



HUSEIN SUGAR MILLS LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extra Ordinary General Meeting of the Husein Sugar Mills Limited (the company) will be held on Friday, August 27, 2021 at 10:00 a.m. at its registered office, 180 Abu-Baker Block, New Garden Town, Canal Road, Lahore to transact the following business:-

1. **ORDINARY BUSINESS**

To confirm the minutes of the last Annual General Meeting held on January 28, 2021.

2. **SPECIAL BUSINESS**

To consider and if thought fit to pass the following Special Resolutions in terms of the provisions of section 58 of the Companies Act, 2017 (the Act) and the Companies (Further Issue of Shares) Regulations, 2020 and Section 199 of the Act and the Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 as recommended by the Board of Directors with or without modifications, additions and deletions.

ISSUANCE OF CONVERTIBLE PREFERENCE SHARES

To consider and approve issuance of 14,445,000 cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares Preference Shares of Rs.10/- each at par value as right issue for a term of 10 years carrying a preferred dividend @ of 10% per annum. Such preference shares shall be convertible into ordinary shares within a period of ten years and shall not be carrying voting rights till the date of conversion into ordinary shares. As required under section 58 of the Companies Act, 2017 and Regulation 6 of the Companies (Further Issue of Shares) Regulation, 2020, the proposed issue of Preference Shares shall be subject to approval by the members and the Securities and Exchange Commission of Pakistan. The preference shares intended to be issued shall be convertible into ordinary shares at the ratio of 2 preference against one ordinary share on discretion of the company.

INVESTMENT IN AN ASSOCIATED COMPANY

RESOLVED THAT consent and approval be and is hereby accorded under section 199 of the Act, its other applicable provisions and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for the following investment in an associated company

Name of Associate: The Tariq Capital (Private) Limited
Amount: Rs. 15,000,000/-
Nature: Investment in Share Capital of the Company

FURTHER RESOLVED THAT this special resolution shall remain valid for a period of twelve months unless otherwise specifically authorized by the members in general meeting.

FURTHER RESOLVED THAT Chief Executive or any two directors jointly and or any one director jointly with the CFO or the Company Secretary be and are hereby authorized to complete and fulfill all legal and corporate procedural formalities and to take and do any/all the necessary actions, deeds and things which may be necessary for giving effect to the aforesaid resolutions and to do all acts, matters, deeds and things which are necessary or incidental and or consequential to the investment of the company's funds as above and to execute any necessary documents or agreements and any ancillary matter thereto.

3. ANY OTHER BUSINESS

To consider and conduct any other business with the permission of the Chair.

By Order of the Board

Lahore, August 05, 2021

(Company Secretary)

A statement under section 134(3) of the Act is attached.

NOTES:

- (i) The Share Transfer Books of the Company shall remain closed from 21 August 2021 to 27 August 2021 (both days inclusive) for determination of entitlement of shareholders to attend and voting at the meeting. Physical transfers and deposit request under Central Depository System received at the close of business on 20 August 2021 by the Company's Registrar i.e. Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore will be treated as being in time for the purpose of attending and voting at the meeting.
- (ii) A member of the Company entitled to attend and the vote may appoint another member as his/her.
- (iii) Form of proxy, in order to be valid must be properly filled-in/executed and received at the Registered Office of the Company not less than 48 hours before the time of the meeting.

- (iv) Pursuant to the Companies (Postal Ballot) Regulations 2018, subject to the requirements of sections 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.
- (v) Beneficial owners of the shares registered in the name of Central Depository Company of Pakistan Limited (CDC) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan (SECP) in its Circular No. 1 of 2000:

A. For Attending the Meeting

- a. In case of corporate entity, scanned copies of the Board of Directors' resolution/power of attorney with duly verified copy of valid CNIC and specimen signature of the representative shall be sent to the Company and original produced before the meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original CNIC or original passport as may be applicable at the time of the meeting.

IMPORTANT NOTICE TO SHAREHOLDERS

DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT

The shareholders having physical shareholding may open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into script-less form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange. Further, Section 72 of the Act states that after the commencement of the Act from a date notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 REGARDING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE EXTRAORDINARY GENERAL MEETING

This statement sets out the material facts pertaining to the Special Business to be transacted at the EOGM scheduled to be held on 27 August 2021.

1. ISSUANCE OF PREFERENCE SHARES

Husein Sugar Mills Limited has a tremendous track record, being one of the most prestigious companies have investments in the sugar sector. τ

The information with regard to the proposed issue of Preference Shares as recommended by the Board and as required to be annexed to the notice in accordance with Regulation 6 of the Companies (Further issue of Shares) Regulations, 2020 is set out below:

Information required		Details
(I)	Quantum of the Issue, i.e. as percentage of existing paid up capital, issue size and issue price	37.50% Right Issue of 14,445,000 Preference Shares of Rs. 10/-each @ par value of Rs. 10 each for term of ten years carrying preferred dividend @ 10% per annum.
(II)	Purpose of the right issue and utilization of the proceeds.	The purpose of the Right Issue is to help the Company to mitigate the adverse impact on profitability, to raise working capital and to settle sponsor loan granted to the Company
(iii)	benefits of the issue to the company and its shareholders and underlying risks, if any	In addition to an increase in the equity base, the subscription amount raised from the Right Issue is expected to provide relief to the Company from the burden of sponsors' loan. The probability will be increasing and members of the company will be benefited.
(iv)	justification for issue of shares at par, premium or below par value (if applicable)	Cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares are to be issued at par value is in line with the market practice prevailing for last two years and keeping in view the lucrative breakup value of Company's shares based on audited accounts for the year ended September 30, 2020.
(v)	the total number of shares to be issued with differential rights	14,445,000 cumulative and convertible shares.
(vi)	the details of the differential rights as ordinary shares or preference shares, as applicable	Cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares as detailed in points (iv) and (vii)

(vii)	nature of such shares	Cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares		
(viii)	the percentage of the proposed shares with differential rights to the total post issue paid up share capital	37.50 %		
(ix)	the price at which such shares are proposed to be issued either at par or at premium	Cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares are proposed to be issued at par (face value Rs.10/-each)		
(x)	the basis on which the price has been arrived at	As explained in point (iv) above, these Cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares are offered at par (face value Rs.10/-each)		
(xi)	details of total number of shares proposed to be allotted to sponsors /directors;	Shares are being issued to existing members in proportion to their existing shareholding. As per latest shareholding pattern the following is the breakup:		
	details of total number of shares proposed to be allotted to persons other than sponsors and directors and their relationship, if any, with sponsors/ directors	Details	Issue of Shares (No.)	Percentage %
		Sponsors / Directors	23,670,292	61.45
		Others	14,849,708	38.55
		Total	38,520,000	100
(xii)	The percentage /proportion of voting rights of shares with differential voting right shall carry to the total voting right of the aggregate share capital	These 37.50% Cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares will have no right to vote.		
(xiii)	the right of holders of such shares to participate in profits or surplus funds	These Cumulative, irredeemable, non-voting, convertible and listed Preference Shares are non participatory.		
(xiv)	the right of holders of such shares to participate in surplus assets and profits on winding-up	The holders of these Cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares shall not be entitled to Participate in any further profit or assets of the Company.		

(xv)	the payment of dividend on cumulative or non-cumulative basis to holders of preference shares	The payment of dividend will be on cumulative basis to the holders of these Cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares and entitlement of Dividend shall not lapse if no Dividend is paid within that year and shall be carried forward to subsequent year(s). Dividend @ 10% per annum will be paid from profits for that financial year or from accumulated profits/ reserves, subject to approval by the Board of Directors.
(xvi)	manner, mode, terms and conditions for conversion of preference shares into ordinary shares	These Cumulative, irredeemable, non-voting, non-participatory, convertible and listed Preference Shares shall be convertible. The conversion of the preference Shares shall take place in proportion of One(1) Ordinary share of face value of PKR 10/- each will be issued for every Two(2) Preference Shares of the face value of PKR 10/-
(xxiii)	mechanism on resolving disputes with members regarding any feature of preference shares or shares with differential rights	As per law

2. APPROVAL & AUTHORIZATION FOR INVESTMENT IN THE RIGHT SHARES OF ASSOCIATED COMPANY I.E. THE TARIQ CAPITAL (PRIVATE) LIMITED.

INFORMATION UNDER REGULATION 3 OF THE COMPANIES' (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

INVESTMENT IN THE RIGHT SHARES OF THE TARIQ CAPITAL (PRIVATE) LIMITED

Sr. No.	Description	Information Required	
(A) Disclosure regarding Associated Company			
(i)	Name of Associated Company or Associated Undertaking	The Tariq Capital (Private)Limited	
(ii)	Basis of Relationship	Common Directorship	
(iii)	Earnings per share for the last three years	Year	EPS in PKR
		2018	(33,814)
		2019	(1,311,022)
		2020	3.51
(iv)	Break-up value per share, based on latest Audited Financial Statements	PKR 9.24	
(v)	Financial Position, including main items of statement of financial position and profit and	As per the Audited Financial Statements for the Year Ended June 30, 2020	
		Financial Position Details	PKR

	loss account on the basis of its latest Financial Statements	Authorized Capital	25,000,000
		Issued Subscribed and Paid up Share Capital	4,000,000
		Total Equity	3,695,647
		Non-Current Liabilities	-
		Current Liabilities	9,218,325
		Non-Current Assets	-
		Current Assets	12,913,972
		Profit & Loss Account Details	PKR
		Revenue	5,419,057
		Gross Profit	2,12,118
		Finance Cost	-
		Profit After Tax	1,403,023
(B) General Disclosures			
(i)	Maximum amount of investment to be made	Upto Rs. 15,000,000/- (Fifteen Million Only) by acquiring 1,500,000 Right Shares at a price of Rs. 10/- Per Share).	
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To earn Dividend and Capital Gain. Investment in Associated Company is for Long Term.	
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The investment will be made from own sources of the Company.	
	(I) Justification for investment through borrowings	NA	
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA	
	(III) Cost benefit analysis	NA	
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	NA	
(v)	Director or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction	The Directors have no interest, directly or indirectly in the investment in The Tariq Capital (Private) Limited except that they are shareholders / directors in the company.	

	under consideration			
(vi)	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs;	NA		
(vii)	any other important details necessary for the members to understand the transaction;	None		
(a) Additional Disclosure regarding Equity Investment				
(i)	maximum price at which securities will be acquired;	Rs. 10/- Per Share.		
(ii)	in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	N/A		
(iii)	Maximum number of Securities to be acquired	1,500,000 Ordinary Shares		
(iv)	number of securities and percentage thereof held before and after the proposed investment;			
		Before	No. of Shares 0	Percentage 0%
		After	1,500,000	60%
(v)	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities;	N/A		
(vi)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	N/A		

INFORMATION UNDER REGULATION 4 OF THE COMPANIES' (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017

If the associated company or associated undertaking or any of its sponsors or directors is also a member of the investing company, the information about interest of the associated company or associated undertaking and its sponsors and directors in the investing company	Below mentioned two individuals are common directors in the investing and investee company. Names and their holding in investing company is provided hereunder:		
	Name of Director	Holding in Investing Company	
	1. Mr. Ahmed Ali Tariq	500,000	Shares
	2. Mr. Mustafa Ali Tariq	500,000	Shares

Name of Investee Company	THE TARIQ CAPITAL (PRIVATE)LIMITED
Total Investment Approved	NA
Amount of Investment made to date:	PKR 15,000,000 against 1,500,000 Shares
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time	NA
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.	There is no material Change in the financial Statements of Associated Company.

Latest Annual Audited Financial Statements of the Associated Investee Company shall be made available for inspection of the members in the EOGM to be held on 27th August, 2021.