

NISHAT MILLS LIMITED



NML-Exchanges-2011/

September 29, 2016

- 1) The General Manager,
Pakistan Stock Exchange Ltd
Stock Exchange Building
Stock Exchange Road, KARACHI.
- 2) The Executive Director,
Monitoring & Enforcement Division
Securities & Exchange Commission of Pakistan
8th Floor, NIC Building, Jinnah Avenue,
Blue Area, ISLAMABAD.

PUCARS / TCS

Fax No. (051) 9100454, 9100471 / TCS

SUB: NOTICE OF ANNUAL GENERAL MEETING

Dear Sir,

Further to our Letter No. NML-Exchanges-2011/1483 dated September 27, 2016, enclosed please find a copy of the Notice of Annual General Meeting of the shareholders of **Nishat Mills Limited** to be held on October 31, 2016 (Monday) for circulation amongst the TRE certificate holders.

Thanking you,

Yours sincerely,


KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

NISHAT MILLS LIMITED



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Shareholders of Nishat Mills Limited (the "Company") will be held on October 31, 2016 (Monday) at 3:00 P.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2016 together with the Directors' and Auditors' reports thereon.
2. To approve Final Cash Dividend @ 50% [i.e. Rs. 5/- (Rupees Five Only) Per Ordinary Share] as recommended by the Board of Directors.
3. To appoint statutory Auditors for the year ending June 30, 2017 and fix their remuneration.
4. **Special Business:-**
 1. To consider and if deemed fit, to pass the following resolutions as special resolutions under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s), for investment in Nishat Hotels and Properties Limited, as recommended by the Board.

RESOLVED that approval of the members of Nishat Mills Limited (the "Company") be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 for investment up to PKR 1,000,000,000/- (PKR 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 3 Month KIBOR plus 0.50% (which shall not be less than the average borrowing cost of the Company) and as per other terms and conditions of the agreement to be executed in writing and as disclosed to the members.

FURTHER RESOLVED, that the 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 and take any or all necessary steps and actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

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2. To consider and if deemed fit, to pass the following resolutions as special resolutions for alteration in the Articles of Association of the Company, with or without modification, addition(s) or deletion(s), as recommended by the Board of Directors.

“RESOLVED that pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting a new Articles 75A and 75B immediately after the existing Article 75 to read as under;

75-A. A member may opt for E-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company’s registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

75-B. An instrument of proxy in relation to E-voting shall be in the following form:

I/We, _____ of _____ being a member of the _____, holder of _____ share(s) as per register Folio No. / CDC Account No. _____ hereby opt for E-voting through Intermediary and hereby consent the appointment of Execution Officer _____ as proxy and will exercise E-voting as per The Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is _____, please send login details, password and electronic signature through email.

Signature of Member
CNIC No. _____

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Signed in the presence of;

Signature of Witness
CNIC No. _____

Signature of Witness
CNIC No. _____

Further Resolved that the Chief Executive Officer or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution.

By Order of the Board

(KHALID MAHMOOD CHOCHAN)
COMPANY SECRETARY

Lahore
September 27, 2016

NOTES:

BOOK CLOSURE NOTICE FOR ATTENDING OF ANNUAL GENERAL MEETING:-

The Ordinary Shares Transfer Books of the Company will remain closed from **24-10-2016 to 31-10-2016 (both days inclusive)** 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 21-10-2016 at Share Registrar, THK Associates (Pvt) Ltd, **Karachi Office**, Ground Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, **Lahore Office**, 2nd Floor, DYL Motorcycles Ltd, Plot No. 346, Block No. G-III, Khokhar Chowk, Main Boulevard, Johar Town, Lahore, will be considered in time 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

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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.

BOOK CLOSURE NOTICE FOR ENTITLEMENT OF 50% FINAL CASH DIVIDEND:-

The Ordinary Shares Transfer Books of the Company will remain closed from **19-11-2016 to 26-11-2016 (both days inclusive)** for entitlement of 50% Cash Dividend [i.e. Rs. 5/- (Rupees Five Only) Per Ordinary Share]. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 18-11-2016 at Share Registrar, THK Associates (Pvt) Ltd, **Karachi Office**, Ground Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, **Lahore Office**, 2nd Floor, DYL Motorcycles Ltd, Plot No. 346, Block No. G-III, Khokhar Chowk, Main Boulevard, Johar Town, Lahore, will be considered in time for entitlement of 50% Final Cash Dividend.

DEDUCTION OF WITHHOLDING TAX:

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.

In case of joint account, please intimate proportion of shareholding as each account holder is to be treated individually as either filer or non-filer and tax will be deducted on the basis of shareholding, in case of no notification, each joint holder shall be assumed to have an equal number of shares.

Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificates is made available to THK Associates (Pvt) Limited, **Karachi Office**, Ground Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, **Lahore Office**, THK Associates (Pvt) Ltd. 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, Khokhar Chowk, Main Boulevard, Johar Town, Lahore, by the first day of Book Closure.

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 to the Company or its Share Registrar, if not already provided. For shareholders other than individuals, the checking will be done by matching the NTN

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Number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN Certificate to check their names in ATL, before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be 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 you Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDC-Sub Account or CDC Investor Account) or to our Share Registrar, M/s. THK Associates (Pvt) Limited, **Karachi Office**, Ground Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, **Lahore Office**, THK Associates (Pvt) Ltd. 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, Khokar Chowk, Main Boulevard, 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 are therefore requested to promptly send a valid copy their CNICs, NTN and Zakat declarations as per above requirements. Shareholders should also notify our Share Registrar, Ms/ THK Associates (Pvt) Limited regarding any change in their addresses. This will ensure that the Dividend Warrants are dispatched to shareholders at their correct addresses.

Dividend Mandate (Optional):

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash

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dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, M/s THK Associates (Pvt) Limited.

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's name	
Branch name and address	
Cell number of shareholder	
Landline number of shareholder, if any	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.	
<hr/>	
Name, signature, folio # and CNIC number of shareholder	
Notes:	
Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.	
If dividend mandate information has already been provided by you, ignore this request.	

Transmission of Annual Financial Statements through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.nishatmills.com and

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send the said form duly signed by the shareholder along with copy of his/her CNIC to the Company's Share Registrar M/s THK Associates (Pvt) Limited. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to the registered address of the shareholders.

STATEMENT UNDER SECTION 160 (1) (B) OF THE COMPANIES ORDINANCE, 1984.

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 31, 2016.

1. Investment In Nishat Hotels And Properties Limited

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

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

Nishat Hotels & Properties Limited has recently achieved commercial operation of Emporium Mall on 30 June 2016. Ninety percent of the leases have been finalized and majority of the outlets have been handed over to tenants. The Finishing work of the Hotel Building is at advanced stage of completion which has been targeted for commencement from 30 Nov 2016.

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

- 3-4 star hotel comprising of 205 rooms hotel
- Banquet halls
- Hyper Star
- Shopping Mall with following features:
 - Retail outlets
 - Food courts
 - Cineplex

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- Fun Factory
- Health and Leisure Zones
- Two basements with 2,815 parking bays for cars and motorcycles.

Since NHPL has recently achieved commercial operation of Emporium Mall, short term finance is needed for working capital requirements.

Considering the average borrowing cost of the Company and the return offered by Banks on term deposits, the Directors of the Company have recommended to invest surplus funds of the Company by extending a working capital loan up to Rs. 1 billion to NHPL required by NHPL at the interest rate of 3 Month KIBOR plus 0.50% which shall not be less than the average borrowing cost of the Company. Repayment of the principle amount of loan shall be made within one year from the date of approval by the members while payment of interest due shall be made on monthly basis. The management expects the transaction to be beneficial for the Company as this will enhance the return on surplus funds available with the Company.

The directors have carried out necessary due diligence for the proposed investment. The duly signed recommendation of the due diligence report shall be made available to the members for inspection in the annual general meeting. The latest annual audited financial statements shall be available for inspection in the annual general meeting.

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

Ref. No.	Requirement	Information
i	Name of associated company	Nishat Hotels and Properties Limited
	Criteria of associated relationship	Common Directorship
ii	Amount of loans	Rs. 1,000,000,000/- (Rupees One Billion Only)
iii	Purpose	Working capital needs of the associated company.
	Benefits	The Company will earn higher income from the investment.

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iv	Details of existing loans	Nil			
V	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements as on 30 June 2016	Equity And Liabilities	Rupees	Assets	Rupees
		Equity	9,474,753,427	Non-Current Assets	19,820,359,981
		Non-Current Liabilities	12,209,171,856	Current Assets	2,560,327,283
		Current Liabilities	696,761,981		
			22,380,687,264		22,380,687,264
vi	Average borrowing cost of the investing company	4.60% for the year ended 30 June 2016			
vii	Rate of interest, mark up, profit, fees or commission etc. to be charged	3 Month KIBOR plus 0.50%. 3 Month KIBOR as on 27 September 2016 is 6.04%. The return shall not be less than average borrowing cost of the Company.			
viii	Sources of funds from where loans or advances will be given	Surplus funds of the company			
ix	Where loans or advances are being granted using borrowed funds; justification for granting loan or advance out of borrowed funds; detail of guarantees/assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company.	N/A			
X	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any.	Corporate guarantee of the associated company.			

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xi	If the loans or advances carry conversion feature:	No				
xii	Repayment schedule and terms of loans or advances to be given to the investee company.	Repayment of principal will be made within one year of the approval by the members while payment of interest due will be made on monthly basis.				
xiii	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	<p>Agreement will be signed after approval by the members. Other significant terms and conditions are as under:</p> <ol style="list-style-type: none"> 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20 of every month starting from the next month of the disbursement of loan. 2. In case of delay in re-payment principal and interest, an additional sum equivalent to 7.50% per annum on the unpaid amount for the period for which the payment is delayed, shall be paid by Nishat Hotels and Properties Limited to Nishat Mills Limited in addition to the agreed interest amount. 3. All payments under the loan agreement shall be made through crossed cheques. 4. The associated company shall provide corporate guarantee to secure the extension of loan. 				
xiv	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associates company or associated undertaking or the transaction under consideration:	<p>Two directors of Nishat Mills Limited, Mian Umer Mansha and Mian Hassan Mansha, currently holds 21.72% shares each in Nishat Hotels and Properties Limited. The brother of Mian Hassan Mansha and Mian Umer Mansha, namely Mian Raza Mansha also holds 21.50% shares each in Nishat Hotels and Properties Limited. The directors of the associated company are interested in the investing company to the extent of their shareholding as under:-</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: right;">% of Shareholding</th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha</td> <td style="text-align: right;">8.23</td> </tr> </tbody> </table>	Name	% of Shareholding	Mian Raza Mansha	8.23
Name	% of Shareholding					
Mian Raza Mansha	8.23					

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		<p>Mian Umer Mansha 12.60</p> <p>Mian Hassan Mansha 12.62</p> <p>The associated companies holding shares of Nishat Hotels and Properties Limited are interested in Nishat Mills Limited to the extent of their shareholding as follows:-</p> <p style="text-align: right;">%</p> <p>D. G. Khan Cement Co. Ltd 10.42</p> <p>Security General Insurance Co. Ltd 7.40</p> <p>The associated companies holding shares of Nishat Mills Limited are interested in Nishat Hotels and Properties Limited to the extent of their shareholding as follows:-</p> <p style="text-align: right;">%</p> <p>D. G. Khan Cement Co. Ltd. 8.61</p>
xv	Any other important details necessary for the members to understand the transaction:	None
xvi	In case of investment in a project of an associated company or associated undertaking that has not commenced operations:	Not Applicable
	Starting date of work	Not Applicable
	Completion of work	Not Applicable
	Commercial operations date	Not Applicable
	Expected time by which the project shall start paying return on investment	Not Applicable

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2. To amend Articles of Association of the Company to facilitate E-voting in general meetings of the Company in compliance with the requirements of The Companies (E-voting) Regulations, 2016.

The Board of Directors of Nishat Mills Limited (“the Company”) in their meeting held on September 27, 2016 recommended to amend Articles of Association of the Company in compliance with the requirements of The Companies (E-voting) Regulations 2016 in order to allow members of the Company to opt for E-voting in a general meeting of the Company in compliance with the requirements of the Companies (E-Voting) Regulations, 2016, as amended from time to time. In the case of E-voting, both members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company’s registered office address or through email. The Company will arrange E-voting if the Company receives demand for poll from at least five (5) members or by any member or members having not less than one tenth (1/10) of the voting power.

The Directors of the Company have no interest, directly or indirectly in the above business.

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

Name of Investee Company	MCB Bank Limited	Nishat Hotels and Properties Limited	Nishat Power Limited	Nishat Energy Limited
Total Investment Approved:	Equity investment of Rupees 2.593 billion was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Equity investment of Rupees 1 billion was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Investment of Rupees 1.5 billion by way of loans and advances was approved by members in EOGM held on March 31, 2014 for the period of three (3) years.	Equity investment of Rs. 4.875 billion was approved by members in AGM held on 23 September 2015 for a period of (3) years.
Amount of Investment Made to date:	Investment of Rupees 1,103.679 million has been made against this approval to date.	Investment of Rupees 710.62 million has been made against this approval to date.	Nil	Investment of Rupees 2.5 million has been made against this approval to date.
Reasons for not having made complete investment so far where resolution required it to be implemented in specified time:	Partial investment has been made in investee company. Further investment will be made depending on market conditions at appropriate time.	Partial investment has been made in investee company. Nishat Mills Limited will make further equity investment at a suitable time after considering the macro	No loan has been extended after the approval because funds request has not yet been made by the investee company.	Investment in Nishat Energy Limited is based on certain milestones which have not yet been accomplished. The first such milestone is conducting of Feasibility Study. NEL has submitted its partial feasibility report to

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		economic conditions of the country.		Punjab Power Development Board. Remaining portion of Feasibility Report shall be submitted soon.
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 then available latest financial statements for the year ended 31 December 2013, the basic Earnings per Share was Rs. 19.31 and Break-up Value per Share was Rs. 87.39. As per latest available financial statements for the year ended 31 December 2015, the Basic Earnings per share is Rs. 22.96 and Break-up Value per Share is Rs.101.44.	At the time of approval, as per then available latest financial statements for the year ended 30 June 2013, the basic Loss per Share was Re.0.37 and Break-up Value per Share was Rs.12.26. As per latest available audited financial statements for the year ended 30 June 2016, the Basic Loss per share is Rs.0.05 and Break-up Value per Share is Rs. 9.47.	At the time of approval, as per then available latest financial statements for the year ended 30 June 2013, the basic Earnings per Share was Rs.7.74 and Break-up Value per Share was Rs.26.00. As per latest available audited financial statements for the year ended 30 June 2016, the Basic Earnings per share is Rs.8.05 and Break-up Value per Share is Rs. 34.60.	Nishat Energy Limited has issued paid-up share capital of 1 million shares of Rs. 10 each amounting to Rs. 10 million. As per latest available audited financial statements for the year ended 30 June 2016, the basic loss per share is Rs. 1.48 and Break-up Value per Share is Rs. 3.58.