

Notice of Annual General Meeting

Notice is hereby given that Annual General Meeting of the Members of Nishat Mills Limited (the "Company") will be held on October 28, 2017 (Saturday) at 12:30 p.m. at the Grand Ball Room-D, the Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore, to transact the following business:

1. To receive, consider and adopt the Audited Un-consolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' reports thereon.
2. To approve Final Cash Dividend @ 50% [i.e. Rs.5/- (Rupees five Only) Per Ordinary Share] as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year ending June 30, 2018 and fix their remuneration.
4. Special Business:-
 1. To consider and if deemed fit, to pass the following resolutions as special resolutions under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification, addition(s) or deletion(s).

RESOLVED that approval of the members of Nishat Mills Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017, Regulation No. 7(e) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012 and subject to the compliance with all statutory and legal requirements, for renewal of investment up to PKR 1,000,000,000/- (Rupees One Billion Only) in Nishat Hotels and Properties Limited ("NHPL"), an associated company, in the form of working capital loan for a period of one year starting from the date of approval by Shareholders, provided that the return on any outstanding amount of loan shall be 3 Months KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the agreement to be executed in writing and as disclosed to the members.

FURTHER RESOLVED that the said resolution shall be valid for one year starting from the date of approval by shareholders and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of said investment as and when required by NHPL 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.

By order of the Board



(KHALID MAHMOOD CHOCHAN)
COMPANY SECRETARY

Lahore
September 25, 2017



Notes

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 21-10-2017 to 28-10-2017 (both days inclusive) for entitlement of 50% final cash dividend [i.e. Rs.5/- (Rupees Five Only) Per Ordinary Share] and for attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 20-10-2017 at Share Registrar, THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, will be considered in time, for entitlement of 50% final cash dividend and for attending of meeting.

A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholders through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

Shareholders are requested to immediately notify the change in address, if any.

Deduction of Withholding Tax on Dividend

Pursuant to the provisions of the Finance Act 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- Filler	15%
- Non-Filler	20%

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

Deduction of Withholding Tax on Dividend in case of Joint Account Holders

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, latest by October 20, 2017, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		Nishat Mills Limited
Folio No. / CDS A/C No.		
No. of Shares Held		
Principal	Name & CNIC	
Shareholder	Shareholding Proportion (No. of Shares)	
Joint	Name & CNIC	
Shareholder(s)	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder_____

EXEMPTION OF WITHOLDING TAX:-

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office, Share Registrar THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, upto October 20, 2017.

SUBMISSION OF COPY OF CNIC (MANDATORY):

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC if not already provided to the Company or our Share Registrar, THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore. The Shareholders while sending CNIC must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and would be constrained under SECP's Order dated June 08, 2016 under Section 251(2) of the Companies Ordinance, 1984 to withhold the dispatch of dividend warrants to such shareholders.

ZAKAT DECLARATION (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or to our Share Registrar, M/s. THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore. The Shareholders while sending the Zakat Declarations, as the case may be must quote company name and their respective folio numbers.

Shareholders should also notify our Share Registrar, THK Associates (Pvt) Limited regarding any change in their addresses.



MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

Securities and Exchange Commission of Pakistan through its Circular No. 18 dated August 01, 2017 has made it mandatory that Cash Dividend payments after November 01, 2017 shall be through electronic mode only and physical dividend warrants will not be issued / dispatched therefore the shareholders who have not provided their bank account details so far are advised to provide their below electronic dividend mandate information to our Share Registrar, M/s. THK Associates (Pvt) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Ltd. Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, and update their CDC accounts/ Sub accounts as the case may be, upto October 20, 2017, enabling the Company to credit your dividend promptly.

Folio No. / Investor Account Number / CDC Sub Account No.																				
Title of Account																				
IBAN Number																				
Bank Name																				
Branch																				
Branch Address																				
Mobile Number																				
Name of Network (if ported)																				
Email Address																				

Signature of Shareholder_____

Transmission of Annual Financial Statements Through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.nishatmills.com and send the said form duly signed by the shareholder along with copy of his/her CNIC to the Company's Share Registrar M/s THK Associates (Pvt) Limited. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to the registered address of the shareholders.

Circulation of Annual Reports Through Digital Storage

Pursuant to the SECP's notification SRO 470(I) / 2016 dated 31st May, 2016 the members of Nishat Mills Limited in EOGM held on 31st March 2017 had accorded their consent for transmission of annual reports including audited annual financial statements and other information contained therein of the Company through CD/DVD/USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copies of the aforesaid documents may send to the Company Secretary / Share registrar, the standard request form available on the Company's website and the Company will provide

the aforesaid documents to the shareholders on demand, free of cost, within one week of such demand.

Unclaimed Dividend / Shares

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

Video Conference Facility

In terms of the Companies Act, 2017, members residing in a city holding at least 10% of the total paid up share capital may demand the facility of video-link for participating in the annual general meeting. The request for video-link facility shall be received by the Share Registrar at their address at least 7 days prior to the date of the meeting on the Standard Form available on the website of the Company.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2017.

The Company obtained approval from its Board of Directors and Shareholders on 27 September 2016 and 31 October 2016 respectively to make an investment up to Rs. 1 billion in the form of working capital loan for a period of one year at the interest rate of 3 Month KIBOR plus 0.50%. However, the Company did not make the investment in NHPL against the said approval because the funds were not required by the NHPL. The Board of Directors of the Company in their meeting held on September 25, 2017 has recommended renewal of the said investment for a period of another one year starting from the date of this AGM.

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public limited company with an authorized share capital of Rs. 10,000,000/- (Rupees Ten Million Only). The authorized share capital has subsequently been enhanced to Rs. 10,000,000,000/- (Rupees Ten Billion Only).

NHPL was set up with the main object of carrying hotel and hospitality business in Pakistan. For the intended purpose, the company acquired Hotel site of 119 Kanals, 6 Marlas and 73 Sq Ft of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing.

Nishat Hotels & Properties Limited started its commercial operation of Emporium Mall on 30 June 2016 and majority of the outlets have been handed over to tenants. Four Star Hotel has also started its commercial operations on 20 May 2017 and its occupancy rate is around 70%.

The Building has a covered area of 2.742 Million Square Feet comprising the following building components (3 basements, ground floor and 11 floors):

- 4 star hotel comprising of 198 rooms hotel
- Banquet halls
- Hyper Star
- Shopping Mall with following features:
 - Retail outlets
 - Food courts
 - Cineplex
 - Fun Factory
 - Health and Leisure Zones
 - Two basements with 2,815 parking bays for cars and motorcycles.

Since the approval of the shareholders for investment in NHPL has lapsed and Nishat Hotel and Properties Limited needs short term finance for meeting expense of staff salary, power generation, maintenance of HVAC and other working capital requirements and considering the average borrowing cost of the Company and the return offered by Banks on term deposits, the Directors of the Company have recommended to invest surplus funds of the Company by renewing the working capital loan of up to Rs. 1 billion to NHPL at the interest rate of 3 Month KIBOR plus



0.50% which shall not be less than the average borrowing cost of the Company. Repayment of the principle amount of loan shall be made within one year from the date of approval by the members while payment of interest due shall be made on monthly basis. The management expects the transaction to be beneficial for the Company as this will enhance the return on surplus funds available with the Company.

The directors of the Company certify / undertake that the proposed investment is being recommended after due diligence and financial health of the borrowing company is such that it has the ability to repay the loan as per agreement. The duly signed recommendation of the due diligence report and directors undertaking/certificate shall be made available to the members for inspection at the meeting.

Information under Clause (b) of sub-regulation (1) of regulation 3 of (Investment in Associated Companies or Associated Undertakings) Companies Regulations, 2012.

Ref. No.	Requirement	Information			
I	Name of associated Company	Nishat Hotels and Properties Limited			
	Criteria of associated relationship	Common Directorship			
ii	Amount of loans	Rs. 1,000,000,000/- (Rupees One Billion Only)			
	Purpose	Working capital needs of the associated company.			
iii	Benefits	The Company will earn higher income from the investment.			
Iv	Details of existing loans	Nil			
V	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements as on 30 June 2017	Equity And Liabilities	Rupees	Assets	Rupees
		Equity	9,363,103,571	Non-Current Assets	23,707,737,594
		Non-Current Liabilities	11,890,297,305	Current Assets	3,370,566,055
		Current Liabilities	5,824,902,773		
		27,078,303,649		27,078,303,649	
vi	Average borrowing cost of the investing company	3.50% for the year ended 30 June 2017			
vii	Rate of interest, mark up, profit, fees or commission etc. to be charged	3 Month KIBOR plus 0.50%. 3 Month KIBOR as on 25 September 2017 is 6.15%. The return shall not be less than average borrowing cost of the Company.			
viii	Sources of funds from where loans or advances will be given	Surplus funds of the company			

Ref. No.	Requirement	Information
ix	Where loans or advances are being granted using borrowed funds; justification for granting loan or advance out of borrowed funds; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.	Not Applicable
X	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Corporate guarantee of the associated company.
xi	If the loans or advances carry conversion feature:	No
xii	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of principle will be made within one year of the approval by the members while payment of interest due will be made on monthly basis.
xiii	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	<p>Agreement will be signed after approval by the members. Other significant terms and conditions are as under:</p> <ol style="list-style-type: none"> 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th of every month starting from the next month of the disbursement of loan. 2. In case of delay in re-payment of principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to Nishat Mills Limited in addition to the agreed interest amount. 3. All payments under the loan agreement shall be made through crossed cheques. 4. The associated company shall provide corporate guarantee to secure the extension of loan.



Ref. No.	Requirement	Information																		
xiv	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:	<p>Two directors of Nishat Mills Limited, Mian Umer Mansha and Mian Hassan Mansha, currently holds 21.72% shares each in Nishat Hotels and Properties Limited. The brother of Mian Hassan Mansha and Mian Umer Mansha, namely Mian Raza Mansha also holds 21.50% shares each in Nishat Hotels and Properties Limited. The directors of the associated company are interested in the investing company to the extent of their shareholding as under:-</p> <table border="0"> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td>8.23</td> </tr> <tr> <td>Mian Umer Mansha</td> <td>12.60</td> </tr> <tr> <td>Mian Hassan Mansha</td> <td>12.62</td> </tr> </tbody> </table> <p>The associated companies holding shares of Nishat Hotels and Properties Limited are interested in Nishat Mills Limited to the extent of their shareholding in Nishat Hotels and Properties Limited as follows:-</p> <table border="0"> <thead> <tr> <th></th> <th>%</th> </tr> </thead> <tbody> <tr> <td>D. G. Khan Cement Co. Ltd</td> <td>10.42</td> </tr> <tr> <td>Security General Insurance Co. Ltd</td> <td>7.40</td> </tr> </tbody> </table> <p>The associated companies holding shares of Nishat Mills Limited are interested in Nishat Hotels and Properties Limited to the extent of their shareholding in Nishat Mills Limited as follows:-</p> <table border="0"> <thead> <tr> <th></th> <th>%</th> </tr> </thead> <tbody> <tr> <td>D. G. Khan Cement Co. Ltd.</td> <td>8.61</td> </tr> </tbody> </table>	Name	% of Shareholding	Mian Raza Mansha	8.23	Mian Umer Mansha	12.60	Mian Hassan Mansha	12.62		%	D. G. Khan Cement Co. Ltd	10.42	Security General Insurance Co. Ltd	7.40		%	D. G. Khan Cement Co. Ltd.	8.61
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xv	Any other important details necessary for the members to understand the transaction:	None																		
xvi	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not Applicable																		
	Starting date of work	Not Applicable																		
	Completion of work	Not Applicable																		
	Commercial operations date	Not Applicable																		
	Expected time by which the project shall start paying return on investment	Not Applicable																		

Statement Under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	MCB Bank Limited	Nishat Power Limited
Total Investment Approved:	Equity investment upto PKR 1.213 billion was approved by members in EOGM held on March 31, 2017 for the period of three (3) years.	Investment of Rs. 1.5 billion by way of loans and advances was approved by members in EOGM held on March 31, 2017 for the period of one year.
Amount of Investment Made to date:	Investment of Rupees 395.550 million has been made against this approval to date.	Nil
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Partial investment has been made in investee company. Further investment will be made depending on market conditions at appropriate time.	No loan has been extended after the approval because funds request has not yet been made by the investee company.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company:	At the time of approval, as per available latest financial statements for the year ended December 31, 2016, the basic Earnings per share was Rs. 19.67 and Breakup value per share was Rs. 105.97. As per latest available un-audited financial statements for the half year ended June 30, 2017, the basic Earnings per share is Rs. 12.30 and Breakup value per share is Rs. 109.65.	At the time of approval, as per latest available audited financial statements for the year ended June 30, 2016, the basic Earnings per share was Rs. 8.052 and Breakup value per share was Rs.34.60. As per latest available audited financial statements for the year ended June 30, 2017, the basic Earnings per share is Rs. 8.152 and Breakup value per share is Rs. 39.25.