

IMPERIAL SUGAR LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 13th Annual General Meeting of the shareholders of Imperial Sugar Limited will be held on Monday the January 28, 2020, at 11:00 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 Extraordinary General Meeting.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2019 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 2019-2020 and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and approve the proposal regarding 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, Equipment and other assets ("the Assets").

RESOLVED FURTHER that, as part and parcel of the foregoing consent, Board of Directors be and are hereby authorized and empowered for the Assets 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 Assets sale.

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

Sd.x.x.x.x.x.

Company Secretary

Lahore

January 06, 2020

NOTES:

1. The Share Transfer Books of the Company will remain closed from January 20, 2020 to January 28, 2020 (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 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. Members can exercise their right to demand a poll subject to provisions of section 143, 144 and 145 of the Companies Act, 2017 and the applicable clauses of the "Companies (Postal Ballot) Regulations, 2018".
6. 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.
7. 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.
8. Members are advised to:
 - a) Send valid copy of CNIC's if not provided earlier to our Share Registrar
 - b) Notify any 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 business to be transacted at the Annual General Meeting of the Company to be held on January 28, 2020.

Item No. 4 of the Agenda, Sale of Assets

Pursuant to Company's shareholders' approval in Annual General Meeting held on January 31, 2017, assets of Mian Chanu Unit of the Company were disposed off during the year ended 30 September 2017. This asset sale transaction was a landmark in the history of Sugar Sector of Pakistan in terms of the total amount of the transaction. Now, the management of the Company is actively engaged in search of suitable buyer(s) for assets of Phalia Unit of the Company. Any resolution passed under section 183(3) of the Companies Act, 2017 if not implemented within one year from the date of passing stands lapsed, hence, the Board of Directors has approved the disposal of remaining Assets (Phalia Unit of the Company) subject to approval of the Company's shareholders in Annual General Meeting. The information required under SRO 423(1)/2018 dated April 03, 2018 is as follows:

Detail of Assets to be sold

Description of Assets	Cost as at 30-09-2019	Book Value as at 30-09-2019 (without surplus on revaluation)	Revalued Amount / Fair Value / Current Market Value
	Rupees in thousand		
Land (Industrial) 138 Acres 02 Kanals and 16 Marlas * Situating at Karmanwala, Tehsil Phalia District Mandi Bahauddin	173,577	173,577	1,106,448
Building *	791,400	493,124	2,485,601
Plant & Machinery *	2,146,247	1,496,107	5,221,147
Furniture, fixture and equipment	38,205	17,543	-
Vehicles	38,376	17,919	-
Stores, spares & loose tools	246,648	246,648	-

* Phalia Sugar Unit of the Company was acquired in the financial year 2007-2008.

The assets are revalued as of September 30, 2019. The management is trying its best to enter into deal with that buyer who will pay the maximum amount above the revalued amounts. However, dip may be faced depending on the customer and market conditions.

The proposed manner of disposal

Tender (Advertisement) in newspapers.

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. In view of overcapacity in sugar sector, sugar cane procurement issues, volatility in sugar prices, lack of good returns from ethanol, management has decided to dispose of the Assets and undertake the lucrative power generation business.

Utilization of Sale Proceeds

Surplus proceeds from the sale of the Assets along with balance proceeds already with Banks of the Company 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 the sale transaction of Phalia Unit. Presently, a sum of Rs. 2,963.905 Million has been kept in Banks, from the remaining amount of sale proceeds of Mian Chanu Unit, after making payments to Financial Institutions: Rs. 1,143.185 Million, Sponsors' Loan: Rs. 566.732 Million and Trade Creditors and other Payables: Rs. 667.706 Million, including Cane Growers. This amount includes the Markup accumulated on deposits with Banks. At present, there is no outstanding liability to any Bank. During the year on September 30, 2019 payment of Rs. 202.881 Million to BankIslami Pakistan Limited was made against its financing to Company. Charges registered in favor of BankIslami Pakistan Limited and AlBaraka Bank Pakistan Limited has been vacated in 2019 and the Company is debt free except payables to unsecured creditors (Trade Creditors). After the disposal under reference, the Company shall have NIL sugarcane crushing capacity and shall venture into power generation business. In the light of above circumstances, the Board of Directors has approved the disposal plan as mentioned above.

Benefits expected to accrue to the shareholders

The Company has paid all its finance liabilities towards Banks and other liabilities except Rs. 343.632 million payable to unsecured Trade Creditors. Proceeds from disposal of the Assets under reference along with remaining proceeds from the disposal of assets of Mian Chanu Unit will help the Company in roll out of future business plan and hence will enhance the shareholders' value.

Future Business Plan

The Company is well on its way to roll-out the new business plan regarding setting up of 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 approx. 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. A Special Purpose Vehicle (wholly owned subsidiary) has to be incorporated for this purpose. Hence, the Company i.e. Imperial Sugar Limited shall be a Holding Company as part of its future business plan and shall get the returns from its wholly owned subsidiary company. Progress to-date is that the Company has disposed off assets of one of its two sugar units i.e. Mian Chanu Unit of the Company during August 2017. The Company has paid all its debts towards secured and unsecured creditors except Creditors / Liabilities amounting to Rs. 343.632 Million. Disposal of remaining sugar unit of the Company at Phalia is taking time due to macro-economic conditions, high cost of funds, large size of transaction etc. However, positive indicators are active market for sugar units in Pakistan signifying interest of

investors in sugar sector. We are confident that the Company shall be able to strike a good deal, which is in the best interest of all stakeholders, for disposal of Phalia Unit in best possible time. The acquisition transactions in the sugar sector usually occur before the commencement of cane crushing season. Current cane crushing season has already started hence, we are hopeful that in the forthcoming window i.e. end current cane crushing season and the start of next years' cane crushing season, the deal for disposal of the remaining sugar unit of the Company could be materialized.

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 (including the future business plan) are available for inspection at the registered office of the Company on any working day upto January 28, 2020 during business hours and also at the time of General Meeting.