

## **NOTICE OF EXTRA ORDINARY GENERAL MEETING**

Notice is hereby given that Extra Ordinary General Meeting of Millat Tractors Limited will be held at the Registered Office of the Company at 9 K.M. Sheikhpura Road, Shahdara, Lahore, on Wednesday March 21, 2018 at 4:00 P.M to transact the following business:

### **A. ORDINARY BUSINESS**

- 1) To confirm minutes of the 54<sup>th</sup> Annual General Meeting held on October 27, 2017.

### **B. SPECIAL BUSINESS**

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

**“Resolved that** approval of the members of Millat Tractors Limited (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 invest up to PKR 1.530 Billion (Rupees One Billion Five Hundred and Thirty Million Only) from time to time in Hyundai Nishat Motor (Private) Limited (**“HNMPL”**), for subscribing, at Par, fully paid up 153,000,000 (One Hundred & Fifty Three Million Only) ordinary shares of PKR 10 each of HNMPL, as per terms and conditions disclosed to the members.

**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 including filing of applications for no objection certificate/permission from any authority / Commission as may be necessary or incidental or expedient for the purpose of implementing the aforesaid resolution.”

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.

### **C. ANY OTHER BUSINESS**

To transact any other business with the permission of the Chair.

By order of the Board

Lahore:  
February 28, 2018

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Muhammad Faisal Azeem  
Company Secretary

**NOTES**

1. The share transfer books of the Company will remain closed from March 15, 2018 to March 21, 2018 (both days inclusive) and no transfer will be accepted during this period. Transfers received, complete in all respect by the Shares Registrar, M/s. Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore by the close of business on March 14, 2018 will be considered in time for the purpose of attending and voting at the meeting.
2. A member entitled to attend and vote at this meeting may appoint another person as his/her proxy to attend the meeting and vote for him/her. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the meeting.
3. Members, who have deposited their shares into Central Depository Company of Pakistan will further have to follow the under mentioned guidelines.

**A. Attending of Meeting in Person:**

- 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 detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC)/ 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 at the time of meeting.

**B. Appointment of 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 the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) The proxy shall produce his/her original CNIC/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 along with proxy form to the Company.
4. **Video Conference Facility**

As per Companies Act, 2017, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Extra Ordinary General Meeting (EOGM) through video conference at least seven days prior to the date of EOGM, the Company will arrange a video conference facility in that city subject to availability of such facility in that city. The Company will intimate members regarding the video conference facility venue at least 5 days before the date of the EOGM along with the complete information needed to access the facility. If you would like to avail video conferencing facility, as per above, please fill the following and submit to registered office of the Company at least 07 days before EOGM.

I / We, \_\_\_\_\_ of \_\_\_\_\_ being a member of Millat Tractors Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

5. Non-CDC Shareholders are requested to notify the change of address, if any, immediately and submit, if applicable, the CZ-50 Form (for non deduction of Zakat) to the Registrar of the Company M/s. Hameed Majeed Associates (Pvt.) Limited, 1<sup>st</sup> Floor, H.M.

House, 7-Bank Square, Lahore. All the shareholders holding shares through CDC are requested to update their addresses and Zakat status with their participants.

**6. Mandatory submission of CNIC**

As per directive of Securities and Exchange Commission of Pakistan (SECP) contained in SRO No. 831(I) / 2012 dated July 05, 2012 read with SRO No. 19 (I) / 2014 dated January 10, 2014 the dividend warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members or the authorized person except in the case of minor(s) and corporate members. CNIC numbers of the members are, therefore, mandatory for the issuance of future dividend and in the absence of such information, payment of dividend may be withheld. Therefore, the members who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) to the Shares Registrar.

**7. Payment of Cash Dividend Electronically**

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. Notices of the foregoing seeking information from shareholders for payment of dividend through electronic mode were sent earlier. The shareholders are now once again requested to provide their folio number, name and details of bank account consisting of bank name, branch name, branch code, Account number, Title of Account and IBAN in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's broker/participant/CDC Investor account services.

**8. Transmission of Annual Financial Statements through email**

The Securities and Exchange Commission of Pakistan vide SRO 787(I)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' and directors' reports along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their consent.

**9. Transmission of Annual Financial Statements through CD/DVD/USB**

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc to its members through CD/DVD/USB at their registered addresses. Any Member can send request for printed copy of the financial statements etc to the Company on standard request form placed on its website.

**10. E-Voting**

Pursuant to SECP S.R.O. No. 254(I)/2018 dated February 22, 2018 members may also exercise their right to vote through e-voting.

**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 21 March, 2018.

It has been the desire of the management of your Company since long to enter in to the business of assembly/manufacturing of vehicles keeping in view our engineering expertise and

already developed vending industry and in order to have business diversification. The current automotive policy 2016-21 of the Government of Pakistan and Nishat group provided a platform for the same. The policy incentivizes the new entrants with fiscal concessions to provide them an early and an economical break through. The Company through disclosure of material information to Pakistan Stock Exchange (PSX) and Securities & Exchange Commission of Pakistan (SECP) on Feb 16<sup>th</sup>, 2017 had already informed that the board of directors of the Company had authorized the Chief Executive of the Company and Director Mr. Sohail Bashir Rana to initiate discussion with the consortium to explore possibility of becoming part of the joint venture (Nishat Mills Ltd and Sojitz, Japan) which is setting up a green field project for assembly and sale of Hyundai Motor Company vehicles in Pakistan and that thereafter M/s. Nishat Mills Limited offered up to 18% shares of M/s. Hyundai Nishat Motor (Pvt.) Limited (HNMPL) through a Letter of Intent dated Dec 19<sup>th</sup>, 2017 which was accepted by the Company. Since the investment shall be made in phases over a period of time and in the mean while the Company's nominee shall be inducted on the Board, which shall render the investee company as associated undertaking of the Company. In view of the significance of the investment amount in the shape of equity and HNMPL becoming an associated company in near future, it was thought appropriate to seek shareholders' approval in compliance of section 199 of the Companies Act, 2017. The board after having done the due diligence has authorized the CEO/CFO/Company Secretary to sign the joint venture agreement(s) for the purposes of Company's investment of up to 18% of the share capital of M/s. Hyundai Nishat Motor (Pvt.) Limited.

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.

By way of background, Nishat Mills Limited ("**Nishat**") has signed a Memorandum of Understanding ("**MOU**") dated 03<sup>rd</sup> 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 one (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.

The total cost of the project is estimated to be PKR 16,473 million which will be financed through debt, equity and internally generated cash. Nishat and its associates will have equity stake of 42 % in the project while Sojitz and Millat will have 40% and 18% respectively. This will also be subject to requisite approvals including shareholders' approval and signing of definitive agreement(s) between the parties.

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 HNMPL.

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

**Equity investment in Hyundai Nishat Motor (Private) Limited**

<b>(a) Disclosure for all types of investments:</b>		
<b>(A) Disclosure regarding associated company</b>		
(i)	Name of Associated Company or Associated Undertaking	Hyundai Nishat Motor (Private) Limited (HNMPL)
(ii)	Basis of Relationship	Common Directorship on appointment of nominee of the company on the Board of HNMPL.
(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 <sup>st</sup> 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	Assets as at 31 <sup>st</sup> December, 2017 Non-current assets – Rs. 128,820,162 Current assets – Rs. 41,906,480 Total assets – Rs. 170,726,642 Total current liabilities – Rs. 132,432,979 Net equity – Rs. 38,293,663 Revenue for the period ended 31 <sup>st</sup> December, 2017 – Rs. NIL as commercial operations have not commenced. Expenses – Rs. 42,217,289 Other income – Rs. 1,568,875 Loss after tax- Rs. 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 (" <b>Nishat</b> ") and Sojitz Corporation, Tokyo, Japan (" <b>Sojitz</b> "). Nishat executed a Memorandum of Understanding (" <b>MOU</b> ") with Hyundai Motor Company, Seoul, South Korea (" <b>HMC</b> ") and Sojitz Corporation, Tokyo, Japan (" <b>Sojitz</b> ") on 03 <sup>rd</sup> February, 2017. As per the terms of the MOU, HNMPL will be setting up a green field project for assembly and sales of HMC passenger and one (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, equity and internally generated cash. Nishat currently holds 76% shares while Sojitz holds 24% shares in the capital of HNMPL. Subsequently Millat was offered 18% stake in the equity 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 <sup>st</sup> June, 2017. The ground-breaking ceremony of the project was held on 20 <sup>th</sup> December, 2017.
	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 <sup>st</sup> Quarter 2020
	IV	Expected time by which the project shall start paying return on investment	By FY 2025-26
	V	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Nishat and Sojitz Corporation, Japan have to date invested PKR 60 million and PKR 18.947 million in cash respectively in HNMPL. The total cost of the project is estimated to be PKR 16,473 million which will be financed through debt, equity and internally generated cash. 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 18%. All equity investments shall be made in cash
<b>(B) General Disclosures:</b>			
(i)	Maximum amount of investment to be made		PKR 1,530,000,000/- (Rupees One Billion Five Hundred and Thirty Million Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		To benefit from the Automotive Development Policy (2016-21) of the Government of Pakistan by participating in the Project being established by HNMPL.  The investment will help the completion of the Project and expected to result in dividend income and /or capital gains which will enhance the profitability of the Company and add to the shareholders value of the

		members of the investing company.  The investment in HNMPL will be for long term.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The investment will be made from company's 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	The Company will enter into agreement(s) with other members of HNMPL in due course.
(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	There is no interest of the directors, sponsors and majority shareholders and their relatives of Millat Tractors Limited in HNMPL and in the proposed transaction. Mr. Sohail Bashir Rana who is also a director of Millat Tractors Limited shall represent the Company as its nominee director on the Board of HNMPL as approved by the Board. Other directors were not interested in the resolution.
(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	NA
(vii)	Any other important details necessary for the members to understand the transaction	None
<b>(b) Additional disclosure regarding Equity Investment</b>		
(i)	Maximum price at which securities will be acquired	Since the project is a Greenfield project, the shares will be acquired, at par value, of PKR 10 each. This price is less than fair value of a share of HNMPL.
(ii)	In case the purchase price is	HNMPL is setting up a greenfield project

	higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	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	153,000,000 Shares
(iv)	Number of securities and percentage thereof held before and after the proposed investment	Before: NIL After 153,000,000 18.00%
(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