



Nishat Mills Limited

Notice of Annual General Meeting

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, 2019 (Monday) at 03:30 p.m. at Emporium Mall, 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, 2019 together with the Chairman Review, Directors’ and Auditors’ reports thereon.
2. To approve Final Cash Dividend @ 40% [i.e. Rs. 4/- (Rupees Four Only) Per Ordinary Share] as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year ending June 30, 2020 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).**

A) Resolved that approval of the Members of Nishat Mills Limited (the “**Company**”) be and is hereby accorded in terms of Section 199 and other applicable provisions of Companies Act, 2017, for 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 the Members, provided that the return on any outstanding amount of loan shall be 1 Month KIBOR plus 100 bps (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the loan agreement to be approved by the Members.

Resolved Further that the said resolution shall be valid for one year starting from the date of approval by the Members 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.

B) Resolved that approval of the Members of Nishat Mills Limited (“the **Company**”) be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017, to increase the amount of equity investment by Rs. 307,680,000 in Hyundai Nishat Motor (Private) Limited (“**HNMPL**”), an associated company, in the already approved amount of equity investment of Rs.960,000,000, for subscribing, 96,000,000 ordinary shares approved by the members under Section 199 of the Companies Act, 2017 in their Extraordinary General Meeting held on March 28, 2018 thus making a total equity investment upto Rs. 1,267,680,000 (Rupees One Billion Two Hundred Sixty Seven Million Six Hundred Eighty Thousand Only) for subscribing, at Par, fully paid up to 126,768,000 ordinary shares of PKR 10 each of HNMPL as may be offered to the Company from time to time by HNMPL.

Resolved Further that approval of the Members of the Company be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017, to increase in the amount of guarantee / continuing Stand by Letter(s) of Credit (SBLC) by an amount of Rs. 332,544,000 (Rupees Three Hundred Thirty Two Million Five Hundred Forty Four Thousands Only) to provide sponsors support to HNMPL, for a tenure of 7.5 years starting from date of issue of guarantee / SBLC in the already approved amount of guarantee / continuing Stand by Letter(s) of Credit (SBLC) of PKR 1,200,000,000 (Rupees One Billion Two Hundred Million Only) approved by the Members under Section 199 of the Companies Act, 2017 in their Extraordinary General Meeting held on March 28, 2018 thus making a total amount of investment by way of guarantee

/ continuing Stand by Letter(s) of Credit (SBLC) upto Rs 1,532,544,000 (Rupees One Billion Five Hundred Thirty Two Million Five Hundred Forty Four Thousands Only), for a tenure of 7.5 years starting from the date of issue of guarantee / SBLC, to be issued by the Company's Bank(s) in favor of financial institutions / lenders of HNMPL to secure financial assistance to be extended to HNMPL and to provide securities / corporate guarantees / collaterals to the Company's Bank(s) for the purpose of issuance of SBLC, provided that the commission to be charged by the Company to HNMPL on any outstanding amount of SBLC shall be 0.05% per quarter over and above the quarterly commission charged by the Company's Bank(s) from the Company on the outstanding amount of guarantee / SBLC, as per terms and conditions disclosed to the members.

Resolved Further that in the event the Company is called upon by the lenders of HNMPL for repayment of money provided to HNMPL as a result of enforcement of SBLC, the Company shall recover the full amount paid by it from HNMPL with mark up of 0.5% per annum above the average borrowing cost of the Company till the date of payment from HNMPL, as may be mutually agreed.

Resolved Further that these resolutions shall be valid for a period of four (4) years starting from the date of approval by Members 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 do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities including filing of applications for no objection certificate / permission from any authority / Commission as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.

- C) Resolved that** approval of the Members of Nishat Mills Limited (the "**Company**") be and is hereby accorded in terms of Section 199 and other applicable provisions of the Companies Act, 2017 to make equity investment up to PKR 950 Million (Rupees Nine Hundred and Fifty Million Only) from time to time in Nishat Sutas Dairy Limited ("NSDL"), an associated company, for subscribing at Par, fully paid up 95,000,000 ordinary shares of PKR 10 each of NSDL as may be offered to the Company from time to time by NSDL.

Resolved Further that this resolution shall be valid for a period of three (3) years starting from the date of approval by members 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 do all acts, matters, deeds and things, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.

Resolved Further that the Company be and is hereby authorized to dispose of through any mode, a part or all of equity investments made by the Company from time to time and to dispose of and / or decline a part or all of its entitlement of right shares as and when offered by the investee companies in which the Company has made equity investments and the Chief Executive Officer and / or Chief Financial Officer and / or Company Secretary be and are hereby authorized singly to take the decision of divestment and / or declining of right shares entitlement as and when they deemed it appropriate and necessary in the best interest of the Company and its Members.

Statement under Section 134(3) of the Companies Act, 2017 concerning special business is annexed to the notice of meeting circulated to the members of the Company.

By order of the Board



(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

Lahore
September 19, 2019

NOTES:

BOOK CLOSURE NOTICE: -

The Ordinary Shares Transfer Books of the Company will remain closed from 21-10-2019 to 28-10-2019 (both days inclusive) for entitlement of 40% final cash dividend [i.e. Rs. 4/- (Rupees Four 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 18-10-2019 at Share Registrar, THK Associates (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Limited Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, will be considered in time, for entitlement of 40% 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.

Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- a. In case of Individuals, the account holder and / or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his / her identity by showing his / her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's 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.

B. For Appointing Proxies

- a. In case of individuals, the account holder and / or sub-account holder and their 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 at the time of the Meeting.
- e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

Deduction of Withholding Tax on Dividend:

Pursuant to the provisions of the Finance Act 2019 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

- Filler 15%
- Non-Filler 30%

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 (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Limited Office, 147-Q Block, behind Emporium Mall, Johar Town, Lahore, latest by October 18, 2019, 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 Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Primary Shareholder _____

EXEMPTION OF WITHHOLDING 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 18, 2019.

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 (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: 1st Floor, DYL Motorcycles Limited. 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:

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. The shareholders who have not provided their bank account details so far are advised to provide their below electronic dividend mandate information to Company's Share Registrar at the address given above and update their CDC accounts / Sub accounts as the case may be, enabling the Company to credit your future dividend promptly, if any.

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.nishatmillsLtd.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 in compact disk 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.

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, 2019.

A. INVESTMENT IN NISHAT HOTELS AND PROPERTIES LIMITED

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 10,000,000,000/- (Rupees Ten Billion Only) divided into 1,000,000,000 (One Billion) ordinary shares of PKR 10 each. The principal activity of the company is to own, manage, establish and operate a shopping mall, hotels and banquet halls. For the intended purpose, NHPL has acquired Hotel site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing and constructed Emporium Mall which is fully operational since July 2016. Hotel has been opened since May 2017 and 198 rooms are fully operational. The Building has a covered area of 2.742 Million Square Feet comprising the following building components:

- 4-star hotel having 198 fully equipped rooms
- Banquet halls
- Shopping Mall with following features:
 - o Retail outlets
 - o Food courts
 - o Cineplex
 - o Carrefour
 - o Fun Factory
 - o Two basements with parking bays for cars and motorcycles.

Since NHPL is now fully operational, Nishat Hotel and Properties Limited needs short term finance for meeting working capital needs. Considering the average borrowing rate of the Company and the return offered by Banks on term deposits, the Directors of the Company in their meeting held on September 19, 2019 have recommended to invest surplus funds of the Company in working capital loan of PKR 1 billion extended to NHPL at the interest rate of 1 Month KIBOR plus 100 bps (which shall not be less than the borrowing cost of the Company for a period of one year starting from the date of this AGM i.e. October 28, 2019 on the terms and conditions of loan agreement in writing and as disclosed to the members.

Repayment of the principle amount of loan will be made within one year with payment of interest due on monthly basis. The management expects significant financial gains for the Company through higher interest rates charged to NHPL which will eventually enhance the return on investment to the shareholders of the Company.

The Directors of the Company certify / undertake that the proposed investment is being recommended after due diligence. 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.

NHPL is not a member of the Company. Its Sponsors / Directors are Directors / Members of the Company. They have no interest except their directorship and to the extent of their shareholding in the Company which is as follows:

Name	% of Shareholding
Mian Raza Mansha	8.41
Mian Umer Mansha	12.60
Mian Hassan Mansha	12.62

Information required under regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

(a) Disclosure for all types of investments:																										
(A) Disclosure regarding associated company																										
(i)	Name of Associated Company or Associated Undertaking	Nishat Hotels and Properties Limited																								
(ii)	Basis of Relationship	Common directorship																								
(iii)	Earnings / (Loss) per Share for the last three years	<table border="1" style="width: 100%; border-collapse: collapse; margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="width: 10%;">Sr. No.</th> <th style="width: 20%;">Year</th> <th style="width: 70%;">Earnings / (Loss) per Share Rs.</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1.</td> <td style="text-align: center;">2019</td> <td style="text-align: center;">1.42</td> </tr> <tr> <td style="text-align: center;">2.</td> <td style="text-align: center;">2018</td> <td style="text-align: center;">(0.30)</td> </tr> <tr> <td style="text-align: center;">3.</td> <td style="text-align: center;">2017</td> <td style="text-align: center;">(0.23)</td> </tr> </tbody> </table>	Sr. No.	Year	Earnings / (Loss) per Share Rs.	1.	2019	1.42	2.	2018	(0.30)	3.	2017	(0.23)												
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1.	2019	1.42																								
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(iv)	Break-up value per Share, based on last audited financial statements	PKR 18.09 per share as at 30 June 2019.																								
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<p>Audited financial statements as at 30th June 2019:</p> <p style="text-align: right;">Rs. in millions</p> <p>Balance Sheet:</p> <p>Assets</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <tr> <td style="width: 80%;">Non-current assets</td> <td style="text-align: right;">34,902</td> </tr> <tr> <td>Current assets</td> <td style="text-align: right;">2,170</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right; border-top: 1px solid black;">37,072</td> </tr> </table> <p>Liabilities</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <tr> <td style="width: 80%;">Borrowings</td> <td style="text-align: right;">9,127</td> </tr> <tr> <td>Other liabilities</td> <td style="text-align: right;">9,857</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">18,984</td> </tr> </table> <p>Equity 18,088</p> <p>Profit & loss:</p> <table style="width: 100%; margin-left: auto; margin-right: auto;"> <tr> <td style="width: 80%;">Sales</td> <td style="text-align: right;">4,233</td> </tr> <tr> <td>Gross Profit</td> <td style="text-align: right;">1,740</td> </tr> <tr> <td>Gross Profit Ratio</td> <td style="text-align: right;">41.11%</td> </tr> <tr> <td>Net Profit after tax</td> <td style="text-align: right;">1,376</td> </tr> <tr> <td>Net Profit after tax Ratio</td> <td style="text-align: right;">32.50%</td> </tr> <tr> <td>EPS</td> <td style="text-align: right;">1.42</td> </tr> </table>	Non-current assets	34,902	Current assets	2,170	Total assets	37,072	Borrowings	9,127	Other liabilities	9,857		18,984	Sales	4,233	Gross Profit	1,740	Gross Profit Ratio	41.11%	Net Profit after tax	1,376	Net Profit after tax Ratio	32.50%	EPS	1.42
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(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																									
	I Description of the project and its history since conceptualization	Not applicable.																								
	II Starting date and expected date of completion of work	Not applicable.																								

	III	Time by which such project shall become commercially operational	Not applicable.
	IV	Expected time by which the project shall start paying return on investment	Not applicable.
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not applicable.
(B) General Disclosures:			
(i)		Maximum amount if investment to be made	Working capital loan up to an amount of PKR 1,000,000,000/- (Rupees One Billion Only).
(ii)		Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>Purpose</p> <p>To earn higher income from the investment.</p> <p>Benefit</p> <p>The Company expects significant financial gains through higher interest rates charged to NHPL which will eventually enhance the return on investment of the shareholders of the Company.</p> <p>The investment in NHPL will be for a period of one (1) year and shall payable within one (1) year from the date of approval by the members unless renewed by the members under Section 199 of the Companies Act, 2017.</p>
(iii)		Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Surplus funds of the Company
	(I)	Justification for investment through borrowings	Not applicable.
	(II)	Detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not applicable.
	(III)	Cost of benefit analysis	Not applicable.
(iv)		Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	<p>Agreement will be signed after approval by the shareholders. Other significant terms and conditions are as under:</p> <ol style="list-style-type: none"> 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. 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.

		<p>3. All payments under the loan agreement shall be made through crossed cheques.</p> <p>4. The associated company shall provide corporate guarantee to secure the extension of loan.</p>																												
(v)	<p>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</p>	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>The directors of Nishat Mills Limited (NML), their relatives and associated companies holding shares of Nishat Hotels and Properties Limited (NHPL) are interested to the extent of their shareholding as under:</p> <table> <thead> <tr> <th>Directors:</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Umer Mansha</td> <td>21.82</td> </tr> <tr> <td>Mian Hassan Mansha (Common Director)</td> <td>21.82</td> </tr> <tr> <td colspan="2">Relatives:</td> </tr> <tr> <td>Mian Raza Mansha (Brother of Mian Umer Mansha & Mian Hassan Mansha)</td> <td>21.69</td> </tr> <tr> <td>Mrs. Iqraa Hassan Mansha (14,481 Shares) (Spouse of Mian Hassan Mansha)</td> <td>0.00</td> </tr> <tr> <td colspan="2">Associated Companies</td> </tr> <tr> <td>D.G. Khan Cement Company Limited</td> <td>10.42</td> </tr> </tbody> </table> <p>The directors of NHPL are interested in NML to the extent of their shareholding as under:</p> <table> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td>8.41</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 NHPL are interested in Nishat Mills Limited to the extent of their shareholding as follows:</p> <table> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>D. G. Khan Cement Company Limited</td> <td>8.61</td> </tr> </tbody> </table>	Directors:	% of Shareholding	Mian Umer Mansha	21.82	Mian Hassan Mansha (Common Director)	21.82	Relatives:		Mian Raza Mansha (Brother of Mian Umer Mansha & Mian Hassan Mansha)	21.69	Mrs. Iqraa Hassan Mansha (14,481 Shares) (Spouse of Mian Hassan Mansha)	0.00	Associated Companies		D.G. Khan Cement Company Limited	10.42	Name	% of Shareholding	Mian Raza Mansha	8.41	Mian Umer Mansha	12.60	Mian Hassan Mansha	12.62	Name	% of Shareholding	D. G. Khan Cement Company Limited	8.61
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(vi)	<p>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</p>	<p>The Company has invested in 74.023 million shares with Rs.10/- per share face value in NHPL. Since NHPL's ordinary shares are not listed, an independent valuer engaged by the company has estimated a fair value of Rs 13.76 per ordinary share as at June 30, 2019 through a valuation technique based on discounted cash flow analysis of NHPL.</p>																												
(vii)	<p>Any other important details necessary for the members to understand the transaction</p>	<p>Not significant</p>																												

(c) Additional disclosure regarding investment in the form of Working Capital Loan

(i)	Category-wise amount of investment	Working capital loan for an amount of PKR 1,000,000,000/- (Rupees One Billion Only).
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	The current average borrowing cost of the Company for the year ended June 30, 2019 is 4.99%. 1 month KIBOR as on 12 September 2019 is 13.8%.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	1 Month KIBOR + 100 bps. The return shall not be less than the average borrowing cost of the Company.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Corporate guarantee of the subsidiary company.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Repayment of principal will be made within one year of the approval by the shareholders while payment of interest due will be made on monthly basis.

B. INVESTMENT IN HYUNDAI NISHAT MOTOR (PRIVATE) LIMITED

Nishat Mills Limited (“Nishat”) has signed a shareholders’ agreement dated 04 April 2018 with other shareholders of Hyundai Nishat Motor (Private) Limited (“the Project Company”) for setting up a green field project for assembly and sales of Hyundai brand vehicles in Pakistan (“Project”). Pursuant to the Agreement the share subscription percentages for each of the shareholder was decided as follows: Nishat Mills Limited (12%), DG Khan Cement Company Limited (“DGKCC”) (10%), Adamjee Insurance Company Limited (“AICL”) (10%), Security General Insurance Company Limited (“SGICL”) (10%), Millat Tractors Limited (“MTL”) (18%) and Sojitz Corporation (“Sojitz”) (40%). Subsequently, the shareholders injected their respective portions of equity from time to time in HNMPL as per the agreed shareholding and at present the subscribed equity stands at PKR 5,500 million.

The Project Company has been awarded with “Category-A Greenfield Investment Status” under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The plant is under construction within the M-3 Industrial City, Faisalabad Industrial Estate Development and Management Company and is due to be commissioned by December 2019.

The project cost estimate has been revised primarily in view of the Foreign Exchange escalation since the last approval and certain scope changes in the construction of the Project. The revised total cost of the project is now estimated to be PKR 19,160 million which will be financed through a similar mix of debt and equity as was originally proposed. Nishat and its associates will continue to have combined equity stake of 42 % in the project while Sojitz and MTL will each have 40% and 18% respectively.

The final shareholding of Nishat in paid up share capital of HNMPL will be up-to 12% while 30% stake will be held by its associates. Nishat intends to increase the equity investment in HNMPL from already approved amount of PKR 960,000,000/- (Rupees Nine Hundred Sixty Million only) to Rs. 1,267,680,000/- (Rupees One Billion Two Hundred Sixty-Seven Million, Six Hundred and Eighty Thousand Only), which corresponds to an

enhancement of Rs. 307,680,000/- (Rupees Three Hundred Seven Million Six Hundred Eighty Thousand only) by subscribing at par up to 126,768,000 (previously 96,000,000) fully paid ordinary shares of Rs. 10 each of HNMPL as may be offered to Nishat.

Furthermore, Nishat also intends to enhance the sponsors support to the Project Company, an associated company by way of bank guarantee/Standby Letter(s) of Credit (SBLC) (together as “Financial Assistance”) from already approved amount of Rs. 1,200,000,000/- (Rupees One Billion Two Hundred Million only) to Rs. 1,532,544,000 (Rupees One Billion Five Hundred Thirty Two Million Five Hundred and Forty Four Thousand Only), which corresponds to an enhancement of Rs. 332,544,000 (Rupees Three Hundred Thirty Two Million Five Hundred and Forty Four Thousand Only) to be issued by Nishat’s Bank(s) in favor of financial lenders of the Project Company as collateral to secure term loan to HNMPL for a period of 7.5 years starting from the date of the first loan drawdown by HNMPL and to provide securities / corporate guarantees / collaterals to Nishat’s Bank(s) for the purpose of issuance of Financial Assistance. The Directors of Nishat in their meeting held on 19 September 2019 have approved to recommend the above enhancement in equity investment and Financial Assistance for the approval of the Shareholders.

The Directors have certified that they have carried out necessary due diligence for the proposed investments before making recommendation for approval of the members and duly signed recommendation shall be made available for inspection of members in the general meeting along with latest audited financial statements of the Project Company.

Project Company is not a member of Nishat. Its Sponsors / Directors are Directors / Members of the Company. They have no interest except their directorship and to the extent of their shareholding in Nishat which is as follows:

Name of Director	% of Shareholding in Company
Mian Raza Mansha	8.41
Mian Umer Mansha	12.60
Mian Hassan Mansha	12.62

Information under Regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Equity investment in Hyundai Nishat Motor (Private) Limited

(a) Disclosure for all types of investments:		
(A) Disclosure regarding associated company		
(i)	Name of Associated Company or Associated Undertaking	Hyundai Nishat Motor (Private) Limited (“ HNMPL ”)
(ii)	Basis of Relationship	Common directorship
(iii)	Earnings / (Loss) per Share for the last three years	PKR (5.74) – 2017 - Audited PKR (1.44) – 2018 - Audited HNMPL was incorporated on March 03, 2017 and has not started its commercial production.
(iv)	Break-up value per Share, based on last audited financial statements	PKR 9.03 per share as at 31 December 2018.

(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<p>Statement of Financial Position as on 31 December 2018:</p> <table border="1" data-bbox="788 193 1403 602"> <thead> <tr> <th data-bbox="788 193 942 278">Equity & Liabilities</th> <th data-bbox="942 193 1099 278">Rs.</th> <th data-bbox="1099 193 1240 278">Assets</th> <th data-bbox="1240 193 1403 278">Rs.</th> </tr> </thead> <tbody> <tr> <td data-bbox="788 278 942 385">Equity</td> <td data-bbox="942 278 1099 385">2,266,454,370</td> <td data-bbox="1099 278 1240 385">Non-Current Assets</td> <td data-bbox="1240 278 1403 385">2,365,469,175</td> </tr> <tr> <td data-bbox="788 385 942 491">Non-Current Liabilities</td> <td data-bbox="942 385 1099 491">235,435,079</td> <td data-bbox="1099 385 1240 491">Current Assets</td> <td data-bbox="1240 385 1403 491">571,492,331</td> </tr> <tr> <td data-bbox="788 491 942 602">Current Liabilities</td> <td data-bbox="942 491 1099 602">435,072,056</td> <td></td> <td></td> </tr> <tr> <td></td> <td data-bbox="942 555 1099 602">2,936,961,505</td> <td></td> <td data-bbox="1240 555 1403 602">2,936,961,505</td> </tr> </tbody> </table> <p>Profit and loss account for the year ended 31 December 2018:</p> <table border="1" data-bbox="788 676 1403 885"> <thead> <tr> <th></th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>Nil</td> </tr> <tr> <td>Expenses</td> <td>179,000,602</td> </tr> <tr> <td>Other Income</td> <td>26,108,679</td> </tr> <tr> <td>Loss after tax</td> <td>152,891,923</td> </tr> </tbody> </table>	Equity & Liabilities	Rs.	Assets	Rs.	Equity	2,266,454,370	Non-Current Assets	2,365,469,175	Non-Current Liabilities	235,435,079	Current Assets	571,492,331	Current Liabilities	435,072,056				2,936,961,505		2,936,961,505		Rs.	Revenue	Nil	Expenses	179,000,602	Other Income	26,108,679	Loss after tax	152,891,923
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(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																															
	<p>I Description of the project and its history since conceptualization</p>	<p>HNMPL is a joint venture company of Nishat Mills Limited (“Nishat”), DG Khan Cement Company Limited (“DGKCC”), Adamjee Insurance Company Limited (“AICL”), Security General Insurance Company Limited (“SGICL”), Millat Tractors Limited (“MTL”) and Sojitz Corporation, Tokyo, Japan (“Sojitz”) to establish a green field project for the assembly and sales of Hyundai brand vehicles in Pakistan. Nishat executed a shareholders’ agreement on 04th April, 2018 whereby the following shareholdings were decided amongst HNMPL shareholders as follows: Nishat (12%), DGKCC (10%), AICL (10%), SGICL (10%), MTL (18%) and Sojitz (40%) and HNMPL for the share subscription of HNMPL.</p> <p>The total cost of the project is estimated to be PKR 19,160 million which will be financed through debt and equity. HNMPL has been awarded with “Category-A Greenfield Investment Status” under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The ground-breaking ceremony of the project was held on 20 December 2017 and commercial production is expected by December 2019.</p>																														

	II	Starting date and expected date of completion of work	The construction commenced in the 2nd Quarter of 2018. The Project's expected completion date is on track by December 2019.																
	III	Time by which such project shall become commercially operational	By 1st Quarter 2020																
	III	Expected time by which the project shall start paying return on investment	By Financial Year 2025																
	IV	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	<p>Nishat and its Associates, Sojitz Corporation Japan and Millat Tractors Limited have to date invested a combined PKR 5,500 million as per below:</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Issued Share Capital (PKR)</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td>660,000,000</td> </tr> <tr> <td>DG Khan Cement Company Limited</td> <td>550,000,000</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td>550,000,000</td> </tr> <tr> <td>Security General Insurance Company Ltd</td> <td>550,000,000</td> </tr> <tr> <td>Millat Tractors Limited</td> <td>990,000,000</td> </tr> <tr> <td>Sojitz Corporation Japan</td> <td>2,200,000,000</td> </tr> <tr> <td>Total Equity Injected till 30 June 2019</td> <td>5,500,000,000</td> </tr> </tbody> </table> <p>The total cost of the project is estimated to be PKR 19,160 million which will be financed through debt and equity. Nishat and its associates will have equity stake of 42% while Sojitz Corporation, Japan and MTL will hold 40% and 18% equity stake in the Project.</p>	Shareholder	Issued Share Capital (PKR)	Nishat Mills Limited	660,000,000	DG Khan Cement Company Limited	550,000,000	Adamjee Insurance Company Limited	550,000,000	Security General Insurance Company Ltd	550,000,000	Millat Tractors Limited	990,000,000	Sojitz Corporation Japan	2,200,000,000	Total Equity Injected till 30 June 2019	5,500,000,000
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(B) General Disclosures:																			
(i)	Maximum amount of investment to be made	PKR 1,267,680,000/- (Rupees One Billion Two Hundred Sixty Seven Million Six Hundred and Eighty Thousand Only). This is an enhancement of PKR 307,680,000/- from the already approved amount of PKR 960,000,000/-.																	
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>To benefit from the Automotive Development Policy 2016-2021 of the Government of Pakistan by participating in the Project being established by HNMPL.</p> <p>The investment will help the completion of the Project and expected to result in dividend income and / or capital gains which will enhance the profitability of Nishat and add to the shareholders' value of the members of the investing company.</p> <p>The investment in HNMPL will be for long term.</p>																	

(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 Nishat's own funds.																						
	(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	<p>Nishat entered into agreement(s) with DGKCC, AICL, SGIC, MTL, Sojitz and HNMPL for the share subscription of HNMPL on 4th April 2018.</p> <p>As per the agreement, the shareholders will contribute equity in the following ratios: Nishat 12%, DGKCC 10%, AICL 10%, SGICL 10%, MTL 18%, Sojitz 40%</p>																						
(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	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>The directors of Nishat Mills Limited (NML), their relatives and associated companies holding shares of Hyundai Nishat Motor (Private) Limited (HNMPL) are interested to the extent of their shareholding as under:-</p> <table> <thead> <tr> <th>Directors:</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td>0.00 (1 Share)</td> </tr> <tr> <td>Mian Umer Mansha</td> <td>0.00 (1 Share)</td> </tr> <tr> <td>Mian Hassan Mansha (Common Director)</td> <td>0.00 (1 Share)</td> </tr> </tbody> </table> <p>Relatives: Nil</p> <p>Associated Companies</p> <table> <tbody> <tr> <td>D.G. Khan Cement Company Limited</td> <td>10.00%</td> </tr> <tr> <td>Security General Insurance Company Ltd.</td> <td>10.00%</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td>10.00%</td> </tr> </tbody> </table> <p>The directors of HNMPL are interested in NML to the extent of their shareholding as under:-</p> <table> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td>8.41</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 HNMPL are interested in NML to the extent of their shareholding as follows:</p>	Directors:	% of Shareholding	Mian Raza Mansha	0.00 (1 Share)	Mian Umer Mansha	0.00 (1 Share)	Mian Hassan Mansha (Common Director)	0.00 (1 Share)	D.G. Khan Cement Company Limited	10.00%	Security General Insurance Company Ltd.	10.00%	Adamjee Insurance Company Limited	10.00%	Name	% of Shareholding	Mian Raza Mansha	8.41	Mian Umer Mansha	12.60	Mian Hassan Mansha	12.62
Directors:	% of Shareholding																							
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		Name D. G. Khan Cement Company Limited Adamjee Insurance Company Limited	% of Shareholding 8.61% 0.00%									
(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	Nishat Mills Limited has already made an equity investment of Rs 660 million in the associated company. Since the associated company is establishing a Greenfield Project, no performance review is applicable. Further, there are no impairment or write off relating to the equity investment made so far.										
(vii)	Any other important details necessary for the members to understand the transaction	None										
Additional disclosure regarding Equity Investment												
(i)	Maximum price at which securities will be acquired	Since the Project is a Greenfield Project, the shares will be acquired, at par value, of PKR 10 each. This price is less than fair value of a share of HNMPL.										
(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	HNMPL is setting up a Greenfield Project which is yet to be implemented and therefore, investment is being made at par value of PKR 10 each.										
(iii)	Maximum number of securities to be acquired	126,768,000 Shares (Previously 96,000,000 shares, increment of 30,768,000 shares)										
(iv)	Number of securities and percentage thereof held before and after the proposed investment	<table border="1"> <thead> <tr> <th></th> <th>No. of Shares</th> <th>%age</th> </tr> </thead> <tbody> <tr> <td>Before</td> <td>66,000,000</td> <td>12.00</td> </tr> <tr> <td>After</td> <td>126,768,000</td> <td>12.00</td> </tr> </tbody> </table>		No. of Shares	%age	Before	66,000,000	12.00	After	126,768,000	12.00	
	No. of Shares	%age										
Before	66,000,000	12.00										
After	126,768,000	12.00										
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	NA										
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities	PKR 10.21 per share										

Investment in the form of Guarantee / Standby Letters of Credit (SBLC) in favor of Lenders of Hyundai Nishat Motor (Private) Limited

(a) Disclosure for all types of investments:		
(A) Disclosure regarding associated company		
(i)	Name of Associated Company or Associated Undertaking	Hyundai Nishat Motor (Private) Limited (“ HNMPL ”)
(ii)	Basis of Relationship	Common directorship
(iii)	Earnings / (Loss) per Share for the last three years	PKR (5.74) – 2017 - Audited PKR (1.44) – 2018 - Audited HNMPL was incorporated on March 03, 2017 and has not started its operations.

(iv)	Break-up value per Share, based on last audited financial statements	PKR 9.03 per share as at 31 December 2018.					
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Statement of Financial Position as on 31 December 2018:					
		Equity & Liabilities	Rs.	Assets	Rs.		
		Equity	2,266,454,370	Non-Current Assets	2,365,469,175		
		Non-Current Liabilities	235,435,079	Current Assets	571,492,331		
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			2,936,961,505		2,936,961,505		
		Profit and loss account for the year ended 31 December 2018:					
		Rs.					
		Revenue	Nil				
		Expenses	179,000,602				
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	<table border="1" style="width: 100%;"> <tr> <td data-bbox="260 1102 326 1987" style="width: 5%;">I</td> <td data-bbox="326 1102 780 1987">Description of the project and its history since conceptualization</td> </tr> </table>	I	Description of the project and its history since conceptualization	<p>HNMPL is a joint venture company of Nishat Mills Limited (“Nishat”), DG Khan Cement Company Limited (“DGKCC”), Adamjee Insurance Company Limited (“AICL”), Security General Insurance Company Limited (“SGICL”), Millat Tractors Limited (“MTL”) and Sojitz Corporation, Tokyo, Japan (“Sojitz”) to establish a green field project for the assembly and sales of Hyundai brand vehicles in Pakistan. Nishat executed a shareholders’ agreement on 04th April, 2018 whereby the following shareholdings were decided amongst HNMPL shareholders as follows: Nishat (12%), DGKCC (10%), AICL (10%), SGICL (10%), MTL (18%) and Sojitz (40%) and HNMPL for the share subscription of HNMPL.</p> <p>The total cost of the project is estimated to be PKR 19,160 million which will be financed through debt and equity. HNMPL has been awarded with “Category-A Greenfield Investment Status” under the Automotive Development Policy 2016-21 by Ministry of Industries and Production, Government of Pakistan vide its Notification No. 2(55)2017-LED-II dated 21 June 2017. The ground-breaking ceremony of the project was held on 20 December 2017 and commercial production is expected by December 2019.</p>			
I	Description of the project and its history since conceptualization						

	II	Starting date and expected date of completion of work	The construction commenced in the 2nd Quarter of 2018. The Project's expected completion date is December 2019.																
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	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	<p>Nishat and its Associates, Sojitz Corporation Japan and Millat Tractors Limited have to date invested a combined PKR 5,500 million as per below:</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Issued Share Capital (PKR)</th> </tr> </thead> <tbody> <tr> <td>Nishat Mills Limited</td> <td>660,000,000</td> </tr> <tr> <td>DG Khan Cement Company Limited</td> <td>550,000,000</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td>550,000,000</td> </tr> <tr> <td>Security General Insurance Company Ltd</td> <td>550,000,000</td> </tr> <tr> <td>Millat Tractors Limited</td> <td>990,000,000</td> </tr> <tr> <td>Sojitz Corporation Japan</td> <td>2,200,000,000</td> </tr> <tr> <td>Total Equity Injected till 30 June 2019</td> <td>5,500,000,000</td> </tr> </tbody> </table> <p>The total cost of the project is estimated to be PKR 19,160 million which will be financed through debt and equity. Nishat and its associates will have equity stake of 42% in the project while Sojitz Corporation, Japan and MTL will hold 40% and 18% equity stake in the project.</p>	Shareholder	Issued Share Capital (PKR)	Nishat Mills Limited	660,000,000	DG Khan Cement Company Limited	550,000,000	Adamjee Insurance Company Limited	550,000,000	Security General Insurance Company Ltd	550,000,000	Millat Tractors Limited	990,000,000	Sojitz Corporation Japan	2,200,000,000	Total Equity Injected till 30 June 2019	5,500,000,000
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(ii)		Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>To benefit from the Automotive Development Policy 2016-2021 of the Government of Pakistan by participating in the Project being established by HNMPL.</p> <p>The investment will help in the completion of the Project and expected to generate commission income for Nishat at a margin of 0.05% per quarter over and above the quarterly commission charged by</p>																

		<p>the Nishat's Bank(s) on outstanding amounts of guarantee / SBLCs issued. The completion of the Project of HNMPL will enhance the profitability of Nishat and add to the shareholders value of the members of the investing company.</p> <p>Guarantee / SBLCs will be issued for the tenure of 7.5 years starting from the date of the 1st drawdown by HNMPL.</p>														
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The guarantee / SBLC will be issued by Nishat's Bank(s) for which security/corporate / guarantee / collateral will be provided by Nishat.														
	(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	<p>Nishat entered into agreement(s) with DGKCC, AICL, SGIC, MTL, Sojitz and HNMPL for the share subscription of HNMPL on 4th April 2018.</p> <p>As per the agreement, the shareholders will contribute equity in the following ratios: Nishat 12%, DGKCC 10%, AICL 10%, SGICL 10%, MTL 18%, Sojitz 40%</p>														
(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	<p>The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under:</p> <p>The directors of Nishat Mills Limited (NML), their relatives and associated companies holding shares of Hyundai Nishat Motor (Private) Limited (HNMPL) are interested to the extent of their shareholding as under:-</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Directors:</th> <th style="text-align: right;">% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td style="text-align: right;">0.00 (1 Share)</td> </tr> <tr> <td>Mian Umer Mansha</td> <td style="text-align: right;">0.00 (1 Share)</td> </tr> <tr> <td>Mian Hassan Mansha (Common Director)</td> <td style="text-align: right;">0.00 (1 Share)</td> </tr> </tbody> </table> <p>Relatives: Nil</p> <p>Associated Companies</p> <table border="0"> <tbody> <tr> <td>D.G. Khan Cement Company Limited</td> <td style="text-align: right;">10.00%</td> </tr> <tr> <td>Security General Insurance Company Ltd.</td> <td style="text-align: right;">10.00%</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td style="text-align: right;">10.00%</td> </tr> </tbody> </table> <p>The directors of HNMPL are interested in NML to the</p>	Directors:	% of Shareholding	Mian Raza Mansha	0.00 (1 Share)	Mian Umer Mansha	0.00 (1 Share)	Mian Hassan Mansha (Common Director)	0.00 (1 Share)	D.G. Khan Cement Company Limited	10.00%	Security General Insurance Company Ltd.	10.00%	Adamjee Insurance Company Limited	10.00%
Directors:	% of Shareholding															
Mian Raza Mansha	0.00 (1 Share)															
Mian Umer Mansha	0.00 (1 Share)															
Mian Hassan Mansha (Common Director)	0.00 (1 Share)															
D.G. Khan Cement Company Limited	10.00%															
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		<p>extent of their shareholding as under:-</p> <table border="1"> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td>8.41</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 HNMPPL are interested in NML to the extent of their shareholding as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>D. G. Khan Cement Company Limited</td> <td>8.61%</td> </tr> <tr> <td>Adamjee Insurance Company Limited</td> <td>0.00%</td> </tr> </tbody> </table>	Name	% of Shareholding	Mian Raza Mansha	8.41	Mian Umer Mansha	12.60	Mian Hassan Mansha	12.62	Name	% of Shareholding	D. G. Khan Cement Company Limited	8.61%	Adamjee Insurance Company Limited	0.00%
Name	% of Shareholding															
Mian Raza Mansha	8.41															
Mian Umer Mansha	12.60															
Mian Hassan Mansha	12.62															
Name	% of Shareholding															
D. G. Khan Cement Company Limited	8.61%															
Adamjee Insurance Company Limited	0.00%															
(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	Nishat Mills Limited has already made an equity investment of Rs 660 million in the associated company. Since the associated company is establishing a Greenfield Project, no performance review is applicable. Further, there are no impairment or write off relating to the equity investment made so far.														
(vii)	Any other important details necessary for the members to understand the transaction	Not significant														
Additional disclosure regarding investment in the form of Standby Letters of Credit (SBLC)																
(i)	Category-wise amount of investment	Guarantee / SBLC upto PKR 1,532,544,000/- will be arranged by Nishat in favor of the lenders of HNMPPL to secure financial assistance for the Project of HNMPPL. This is an enhancement of PKR 332,544,000/- from the previously approved amount of PKR 1,200,000,000/- Nishat will provide security/corporate guarantee / collaterals to its bankers for issuance of SBLC.														
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	<p>The current average borrowing cost of Nishat for the year ended June 30, 2019 is 4.99%.</p> <p>Nishat shall pay a commission % in the range of 0.1% to 0.25% per quarter to the Guarantee / SBLC issuing financial institution on the outstanding SBLC amount.</p>														
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	Nishat shall charge HNMPPL a commission of 0.05 % per quarter over and above the quarterly bank guarantee commission paid by Nishat to the SBLC issuing bank / financial institution on the outstanding guarantee / SBLC amount. All expenses incurred by Nishat on procurement of SBLC shall be charged to HNMPPL.														
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Nishat shall obtain an indemnity / corporate guarantee from HNMPPL for commitment to repay the amount in the event Nishat is called upon to pay														

		pursuant to enforcement of guarantee / SBLC by the lenders of HNMPL.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	NA
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	Nishat shall recover the commission on SBLC from HNMPL on quarterly basis. Nishat will be required to pay only in case HNMPL fails to make re-payment of finances obtained on due dates as per agreement with its lenders.

C. INVESTMENT IN NISHAT SUTAS DAIRY LIMITED

Nishat Sutas Dairy Limited (“NSDL”) is a public limited company incorporated by Nishat Agriculture Farming (Private) Limited (“NAFL”) and SÜTAŞ SÜT ÜRÜNLERİ A.Ş. (“Sutas”) as a joint venture pursuant to a Shareholding Agreement dated December 19, 2018 for setting up a green field project to manufacture, market, and sell various dairy products in Pakistan. The Company shall aim to introduce innovative dairy products thereby creating a sustainable business for shareholders and stakeholders.

Subsequently, both NAFL and Sutas injected their portion of equity in NSDL. NAFL and Sutas hold 50% shares each in the paid-up capital of NSDL, which currently stands at PKR 150 million.

The total cost of the project is estimated to be PKR 4,624 million which will be financed through debt and equity. The project site is located at Sukheki, District Hafizabad.

Considering the potential of Pakistan Dairy Market and expected dividends from equity investment in NSDL which will eventually enhance the return on investment of shareholders, the Company intends to make equity investment by way of subscribing 95,000,000 shares of NSDL at par value of Rs. 10/- each from time to time as and when offered by NSDL.

The directors have certified that they have carried out necessary due diligence for the proposed investment before making recommendation for approval of the members and duly signed recommendation of the due diligence report shall be made available for inspection of members in the general meeting along with latest financial statements of NSDL.

NSDL is not a member of the Company. Its sponsor / director is director / member of the Company. He has no interest except his directorship and to the extent of his shareholding in the Company which is as follows:

Name of Director	% of Shareholding in Company
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Mian Umer Mansha	12.60
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Information under Regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

(a) Disclosure for all types of investments:		
(A) Disclosure regarding associated company		
(i)	Name of Associated Company or Associated Undertaking	Nishat Sutas Dairy Limited
(ii)	Basis of Relationship	Common directorship
(iii)	Earnings / (Loss) per Share for the last three years	NSDL was incorporated on July 19, 2019 and has not yet started its operations.
(iv)	Break-up value per Share, based on last audited financial statements	The company has yet to close its first year end on December 31, 2019
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	The company has yet to close its first year end on December 31, 2019
(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	
	I	<p>Description of the project and its history since conceptualization</p> <p>Nishat Sutas Dairy Limited (“NSDL”) is a public limited company incorporated by Nishat Agriculture Farming (Private) Limited (“NAFL”) and SŪTAŞ SŪT ŪRŪNLERİ A.Ş. (“Sutas”) as a joint venture pursuant to a Shareholding Agreement dated December 19, 2018. The joint venture aims to set up world class dairy processing facility. The full range portfolio shall aim to cater to the massive dairy market of Pakistan and have the capability to export as well.</p> <p>Subsequently, both NAFL and Sutas injected their portion of equity in NSDL. NAFL and Sutas hold 50% shares each in the paid-up capital of NSDL, which currently stands at PKR 150 million.</p> <p>The total cost of the project is estimated to be PKR 4,624 million which will be financed through debt and equity. The project site is located at Sukheki, District Hafizabad.</p>
	II	Starting date and expected date of completion of work
	III	Time by which such project shall become commercially operational
	IV	Expected time by which the project shall start paying return on investment
	V	Funds invested or to be invested by the promoters, sponsors, associated
		<p>The construction is expected to commence in 4th quarter of 2019. The project’s expected completion date is December 2020.</p> <p>By 1st Quarter 2021</p> <p>By Financial year 2024</p> <p>NAFL and Sutas have invested PKR 75.00 million each in NSDL. The total cost of the project is</p>

		company or associated undertaking distinguishing between cash and non-cash amounts	estimated to be PKR 4,624 million which will be financed through debt and equity. Nishat and its associates will have equity stake of 50% in the project while Sutas will also be investing 50% stake in the Project.
(B) General Disclosures:			
(i)		Maximum amount of investment to be made	PKR 950,000,000/- (Rupees Nine Hundred Fifty Million Only).
(ii)		Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To benefit from dairy sector development due to consumer demand and dairy development initiatives. The investment will help the completion of the Project and expected to result in dividend income and / or capital gains which will enhance the profitability of the Company and add to the value of the members of the investing company. The investment in NSDL will be 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 company's available funds.
	(I)	Justification for investment through borrowings	NA
	(II)	Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA
	(III)	Cost of 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)		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	The interest, direct or indirect in the associated company and the transaction under consideration is detailed as under: The directors of Nishat Mills Limited (NML), their relatives and associated companies holding shares of Nishat Sutas Dairy Limited (NSDL) are interested to the extent of their shareholding as under:- Directors: % of Shareholding NIL Relatives: Mrs. Saadia Younas Mansha 0.00 (1Share) (Spouse of Mian Umer Mansha) Associated Companies Nishat Agriculture Farming (Pvt) Ltd 50.00% The directors of NSDL are interested in NML to the extent of their shareholding as under:-

		Name Mian Umer Mansha	% of Shareholding 12.60
		The associated Companies holding shares of NSDL are interested in NML to the extent of their shareholding as follows: Nil	
(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	Nil	
(vii)	Any other important details necessary for the members to understand the transaction	None	
(b) Additional disclosure regarding Equity Investment			
(i)	Maximum price at which securities will be acquired	Since the project is a Greenfield project, the shares will be acquired, at par value, of PKR 10 each.	
(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	NSDL is setting up a greenfield project which is yet to be implemented and therefore, investment is being made at par value of PKR 10 each.	
(iii)	Maximum number of securities to be acquired	95,000,000 Shares of Rs. 10 each	
(iv)	Number of securities and percentage thereof held before and after the proposed investment	No. of Shares Before After	%age Nil Nil 50.00
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities	NA	
(vi)	Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities	Rs. 10.05 per share	

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

Name of Investee Company	MCB Bank Limited	Hyundai Nishat Motor (Private) Limited		Nishat Hotels and Properties Limited
Total Investment Approved:	Equity investment upto Rupees 1.213 billion was approved by members in EOGM held on March 31, 2017 for the period of three (3) years.	Equity investment upto Rupees 960 million was approved by members in EOGM held on March 28, 2018.	Guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to PKR 1,200 million for a tenure of 7.5 years by members in EOGM held on March 28, 2018.	Equity investment upto Rupees 200 million was approved by members in EOGM held on April 17, 2019 for the period of three (3) years.

Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (Continued)

Name of Investee Company	MCB Bank Limited	Hyundai Nishat Motor (Private) Limited		Nishat Hotels and Properties Limited
Amount of Investment Made to date:	Investment of Rupees 503.086 million has been made against this approval to date.	Investment of Rupees 600 million has been made against this approval to date.	Bank guarantees upto Rs. 837.942 million have been issued against this approval to date.	Investment of Rupees 29.61 million has been made against this approval to date.
Reasons for deviations from the approved timeline of investment, where investment decision was 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.	Partial investment has been made in investee company. Commercial operations of the investee company have not yet started. Nishat Mills Limited will make further equity investment at a suitable time after considering the macro economic conditions of the country.	Five bank guarantees from different banks have been extended after the approval. Further guarantees will be arranged on requirement of investee company.	Partial investment has been made in investee company. Further investment will be made depending on financial need of 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 audited 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 audited financial statements for the year ended December 31, 2018 the basic earnings per share is Rs. 18.02 and breakup value per share is Rs. 117.74. As per latest available half year ended June 30, 2019 the basic earnings per share is Rs. 9.01 and breakup value per share is Rs. 119.69.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs. 5.74 and breakup value per share was Rs. 4.85. As per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share is Rs. 1.44 and breakup value per share is Rs. 9.03. As per latest available half yearly financial statements for the half year ended June 30, 2019 the basic loss per share is Rs. 0.53 and breakup value per share is Rs. 9.29.	At the time of approval, as per available latest audited financial statements for the year ended December 31, 2017, the basic loss per share was Rs. 5.74 and breakup value per share was Rs. 4.85. As per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share is Rs. 1.44 and breakup value per share is Rs. 9.03. As per latest available half yearly financial statements for the half year ended June 30, 2019 the basic loss per share is Rs. 0.53 and breakup value per share is Rs. 9.29.	At the time of approval, as per available latest audited financial statements for the year ended June 30, 2018, the basic loss per share was Rs.0.30 and breakup value per share was Rs. 12.65. As per latest available annual financial statements for the year ended June 30, 2019 the basic profit per share is Rs. 1.42 and breakup value per share is Rs. 18.09.

Form of Proxy

I /We _____
of _____
being a member of Nishat Mills Limited, hereby appoint _____

of _____
or failing him/her _____
of _____

member(s) of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on October 28, 2019 (Monday), at 03:30 p.m at Emporium Mall, The Nishat Hotel, Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore.

as witness may hand this _____ day of _____ 2019

Signed by the said member _____

in presence of _____

Please
affix
revenue
stamp
Rs. 5

Signature(s) of Member(s)

Signature of witness

Signature of witness

Name

Name

Address

Address

.....

.....

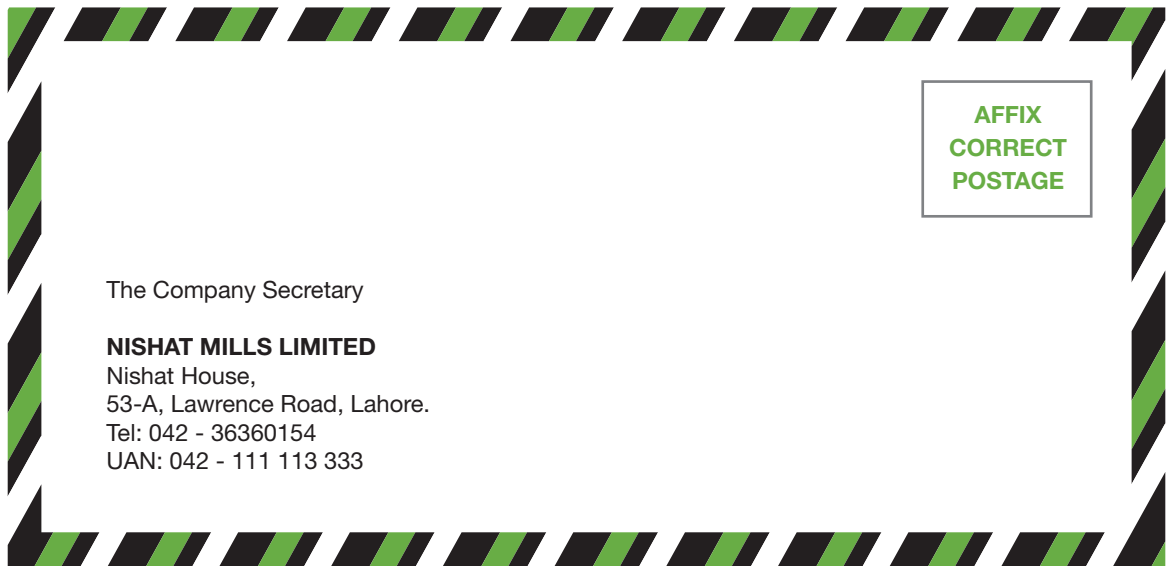
CNIC #

CNIC #

Please quote:

Folio No.	Shares held	CDC A/C. No.

Important: This instrument appointing a proxy, duly completed, must be received at the Registered Office of the Company at Nishat House, 53-A, Lawrence Road, Lahore not later than 48 hours before the time to holding the annual general meeting.

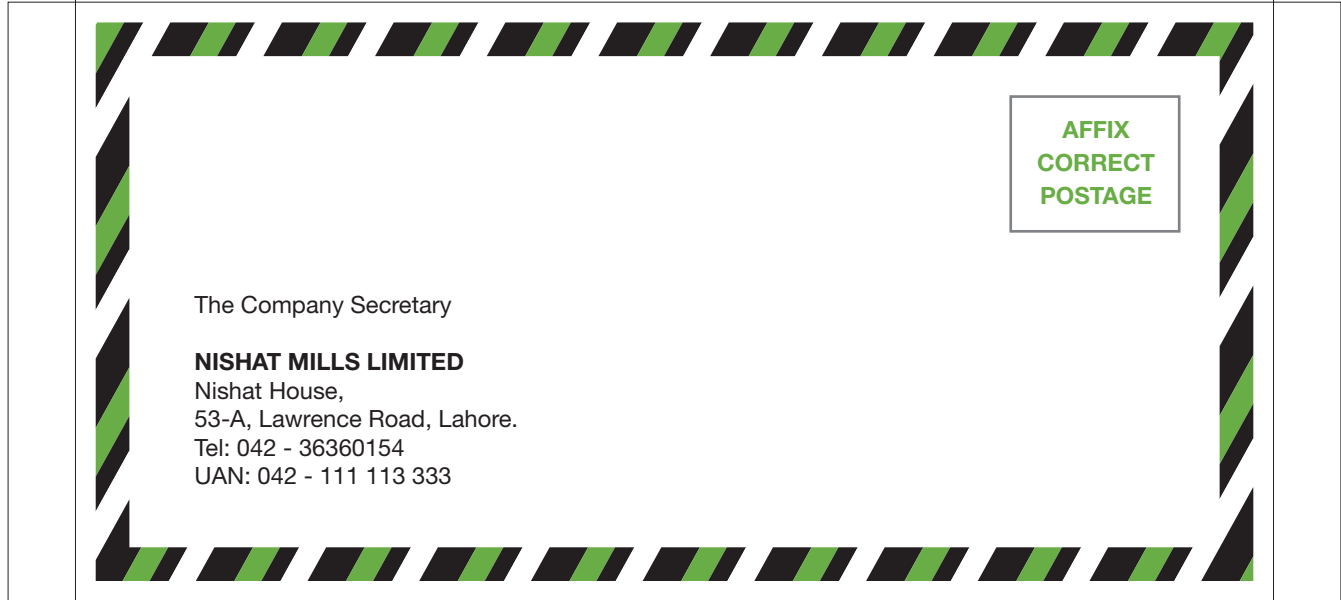


AFFIX
CORRECT
POSTAGE

The Company Secretary

NISHAT MILLS LIMITED

Nishat House,
53-A, Lawrence Road, Lahore.
Tel: 042 - 36360154
UAN: 042 - 111 113 333



**AFFIX
CORRECT
POSTAGE**

The Company Secretary

NISHAT MILLS LIMITED

Nishat House,
53-A, Lawrence Road, Lahore.
Tel: 042 - 36360154
UAN: 042 - 111 113 333



REGISTERED OFFICE:

Nishat House, 53-A, Lawrence Road, Lahore

Tel: 042-36360154, 042-111 113 333

nishat@nishatmills.com

www.nishatmillsltd.com