

NISHAT MILLS LIMITED



NML-PSE/

March 02, 2018

- 1) The General Manager,
Pakistan Stock Exchange Ltd
Stock Exchange Building
Stock Exchange Road, KARACHI.

PUCARS / TCS

- 2) The Executive Director,
Monitoring & Enforcement Division
Securities & Exchange Commission of Pakistan
8th Floor, NIC Building, Jinnah Avenue,
Blue Area, ISLAMABAD.

Fax No. (051) 9100454, 9100471 / TCS

SUB: NOTICE OF EXTRA ORDINARY GENERAL MEETING

Dear Sir,

Further to our Letter No. NML-PSE/331 dated February 23, 2018, enclosed please find a copy of the Notice and agenda of Extra Ordinary General Meeting of the Members of **Nishat Mills Limited** to be held on March 28, 2018 (Wednesday) for circulation amongst the TRE certificate holders.

Thanking you,

Yours sincerely,


KHALID MAHMOOD CHOHAN
COMPANY SECRETARY

NISHAT MILLS LIMITED



NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that an Extra Ordinary General Meeting (“EOGM”) of Nishat Mills Limited (the “Company”) will be held on Wednesday, 28 March 2018, at 10 a.m. at Nishat Hotel (Emporium Mall), Trade and Finance Centre Block, Near Expo Centre, Abdul Haq Road, Johar Town, Lahore to transact the following special business:

To consider and if deemed fit, to pass the following resolutions as Special Resolutions, with or without modification, addition(s) or deletion(s):

“Resolved that approval of the members of Nishat Mills Limited (the “Company”) be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 and the Company be and is hereby authorized to dilute its equity investment in the subsidiary, Hyundai Nishat Motor (Private) Limited (“HNMPL”), from current shareholding of 76% to up to 12% of the final paid up share capital by declining the offer of right shares to be made to the Company from time to time pursuant to further issue of capital 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 and the Company be and is hereby authorized to further invest up to PKR 960 Million (Rupees Nine Hundred and Sixty Million Only) from time to time in HNMPL, an associated company, for subscribing, at Par, fully paid up to 96,000,000 ordinary shares of PKR 10 each of HNMPL as may be offered to the Company by HNMPL pursuant to further issue of capital, as per terms and conditions disclosed to the members.

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 and the Company be and is hereby authorized to provide sponsors support to HNMPL, an associated company, by way of guarantee / continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to PKR 1,200 Million (Rupees One Billion and Two Hundred Million Only) for a tenure of 7.5 years starting from 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.

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

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 CHOCHAN
COMPANY SECRETARY

Lahore, February 23, 2018

Notes:

1. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend and vote. The Instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notari ally attested copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A proxy must be a member of the company.
2. Members, who have deposited their shares into Central Depository Company of Pakistan Limited, are being advised to bring their original National Identity Cards along with CDC Participant ID and account number at the meeting venue.

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3. 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 whose 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 whose 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.
4. Members are requested to timely notify any change in their addresses.
 5. Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least 07 days prior to the date of the meeting on the Standard Form which can be downloaded from the company’s website: www.nishatmillsLtd.com

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Book Closure:

The Register of Members of the Company will remain closed from 22 March 2018 to 28 March 2018 (both days inclusive). Transfers received in order in all respects at the office of the Company's Independent 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 by 1:00 PM on 21 March 2018 will be considered in time to be eligible for the purpose of attending, speaking and voting at the Extraordinary General Meeting.

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 Extra Ordinary General Meeting of the Company to be held on 28 March, 2018.

Nishat Mills Limited ("Nishat") has signed a Memorandum of Understanding ("MOU") dated 03 February 2017 with Hyundai Motor Company, Seoul, South Korea ("HMC") and Sojitz Corporation, Tokyo, Japan ("Sojitz") for setting up a green field project for assembly and sales of HMC passenger and 1 ton range commercial vehicles in Pakistan ("Project"). Pursuant to the MOU, Nishat incorporated a wholly owned subsidiary under the name of Hyundai Nishat Motor (Private) Limited ("HNMPL"). Subsequently, Sojitz injected its portion of equity of HNMPL and as per current shareholding pattern; Nishat holds 76% shares while Sojitz holds 24% shares in the paid-up capital of HNMPL which currently stands at PKR 78.947 million. At 19 December 2017, Nishat also signed a Letter of Intent with Millat Tractors Limited ("Millat") whereby Millat has been offered up to 18% stake in HNMPL. 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 total cost of the project is estimated to be PKR 16,473 million which will be financed through debt and equity. Nishat and its associates will have equity stake of 42 % in the project while Sojitz and Millat will have 40% and 18% respectively. The final shareholding of Nishat in paid up share capital of HNMPL will be upto 12% while 30% stake will be held by its associates. The Directors have recommended dilution of equity stake in HNMPL for approval of the Shareholders by passing special resolution. This will also be subject to requisite approvals including Shareholders' approval and signing of definitive agreement(s) between the parties. Nishat intends to make a further equity

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investment of up to Rs. 960 million in HNMPPL by subscribing at par fully paid up to 96,000,000 ordinary shares of Rs. 10 each of HNMPPL as may be offered to Nishat. Furthermore, Nishat also intends to provide sponsors support to HNMPPL, an associated company by way of guarantee/continuing Stand by Letter(s) of Credit (SBLC) for an amount of up to PKR 1,200 Million (Rupees One Billion and Two Hundred Million Only) to be issued by Nishat's Bank(s) in favor of financial institutions/lenders of HNMPPL to secure for financial assistance to be extended to HNMPPL for a period of 7.5 years from the date of issuance of guarantee / SBLC and to provide securities/corporate guarantees/collaterals to Nishat's Bank(s) for the purpose of issuance of SBLC. The Directors of Nishat in their meeting held on 23 February 2018 have recommended these investments 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 of the due diligence report shall be made available for inspection of members in the general meeting along with latest financial statements of HNMPPL.

HNMPPL 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:

| <u>Name of Director</u> | <u>% of Shareholding in Company</u> |
|---------------------------|-------------------------------------|
| Mian Raza Mansha & Spouse | 9.59 |
| 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

| Disclosure for all types of investments: | | |
|---|--|--|
| (A) Disclosure regarding associated company | | |
| (i) | Name of Associated Company or Associated Undertaking | Hyundai Nishat Motor (Private) Limited (HNMPPL) |
| (ii) | Basis of Relationship | Common Directorship |
| (iii) | Earnings / (Loss) per Share for the last three years | PKR (5.74) as per audited financial statements of HNMPPL for the period ended December 31, 2017. |

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| | | 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 4.85 per share as at 31 December 2017. | | | | | | | | | | | | | | | | |
| (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 2017: | | | | | | | | | | | | | | | | |
| | | <table border="1"> <thead> <tr> <th>Equity & Liabilities</th> <th>Rs.</th> <th>Assets</th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Equity</td> <td>38,293,663</td> <td>Non-Current Assets</td> <td>128,820,162</td> </tr> <tr> <td>Current Liabilities</td> <td>132,432,979</td> <td>Current Assets</td> <td>41,906,480</td> </tr> <tr> <td></td> <td>170,726,642</td> <td></td> <td>170,726,642</td> </tr> </tbody> </table> | Equity & Liabilities | Rs. | Assets | Rs. | Equity | 38,293,663 | Non-Current Assets | 128,820,162 | Current Liabilities | 132,432,979 | Current Assets | 41,906,480 | | 170,726,642 | | 170,726,642 |
| | | Equity & Liabilities | Rs. | Assets | Rs. | | | | | | | | | | | | | |
| | | Equity | 38,293,663 | Non-Current Assets | 128,820,162 | | | | | | | | | | | | | |
| | | Current Liabilities | 132,432,979 | Current Assets | 41,906,480 | | | | | | | | | | | | | |
| | 170,726,642 | | 170,726,642 | | | | | | | | | | | | | | | |
| Profit and loss account for the year ended 31 December 2017: | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th></th> <th>Rs.</th> </tr> </thead> <tbody> <tr> <td>Revenue</td> <td>Nil</td> </tr> <tr> <td>Expenses</td> <td>42,222,582</td> </tr> <tr> <td>Other Income</td> <td>1,568,875</td> </tr> <tr> <td>Loss after tax</td> <td>40,653,707</td> </tr> </tbody> </table> | | Rs. | Revenue | Nil | Expenses | 42,222,582 | Other Income | 1,568,875 | Loss after tax | 40,653,707 | | | | | | | | |
| | Rs. | | | | | | | | | | | | | | | | | |
| Revenue | Nil | | | | | | | | | | | | | | | | | |
| Expenses | 42,222,582 | | | | | | | | | | | | | | | | | |
| Other Income | 1,568,875 | | | | | | | | | | | | | | | | | |
| Loss after tax | 40,653,707 | | | | | | | | | | | | | | | | | |
| (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 | HNMPL is joint venture company of Nishat Mills Limited ("Nishat") and Sojitz Corporation, Tokyo, Japan | | | | | | | | | | | | | | | | |

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| | | |
|-----|--|---|
| | history since conceptualization | <p>("Sojitz"). Nishat executed a Memorandum of Understanding ("MOU") with Hyundai Motor Company, Seoul, South Korea ("HMC") and Sojitz Corporation, Tokyo, Japan ("Sojitz") on 03 February 2017. As per the terms of the MOU, HNMPML will be setting up a green field project for assembly and sales of HMC passenger and 1 ton range commercial vehicles in Pakistan. The total cost of the project is estimated to be PKR 16,473 million which will be financed through debt and equity. Nishat currently holds 76% shares while Sojitz holds 24% shares in the capital of HNMPML. Subsequently, Millat was offered 18% stake in the equity of HNMPML. HNMPML 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.</p> |
| II | Starting date and expected date of completion of work | The construction is expected to commence in the 2nd Quarter of 2018. The Project's expected completion date is December 2019. |
| III | Time by which such project shall become commercially operational | By 1 st Quarter 2020 |
| IV | Expected time by which the project shall start paying return on investment | By Financial Year 2025 |
| 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 Sojitz Corporation, Japan have to date invested PKR 60 million and PKR 18.947 million in cash respectively in HNMPML.</p> <p>The total cost of the project is estimated to be PKR 16,473 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 will be investing 40% stake in the Project with Millat having an equity stake of up to 18%. All equity investments shall be made in cash.</p> |

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| (B) General Disclosures: | | |
|---------------------------------|---|---|
| (i) | Maximum amount of investment to be made | PKR 960,000,000/- (Rupees Nine Hundred Sixty Million Only). |
| (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 HNMP.</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 HNMP 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 | Nishat will enter into agreement(s) with other members of HNMP in due course. |
| (v) | Direct or indirect interest of Directors, sponsors, | Two Directors of Nishat Mills Limited, Mian Umer Mansha and Mian Hassan Mansha and their brother Mian Raza Mansha each hold 1 share of HNMP. They being Directors |

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| | majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration | and Shareholders of the investing company are interested to the extent of their shareholding in Nishat. <table border="1"> <thead> <tr> <th><u>Name</u></th> <th><u>% of Shareholding</u></th> </tr> </thead> <tbody> <tr> <td>Mian Raza Mansha & spouse</td> <td>9.59</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>Some of the Shareholders / Sponsors /major Shareholders of Nishat may be regarded as interested in the proposed transaction of investments being made by the company in HNMP L and/or any proposed investment by them in HNMP L in future.</p> | <u>Name</u> | <u>% of Shareholding</u> | Mian Raza Mansha & spouse | 9.59 | Mian Umer Mansha | 12.60 | Mian Hassan Mansha | 12.62 |
|--|---|--|-------------|--------------------------|---------------------------|------|------------------|-------|--------------------|-------|
| <u>Name</u> | <u>% of Shareholding</u> | | | | | | | | | |
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| Mian Umer Mansha | 12.60 | | | | | | | | | |
| Mian Hassan Mansha | 12.62 | | | | | | | | | |
| (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 60 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 HNMP L. | | | | | | | | |
| (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 | HNMP L 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 | 96,000,000 Shares | | | | | | | | |

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|------|--|----------------------|-------------|
| (iv) | Number of securities and percentage thereof held before and after the proposed investment | No. of Shares | %age |
| | | Before 6,000,000 | 76.00 |
| | | After 102,000,000 | 12.00 |
| (v) | Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities | N/A | |
| (vi) | Fair value determined in terms of sub-regulation (1) regulation 5 for investments in unlisted securities | PKR 15.22 per share | |

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

| | | |
|--|--|--|
| 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) as per audited financial statements of HNMPL for the period ended December 31, 2017. 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 4.85 per share as at 31 December 2017. |

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| | | | | | |
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| (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 2017: | | | |
| | | Equity & Liabilities | Rs. | Assets | Rs. |
| | | Equity | 38,293,663 | Non-Current Assets | 128,820,162 |
| | | Current Liabilities | 132,432,979 | Current Assets | 41,906,480 |
| | | | 170,726,642 | | 170,726,642 |
| | | Profit and loss account for the year ended 31 December 2017: | | Rs. | |
| | | Revenue | | Nil | |
| | | Expenses | | 42,222,582 | |
| | | Other Income | | 1,568,875 | |
| | | Loss after tax | | 40,653,707 | |
| (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 | HNMPL is a joint venture company of Nishat Mills Limited (“Nishat”) and Sojitz Corporation, Tokyo, Japan (“Sojitz”). Nishat executed a Memorandum of Understanding (“MOU”) with Hyundai Motor Company, Seoul, South Korea (“HMC”) and Sojitz Corporation, Tokyo, Japan (“Sojitz”) on 03 February 2017. As per the terms of the MOU, HNMPPL will be setting up a green field project for assembly and sales of HMC passenger and 1 ton | | | |

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| | | | |
|--|-----|--|---|
| | | | range commercial vehicles in Pakistan. Subsequently Millat was offered 18% stake in the equity of HNMPL. The total cost of the project is estimated to be PKR 16,473 million which will be financed through debt and equity. Nishat currently holds 76% shares while Sojitz holds 24% shares in the capital of HNMPL. 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. |
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| (B) General Disclosures: | | |
|---------------------------------|---|---|
| (i) | Maximum amount if investment to be made | Guarantee/SBLC upto an amount of PKR 1,200,000,000/- (Rupees One Billion Two Hundred Million Only). |
| (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 @ 0.05% per quarter over and above the commission to be charged to Nishat by 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 their issue.</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 | Nishat will enter into agreement(s) with other members of HNMPL in due course. |

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| (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>Two Directors of Nishat Mills Limited, Mian Umer Mansha and Mian Hassan Mansha and their brother Mian Raza Mansha each hold 1 share of HNMPL. They being Directors and shareholders of the investing company are interested to the extent of their shareholding in Nishat.</p> <table border="1" data-bbox="685 569 1339 743"> <thead> <tr> <th data-bbox="685 569 1084 604"><u>Name</u></th> <th data-bbox="1084 569 1339 604"><u>% of Shareholding</u></th> </tr> </thead> <tbody> <tr> <td data-bbox="685 642 1084 674">Mian Raza Mansha & spouse</td> <td data-bbox="1084 642 1339 674">9.59</td> </tr> <tr> <td data-bbox="685 674 1084 705">Mian Umer Mansha</td> <td data-bbox="1084 674 1339 705">12.60</td> </tr> <tr> <td data-bbox="685 705 1084 737">Mian Hassan Mansha</td> <td data-bbox="1084 705 1339 737">12.62</td> </tr> </tbody> </table> <p>Some of the Shareholders / Sponsors /major Shareholders of Nishat may be regarded as interested in the proposed transaction of investments being made by the company in HNMPL and/or any proposed investment by them in HNMPL in future.</p> | <u>Name</u> | <u>% of Shareholding</u> | Mian Raza Mansha & spouse | 9.59 | Mian Umer Mansha | 12.60 | Mian Hassan Mansha | 12.62 |
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| (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 60 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 1,200 million will be arranged by Nishat in favor of the lenders of HNMPL to secure financial assistance for the Project of HNMPL. Nishat will provide security/corporate guarantee / collaterals to its bankers for issuance of SBLC. | | | | | | | | |

NISHAT MILLS LIMITED



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| (ii) | Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for <i>Shariah</i> compliant products and rate of return unfunded facilities, as the case may be, for the relevant period | The current average borrowing cost of Nishat for the half year ended December 31, 2017 is 3.20%. 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. |
| (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 HNMPPL. |
| (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 HNMPPL on quarterly basis. Nishat will be required to pay only in case HNMPPL fails to make re-payment of finances obtained on due dates as per agreement with its lenders. |

NISHAT MILLS LIMITED



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

| Name of Investee Company | MCB Bank Limited | Nishat Power 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. | Investment upto Rupees 1.5 billion by way of loans and advances was approved by members in EOGM held on March 31, 2017 for the period of one (1) year. | Investment upto Rupees 1 billion by way of loans and advances was approved by members in AGM held on October 28, 2017 for the period of one (1) year. |
| Amount of Investment Made to date: | Investment of Rupees 503.086 million has been made against this approval to date. | Nil | Nil |
| 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. | No loan has been extended after the approval because funds request has not yet been made by the investee company. | No loan has been extended after the approval because funds request has not yet been made by the investee company. |
| Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company: | At the time of approval, as per available latest 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, 2017, the basic earnings per share is Rs. 19.56 and breakup value per share is Rs. 115.18. | At the time of approval, as per latest available audited financial statements for the year ended June 30, 2016, the basic earnings per share was Rs. 8.052 and breakup value per share was Rs.34.60. As per latest available audited financial statements for the year ended June 30, 2017, the basic earnings per share is Rs. 8.152 and breakup value per share is Rs. 39.25. | At the time of approval, as per then available latest audited financial statements for the year ended 30 June 2017, the basic loss per Share was Re.0.23 and break-up value per share was Rs.9.60. As per latest available un-audited financial statements for the half year ended December 31, 2017 the basic loss per share is Rs. 0.18 and breakup value per share is RS. 9.42. |