

**NOTICE OF
EXTRAORDINARY GENERAL MEETING**



NISHAT MILLS LIMITED

NISHAT MILLS LIMITED
NOTICE OF EXTRAORDINARY GENERAL
MEETING OF SHAREHOLDERS

Notice is hereby given that Extraordinary General Meeting of the Members of Nishat Mills Limited (the "Company") will be held on December 15, 2020 (Tuesday) at 11:30 a.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:

Special Business: -

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 and other applicable provisions of the Companies Act, 2017, that the Company be and is hereby authorized to provide sponsors' support to Nishat Sutas Dairy Limited ("**NSDL**"), an associated company by way of Corporate Guarantee for an amount of up to PKR 2,250 Million (Rupees Two Billion Two Hundred Fifty Million Only) for a tenure of 11 years starting from the date of issue of Corporate Guarantee, to be issued by the Company in favor of financial institutions/lenders of NSDL to secure financial assistance to be extended to NSDL as per terms and conditions disclosed to the members.

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

Resolved Further that this resolution 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 as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.

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



Lahore
November 16, 2020

KHALID MAHMOOD CHOCHAN
Company Secretary

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 09-12-2020 to 15-12-2020 (both days inclusive) for attending and voting at EOGM. Physical transfers / CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 08-12-2020 at the office of Share Registrar, THK Associates (Private) Limited, Karachi Office: 1st Floor, 40-C, Block-6, PECHS, Karachi, Lahore Office: Siddique Trade Centre, Office No.PL-29, PL Floor, 72 Main Boulevard, Gulberg II, Lahore, will be considered in time for attending of meeting.

Proxies

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.

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 Extraordinary General Meeting of the Company to be held on December 15, 2020.

Nishat Sutas Dairy Limited ("NSDL") is a public limited company incorporated in Pakistan for setting up a green field project to manufacture, market, and sell various dairy products in Pakistan. Nishat Mills Limited ("NML") has also invested in 16,630,000 shares in NSDL by way of equity investment and its stake is 34.46%. NSDL shall aim to introduce innovative dairy products thereby creating a sustainable business for shareholders and stakeholders.

The total cost of the project is estimated to be PKR 7.5 billion which will be financed through debt and equity.

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 issue a Corporate Guarantee for an amount of up to PKR 2,250 Million (Rupees Two Billion Two Hundred Fifty Million Only) for a tenure of 11 (eleven) years starting from the date of issue of Corporate Guarantee, to be issued by the Company in favor of financial institutions / lenders of NSDL to secure financial assistance to be extended to 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 Shareholding
Mian Umer Mansha	12.60

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 (" NSDL ")			
(ii)	Basis of Relationship		Common Directorship			
(iii)	Earnings / (Loss) per Share for the last three years		PKR (2.29) – 2019 – Audited PKR (1.33) – June 30, 2020 – Half Year Un-Audited NSDL was incorporated on July 19, 2019 and has not started its operations.			
(iv)	Break-up value per Share, based on last audited financial statements		PKR 7.71 per share as at 31 December 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		Statement of Financial Position as on 31 December 2019:			
			Equity & Liabilities	Rs. 000	Assets	Rs. 000
			Equity	115,701,317	Non-Current Assets	81,220,905
			Current Liabilities	17,507,845	Current Assets	51,988,254
				133,209,159		133,209,159
			Profit and loss account for the year ended 31 December 2019:		Rs. 000	
			Revenue			
Expenses			(34,301,283)			
Other Income						
Loss after tax			(34,301,283)			
(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	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			

		<p>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>The total cost of the project is estimated to be PKR 7,500 million which will be financed through debt and equity. The project site is located at M-3 Industrial City, Sahianwala, FIEDMC, 2 K.M. Jhumra Chiniot Road, Chak Jhumra, Faisalabad.</p>												
	II	<p>Starting date and expected date of completion of work</p> <p>The construction is expected to commence in December 2020. The project's expected completion date is March 2022.</p>												
	III	<p>Time by which such project shall become commercially operational</p> <p>By 2nd Quarter 2022</p>												
	IV	<p>Expected time by which the project shall start paying return on investment</p> <p>By Financial year 2025</p>												
	V	<p>Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts</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>16,630,000</td> </tr> <tr> <td>Nishat Agriculture Farming (Private) Limited.</td> <td>7,499,999</td> </tr> <tr> <td>Sadia Younas Mansha</td> <td>1</td> </tr> <tr> <td>SÜTAŞ SÜT ÜRÜNLERİ A.Ş.</td> <td>24,130,000</td> </tr> <tr> <td>Total Equity Injected till 31st October 2020</td> <td>48,260,000</td> </tr> </tbody> </table> <p>Nishat its Associates and SÜTAŞ SÜT ÜRÜNLERİ A.Ş. have invested a combined PKR 482.600 million as per below:</p> <p>The total cost of the project is estimated to be PKR 7,500 million which will be financed through debt and equity. Nishat and its associates will have equity stake of 50% and SÜTAŞ SÜT ÜRÜNLERİ A.Ş. will hold 50% equity stake in the Project.</p>	Shareholder	Issued Share Capital (PKR)	Nishat Mills Limited	16,630,000	Nishat Agriculture Farming (Private) Limited.	7,499,999	Sadia Younas Mansha	1	SÜTAŞ SÜT ÜRÜNLERİ A.Ş.	24,130,000	Total Equity Injected till 31st October 2020	48,260,000
Shareholder	Issued Share Capital (PKR)													
Nishat Mills Limited	16,630,000													
Nishat Agriculture Farming (Private) Limited.	7,499,999													
Sadia Younas Mansha	1													
SÜTAŞ SÜT ÜRÜNLERİ A.Ş.	24,130,000													
Total Equity Injected till 31st October 2020	48,260,000													
(B) General Disclosures:														
(i)	Maximum amount if investment to be made	Corporate Guarantee up to an amount of PKR 2.250 billion (Rupees Two Billion Two Hundred Fifty Million Only).												

(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>The completion of the Project of NSDL will enhance the profitability of Nishat and add to the shareholders value of the members of the investing company.</p> <p>Corporate Guarantee will be issued for the tenure of 11 years starting from the date of issue of Corporate Guarantee.</p>
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The Corporate Guarantee will be issued by Nishat in favor of financial institutions / lenders of NSDL to secure financial assistance to be extended to NSDL.
	I Justification for investment through borrowings	NA
	II Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	NA
	III Cost benefit analysis	NA
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	NA
(v)	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 Nishat Sutas Dairy Limited (NSDL) are interested to the extent of their shareholding as under:-</p> <p>Directors: % of Shareholding NIL</p> <p>Relatives: Mrs. Saadia Younas Mansha 0.00 (1Share) (Spouse of Mian Umer Mansha)</p> <p>Associated Companies Nishat Agriculture Farming (Private) Limited 15.54%</p> <p>The directors of NSDL are interested in NML to the extent of their shareholding as under:-</p>

		<p>Name % of Shareholding Mian Umer Mansha 12.60</p> <p>The associated Companies holding shares of NSDL are interested in NML to the extent of their shareholding as follows: Nil</p>
(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 166.300 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 Corporate Guarantee (CG)		
(i)	Category-wise amount of investment	Corporate Guarantee up to PKR 2,250,000,000/- will be issued by Nishat in favor of the lenders of NSDL to secure financial assistance for the Project of NSDL.
(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, 2020 is 4.42%.</p> <p>Nishat will pay nothing for issuance of Corporate Guarantee.</p>
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	The investment will be made from surplus funds.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Nishat shall obtain an indemnity / corporate guarantee from NSDL for commitment to repay the amount in the event Nishat is called upon to pay pursuant to enforcement of corporate guarantee by the lenders of NSDL.
(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.	NA

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	Nishat Sutas Dairy Limited
Total Investment Approved:	Equity investment Up to Rupees 2.144 billion for the period of three (3) years was approved by members in EOGM held on March 31, 2020.	Equity investment up to Rupees 960 million was approved by members in EOGM held on March 28, 2018 which was subsequently enhanced up to Rs. 1,267.680 million for a period of four (4) years by members in AGM held on October 28, 2019.	Guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to Rupees 1,200 million was approved by members in EOGM held on March 28, 2018 which was subsequently enhanced up to Rupees 1,532.544 million for a tenure of 7.5 years by members in AGM held on October 28, 2019.	Equity investment up to Rupees 200 million was approved for the period of three (3) years by members in EOGM held on April 17, 2019.	Equity investment up to Rupees 950 million was approved for the period of three (3) years by members in AGM held on October 28, 2019.
Amount of Investment Made to date:	Nil	Investment of Rupees 1,017.886 million has been made against this approval to date.	Bank guarantees of up to Rs. 1,451 million have been issued against this approval to date.	Investment of Rupees 29.61 million has been made against this approval to date.	Investment of Rupees 166.300 million has been made against this approval to date.
Reasons for deviations from the approved timeline of investment decision was to be implemented in specified time:	No investment has been made in investee company after the approval. Investment will be made depending on market conditions at appropriate time.	Partial investment has been made in investee company. Further investment will be made depending on the financial need of investee company.	Eight 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 fund request has not yet been made by the investee company.	Partial investment has been made in investee company. Further investment will be made depending on the financial need of investee company.

Continue

Name of Investee Company	MCB Bank Limited	Hyundai Nishat Motor (Private) Limited	Nishat Hotels and Properties Limited	Nishat Sutas Dairy Limited		
<p>Material change in financial statements of associated company or undertaking since date of the resolution passed for approval of investment in such company:</p>	<p>At the time of approval and as per latest available audited financial statements for the year ended December 31, 2019 the basic earnings per share was Rs. 20.23 and breakup value per share was Rs. 142.54. As per latest available half yearly financial statements for the half year ended June 30, 2020 the basic earnings per share is Rs. 11.15 and breakup value per share is Rs. 156.01.</p>	<p>As per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share was Rs. 1.44 and breakup value per share was Rs. 9.03. As per latest available audited financial statements for the year ended December 31, 2019 the basic loss per share is Rs. 1.13 and breakup value per share is Rs. 8.97. As per latest available half yearly financial statements for the half year ended June 30, 2020 the basic loss per share is Rs. 1.721 and breakup value per share is Rs. 7.35.</p>	<p>As per latest available audited financial statements for the year ended December 31, 2018 the basic loss per share was Rs. 1.44 and breakup value per share was Rs. 9.03. As per latest available audited financial statements for the year ended December 31, 2019 the basic loss per share is Rs. 1.13 and breakup value per share is Rs. 8.97. As per latest available half yearly financial statements for the half year ended June 30, 2020 the basic loss per share is Rs. 1.721 and breakup value per share is Rs. 7.35.</p>	<p>At the time of approval, as per latest available audited financial statements for the year ended June 30, 2018, the basic loss per share was Re. 0.30 and breakup value per share was Rs. 12.65. As per latest available annual financial statements for the year ended June 30, 2020 the basic loss per share is Rs. 1.36 and breakup value per share is Rs. 18.43.</p>	<p>At the time of approval, as per latest available audited financial statements for the year ended June 30, 2019 the basic profit per share was Rs. 1.42 and breakup value per share was Rs. 18.09. As per latest available annual financial statements for the year ended June 30, 2020 the basic loss per share is Rs. 1.36 and breakup value per share is Rs. 18.43.</p>	<p>At the time of approval, the investee company had not commenced its operations, therefore EPS and breakup value of share was not available. As per latest available audited financial statements for the year ended December 31, 2019 the basic loss per share is Rs. 2.29 and breakup value per share is Rs. 7.71. As per latest available half yearly financial statements for the half year ended 30 June 2020, the basic loss per share is Re. 1.33 and breakup value per share is Rs. 6.38.</p>

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 Extraordinary General Meeting of the Company to be held on on December 15, 2020 (Tuesday) at 11:30 A.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 _____ 2020

Signed by the said member _____

in presence of _____

Please
affix
revenue
stamp
Rs. 50

Signature(s) of Member(s)

Signature of witness

Name

Address

.....

CNIC #

Signature of witness

Name

Address

.....

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 of holding the general meeting.

پراکسی فارم

میں / ہم کسی / مسماة ----- ساکن ----- ضلع -----

بحیثیت ممبر کمپنی، کسی / مسماة ----- ساکن ----- کمپنی ممبر یا اسکی عدم موجودگی کی صورت میں

کسی / مسماة ----- ساکن ----- کمپنی ممبر کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری / ہماری جگہ اور

میری / ہماری طرف سے کمپنی کے غیر معمولی اجلاس عام جو کہ بتاریخ ۱۵ دسمبر ۲۰۲۰ء بوقت صبح 11:30 بجے اپنی مال، نشاط، ہوٹل ٹریڈ اینڈ فنانس سنٹر بلاک، نزد ایکسپو سنٹر، عبدالحق روڈ، جوہر ٹاؤن، لاہور میں منعقد ہو رہا ہے میں بول سکے اور ووٹ ڈال سکے۔

دستخط بتاریخ ----- دن ----- ۲۰۲۰ء

پچاس روپے کی ریونیوسٹیٹ
چسپاں کریں

گواہ کے کوائف

دستخط: -----

نام: -----

پتہ: -----

کمپیوٹر آئڈ قومی شناختی کارڈ نمبر: -----

دستخط: -----

(دستخط کمپنی میں موجود رجسٹرڈ دستخط کے مطابق ہونے چاہیں)

گواہ کے کوائف

دستخط: -----

نام: -----

پتہ: -----

کمپیوٹر آئڈ قومی شناختی کارڈ نمبر: -----

فونڈ نمبر: -----

سی ڈی سی کھاتا نمبر: -----

حصص کی تعداد: -----

اہم:

پراکسی فارم، کمپنی کے رجسٹرڈ آفس، نشاط ہاؤس، 53-A، لارنس روڈ، لاہور میں اجلاس کے انعقاد سے کم از کم ۳۸ گھنٹے قبل جمع کرانا لازمی ہے۔ بصورت دیگر وہ قابل قبول نہ ہوگا۔

BOOK POST

If undelivered please return to:



Registered Office:
Nishat House, 53-A, Lawrence Road, Lahore.
Tel: 042-36360154, 042-111 113 333
nishat@nishatmills.com
www.nishatmillsltd.com