the Company have already inducted funds into the Company from financial year 2010-11 to 2014-15 amounting to Rs. 902,151,770/- and utilized for the purposes of capital expenditures incurred and working capital requirements of the Company. Remaining proceed of Right Issue Rs. 16,636,630/- shall be utilized for meeting the working capital requirements of the Company.

ISMAIL INDUSTRIES LTD. KARACHI

Benefits to the company and shareholders and underlying risks
The benefit of the right issue of shares is to reduce the debts levels (Sponsors Loan) and improve the equity base of the Company.

Continue to page 2

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Over and above 98% of total Right Issue Subscription have already been inducted by the Directors / Sponsor of the Company, hence there is no major investment risk associated with the Right Issue.

Normal risks associated with the business will remain, however, the Company is well equipped and positioned in the market to mitigate such risk factors.

Justification for issue of shares at premium
The premium charged over the par value is in line with prevailing market practice of weighted average market price of last 12 months.

Further Resolved that the Chief Executive Officer and/or Company Secretary be and are hereby authorized singly to take all necessary actions including execution and delivery of all necessary instruments, notices and letters;

(i) to ensure compliance of the requirements of Companies Act 2017 (the "Act"), the Companies (Further Issue of Shares) Regulations, 2018, the Central Depository Company of Pakistan Limited (the CDC) Regulations and the Pakistan Stock Exchange (the PSX) Rule Book:
(ii) for issuance of letters or offer under section 83 of the Act, and
(iii) to file the requisite returns/notices with the Securities and Exchange Commission of Pakistan (the SECP) and the PSX.

Further Resolved that the financial projections for five years as presented to the Board be and is hereby approved and the Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to submit the same to the relevant authorities.

Further Resolved that the Company be and is hereby authorized to close its share transfer book from February 15, 2020 to February 21, 2020 (both days inclusive) to determine entitlements of the shareholders of the Company with respect to the Right Issue and the Company Secretary is hereby authorized to announce the book closure dates along with publication of notices in the newspapers.

Further Resolved that the Chief Executive Officer and/ or the Company Secretary be and are hereby singly authorized to take any and all necessary steps for issuance of letters of offer under Section 83 of the Act, and related Circular along with terms and Conditions therein. Obtain signatures under the Act and file the requisite returns/ notices in the Company Registration Office and/ or to the SECP and the PSX, as the case may be.

Further Resolved that Mr. Munsarim Saifullah Chief Executive Officer and Mr. Maqsood Ismail Director of the Company be and are hereby jointly authorized to sign the letter of offer for right shares in accordance with Section 83(2) of the Act.

Further Resolved that the Chief Executive Officer and/or Company Secretary be and are hereby

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Continue to page 3

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singly authorized to approach any bank(s) for appointment as banker to the Right Issue in order to collect the right subscription money against right shares and to open an account with any bank(s) so appointed and give instruction for transfer of proceeds from right subscription to the Company's account.

Further Resolved that the Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to appoint consultant(s) / advisor(s) to the Right Issue and potential underwriter(s), and to negotiate and finalize the terms and conditions as they deem fit and appropriate and enter into underwriting agreements relating to the Right Issue.

Further Resolved that the Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to take all necessary actions as required by the CDC including but not limited to induction of the offer for right shares in Central Depository System of the CDC and in this connection to sign all requisite applications, forms, documents, undertakings and other papers on behalf of the Company.

Further Resolved that the Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to allot/ credit right shares and file returns as required by SECP / PSX/ CDC or any other authority along with Auditors Certificate, and to take all other necessary steps, and do all other acts, deeds and things, including any ancillary or incidental actions to give effect to the above resolutions.

Further Resolved that fractional entitlements, if any, will be consolidated and shall be disposed-off on the PSX, the net proceed from which, once realized, will be paid as charity to a charitable institution.

Further Resolved that the unsubscribed portion of the Right Issue, if any, may be offered and allotted to such person, as the Board may deem fit in accordance with Section 83 (I)(a)(iv) of the Act.

Further Resolved that the Chief Executive Officer and/or Company Secretary be and are hereby singly authorized to take all necessary steps for and in connection with the Rights Issue as may be required under the applicable laws or as deemed necessary for the Rights Issue.

Certified that the abovementioned is a true and valid extract from the meeting of the Board of Directors of Ismail Industries Limited held at the registered office of the Company on January 22, 2020.

Certified True Copy

ISMAIL INDUSTRIES LTD. ★ KARACHI

Ghulam Farooq
Company Secretary

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Annexure "D"

NOTICE OF RIGHT ISSUE & BOOK CLOSURE

Members are hereby notified that the Board of Directors of Ismail Industries Limited (the "Company") in their meeting held on January 22, 2020 has approved to issue 4% Right Shares in proportion of approximately 4 Right Shares for every 100 ordinary shares held by the existing ordinary shareholders of the Company at a price of Rs. 360/-per share (including premium of Rs. 350/- per share). The Company offering 2,552,190 Right Shares which shall rank pari passu with the existing shares in all respect.

The Share Transfer Book of the Company will remain closed from February 15, 2020 to February 21, 2020 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S., Karachi at the close of business on February 14, 2020 will be considered in time for entitlement of right shares.

By Order of the Board

ISMAIL INDUSTRIES LTD. KARACHI

Ghulam Farooq
Company Secretary

Karachi: January 22, 2020

Annexure "E"

BAS/C138/20/0122

GRANT THORNTON ANJUM RAHMAN
1st & 3rd Floor,
Modern Motors House
Beaumont Road,
Karachi 75530

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F +92 021 3568 8834
www.gtpak.com

January 22, 2020

Mr. Ghulam Farooq
Company Secretary
Ismail Industries Limited
17-Bangalore Town
Main Shahrah-e-Faisal
Karachi

Dear Sir

CERTIFICATE ON STATEMENT OF FREE RESERVES AS AT JUNE 30, 2019 AS REQUIRED UNDER REGULATION 3(2) OF THE COMPANIES (FURTHER ISSUE OF SHARES) REGULATIONS 2018

We have been requested to provide you with a certificate on the 'Free Reserves' (in terms of meaning given in the Companies (Further Issue of Shares) Regulations 2018) of the Company as at June 30, 2019 as required under Regulation 3(2) of the Companies (Further Issue of Shares) Regulations 2018.

Scope of certificate

This certificate is being issued in accordance with the requirements of Regulation 3(2) of the Companies (Further Issue of Shares) Regulations 2018.

Management Responsibility

It is the management's responsibility to ensure compliance with Regulation 3(2) of the Companies (Further Issue of Shares) Regulations 2018. The responsibility for preparation and fair presentation of Statement of free reserves is primarily of the management of the Company as annexed with this certificate.

Auditor's Responsibility

Our responsibility is to certify the amount of free reserves per share in accordance with the '*Guidelines for Issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms*' issued by the Institute of Chartered Accountants of Pakistan. Our verification was limited to tracing the amounts reported in the Statement of free reserves to the unconsolidated audited financial statements of the Company for the year ended 30 June 2019 and reporting whether free reserves are computed in accordance with the requirement of Regulation 3(2) of the Companies (Further Issue of Shares) Regulations 2018.

TRUE COPY
For Ismail Industries Limited
Company Secretary

Certificate

Based on the procedures mentioned above, we are pleased to certify the Company's free reserves per share as mentioned in the Statement of free reserves is in terms of meaning given in the Companies (Further Issue of Shares) Regulations 2018.

Restriction on use and distribution

This certificate is being issued in accordance with requirements of Regulation 3(2) of the Companies (Further Issue of Shares) Regulations 2018 and on the specific request of the management of the Company for the purpose of issuance of right shares to all existing members of the Company and is not to be used for any other purpose. This certificate may be submitted to Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX) only. Accordingly, this should not be distributed to any other party without prior written consent from us. This certificate is restricted to the facts stated herein.

Yours truly

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

TRUE COPY
For Ismail Industries Limited
Company Secretary

Encl: As above

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ISMAIL INDUSTRIES LIMITED
STATEMENT OF FREE RESERVE PER SHARE
AS AT JUNE 30, 2019

	Rupees
Reserves	
Unappropriated profit	6,094,677,327
Less:	
Intangible assets	85,453,143
Contingencies	1,118,078,674
Proposed dividend	191,414,250
	1,394,946,067
Free Reserves	**4,699,731,260**
Issued share capital as at June 30, 2019	638,047,500
Face value per share	10
Total shares as at June 30, 2019	**63,804,750**
Free Reserve Per Share	**73.66**

ISMAIL INDUSTRIES LTD. KARACHI

DIRECTOR

GTAR

GRANT THORNTON ANJUM RAHMAN
CHARTERED ACCOUNTANTS

TRUE COPY
For Ismail Industries Limited
Company Secretary

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Annexure "F"

Undertaking from Directors & Sponsors that they will subscribe their right shares offer to them before the Book closure date

We, Directors/Sponsors of Ismail Industries Limited (the "Company") hereby undertake that we will subscribe our right shares portion as offered by the Company i.e. 4% Right Shares in proportion of approximately 4 Right Shares for every 100 ordinary shares before Book Closure date as required by the Companies (Further Issue of Shares) Regulations, 2018.

Muhammad M. Ismail
Director

Maqsood Ismail
Director

Miftah Ismail
Sponsor

Ahmed Muhammad
Director

Hamid Maqsood Ismail
Director

Munsarim Saifullah
CEO & Director

Tasneem Yusuf
Director

Muhammad Zubair Motiwala
Director