

IMPERIAL SUGAR LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 10th Annual General Meeting of the shareholders of Imperial Sugar Limited will be held on Tuesday the January 31, 2017, at 10:00 a.m. at the Registered Office at Ismail Aiwan-e-Science Building, 205 Ferozpur Road, Lahore to transact the following business:

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended September 30, 2016 together with the Directors' and Auditors' Reports thereon.
2. To appoint Auditors for the year 2016-17 and to fix their remuneration.
3. **Special Business**

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 and Chank # 84/15L, 15-K.M. Vehari Road, Kacha Khoo, Tehsil Mian Chanu, district Khanewal by passing following resolution(s) as ordinary resolution(s) with or without any modification, addition or deletion in terms of Section 196 (3)(a) of the Companies Ordinance, 1984:

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 and Chank # 84/15L, 15-K.M. Vehari Road, Kacha Khoo, Tehsil Mian Chanu, District Khanewal comprised of freehold land, buildings on freehold land, plant and machinery, furniture, fixture and equipment 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 term 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 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 interests 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 vacating 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 the 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 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 for 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.

4. Any other business with permission of the Chair.

By Order of the Board

Company Secretary

Lahore

January 09, 2017

Notes:-

1. The Share Transfer Books of the Company will remain closed from January 24, 2017 to January 31, 2017 (both days inclusive).
2. Members may participate in the meeting either personally, or through video link or by proxy. A member or members holding 10% or more shareholding of total paid up capital of the company and residing in a city may demand to provide the facility of video link for attending the meeting. The demand of video link shall be made at least seven days before the date of meeting.
3. A member entitled to attend and vote in the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. The proxy, in order to be effective, must be received at the registered office of the Company duly signed and stamped not later than 48 hours before the meeting.
4. 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.
5. Members are requested:
 - a) to notify the change of address immediately, if any.
 - b) to provide the copies of their valid CNIC's if not provided earlier.
6. The Audited Financial Statements have been sent to shareholders through Compact Diskette and also available at the website of the company at www.imperialsugars.com.

Statement Under Section 160(1)(b) of the Companies Ordinance, 1984

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 31, 2017.

The Board of Directors has approved the disposal of freehold land, buildings on freehold land, plant and machinery, furniture, fixture and equipment and other assets subject to approval of the Company's shareholders in Annual General Meeting. The information required under SRO 1227/2005 dated December 12, 2005 is as follows:

Description of Asset(s)	Cost as at 30-09-2016	Book Value as at 30-09-2016 (without surplus on revaluation)	Revalued Amount / Fair Value / Current Market Value
	Rupees in thousands		
Land			
I. 138 Acres 02 Kanals and 16 Marlas			
Situated at Karmanwala, Tehsil Phalia District Mandi Bahauddin	173,577	173,577	1,292,938
II 112 Acres 05 Kanals and 02 Marlas			
situated at Katcha Khu, Vehari Road, Chak # 84-15L, Mian Chanu, District Khanewal	163,649	163,649	1,236,262
Building	1,472,461	937,665	5,112,498
Plant & Machinery	2,605,888	1,922,724	7,580,846
Furniture, fixture and equipment	37,948	17,887	-
Vehicles	37,137	9,469	-
Stores, spares & loose tools	263,761	263,761	-

The proposed manner of disposal

The assets will be disposed of in an open bidding through tender in Newspaper.

Reason for the disposal of assets

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

Shortage of working capital resulted in the closure of Company's operations during the current year ended September 30, 2016, whereas, Phalia plant of the Company also did not operate during the last year ended September 30, 2015. Capacity of sugar sector in Pakistan has increased unchecked, hence comparatively lower local demand of sugar impacts the price of sugar. The increased production mandates export of sugar. Hence, stability of price of sugar is dependent upon allowance of export of sugar on yearly basis. Further, there is a global decrease in price of ethanol due to decrease in oil prices. Moreover, sugar recovery in areas of the Company is lower as compared to other competitors.

The banks are reluctant to further finance the Company and payables to banks stand at 1,606,721,000 as at September 30, 2016. Further, Sponsors' loans as at September 30, 2016 are of Rupees 332,330,000.

The management after trying all alternatives has now decided to get NOCs from financial institutions for sale of assets and clear the borrowings of the Company. The Board of Directors has approved the disposal plan as mentioned above.

Benefits expected to accrue to the shareholders

The proceeds from the disposal of the assets will be utilized for repayment of borrowings of the Company hence avoiding litigations. Consequently, the borrowing cost will reduce. This will result in better performance of the Company as a whole and will enhance the shareholders value.

Future Business Plan

Our future business plan is to get into the business of setting up a 225 MW Liquefied Natural Gas (LNG) Independent Power Producer (IPP) Project subject to regulatory approvals. The total cost of this project is expected to approximate USD 221.263 million. 30% of the Project cost shall be funded through equity investment and 70% of the Project Cost shall be financed through mix of commercial and sponsor loans. IRR on equity investment shall be 17% per annum (tax free) in dollar terms. Expected time of completion of the Project will be 2 -3 years depending upon the financial close of the transaction and other regulatory approval 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.

Availability of Relevant Documents:

The documents pertaining to above resolutions are available for inspection at the registered office of the company on any working day upto January 30, 2017 during business hours and also at the time of meeting.