



CHASHMA SUGAR MILLS LIMITED

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

Notice of Extra Ordinary General Meeting

Notice is hereby given that Extra Ordinary General Meeting (EOGM) of the shareholders of **Chashma Sugar Mills Limited** will be held on July 14, 2021 at 11:00 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 **February 25, 2021**.

SPECIAL BUSINESS

2. To consider and if thought fit to pass the following resolutions, with or without amendment(s) as a Special Resolution.:

RESOLVED THAT the Shareholders of the Company hereby approves an investment of PKR 204,000,000 million (i.e. 51% shareholding) in Ultimate Whole Foods (Pvt.) Limited."

3. To consider and if thought fit to pass the following resolutions, with or without amendment(s), as a Special Resolutions in terms of Section 199 of the Companies Act 2017, for issuance of Corporate Guarantees of PKR 400.00 million each in favor of The Bank of Khyber and MCB Bank Limited, as a security against Long Term Loan of PKR 800.00 million to be obtained by Ultimate Whole Foods (Private) Limited:

a) **RESOLVED THAT** the shareholders approve and authorize the Company to issue Corporate Guarantees amounting to PKR 400.00 Million each to The Bank of Khyber and MCB Bank Limited, as a security against Long Term Loan of PKR 800.00 million to be obtained by Ultimate Whole Foods (Private) Limited, as per terms and conditions disclosed to the shareholders.

b) **RESOLVED FURTHER THAT** Mr. Iskander M. Khan, Director of the Company and Mr. Mujahid Bashir, Company Secretary, be and are hereby jointly authorized to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required including filing of requisite forms, files, reports, returns and documents with such appropriate authorities, with the authority to delegate all or any of its powers herein conferred to any officer(s) of the Company and/ or any other person(s), to give effect to this resolution."



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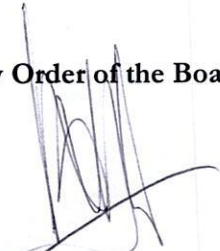
4. To authorize the Chief Executive of the Company to approve transactions to be conducted in ordinary course of business with Related Parties by passing the following special resolution with or without modification:

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 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."

5. 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 July 04, 2021 to July 14, 2021 (both days inclusive).

By Order of the Board



(MUJAHID BASHIR)
Company Secretary

Mardan

Date: June 22, 2021

N.B:

1. Members, unable to attend in person may kindly send proxy form attached with the Balance Sheet signed and witnessed to the Company at least 48 hours before the time of the meeting. No person shall act, as proxy unless he is entitled to be present and vote in his own right.
2. Members are requested to notify the Shares Registrar of the Company of any change in their addresses immediately.
3. C.D.C shareholders desiring to attend the meeting are requested to bring their original Computerized National Identity Cards, Account and participants I.D. numbers, for identification purpose, and in case of proxy, to enclose an attested copy of his / her Computerized National Identity Card.
4. In case of proxy for an individual beneficial owner of CDC, attested copies of beneficial owner's CNIC or passport, account and participants' ID numbers must be deposited along



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with the form of Proxy. Representative of corporate members should bring the usual documents required for such purpose.

5. In accordance with Section 132(2) of the Companies Act, 2017 if the Company receives consent from members 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,
Kings Arcade 20-A, Markaz F-7, Islamabad.”

6. In light of the threat posed by the COVID-19 situation, particularly in the wake of its subsequent waves, Securities and Exchange Commission of Pakistan (SECP) has advised companies to modify their usual planning for general meetings in order to ensure safety and well-being of shareholders and the public at large through Circular No. 4 of 2021 dated February 15, 2021 and Circular No. 6 of 2021 dated March 03, 2021.

Accordingly, the Company will be providing the facility to all shareholders to participate in the EOGM through video link while ensuring compliance with the quorum requirements. The shareholders intending to participate in the EOGM via video link are hereby requested to share the following information with the office of the Company Secretary (mujahid@premiergrouppk.com) at the earliest but not later than 48 hours before the time of the EOGM i.e. before 11:00 a.m. on July 12, 2021:

Name of Shareholder	CNIC No.	Folio No./ CDC Account No.	Email Address	Mobile No.

Video link details and login credentials (ZOOM Application) will be shared with those shareholders who have shown their intent to attend the meeting containing all the particulars as mentioned above on or before July 12, 2021 by 11:00 a.m.



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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 Extra Ordinary General Meeting of the Company to be held on July 14, 2021. The purpose of this statement is to set forth the material facts concerning such special business.

ITEM NO. 2 OF AGENDA

The Board of Directors of the Company in a resolution passed on April 09, 2021 approved to incorporate a new subsidiary company in the name of "Ultimate Whole Foods (Private) Limited" to set up mills for milling wheat, gram, other grains, cereals, dal, besan, maida, atta, sooji, bran, other allied products and value-added products and by-products such as biscuits, flakes, dalia, noodles, pasta, macaroni, confectionery and other related byproducts from flours of all kinds and description.

Total paid-up capital of the new Company was proposed to be Rs. 400.00 million divided into 40 million shares of Rs. 10 each. The Board decided to subscribe for 51% shareholding i.e. Rs. 200.400 million of the Company and remaining will be contributed by the Directors of the new incorporated Company.

The Management shared this news with its shareholder and Pakistan Stock Exchange through a notice dated April 09, 2021. To promote good corporate governance and transparent business practices, the management has decided to discuss this investment with its shareholders and to seek their approval.

ITEM NO. 3 OF AGENDA

The Company is seeking approval of its Members by passing special resolutions proposed herein to enable it to issue Corporate Guarantees of PKR 400.00 million each in favor of The Bank of Khyber and MCB Bank Limited, as a security against Long Term Loan of PKR 800.00 million to be obtained by Ultimate Whole Foods (Private) Limited.



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Sr. #	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO THE COMPANIES (INVESTMENTS IN ASSOCIATED COMPANIES OR UNDERTAKINGS) REGULATIONS, 2017	RELEVANT INFORMATION
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A Disclosure for all types of investments

(A) Regarding associated company or associated undertaking: -

i	Name of Investee Company	Ultimate Whole Foods (Pvt.) Limited (UWFPL)
ii	Relationship with associated company	New Subsidiary Company of Chashma Sugar Mills Limited with 51% shareholding and Common Directorship.
iii	Earnings per share for the last three years	N/A as newly incorporated company.
iv	Breakup Value per Share	Rs. 10
v	Financial Position	N/A as newly incorporated company.
vi	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely:	
	a) Description of the project and its history	The project is for setting up Flour Mills having crushing capacity of 285 Tons Per Day (TPD) at Ramak, Dera Ismail Khan city. The unit will use State of the Art modern Hi-Tech automated machinery for all the processes, ensuring quality check throughout the production process. After processing, the flour will be packed in different packaging sizes depending upon needs of the Customers. The unit will produce premium quality Maida & both normal and whole wheat Flours to be sold in the local market, competing with existing players.
	b) Starting date of Work	15-Jul-21
	c) Expected date of completion of work	31-Mar-23
	d) Time by which such project shall become commercially operational.	01-Apr-23
	e) Expected time by which the project shall start paying return on investment	Within one year of Commercial Operations
	f) Funds invested by the Sponsors	Rs. 196.00 million has been invested by Sponsors.

(B) General Disclosure: -

i	Maximum amount of investment to be made	Rs. 800 million only.
ii	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	To assist UWFPL to obtain a line from a financial institutions for meeting its CAPEX requirements. Since this is a corporate guarantee, there is no cost to the Company, however, the Company will recover all allied charges in connection with the issuance of the Corporate Guarantee from UWFPL.
iii	Source of Funds	N/A
iv	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	N/A
v	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in their relatives have any interest in the associated company or the associated company or associated undertaking or the proposed arrangement, except to the extent of their shareholding in the associated company or associated undertaking or the transaction under consideration;	None of the directors, sponsors, majority shareholders and their relatives have any interest in the associated company or the associated company or associated undertaking or the proposed arrangement, except to the extent of their shareholding in the associated company or associated undertaking or the transaction under consideration.
vi	In case any investment in associated company or associated undertaking has already been made, the UWFPL is newly incorporated company therefore, rest of the performance review of such investment including requirements are not applicable.	The Company holds 51% of shareholding in UWFPL. associated undertaking has already been made, the UWFPL is newly incorporated company therefore, rest of the complete information/justification for any impairment or write offs; and



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B In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made: -

i	Category-wise amount of investment;	Corporate Guarantee of up to PKR 800 million to cover financial obligation of PKR 800 million.
ii	Average borrowing cost of the investing company;	N/A
iii	Rate of return for unfunded facilities, as the case may be, for the relevant period;	The company will charge a commission of a minimum of 0.125% per annum of the Guarantee amount
iv	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	The company will charge a commission of a minimum of 0.125% per annum of the Guarantee amount
v	Particulars of collateral or security to be obtained in relation to the proposed investment;	The Guarantee is unsecured.
vi	If the investment carries conversion feature	N/A
vii	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	N/A

C Except to the extent as mentioned above, the Directors of the Company have no direct or indirect interest in the above said special business except to the extent of their shareholding in the Company.

D The condensed interim financial information for the period ended March 31, 2021 of Chashma Sugar Mills Limited, can be inspected from 10.00 a.m. to 11.00 a.m. in all working days up-to July 14, 2021 by the shareholders.

ITEM NO. 4 OF AGENDA

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.

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



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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/services, 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:

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| a) The Premier Sugar Mills & Distillery Company Limited | f) The Frontier Sugar Mills & Distillery Limited |
| b) Premier Board Mills Limited | g) Azlak Enterprises (Pvt.) Limited |
| c) Syntron Limited | h) Phipson & Co Pakistan (Pvt.) Limited |
| d) Syntronics Limited | i) Ultimate Whole Foods (Pvt.) Limited |
| e) Arpak International Investments Limited | j) Premier Construction and Housing Limited |

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 chief executive may cause the Company to enter into transactions with related parties from time to time in his wisdom and in accordance with the policy of the Company. 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.