



# CHASHMA SUGAR MILLS LIMITED

King's Arcade, 20-A, Markaz F-7, Post Box No, 1529, Islamabad.

## Notice of Annual General Meeting

Notice is hereby given that 31st Annual General Meeting of the share holders of **Chashma Sugar Mills Limited** will be held on March 29, 2019 at 11:30 AM at the Registered Office of the Company at Nowshera Road, Mardan, for transacting the following business: -

### **Ordinary Business:**

- (1) To confirm the minutes of the Annual General Meeting held on January 27, 2018.
- (2) To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' reports for the year ended September 30, 2018.
- (3) To consider and approve the payment of final cash dividend. The Board of Directors has recommended payment of final cash dividend of Rs. 1.5 per share (15%) for the year ended September 30, 2018.
- (4) To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2019. The present auditors' M/s A.F. Ferguson & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.
- (5) To elect seven Directors of the Company as per the number fixed by the Board of Directors of the Company under section 159 of the Companies Act, 2017 for a term of three (3) years commencing from March 29, 2019.

The following are the names of the retiring Directors, who are eligible for re-election:

- |                               |                           |                               |
|-------------------------------|---------------------------|-------------------------------|
| (i) Mr. Aziz Sarfaraz Khan    | (ii) Begum Laila Sarfaraz | (iii) Mr. Abbas Sarfaraz Khan |
| (iv) Ms. Zarmine Sarfaraz     | (v) Ms. Najda Sarfaraz    | (vi) Mr. Iskander M. Khan     |
| (vii) Mr. Abdul Qadar Khattak | (viii) Mr. Babar Ali Khan | (ix) Mr. Sher Ali Jaffer Khan |

### **Special Business:**

- (6) To ratify and approve transactions conducted in ordinary course of business with Related Parties for the year ended September 30, 2018 and to authorize the Chief Executive of the Company to approve transactions to be conducted in ordinary course of business with Related Parties for the financial year ending September 30, 2019 by passing the following special resolutions with or without modification:
  - a) - "RESOLVED THAT the transactions conducted in ordinary course of business with Related Parties during the year ended September 30, 2018 be and are hereby ratified, approved and confirmed"
  - b) - "FURTHER RESOLVED THAT the Chief Executive of the Company be and is hereby authorized to approve all the transactions conducted and to be conducted in ordinary course of business with Related Parties during following financial year ending September 30, 2019 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign, execute all such documents as may be required in this regard on behalf of the Company"
- (7) To approve remuneration of the Chief Executive of the Company and adopt the following resolution:





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"RESOLVED THAT the remuneration of the Chief Executive amounting to Rs. 1.00 million per month, be and is hereby approved."

(8) To transact any other business of the Company as may be permitted by the Chair.

The share transfer books of the Company will remain closed from March 18, 2019 to March 29, 2019 (both days inclusive).

BY ORDER OF THE BOARD

**(Mujahid Bashir)**

Company Secretary

Mardan:  
March 05, 2019

N.B:

1. A members, eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of himself /herself. Proxies in order to be effective must be valid and received by the Company not less than 48 hours before the time for holding of the Meeting and must be duly stamped, signed and witnessed. A member shall not be entitled to appoint more than one proxy.
2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.
3. CDC shareholders are requested to bring their original computerized national identity card, account, sub account number and participant's number in the Central Depository System for identification purpose for attending the meeting. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.
4. Transmission of Annual Financial Statements through E-Mail:  
The SECP vide SRO 787 (1)/ 2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of Annual General Meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of Annual General Meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website [www.chashmasugarmills.com](http://www.chashmasugarmills.com) to the Company's Share Registrar. The Company shall, however additionally provide hard copies of the annual report to such members, on request, free of cost.
5. The Financial Statements of the Company for the year ended September 30, 2018 along with reports have been placed at website of the Company [www.chashmasugarmills.com](http://www.chashmasugarmills.com)
6. In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent form member's holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

"The Company Secretary, Chashma Sugar Mills Limited, 20-A, Kings Arcade, F-7 Markaz Islamabad."





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## 7. DEDUCTION OF INCOME TAX FOR FILER AND NON FILER

Currently Section 150 of the Income Tax Ordinance, 2001 prescribed following rates for deduction of withholding tax on the amount of dividend paid by the companies:

Rate of tax deduction for filer of income tax returns	15 %
Rate of tax deduction for non-filer of income tax returns	20 %

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No	(No. of Shares)	Name & CNIC No	(No. of Shares)

The CNIC number /NTN details are now mandatory and are required for checking the tax status as per the Active Taxpayers List (ATL) issued by federal Board of Revenue (FBR) for time to time.

## 8. EXEMPTION FROM DEDUCTION OF INCOME TAX / ZAKAT:

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring non-deduction of zakat are also requested to submit a valid declaration of non-deduction of zakat.

9. Pursuant to Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company, which remain unclaimed or unpaid for a period of three years from the date it become due payable shall vest with the Federal Government after compliance of procedure prescribed under the Companies Act, 2017. As per Section 244(1) (b) of the Act, the Company has given final notice to the members to file their claims with the Company. Shareholders are hereby informed that a list of all unclaimed dividend has been added on the Company's website <http://www.chashmasugarmills.com>. Any member effected by this notice is advised to write to or call at the office of the Company's Share Registrar M/s Hameed Majeed Associates (Pvt.) Limited. H.M-House, 7- Bank Square Road, Lahore during normal working hours.

10. Any person who intends to contest the election for the office of the Directors or otherwise, shall file with the Company at its Head Office not later than fourteen (14) days before the date of the Annual General Meeting, a notice of his/her intention to offer himself/herself for election as Director in terms of Section 159(3) of the Companies Act, 2017 along with (a) consent to act as director in Form 28, duly completed and signed by the candidate; (b) a detailed profile along with office address for placement on the Company's website seven days prior to the date of AGM, in terms of SRO 634(i) of July 10, 2014; and (c) declarations in respect of being compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2017 and the eligibility criteria as set out in the Companies Act, 2017.

Independent Directors will be Elected Through the process of election of directors in terms of section 159 of the Act and they shall meet the criteria laid down under section 166(2) of the Act.





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## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO SPECIAL BUSINESS

This statement sets out the material facts pertaining to the special business, being items on the notice, intended to be transacted at the Annual General Meeting of the Company to be held on March 29, 2019.

- 6) Transactions carried out by the Company with its related parties constitute a small fraction of the Company's entire business. The Company carries out transactions with its Associated Companies and related parties in the normal course of business. It is also emphasized that the Company carries out such transactions in a fair and transparent manner and on an arm's length basis. All transactions entered into with Associated Companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the Independent Director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the Company's practices. Only upon the recommendation of the Audit Committee, such transactions are placed before the board of directors for approval.
- a) The transactions with related parties carried out during the fiscal year 2017-2018 to be ratified have been disclosed in the financial statements for the year ended September 30, 2018. All such transactions were recommended by the Audit Committee and were carried out at arm length basis.

Furthermore, since such transactions are an ongoing process and are approved by the Board of Directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions. Having said the above, strictly speaking, since the transactions are intended to be carried out on an arm's length basis, such approval is not required from the shareholders of the Company in accordance with the proviso to Section 208(1); however, to ensure transparency and good governance, such broad approval is being obtained which will also ensure that the Company can carry on its business smoothly for the benefit of its stakeholders.

Transactions intended to be carried out by the Company include, but are not limited to, the sale/purchase of molasses and other necessary goods, as well as the purchase of PP bags and other necessary goods and commodities including receipts/ payments of dividends with the following related parties including, but are not limited to:

- |                                |  |
|--------------------------------|--|
| a) Chashma Sugar Mills Limited | f) Arpak International Investments Limited       |
| b) Premier Board Mills Limited | g) The Frontier Sugar Mills & Distillery Limited |
| c) Syntron Limited             | h) Azlak Enterprises (Pvt.) Limited              |
| d) Syntronics Limited          | i) Phipson & Co., Pakistan Limited.              |

- b) The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the board may cause the Company to enter into transactions with related parties from time to time in its wisdom and in accordance with the policy of the Company for the fiscal year 2018-19.



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All such transactions are clearly stipulated at the end of the year in the company's annual report. Furthermore, the Company and the board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

The interest of the relevant directors of the Company in the associated companies / related parties are known to the shareholders and are disclosed by the Company as per the applicable laws, including in the financial statements of the Company.

- 7) As per requirements of the new Code of Corporate Governance, 2017 and Articles of Association of the Company, approval of the Chief Executive remuneration is required from the shareholders.