

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 30th Annual General Meeting of the Shareholders of Nishat (Chunian) Limited (the "Company") will be held on 28th October 2019 at 10:30 A.M. at Registered Office, 31-Q, Gulberg – II, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last General Meeting held on August 31, 2019.
2. To receive, consider and adopt audited unconsolidated and consolidated financial statements of the Company for the year ended 30 June 2019 together with Directors' and Auditors' reports thereon and Chairman's Review.
3. To consider and approve the payment of a final cash dividend @25% (i.e. Rs.2.50 per ordinary share) as recommended by the Board of Directors. This is in addition to Interim Dividend(s) already paid to Rs.1.50 per ordinary share i.e.15%.
4. To appoint auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s Riaz Ahmad & Company, Chartered Accountants, for reappointment as auditors of the Company

SPECIAL BUSINESS:

5. To consider and, if deemed fit, pass a Special Resolution, as proposed in the statement of material facts annexed with this Notice sent to the members, pursuant to the provisions of Section 199 of the Companies Act, 2017 to authorize investment of PKR 1.00 Billion by way of loans / advances to Nishat Chunian Power Limited, a subsidiary company.

(Attached to this Notice is a statement of material facts covering the above-mentioned special business and draft special resolutions, as required under Section 134(3) of the Companies Act, 2017).

By order of the Board

Lahore
Dated: October 04, 2019

Samina Aslam
Company Secretary

NOTES:

1. Closure of Share Transfer Books

For attending AGM:

The Share Transfer Books of the Company will remain closed from 21-10-2019 to 28-10-2019 (both days inclusive). Transfers Physical / CDS received at the share registrar of the Company M/s Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore upto Close of office timings on 19-10-2019 will be treated in time for the purpose of attending the meeting.

For entitlement of Final Cash Dividend:

The Share Transfer Books of the Company will remain closed from 02-11-2019 to 08-11-2019 (both days inclusive) for entitlement of @25% Final Cash Dividend i.e. Rs.2.50 per ordinary

share. Transfers Physical / CDS received at the share registrar of the Company M/s Hameed Majeed Associates (Pvt) Ltd., H.M. House, 7-Bank Square, Lahore upto Close of office timings on 01-11-2019 will be treated for above entitlement.

2. Participation in the Annual General Meeting

A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf. The instrument appointing proxy must be received at the Registered Office of the Company duly stamped and signed not later than 48 hours before the meeting.

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' 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:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or Passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his / her original CNIC or original Passport at the time of the meeting.
- (v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. CNIC / NTN Number on Dividend Warrant (Mandatory)

As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 19(I)/2014 dated 10th January 2014 read with Notification S.R.O. 831(1)/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

4. Deduction of Income Tax from Dividend under Section 150 the Income Tax Ordinance, 2001 (Mandatory)

(i) Pursuant to the provisions of the Finance Act 2019 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance as follows:

- Filler 15%
- Non-Filler 30%

All shareholders are advised to check their status on Active Taxpayer 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.

(ii) Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts. In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio/CDs Account#	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC#	Shareholding Proportion (No. of Shares)	Name and CNIC#	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iii) For any query/problem/information, the investors may contact our share registrar M/s. Hameed Majeed Associates (Pvt) Ltd., H.M. House 7-Bank Square, The Mall, Lahore at phone 042-37235081-2 or email at shares@hmaconsultants.com
- (iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to our share registrar M/s. Hameed Majeed Associates (Pvt) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.
- (v) Withholding tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd. upto November 01, 2019

5. 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. Any shareholder who want to claim exemption shall submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 on prescribed Form CZ-50, to our Share Registrar M/s. Hameed Majeed Associates (Pvt) Ltd otherwise no exemption will be granted. The Shareholders while sending the Zakat Declarations as the case may be, must quote company name and their respective Folio Numbers / CDC Account Numbers. Zakat Declarations received before first of Shaaban are entitled.

6. Payment of Cash Dividend Electronically

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

All shareholders are requested to provide the details of their bank mandate specifying:

- (i) Title of Account: _____
- (ii) IBAN number : _____
- (iii) Bank Name : _____
- (iv) Branch Code, Name & Address: _____
- (V) Signature of Shareholder: _____

To the Company's Share Registrar M/s Hameed Majeed Associates (Pvt) Ltd. Shareholders who hold shares with Participants/ Central Depository Company of Pakistan (CDC) are advised to provide the bank mandate details as mentioned above, to the concerned Participant / CDC.

If they so desired the shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" available on Company's website: www.nishat.net

7. Circulation of Annual reports through Digital Storage

Pursuant to the SECP's notification S.R.O 471(I)/2016 dated 31st May, 2016, the shareholders of Nishat (Chunian) Limited in its 27th AGM of the Company had accorded their consent for transmission of annual reports including audited annual accounts, notices of AGM and other information contained therein of the Company through a 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 provided in the annual report and is also 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. The shareholders who also intend to receive the annual report including the notice of meetings via email are requested to provide their written consent on the standard request form provided in the annual report and also available on the Company's website. www.nisht.net

8. Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city other than Lahore, 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 7 days

prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website: www.nishat.net

9. Change of Address

Members are requested to notify any change in their addresses immediately. Shareholders are requested to provide above mentioned information/documents to (i) respective Central Depository System (CDS) Participants and (ii) in case of physical securities to the Share Registrar of the Company.

10. The Company has placed the audited unconsolidated and consolidated financial statements for the year ended June 30, 2019 along with Auditors and Directors Reports thereon, Chairman's Review and notice of meeting on its website: www.nishat.net

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017 **REGARDING SPECIAL BUSINESS:**

Background Information

Nishat Chunian Power Limited (NCPL) is a public limited company incorporated in the year 2007, formed under the Power Policy 2002 as an Independent Power Producer (IPP). It is a subsidiary of Nishat Chunian Limited (the "Company"). It is currently listed on Pakistan Stock Exchange Limited. The principal activity of the company is to build, own, operate and maintain a fuel fired power station having gross capacity of 200 MW. NCPL has a chronic problem with its trade debt balances which fluctuate routinely due to delay in payments from the NTDC. This creates liquidity problems for NCPL due to which it needs funds to meet its working capital requirements. The management of the Company is proposing to invest its funds by extending loans/advances of PKR 1.00 Billion to NCPL at the markup rate of 3 month KIBOR plus 200 bps which shall not be less than the KIBOR for the relevant period or borrowing cost of the Company whichever is higher for a period of one year from the date of disbursement. Payment of markup shall be on quarterly basis. The purpose of the investment is to support the operations of subsidiary which provides stable stream of income for the Company.

Due Diligence

The directors have, as required by the Regulations, carried out the required due diligence for the proposed investment for which the shareholders' consent by special resolution set out below is required under Section 199 of the Companies Act, 2017. The Due Diligence Report as approved by the Board will be available for inspection of the members in the annual general meeting.

Interest of the Investee Company, its sponsors and Directors in the Company

As required by Regulation 4(1) of the Regulations 2012 (the "Regulations"), it is declared that:

1. the investee company, NCPL, holds no shares in Nishat Chunian Limited and has no interest in the Company except Common Directorship.

2. The sponsors / Directors of the investee company hold the following shares in Nishat Chunian Limited:

Names	No of Shares
Mrs. Farhat Saleem	5,895,838
Mr. Shahzad Saleem	54,860,632
Mrs. Ayesha Shahzad	238,448
Mr. Zain Shahzad	1,035,500
Mr. Farrukh Ifzal	500

Audited Financial Statements of Nishat Chunian Power Limited

As required by Regulation 5 of the Regulations, the latest financial statements of the Investee Company as at 30 June 2019 and last interim financial statements shall be made available for the inspection of the members at the Annual General Meeting.

SPECIAL RESOLUTIONS:

It is proposed that the following Resolution be considered and passed as a Special Resolution, with or without modification:

“RESOLVED that approval of the members of Nishat Chunian Limited (the “Company”) be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 to make investment of up to PKR 1.00 Billion (Rupees One Billion Only) from time to time in Nishat Chunian Power Limited (“NCPL”), a subsidiary of the Company, by way of loans and advances, as and when required by NCPL, at the rate of 3 months KIBOR + 200 bps provided that the rate of return shall not be less than KIBOR for the relevant period or borrowing cost of the investing company, whichever is higher and that such loans and / or advances shall be repayable within one year from the date of disbursement and as per other terms and conditions disclosed to the members.

FURTHER RESOLVED that the above said resolution shall be valid for 1 (one) year and Chief Executive and Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders 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 giving effect to the spirit and intent of the special resolution for making investment from time to time”.

Further Information

As required by the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 (the “Regulations”) the following further information is provided:

Ref. No.	Requirement	Information		
I	Name of associated company	Nishat Chunian Power Limited (“NCPL”)		
ii	Basis of Relationship	NCPL is a subsidiary company.		
iii	Earnings / (Loss) per share for the last three years	Year	Earning / (Loss) per	

			share Rs.																																	
		2019	9.30																																	
		2018	9.27																																	
		2017	8.17																																	
iv	Break-up value per share, based on last audited financial statements	PKR 39.09																																		
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 for the year ended June 30, 2019 showed:</p> <table> <tr> <td>Balance Sheet:</td> <td>Rs. in Billions</td> </tr> <tr> <td>Asset</td> <td></td> </tr> <tr> <td>Fixed Assets</td> <td>11,497,764</td> </tr> <tr> <td>Current Assets</td> <td>18,072,999</td> </tr> <tr> <td>Total Assets</td> <td>29,570,763</td> </tr> <tr> <td>Liabilities</td> <td></td> </tr> <tr> <td>Long term</td> <td>716,184</td> </tr> <tr> <td>Short Term</td> <td>14,494,409</td> </tr> <tr> <td>Total Liabilities</td> <td>15,210,593</td> </tr> <tr> <td>Profit & loss:</td> <td></td> </tr> <tr> <td>Sales</td> <td>15,021,084</td> </tr> <tr> <td>Gross Profit</td> <td>5,075,633</td> </tr> <tr> <td>Gross Profit Ratio</td> <td>2.96</td> </tr> <tr> <td>Net Profit after tax</td> <td>3,416,558</td> </tr> <tr> <td>Net Profit after Tax Ratio</td> <td>0.23</td> </tr> <tr> <td>EPS</td> <td>9.30</td> </tr> </table>			Balance Sheet:	Rs. in Billions	Asset		Fixed Assets	11,497,764	Current Assets	18,072,999	Total Assets	29,570,763	Liabilities		Long term	716,184	Short Term	14,494,409	Total Liabilities	15,210,593	Profit & loss:		Sales	15,021,084	Gross Profit	5,075,633	Gross Profit Ratio	2.96	Net Profit after tax	3,416,558	Net Profit after Tax Ratio	0.23	EPS	9.30
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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	Not Applicable																																		
	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 of investment to be made	Up to PKR 1.00 Billion (Rupees One Billion Only).																																		
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	The investment is explained in detail in the background information hereinabove. This will support the operations of the subsidiary. The Company will earn income from the investment.																																		

(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Internal cash generation	
	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 feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment	No agreement has so far been entered into with NCPL for the proposed investments. Agreement will be executed before extending the loan on the basis of the terms and conditions as approved by the shareholders.	
(v)	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:	The directors, sponsors, majority shareholders and their relatives have no interest in this company except to the extent of their shareholdings, if any/directorships. NCPL is not a member of NCL. Its directors are nominees of NCL.	
(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	The shareholders have approved investment of PKR 3.00 Billion in their meeting held on December 26, 2014. The said investment has been repaid with markup as per terms and conditions approved by the shareholders. There is no write offs/impairment.	
1(c) Additional disclosure regarding investment in the form of Working Capital Loan			
(i)	Category-wise amount of investment	PKR 1.00 Billion as loans/advances	
(i)	average borrowing cost of the investing company, the Karachi inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah complaint products and rate of return unfunded facilities, as the case may be, for the relevant period.	Average Borrowing Cost 9.84% per annum for the period ended 30 June 2019. 3 month KIBOR for the relevant period.	
(ii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	3 months KIBOR plus 2%	
(iii)	Particulars of collateral or security to be obtained in relation to the proposed investment	No security to be obtained as NCPL is a subsidiary.	
(iv)	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	
(v)	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 markup due will be made on monthly basis	