FARAN SUGAR MILLS LTD.

Dated: October 06, 2015

The General Manager,
Karachi Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

The General Manager,
Lahore Stock Exchange Limited,
19-Khayaban-e-Aiwan-e-Iqbal,
Lahore.

Subject: Notice of Extraordinary General Meeting

Sir,

We enclose herewith a copy of the notice of extraordinary general meeting to be held on Tuesday, October 27, 2015 at 12:00 noon.

This is for your information and record.

Yours sincerely,

For Faran Sugar Mills Limited

Muhammad Ayub
C.F.O & Company Secretary

PHONE: (+92-21) 111-BAWANY (22 92 69) FAX: +92-21-32421010 WEB: WWW.FARAN.COM.PK
3RD FLOOR, BANK HOUSE NO. 1, HABIB SQUARE, M.A. JINNAH ROAD, KARACHI, PAKISTAN-74000

FARAN SUGAR MILLS LTD.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting of the shareholders of Faran Sugar Mills Limited (FSML) will be held on October 27, 2015 at 12:00 noon at The Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton, Karachi, to transact the following business:

1. To confirm the minutes of 33rd Annual General Meeting held on January 29, 2015.

SPECIAL BUSINESS

2. To consider and, if thought fit, pass, with or without modification, the following resolution, as a special resolution for the purpose of approving investment of upto Rs. 650 million (including cost overrun of Rs. 62.4 million to cover the fluctuation in exchange rate parity and other variables) in the **UNIENERGY LIMITED (under incorporation) – an associate joint venture unlisted public company (UEL)**, in compliance with the provisions of section 208 of the Companies Ordinance, 1984.

> ***"Resolved*** *that the Company be and is hereby authorized to make investment of upto Rs. 650 million* (including cost overrun of Rs. 62.4 million to cover the fluctuation in exchange rate parity and other variables) *in the UNIENERGY LIMITED and to provide Corporate Guarantee(s) if required as mentioned in the annexed statement under section 160(1)(b) of the Companies Ordinance 1984.*
>
> ***Further Resolved*** *that the Chief Executive and/or Executive Directors of the company be and are hereby authorized to sign all the related documents, and generally do all other acts, deeds and execute all other documents/ agreements effectually and completely, by themselves or through any employee authorized by any of them in writing, to carry out the aforesaid purpose, on behalf of the company.*

ANY OTHER BUSINESS

3. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Muhammad Ayub
CFO & Company Secretary

Karachi: October 6, 2015

NOTES:

1. The register of Members of the Company will be closed from October 20, 2015, to October 27, 2015 (both days inclusive) and no transfers will be registered during that time.

2. A member of the Company eligible to attend and vote at the Extraordinary General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received at the Registered Office of the Company at least 48 hours before the time of Meeting.

3. Shareholders of the Company whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring original computerized National Identity Card along with their account number in CDS and participant's ID number for verification. In case of appointment of proxy by such account holders and sub-account holders, the guidelines as contained in the SECP's circular of 26th January 2000 are to be followed.

4. Shareholders of the Company are requested to immediately notify any change in their addresses to the Share Registrar of the Company.

5. Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to the Share Registrar of the Company.

Statement under section 160(1)(b) of the Companies Ordinance, 1984, containing material facts in respect of Investment in UEL is annexed hereto.

FARAN SUGAR MILLS LTD.

Statement of Material Facts concerning Special Business pursuant to Section 160(1)(b) of the Companies Ordinance 1984 read with S.R.O 27(I)/2012 dated January 16, 2012 is being sent to the Members alongwith the Notice of the Meeting

This statement sets out the material facts concerning the Special Business given in Agenda Item No. 2 of the Notice to be transacted in the Extra Ordinary General Meeting of the shareholders of Faran Sugar Mills Limited (FSML) to be held on October 27, 2015 at 12:00 noon at The Institute of Chartered Accountants of Pakistan, Chartered Accountant Avenue, Clifton, Karachi.

The Company has received an offer of shares from **UNIENERGY LIMITED (under incorporation) – an associate joint venture unlisted public company (UEL)**, to subscribe 65,000,000 ordinary shares at the nominal value of Rs.10/- each, of the Company. The Board of Directors in its meeting held on September 2, 2015 has unanimously approved to subscribe the said number of shares and to provide corporate guarantees as stated in para (a) below subject to the approval of the members through a Special Resolution under Section 208 of the Companies Ordinance, 1984.

ITEM No.2 OF THE AGENDA

a) FSML intends to make equity investment in UEL in terms of Section 208 of the Companies Ordinance, 1984 in one tranche or from time to time, as may be deemed appropriate by the Company, in fully paid-up ordinary shares of the nominal value of Rs.10/- each at par, not exceeding Rs. 650,000,000/- (Rupees six hundred fifty million only) to obtain 65,000,000 ordinary shares approximately 20.00% of the equity and to provide the following corporate guarantee(s)/ commitments if required:

   i. Stand by Letter of Credit (SBLC) of upto Rs.587.4 million representing equity.

   ii. Guarantee against project overrun cost –10% of the project value i.e. Rs. 1.20 billion and FSML share would be Rs. 240 million +/- 10% to cover the fluctuation in exchange rate parity and other variables.

   iii. Debt servicing reserve account (DSRA) covering 9 months principal and 12 months interest after project commissioned value – i.e. Rs. 1.081 billion and FSML share would be approximately Rs. 220 million +/- 10% to cover the fluctuation in exchange rate parity and other variables.

b) UEL's main business activities is to establish, erect, setup, construct, equip, operate use, manage, maintain and run electric power generating projects and transmission systems for generating power by using wind, thermal, solar, hydro, coal, steam, and/or any other alternative, renewable energy sources and bio-energy to generate electricity and in this regard establish power grid station, switching, conversion, and transmission facilities, grid stations, cables, overhead lines, sub-stations, switching stations, tunnels, cable bridges, link boxes, heat pumps, plant and equipment, transmission towers, buildings, workshops and other facilities as may from time to time be necessary for the attainment of the objects of the company.

c) The planned capacity of the project is 50 MW. As per the current feasibility studies, the project cost is expected to be USD 113 million approximately. The project is intended to be financed with a 75:25 debt equity ratio.

d) In anticipation of the earnings and capital appreciation it is expected that the Company will generate reasonable profits in future and hence, the Board of Directors of the Company has

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approved to make equity investment in UEL and to provide Corporate Guarantees, if required, subject to the approval of the Members of the Company under Section 208 of the Companies Ordinance, 1984. Accordingly, the consent and approval of the Members is sought for making the investment in UEL as proposed in agenda item (a) above.

e) The Directors of the Company have an interest in UEL as directors / shareholders of the UEL.

f) Further information is in terms of notification **No. S.R.O. 27(I) /2012 dated 16 January 2012** are as follows:

(i)	Name of the Associated Company or Associated Undertaking along with criteria based on which the associated relationship is established;	UNIENERGY LIMITED – Common Directorship. 1. Mr. Ahmed Ali Bawany 2. Mr. Bilal Omar Bawany
(ii)	Purpose, benefits and period of investment;	**Purpose**: To make efficient use of the retain earnings in a diversified business venture. The investment has potential for growth. **Benefits**: Dividend/capital gain. **Period**: Strategic investment
(iii)	Maximum amount of investment;	FSML intends to make an equity investment of up to Rs 650 million (including cost overrun of Rs. 62.4 million to cover the fluctuation in exchange rate parity and other variables).
(iv)	Maximum price at which securities will be acquired;	On the face value i.e. Rs. 10/- per ordinary share.
(v)	Maximum number of securities to be acquired;	Up to 65,000,000 ordinary shares of Rs.10/- will be acquired
(vi)	Number of securities and percentage thereof held before and after the proposed investment;	No. of shares before investment: Nil No. of shares after investment (max up to): 65,000,000 ordinary shares i.e. 20.00%
(vii)	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intend to be acquired;	Not applicable as UEL is public unlisted company
(viii)	In case of investment in unlisted securities , fair market value of such securities determined in terms of regulation 6 (1)	Rs.10/- per ordinary share since UEL has not yet commenced any commercial activities.
(ix)	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;	Not applicable as the UEL is under incorporation.
(x)	Earnings per share of the Associated Company or Associated Undertaking for the last three years;	Not applicable as the UEL is under incorporation.
(xi)	Sources of fund from which securities will be acquired;	The investment will be made by FSML from its own sources.

(xii)	Where the securities are intended to be acquired using borrowed funds,- (I) Justification for investment through borrowings; and (II) Detail of guarantees and assets pledge for obtaining such funds	Not Applicable Not Applicable
(xiii)	Salient features of the agreement(s), if any, entered into with its Associated Company or Associated Undertaking with regards to the proposed investment;	Not applicable
(xiv)	Direct or indirect interest of directors, sponsor, majority shareholders and their relatives, if any, in the Associated Company or Associated Undertaking or the transaction under consideration;	Mr. Ahmed Ali Bawany and Mr. Bilal Omar Bawany are also director. However, they have no direct or indirect interest except in their capacity as director/shareholder of UEL like any other shareholder to the extent of their shareholding in UEL.
(xv)	Any other important details necessary for the members to understand the transaction.	The Government of Pakistan has announced the lucrative incentives for investment in power sector, especially in Renewable energy sector, which includes: • Guaranteed purchase of production for 20 years along with land lease for 25 years for initial projects. Tariff determined by **NEPRA** for initial 10 years is Rs. 15.3226/ Kwh and then Rs. 5.9208/ Kwh for years 11-20. • Custom duties and Sales tax exemption and protection against change in taxes and duties regime. • Exemption from Income Tax including Minimum Turnover Tax and Withholding Tax on imports. • Concessions on import of equipment and materials for the construction, operations & maintenance of the power plant. • Indexation of tariff to cover cost component against inflation risk. • Energy payments based on actual energy delivered and the annual capacity factor. • Withholding Tax on dividend is not a pass through item in the tariff. • Project expected equity IRR is around 17% over project life.
(xvi)	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information, is required, namely;	

I.	Description of project and its history since conceptualizations.	I.	As mentioned herein above in this statement.
II.	Starting and expected date of completion of work.	II.	Commencement of construction is subject to allocation of tariff and availability of Letter of Support from relevant authority. Construction is expected to be completed Within 18 months from the start of work subject to II above.
III.	Time by which such project shall become commercially operational; and	III.	18 months after the start of work as stated above.
IV.	Expected time by which the project shall start paying return on investment.	IV.	From first year of commercial operation date.

Regulation No. 3(3)

Sr.No.	Description	Undertaking
	The directors of the investing company while presenting the special resolution for making investment in its associated company or associated undertaking shall submit an undertaking to the members of the investing company that they have carried out necessary due diligence for proposed investment.	We, the directors of the Faran Sugar Mills Limited, submit that we have carried out necessary due diligence based on our experience and professional judgment for the proposed transaction particularly the equity investment in the UEL to the extent as mentioned above.

FARAN SUGAR MILLS LTD.

PROXY FORM

EXTRAORDINARY GENERAL MEETING

I/We ____
Of ____
Being a member of Faran Sugar Mills Ltd., and a holder of ____________ Ordinary Shares as per Share Registration Folio No. __________ and / or CDC participant I.D. No. ______________ hereby appoint Mr. / Mrs. /Miss, ______________ of ______________ as my / our proxy to vote for me/us and on my/our behalf at the Extra Ordinary General Meeting of the Company to be held on 27th October 2015 at 12:00 noon and at any adjournment thereof.

Signed this ________ days of ________ 2015

Signature on Revenue Stamp of appropriate value

For Beneficial owners as per CDC List

1. Witness	2. Witness
Signature: ____________	Signature: ____________
Name: ____________	Name: ____________
Address ____________	Address: ____________
CNIC No.	CNIC No.
Or Passport No. ____________	Or Passport No. ____________

Notes:

1. The Proxy must be a member of the Company
2. The instruments appointing a proxy must be duly stamped, signed and deposited at the Registered office of the company not later than 48 hours before time fixed for holding the meeting
3. Signature of the appointing member should match his/her specimen signature registered with the company.
4. If a proxy is granted by a member who has deposited his / her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account number along with attested copies of the Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring usual documents required for such purpose.