



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 36th Annual General Meeting of the shareholders of Chashma Sugar Mills Limited will be held on February 26, 2024 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 Extra Ordinary General Meeting held on August 25, 2023.
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, 2023.
3. To consider and approve the payment of final cash dividend. The Board of Directors has recommended payment of final cash dividend of Rs. 5 per share (50%) for the year ended September 30, 2023.
4. To appoint the Auditors of the Company and to fix their remuneration for the financial year ending September 30, 2024. The present auditors' M/s A.F.Ferguson & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.
5. To transact any other business of the Company as may be permitted by the Chair.

SPECIAL BUSINESS

6. To consider and if thought fit to pass the following resolutions, with or without amendment(s) as the Special Resolutions:
 - a. **SUBSCRIPTION OF SHARES OF A SUBSIDIARY COMPANY**
 "RESOLVED THAT the Company be and is hereby authorized to invest for an indefinite period in Ultimate Whole Foods (Pvt.) Limited (UWFPL), (A Subsidiary Company) by subscribing of 37,800,000 Ordinary Shares at a par value of Rs. 10 each, offered as right shares to the Company by UWFPL as part of the rights issue announced on January 31, 2024 and, in addition, to such further Right/Ordinary Shares as may be renounced by the other shareholders of UWFPL, at par value, provided that the aggregate amount to be invested in the shares of UWFPL by the Company under the authority of this Resolution shall not exceed the sum of Rs. 525,000,000/- (Rupees Five Hundred Twenty Five Million only)".
 - b. **SHORT TERM ADVANCE TO A SUBSIDIARY COMPANY**
 To authorize the Company to increase the existing short-term advance facility by Rs. 500,000,000/- (Rupees Five Hundred Million Only) to UWFPL, to be disbursed in one or more tranches, for a period of five (5) years, with the option to repay all or part of such tranche at any time in a year; by passing the following special resolution with or without modification:



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“RESOLVED THAT the Company be and is hereby authorized to increase the short-term advance facility by Rs. 500,000,000/- (Rupees Five Hundred Million Only) to UWFPL, to be disbursed in one or more tranches, for a period of five (5) years subject to terms and conditions mentioned in the statement under Section 134(3) of the Companies Act, 2017.”

c. INCREASE IN LIMIT OF CORPORATE GUARANTEES TO A SUBSIDIARY COMPANY

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, to accord approval to increase limit of the cross Corporate Guarantees from PKR 5,000.00 million to PKR 7,000.00 million, to be issued to various Banks, as a security against financing facilities obtained or to be obtained as and when required by its subsidiary company, M/s. Ultimate Whole Foods (Pvt.) Limited (UWFPL):

“RESOLVED THAT the shareholders approve and authorize the Company to issue additional cross Corporate Guarantees of up to PKR 2,000.00 million for a period of maximum seven years to various Banks, as security against Loans obtained or to be obtained by its subsidiary company UWFPL, subject to terms and conditions mentioned in the statement under Section 134(3) of the Companies Act, 2017.

FURTHER RESOLVED THAT Mr. Iskander M. Khan, Director of the Company and Mr. Mujahid Bashir, Company Secretary, any one of them, be and is hereby and authorized to undertake the decision of said investments as and when required and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolutions”.

d. INCREASE IN LIMIT OF CORPORATE GUARANTEES TO HOLDING COMPANY

To consider and if thought fit to pass the following resolution, with or without amendment(s), as a Special Resolution in terms of Section 199 of the Companies Act 2017, to accord approval to increase limit of the cross Corporate Guarantees from PKR 1,500.00 million to PKR 4,000.00 million to be issued to various Banks, as a security against financing facilities obtained or to be obtained as and when required by The Premier Sugar Mills & Distillery Co., Limited (Holding Company):

“RESOLVED THAT the shareholders approve and authorize the Company to issue additional cross Corporate Guarantees of up to PKR 2,500.00 million for a period of maximum seven years to various Banks, as security against Loans obtained or to be obtained by The Premier Sugar Mills & Distillery Co., Limited, (Holding Company) subject to terms and conditions mentioned in the statement under Section 134(3) of the Companies Act, 2017.

FURTHER RESOLVED THAT Mr. Iskander M. Khan, Director of the Company and Mr. Mujahid Bashir, Company Secretary, any one of them, be and is hereby and authorized to undertake the decision of said investments as and when required and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution”.



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The share transfer books of the Company will remain closed from February 16, 2024 to February 26, 2024 (both days inclusive).

The Statement of Material Facts under Section 134(3) of the Companies Act, 2017 relating to the aforesaid Special Business to be transacted at the said Annual General Meeting is attached to this Notice.

By Order of the Board

(MUJAHID BASHIR)
Company Secretary

Mardan
February 02, 2024

N.B:

1. A member 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 a 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. 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 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, 2023 along with reports have been placed at website of the Company www.chashmasugarmills.com



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6. 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.”

7. 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	30%

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 Shareholders	
			Name & 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) from time to time.

8. 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 for 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. 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.) Ltd., H.M-House, 7-Bank Square Road, Lahore during normal working hours.



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10. As per Section 72 of the Companies Act, 2017 every existing Listed Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the commission, with a period not exceeding 4 years from the commencement of this Act, i.e May 30, 2017.

The Shareholders having physical shareholding are encourage to open CDC Sub-account with any of the brokers or investor Account directly with CDC to place their physical shares into scrip less form. This will facilitate them in may ways, including safe custody and sale of shares, any time they want, as the trading of physical shares will not be permitted as per regulations of the Pakistan Stock Exchange.

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 February 26, 2024. The purpose of this statement is to set forth the material facts concerning such special business.

- a. Ultimate Whole Foods (Private) Limited (the Company) is a Private Limited Company incorporated under the Companies Act, 2017. The principal activity of the Company is milling wheat, gram, other grains and cereals, dal, besan, maida, atta, suji, bran and other allied products. Chashma Sugar Mills Limited ("the Company") directly owns seventy-two (72%) percent paid-up capital of the Company, whereas remaining 28% is held by the directors of the UWFPL.

The Company intends to subscribe to 37,800,000 Ordinary Shares at a par value of Rs. 10 each for an indefinite period, offered as right shares to the Company by UWFPL as part of the rights issue announced on January 31, 2024 and, in addition, to such further right/Ordinary Shares as may be renounced by the other shareholders of UWFPL, at par value, provided that the aggregate amount to be invested in the shares of UWFPL by the Company under the authority of this Resolution shall not exceed the sum of Rs. Rs. 525,000,000/- (Rupees Five Hundred Twenty Five Million only). The Board of Directors of the Company in a resolution passed on January 31, 2024 authorized to subscribe for an indefinite period in UWFPL by subscribing to all the right shares offered to the Company by UWFPL as part of the rights issue announced on January 31, 2024. The share subscription price will be utilized by UWFPL to maintain its debt-to-equity ratio.

- b. The Company further intends to increase existing short-term advance facility by Rs. 500,000,000/- (Rupees Five Hundred Million Only) to UWFPL to meet operational and cash flow requirements. The loan may be disbursed in single or multiple tranches with the option to prepay all or part of such tranche at any time. This facility is extended for a period of five (5) years renewable upon such terms as may be agreed between the Companies. The Company will charge interest on the respective tranche of the loan at a rate which shall not be less than the borrowing cost of the Company. Details of others terms are given in attached statement.



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- c. The Company is also seeking approval of its members by passing special resolutions proposed herein to authorize to issue additional cross Corporate Guarantees up to PKR 2,000.00 million which may be issued to various Banks as per needs of UWFPL Details of terms are given in attached statement.

Sr. #	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO THE COMPANIES (INVESTMENTS IN ASSOCIATED COMPANIES OR UNDERTAKINGS)	RELEVANT INFORMATION
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A Disclosure for all types of investments (Regulation 3(a))

(A) Regarding associated company or associated undertaking: -

i	Name of Investee Company	Ultimate Whole Foods (Pvt.) Limited (UWFPL)												
ii	Relationship with associated company	Subsidiary Company of Chashma Sugar Mills Limited with 72% shareholding and Common Directorship.												
iii	Earnings per share for the last three years	N/A. (newly incorporated company with first year of Operations)												
iv	Breakup Value per Share	Rs. 9.50												
v	Financial Position	<p style="text-align: center;">Statement of Financial Position (Rs in M) (June 30, 2023)</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Non-current Assets</td> <td style="text-align: right;">2,423.05</td> </tr> <tr> <td>Current Assets</td> <td style="text-align: right;">63.25</td> </tr> <tr> <td>Shareholder's Equity</td> <td style="text-align: right;">665.34</td> </tr> <tr> <td>Non-current Liabilities</td> <td style="text-align: right;">1,388.26</td> </tr> <tr> <td>Current Liabilities</td> <td style="text-align: right;">432.70</td> </tr> </tbody> </table> <p style="text-align: center;">Statement of Profit or Loss (Rs in M) (June 30, 2023)</p> <table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Loss for the year</td> <td style="text-align: right;">(28.83)</td> </tr> </tbody> </table>	Non-current Assets	2,423.05	Current Assets	63.25	Shareholder's Equity	665.34	Non-current Liabilities	1,388.26	Current Liabilities	432.70	Loss for the year	(28.83)
Non-current Assets	2,423.05													
Current Assets	63.25													
Shareholder's Equity	665.34													
Non-current Liabilities	1,388.26													
Current Liabilities	432.70													
Loss for the year	(28.83)													
		No revenue and cost of sales were reported as UWFPL started its operations subsequent to the year ended June 30, 2023.												
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; b) Starting date of Work; c) Expected date of completion of work; d) Time by which such project shall become commercially operational; e) Expected time by which the project shall start paying return on investment; and f) Funds invested by the Sponsors	N/A.												

(B) General Disclosure: -

i Maximum amount of investment to be made	1) Up to Rs. 525.00 million in further issue of capital through Right Issue. 2) Up to Rs. 2,000.00 million in cross corporate guarantee in addition to existing limit of Rs. 5,000.00 million. 3) Up to Rs. 500.00 million as short-term advance facility in addition to existing limit of Rs. 500.00 million.
ii Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	1) To assist UWFPL to maintain debt equity ratio. 2) To assist UWFPL to obtain a line from a financial institutions for meeting its CAPEX/OPEX 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. 3) The purpose of the advance is to meet operational and cash flow requirements.
iii Source of Funds	Company's own resources/internal cash
iv Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	The Company and UWFPL will enter into a formal agreement, which shall specify the nature, purpose and period of the advance facility to be furnished by the Company; the amount and due dates for repayment of the loan; a commitment and indemnity by UWFPL to the Company to repay the loan on the due dates.
v Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, 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 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 performance review of such investment including complete information/justification for any impairment or write offs;	There is no impairment or write-off.

B In case of Equity Investment: -	
i Maximum price at which securities will be acquired;	Securities will be subscribed to at par value of 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;	Shares are being issued at par.
iii Maximum number of securities to be acquired	Maximum number of securities shall be 52.50 million shares of UWFPL calculated at the rate of Rs. 10 per share.
iv Number of securities and percentage thereof held before and after the proposed investment;	Current shareholding in UWFPL is 50,400,000 Proposed shareholding in UWFPL 37,800,000
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 for investments in unlisted securities.	N/A

C In case of Investment in the form of Guarantee: -	
i Category-wise amount of investment;	Maximum Corporate Guarantee of up to PKR 2,000 million to cover financial obligations.
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 on the outstanding 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 on the outstanding 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.	- Cross Corporate Guarantee for a maximum period of 07 years. - Any other terms and condition approved by shareholders.

D In case of Investment in the form of Advance: -

i Category-wise amount of investment;	The Company will increase current short term advance facility by Rs. 500.00 million to meet operational and cash flow requirements.
ii Average borrowing cost of the investing company;	3MK + 1.1%
iii Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Interest will be charged on quarterly basis at a rate which shall not be less than the borrowing cost of the Company or KIBOR for the relevant period, whichever is higher.
iv Particulars of collateral or security to be obtained in relation to the proposed investment;	Demand Promissory Note as a Collateral Security had been obtained.
v If the investment carries conversion feature.	N/A
vi Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	This facility is for a period of 5 years and may be disbursed in single or multiple tranches with the option to prepay all or part of such tranche at any time, without incurring any liability or penalty in respect thereof. After completion of 5 years, facility may be renewed on such terms and conditions as may be agreed between the both Companies.
E 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.	
F The condensed annual financial statement for the period ended September 30, 2023 of Chashma Sugar Mills Limited, can be inspected from 10.00 a.m. to 11.00 a.m. in all working days up-to February 26, 2024 by the shareholders.	

- d. The Company is seeking approval of its members by passing special resolution proposed herein to authorize to increase Cross Corporate Guarantee Limit by PRK. 1.5 billion to 4.00 billion, which may be issued to various Banks as per needs of The Premier Sugar Mills & Distillery Co., Limited (Holding Company)

Sr. #	NATURE OF INFORMATION REQUIRED TO BE DISCLOSED PURSUANT TO THE COMPANIES (INVESTMENTS IN ASSOCIATED COMPANIES OR UNDERTAKINGS)	RELEVANT INFORMATION
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A Disclosure for all types of investments (Regulation 3(a))

(A) Regarding associated company or associated undertaking: -

i	Name of Investee Company	The Premier Sugar Mills & Distillery Company Limited
ii	Relationship with associated company	Parent Company of Chashma Sugar Mills Limited with 47.93% shareholding and Common Directorship.
iii	Earnings per share for the last three years	2021: Rs. (53.93) 2022: Rs. (26.24) 2023: Rs. 19.46
iv	Breakup Value per Share	Rs. 543.94
v	Financial Position	Statement of Financial Position (Sep 30, 2023) (Rs in M)
		Non-current Assets 2,601.41
		Current Assets 643.91
		Non-current assets classified as held for sale 4.64
		Shareholder's Equity 2,039.76
		Non-current Liabilities 420.73
		Current Liabilities 249.51
		Liabilities directly associated with non-current assets classified as held for sale 539.97
		Statement of Profit or Loss (Sep 30, 2023) (Rs in M)
		Revenue 3,045.96
		Cost of Sales (2,688.10)
		Gross Profit 357.87
		Profit after taxation 72.98
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; b) Starting date of Work; c) Expected date of completion of work; d) Time by which such project shall become commercially operational; e) Expected time by which the project shall start paying return on investment; and f) Funds invested by the Sponsors	N/A.

(B) General Disclosure: -	
i Maximum amount of investment to be made	1) Upto Rs. 2,500.00 million in cross corporate guarantee in addition to existing limit of Rs. 1,500.00 million.
ii Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	1) To assist UWFPL to obtain a line from a financial institutions for meeting its CAPEX/OPEX 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 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 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 performance review of such investment including complete information/justification for any impairment or write offs;	There is no impairment or write-off.
B In case of Investment in the form of Guarantee: -	
i Category-wise amount of investment;	Maximum Corporate Guarantee of up to PKR 2,500 million to cover financial obligations.
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 on the outstanding 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 on the outstanding 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.	- Cross Corporate Guarantee for a maximum period of 07 years. - Any other terms and condition approved by shareholders.
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 annual financial statement for the period ended September 30, 2023 of Chashma Sugar Mills Limited, can be inspected from 10.00 a.m. to 11.00 a.m. in all working days up-to February 26, 2024 by the shareholders.	