

IMPERIAL SUGAR LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 12th Annual General Meeting of the shareholders of Imperial Sugar Limited will be held on Monday the January 28, 2019, at 10:00 a.m. at the Registered Office at Ismail Aiwan-e-Science Building, 205 Ferozepur Road, Lahore to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of last Annual General Meeting.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2018 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 2018-19 and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and approve the sale of freehold land, buildings on freehold land, plant and machinery and other assets of the Company located at Karmanwala, Tehsil Phalia, District Mandi Bahauddin by passing following resolution(s) as ordinary resolution(s) with or without any modification, addition or deletion in terms of Section 183(3)(a) of the Companies Act, 2017:

RESOLVED THAT the consent of shareholders be and is hereby accorded to the disposal and sale of Company's Assets located at Karmanwala, Tehsil Phalia, District Mandi Bahauddin comprised of Freehold Land, Buildings on Freehold Land, Plant and Machinery, Furniture & Fixture, Equipments and other assets.

RESOLVED FURTHER that, as part and parcel of the foregoing consent, Board of Directors be and are hereby authorized and empowered for Asset Sale. The Board may delegate its powers to Chief Executive Officer (CEO) or any other person on such terms and conditions they deem fit, to act on behalf of the Company in doing and performing all acts, matters, things and deeds to implement and / or give effect to the asset sale and the transaction contemplated by it, which shall include, but not be limited to:-

- a) conducting negotiations, obtaining quotations etc, with interested parties in such manner and on such terms and conditions as are in the best interest of the Company and its shareholders and which secure the best available market price for the assets;
- b) selling the assets to any individual, firm / partnership, bank or private / public limited company or organization or to any other person and, for that purpose, negotiating with financial institution for vacation of lien/charges against assets if any, entering into an agreement to sell, sale deed or any other agreement with the buyer(s) or any other person, receiving of sale consideration, executing, preparing and signing any sale deed, conveyance deed and / or transfer documents in favor of the buyer(s) or another person to effect the asset sale in favor of the buyer(s) or any other person by representing the same before all parties & authorities concerned and admitting execution thereof;
- c) representing before the Sub-Registrar or any other Competent Authority and getting any sale deed or other documents registered and collecting consideration amount in respect of the assets sale, and
- d) generally performing and executing in respect of the assets all lawful deeds, agreements, acts and things as they may think fit and proper in order to implement and complete the Asset Sale.

FURTHER RESOLVED that the Company be and is hereby authorized to take all actions incidental or ancillary thereto with regard to Asset Sale.

FURTHER RESOLVED that the Board be and is hereby empowered to agree upon modification in these resolutions that may be directed / required by the SECP without the need of any other further approval of the shareholders.

FURTHER RESOLVED that certified copies of this resolution as present form or modified by CEO/Company Secretary be communicated to the concerned authorities and shall remain in force until notice in writing to the contrary be given.

5. To ratify and approve the transactions carried out with related parties during the year ended September 30, 2018 by passing the following Special Resolution with or without modification(s):

RESOLVED THAT:

- a) The transactions conducted with the Related Parties as disclosed in the Note 11 to the Financial Statements for the year ended September 30, 2018 and specified in the Statement of Material Information under Section 134(3) be and are hereby ratified, approved and confirmed.

6. Any other business with permission of the Chair.

The statement under Section 134(3) of the Companies Act, 2017 pertaining to Special Business is annexed with this Notice.

By Order of the Board

Company Secretary

Lahore
January 04, 2019

NOTES:

1. The Share Transfer Books of the Company will remain closed from January 21, 2019 to January 28, 2019 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Hameed Majeed Associates (Private) Limited, H.M. House, 7-Bank Square, Lahore, at the close of business on January 18, 2019 will be considered in time to determine voting rights of the shareholders for attending the meeting.
2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The proxy, in order to be effective, properly filled in must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting.
3. The members are requested to bring their Folio / Account details (participant ID and sub-account) and original CNIC for identification purpose at the time of meeting. In case of corporate entity, the Board of Director's Resolution or power of attorney with specimen signatures of the nominee should be produced.
4. Members can also avail facility of video conference at their hometown. In this case if the Company receives consent from members holding aggregate 10% or more shareholding, residing at a geographical location to participate in the meeting through video conference at least 07 days prior to the date of meeting, the Company will arrange video conference facility. For the purpose, please fill the following and submit at Registered Office of the Company as per time frame given above:

"I/We, _____ of
_____, being a member of Imperial Sugar
Limited, holder of _____ Ordinary Share(s) as per Registered Folio / CDC A/c #
_____ hereby opt for video conference facility at _____.

Signature of Member / Attorney”

5. The Annual Financial Statements are being transmitted to shareholders through DVD and also have been placed at website of the Company at www.imperialsugars.com. However, the company shall send printed copy of its Financial Statements to desirous member within a week of such request without any cost. Shareholders desirous to receive the Financial Statements through eMail are requested to send written consent to Company for the purpose.
6. In future, all dividend payments shall be paid through banks (ePayment Machnism), therefore, shareholders are requested to provide Bank Account details (IBAN) to update the record.
7. Members are again advised:
 - a) To provide the copies of their valid CNIC's if not provided earlier to update the members register.
 - b) To notify the change of address immediately, if any.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts pertaining to the special businesses to be transacted at the Annual General Meeting of the Company to be held on January 28, 2019.

Item No. 4 of the Agenda, Sale of Assets

Several entities have shown interest in the purchase of remaining assets of the Company situated at Phalia. Information exchange has taken place with several interested parties and positive movement in this regard is expected in the near future. Whereas, the approval accorded by the Shareholders to sell the assets of the Company in the last Annual General Meeting stand lapsed with the completion of One (01) year in terms of Section 183(5) of the Companies Act, 2017. Therefore, the Directors have proposed the Special Resolutions to be approved and passed by the Shareholders in forthcoming Annual General Meeting to conclude the asset sale transaction.

The information required under SRO 423(1)/2018 dated April 03, 2018 is as follows:

Detail of Assets to be sold

Description of Asset(s)	Cost as at 30-09-2018	Book Value as at 30-09-2018 (without surplus on revaluation)	Revalued Amount / Fair Value / Current Market Value
	Rupees in thousands		
138 Acres 02 Kanals and 16 Land Marlas Situates at Karmanwala, Tehsil Phalia District Mandi Bahauddin	173,577	173,577	1,106,448
Building	791,400	493,124	2,478,950
Plant & Machinery	2,146,247	1,496,107	5,137,125
Furniture, fixture and equipment	37,947	17,291	-
Vehicles	25,666	6,183	-
Stores, spares & loose tools	262,106	262,106	-

The assets are revalued as of September 30, 2018. Revalued amounts of Assets are given against respective asset. The management is trying its best to enter into deal with that buyer who will pay the maximum amount above the revalued amounts. However, 5% to 15% dip is expected depending on the customer and market conditions.

The proposed manner of disposal

Notice (Tender) inviting bids was published in newspapers, further Notice may be published if needed.

Reason for the disposal of assets

There are certain factors which have led to the decision by the Directors of the Company to dispose of the assets, as aforesaid.

Based on the saturated capacity of Sugar in Pakistan, lower prices of sugar and global decrease in ethanol prices due to depressed oil prices, management has decided to dispose off the assets and undertake the most profitable business segment.

Utilization of Sale Proceeds

The proceeds received from the sale of assets will be utilized to setup an Independent Power Producer (IPP) Project of 225 MW, based on Liquefied Natural Gas (LNG) which will be started upon close of sale transaction.

At present a sum of Rs. 3,118.75 Million has been kept in Banks, from the remaining amount of sale proceeds of Mian Channu Unit, after making payments to (Financial Institutions: Rs. 940.304 Million, Sponsors' Loan: Rs. 566.732 Million and Trade Creditors and other Payables: Rs. 429.928 Million, including Cane Growers). This amount includes the Markup accumulated on deposits with Banks.

The borrowings from financial institutions / banks are secured against charges over movable and immovable assets of the Company and personal guarantees of directors of the Company. The amount of charge of each bank on movable and immovable assets of the Company is as follows:

Name of Bank	Amount of Charge Rupees
BankIslami Pakistan Limited	271,000,000/-
AlBaraka Bank Pakistan Limited	467,000,000/-
TOTAL	738,000,000/-

As of 04 January 2019, settlement with AlBaraka Bank Pakistan Limited has been made and negotiations are being made to get NOC from Bank for vacation of Charges registered in favour of AlBaraka Bank Pakistan Limited.

The shareholders are being informed that the assets of the Company under reference can only be disposed of, after obtaining NOCs from Banks against clearance of borrowings of the Company from Banks.

There will be no effect on operational capacity of the Company as the operational activities have been suspended.

In the light of above circumstances, the Board of Directors has approved the disposal plan as mentioned above. The disposal of assets under reference is expected in near future.

Benefits expected to accrue to the shareholders

The proceeds received from the disposal of the Mian Channu Unit are being utilized for repayments of borrowings of the Company, Growers and other Creditors. Consequently, the borrowing cost has been substantially reduced.

The proceeds from disposal of the assets under reference alongwith remaining proceeds from the disposal of assets of Mian Channu Unit will help the Company in roll out of future business plan and hence will enhance the shareholders' value.

Future Business Plan

We plan to setup an Independent Power Producer (IPP) Project of 225 MW, based on Liquefied Natural Gas (LNG) subject to regulatory approvals. The total cost of this project is estimated at USD 221.263 million, with 70:30 Debt to Equity Ratio. IRR on Equity Investment is projected to be 17% per annum (tax

free) in US Dollar terms. Project completion time is estimated to be 2-3 years depending upon the financial close of the project and other regulatory approvals related thereto.

None of the Directors have any direct or indirect interest in the sale/disposal of the said assets except as shareholders of the Company. The Directors also undertake and confirm that they have carried out due diligence in respect of disposal of assets and the new project.

Availability of Relevant Documents

The documents pertaining to foregoing special business are available for inspection at the registered office of the Company on any working day upto January 28, 2019 during business hours and also at the time of General Meeting.

Item No. 5 of the Agenda,

Ratification and Approval of Transaction made with Related Parties.

During the Financial Year 2017-18 an amount of Rs. 566.911 Million was paid to One Director and his Family Members being related parties against their Sub-Ordinated Loan given to Company. Detail of transactions against which ratification and approval is requested are:

Name of Related Party	Opening Balance as at 01-10-2017 (Rupees)	Paid During the Financial Year (Rupees)	Closing Balance as at 30-09-2018 (Rupees)
Mr. Naveed M. Sheikh – Director	392,061,289	392,061,289	-
Mrs. Aasiya Naveed Sheikh – W/O Mr. Naveed M. Sheikh	74,656,326	74,656,326	-
Ms. Eesha Naveed Sheikh – D/O Mr. Naveed M. Sheikh	100,014,040	100,014,040	-
TOTAL	566,731,655	566,731,655	-

The transactions were carried as per the Company Policy and were duly approved by the Audit Committee of the Company. The Board of Directors has proposed the Resolution for approval of Shareholders of the Company in forthcoming Annual General Meeting.

No one Director is interested in passing of this resolution except Mr. Naveed M. Sheikh.

Availability of Relevant Documents

The documents pertaining to foregoing special business are available for inspection at the registered office of the Company on any working day upto January 28 2018 during business hours and also at the time of General Meeting.