NISHAT

D.G. KHAN CEMENT COMPANY LIMITED

Head Office: Nishat House, 53 - A, Lawrence Road, Lahore - Pakistan.
UAN : (92 - 42) 111 113 333, Tel: (92 - 42) 36367812, Fax: (92 - 42) 36367414
E-mail: info@dgcement.com

SECY/STOCKEXC/251

September 29, 2016

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 ANNUAL GENERAL MEETING

Dear Sir,

Further to our Letter No. SECY/STOCKEXC/232 dated August 31, 2016, enclosed please find a copy of the Notice of Annual General Meeting of the shareholders of **D. G. Khan Cement Company 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

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Shareholders of D. G. Khan Cement Company Limited (the "Company") will be held on October 31, 2016 (Monday) at 11:00 A.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 @ 60% [i.e. Rs. 6/- (Rupees Six Only) Per Ordinary Share] as recommended by the Board of Directors.

3. To elect seven Directors of the Company for a period of three years in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 in place of the following retiring Directors :-

1.	Mrs. Naz Mansha	2.	Mian Raza Mansha
3.	Mr. Khalid Niaz Khawaja	4.	Mr. Khalid Qadeer Qureshi
5.	Farid Noor Ali Fazal	6.	Mr. Shahzad Ahmad Malik
7.	Ms. Nabiha Shahnawaz Cheema		

4. To appoint statutory Auditors for the year ending June 30, 2017 and fix their remuneration.

5. **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 of Directors.**

      RESOLVED that approval of the members of D. G. Khan Cement Company 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

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Khairpur, Tehsil, Kallar Kahar. Distt. Chakwal - Pakistan. UAN: (92 - 543) 111 - 113 - 333, Tel: (92 - 543) 650215, Fax: (92 - 543) 650231
E-mail: dgksite@dgcement.com

formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolutions.

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.__________

Signed in the presence of;

____
Signature of Witness
CNIC No.__________

____
Signature of Witness
CNIC No.__________

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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

Lahore
August 31, 2016

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

NOTES:

BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from **18-10-2016 to 31-10-2016 (both days inclusive)** for entitlement of **60% Final Cash Dividend [i.e. Rs.6/- (Rupees Six Only) Per Ordinary Share]** and 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 17-10-2016 at Share Registrar, THK Associates (Pvt) Ltd, **Karachi Office**, Ground Floor, State Life Building No. 3, Dr. Zia Ud din 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 60% Final Cash Dividend and 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 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.

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.

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In case of joint account, please intimate proportion of shareholding as each accountholder 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 Ud din 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, 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 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 DECLRATION (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 Ud din 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 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.

____

Name, signature, folio # and CNIC number of shareholder

Notes:

(1) 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.

(2) 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.dgcement.com and 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. <u>INVESTMENT IN NISHAT HOTELS AND PROPERTIES LIMITED</u>

Nishat Hotels and Properties Limited (NHPL) was incorporated on 04 October 2007 as a public company limited by shares. Its authorized share capital is Rs. 10,000,000,000/- (Rupees Ten Billion Only) divided into 1,000,000 (One Billion) ordinary shares of PKR 10 each. Its main object is to carry on hotels and hospitality business in Pakistan. For the intended purpose, NHPL has acquired Hotel site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) - Urban Development Wing and constructed Emporium Mall which is operational effective 30 June 2016.NHPL has already handed over the premises to Hyperstar which is now fully operational. Around 90% of the leases have been finalized and the premises had been handed over to the lessees. 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 upto 205 rooms hotel
- Banquet halls
- Hyper Star
- Shopping Mall with following features:
  - Retail
  - Food courts
  - Cineplex
  - 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 form the date

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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.

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th colspan="4">Information</th></tr>
<tr><td rowspan="2">I</td><td>Name of associated company</td><td colspan="4">Nishat Hotels and Properties Limited</td></tr>
<tr><td>Criteria of associated relationship</td><td colspan="4">Common Directorship</td></tr>
<tr><td>Ii</td><td>Amount of loans and advances</td><td colspan="4">Rs. 1,000,000,000/- (Rupees One Billion Only)</td></tr>
<tr><td rowspan="2">Ii</td><td>Purpose</td><td colspan="4">Working capital needs of the associated company.</td></tr>
<tr><td>Benefits</td><td colspan="4">The Company will earn higher income from the investment.</td></tr>
<tr><td>Iv</td><td>Details of existing loans</td><td colspan="4">NIL</td></tr>
<tr><td rowspan="5">V</td><td rowspan="5">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</td><td>Equity And Liabilities</td><td>Rupees</td><td>Assets</td><td>Rupees</td></tr>
<tr><td>Equity</td><td>9,474,753,427</td><td>Non-Current Assets</td><td>19,820,359,981</td></tr>
<tr><td>Non-Current Liabilities</td><td>12,209,171,856</td><td>Current Assets</td><td>2,560,327,283</td></tr>
<tr><td>Current Liabilities</td><td>696,761,981</td><td></td><td></td></tr>
<tr><td></td><td>22,380,687,264</td><td></td><td>22,380,687,264</td></tr>
<tr><td>Vi</td><td>Average borrowing cost of the investing company</td><td colspan="4">5.20% for the year ended June 30, 2016</td></tr>
<tr><td>vii</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged</td><td colspan="4">3 Months KIBOR + 0.50%. 3 Month KIBOR as on August 23, 2016 is 6.02%. The return shall not be less than average borrowing cost of the Company.</td></tr>
<tr><td>viii</td><td>Sources of funds from where loans or advances will be given</td><td colspan="4">Surplus funds of the company</td></tr>
</table>

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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.
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	Agreement will be signed after approval by the members. Other significant terms and conditions are as under: 1. Interest due on outstanding amount of loan shall be paid by the associated company on monthly basis on 20th 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:	One director of D. G. Khan Cement Company Limited, Mian Raza Mansha currently holds 21.50% shares in Nishat Hotels and Properties Limited. The brothers of Mian Raza Mansha, namely Mian Umer Mansha and Mian Hassan Mansha also holds 21.72% 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:-

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		Name % of Shareholding MianRazaMansha 2.90 MianUmerMansha 6.23 Mian Hassan Mansha 6.14 Mr. I.U. Niazi 0.00 The associated companies holding shares of Nishat Hotels and Properties Limited are interested in D. G. Khan Cement Company Limited to the extent of their shareholding in Nishat Hotels and Properties Limited as follows:- % Nishat Mills Limited 7.40 The associated companies holding shares of D. G. Khan Cement Company Limited are interested in Nishat Hotels and Properties Limited to the extent of their shareholding in D. G. Khan Cement Company Limited as follows:- % Nishat Mills Limited 31.40
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

2. Alteration in the Articles of Association

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 75A and 75B therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means. 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

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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.

Accordingly, it has been proposed to pass the resolution as a Special Resolution as provided in the notice of meeting for alteration in the Articles of Association of the Company.

The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of shareholding annexed to the Directors Report.

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

Name of Investee Company	**Nishat Dairy (Private) Limited**
Total Investment Approved	Equity investment of Rs. 2,017,880,000 (Rupees Two Billion Seventeen Million Eight Hundred Eighty Thousand Only) for 244,000,000 shares of Rs. 10/- each at purchase price of Rs. 8.27 per share was approved by members in AGM held on October 29, 2014 for the period of (3) years.
Amount of Investment Made to date	Investment of Rs. 1,819,400,000 has been made for 220,000,000 shares against this approval to date.
Reason for not having made complete Investment so far where resolution Required to be implemented in Specified time.	No further offer was received for investment from the associated 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 then available latest financial statement for the year ended 30 June 2014, the basic Loss per Share Re.1.58 and Break-up Value per Share was Rs.8.27. As per Latest available financial statements for the year ended 30 June 2016, the basic loss per share is Re. 1.39 and Break-up Value per Share is Rs.7.10.