

NOTICE OF EXTRA ORDINARY GENERAL MEETING

Notice is hereby given that an Extra Ordinary General Meeting of the Shareholders of M/s. Sana Industries Limited (the Company) will be held on Friday, the 3rd day of March, 2017 at 3.00 P.M at the Company's Office, situated at 33-D-2, Block 6, P.E.C.H.S., Karachi to transact the following business:-

ORDINARY BUSINESS:

- (1) To confirm the minutes of Extra Ordinary General Meeting held on 3rd December, 2016.

SPECIAL BUSINESS:

- (2) To approve leasing out the property, plant and equipment engaged in the cold storage business operations to the subsidiary namely Sana Logistics (Private) Limited (formerly Sana Greens (Private) Limited) to operate the same separately being specialized line of business and in that connection to pass a Special Resolution, with or without modification, as set out below:

“RESOLVED that the authorization of the members is hereby accorded to lease out the property, plant and equipment engaged in the cold storage business operations to the subsidiary namely Sana Logistics (Private) Limited (formerly Sana Greens (Private) Limited) to operate the same separately being specialized line of business; and

FURTHER RESOLVED that Mr. Mohammed Irfan Nawab, Chief Executive and Mr. Ismail Younus, Director be and are hereby jointly and severally authorized to take any and all the actions necessary to implement this Resolution.”

- (3) To approve investment of up to Rs. 30,100,000 (Rupees Thirty Million & One Lac Only) in the rights issue (by subscription of rights shares offered to the Company) of the subsidiary company namely Sana Logistics (Private) Limited (formerly Sana Greens (Private) Limited), and in that connection to pass a Special Resolution, with or without modification, as set out below:

“RESOLVED that the Company be and is hereby authorized for the purpose of Section 208 of the Companies Ordinance, 1984 to invest the amount of Rs. 30,100,000 in 3,010,000 rights shares of the subsidiary company namely Sana Logistics (Private) Limited (formerly Sana Greens (Private) Limited), by subscribing such rights shares at face value of Rs. 10 per share; and

FURTHER RESOLVED that Mr. Mohammed Irfan Nawab, Chief Executive and Mr. Ismail Younus, Director be and are hereby jointly and severally authorized to take any and all the actions necessary to implement this Resolution.”

By Order of the Board

Karachi: 6th February, 2017

(Abdul Hussain Antaria)
CFO & Company Secretary

NOTES

1. The share transfer books of the Company shall remain closed from 24-Feb-2017 to 03-Mar-2017 (both days inclusive), and no transfers will be accepted for registration during this period.
2. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A proxy need not be a member of the Company.
3. Duly completed Forms of Proxy must be deposited with the Company Secretary at the office of the Company situated at 33-D-2, Block-6, P.E.C.H.S., Karachi (Phone No.34322556-9) not later than 48 hours before the time of meeting.
4. Shareholder (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses.
5. Any individual beneficial owner of the Central Depository Company, entitled to this meeting, must bring his/her Computerized National Identity Card ("CNIC") with him/her to prove his/her identify, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copy of board of directors' resolution/power of attorney and/or all such documents required under Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan for the purpose.
5. Form of Proxy is attached with the notice.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 REGARDING SPECIAL BUSINESS

This statement sets out the material facts concerning the Special Business listed at agenda 2 and 3 to be transacted at the EOGM of the Company to be held on 3rd March, 2017.

AGENDA NO. 2

The Board of Directors in their meeting held on 4th February, 2017 recommended to lease out the property, plant and equipment of the Company engaged in the cold storage business operations to the subsidiary namely Sana Logistics (Private) Limited (formerly Sana Greens (Private) Limited) to operate the same separately being specialized line of business.

The information as required vide SRO 1227/2005 of the Securities and Exchange Commission of Pakistan is hereby given below;

Details of assets (to be leased out):

Description of asset	Cost	Book Value (as at Dec 31, 2016)	Approx. Market Value
	<i>Rupees</i>		
Land (Plot# 54 located at Deh Gondpass, Topa Gobapat, Kemari, Karachi)	6,812,875	6,812,875	20,000,000
Building & Electrification	141,726,386	89,679,863	100,000,000
Plant & Machinery	222,869,729	127,389,825	130,000,000
Handling equipment	30,917,108	20,865,590	20,000,000
Total	402,326,098	244,748,153	270,000,000

Proposed manner of leasing out:

The property, plant and equipment engaged in the cold storage business will be leased out to the subsidiary through the agreement.

Reasons for leasing out:

The management intends to lease out the property, plant and equipment engaged in the cold storage business operations to the subsidiary to operate the same separately being specialized line of business, against the rent of Rs. 3 million per month.

Interest of Directors:

The Directors have no direct or indirect interest except to the extent of their shareholdings.

AGENDA NO. 3

Details required under Clause 3(1)(a) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012 are given below:

Opening Statement

Sana Logistics (Private) Limited (formerly Sana Greens (Private) Limited) hereinafter referred to as SLPL, is an associated company of Sana Industries Limited. SLPL has been incorporated on 18th August, 2015 with a vision to operate the cold storage business operations separately as the management considers it feasible to operate the same separately being specialized line of business. SLPL operates as a subsidiary of Sana Industries Limited.

The plant, machinery and equipment relating to Cold Store will be leased to and utilized by SLPL. The Company (Sana Industries Limited) has already invested Rs. 4,900,000 divided into 490,000 shares of Rs. 10 each and a further amount of Rs. 30,100,000 would be subscribed as a right shares by the Company after receiving necessary approval from Shareholders as required as required under section 208 of the Companies Ordinance, 1984.

Further Information

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

(i) The name of the Investee Company and criteria on which relationship is established:

- Sana Logistics (Private) Limited (formerly Sana Greens (Private) Limited).
- The investee company is the subsidiary company of Sana Industries Limited by virtue of holding and common directorship.

(ii) Purpose, benefits and period of investment:

- Purpose of the investment is explained in detail in the Opening Statement of this Statement of material facts.
- The Company and its shareholder would benefit from the future profits of SLPL, since the investment is in the share capital hence it is 'perpetual'. Moreover, the Company will be paid rent of Rs. 3 million per month for utilization of its plant and machinery by SLPL.
- Period of investment; Indefinite as this is an equity investment.

(iii) Maximum amount of investment;

Rs. 30,100,000/= divided into 3,010,000 Ordinary shares of Rs. 10/= each

(iv) Maximum price at which securities will be acquired:

Rs. 10/= per Ordinary Share (face value).

(v) Maximum number of securities to be acquired:

3,010,000 Ordinary Shares.

(vi) Number of securities and percentage thereof held before and after the proposed investment:

Before the proposed investment: 490,000 (49% of 1,000,000 shares)

After the proposed investment: 3,500,000 (70% of 5,000,000 shares)

(vii) In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired:

Investment is not being made in any listed securities, since the associated company in which the investment is proposed to be made was incorporated on 18th August, 2015, hence the average price of the security is Rs. 10/= per share.

(viii) In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1):

Rs. 10/= per Ordinary Share.

(ix) Break-up value of securities intended to be acquired on the basis of the latest audited financial statements:

Since SLPL was incorporated on 18th August, 2015, hence financial statements are available for only 1 year i.e. June 30, 2016, therefore the value of the share is Rs. 10/= per share (face value).

(x) Earnings per share of the associated company or associated undertaking for the last three years:

Since SLPL was incorporated on 18th August, 2015, hence financial statements are available for only 1 year i.e. June 30, 2016; earning per share as at June 30, 2016 is Rs. (0.036) per share.

(xi) Sources of fund from which securities will be acquired:

Investment will be made through internal cash generation.

(xii) Where the securities are intended to be acquired using borrowed funds:

(i) Justification for investment through borrowings; and

(ii) Detail of guarantees and assets pledged for obtaining such funds:

Securities are not intended to be acquired using borrowed funds.

(xiii) Salient features of the agreement(s), if any, entered into with its associated company with regards to the proposed investment:

- SLPL will undertake cold chain and logistics business of the Company as a sole purpose company utilizing the related fixed assets of the Company.
- In return SLPL will pay rental of Rs. 3 million per month to the Company. The rental will be adjusted annually considering the inflation rate.
- The initial agreement will be for 10 years.

(xiv) Direct or indirect interest of directors, sponsors, majority shareholders and their relatives:

The directors, sponsors, majority shareholder and their relatives have no interest in this business except to the extent of their respective shareholdings in the investee company (SLPL) which is given as below;

Mohammad Younus Nawab	15,000 Shares
Mohammad Irfan Nawab	135,000 Shares
Ibrahim Younus	120,000 Shares
Ismail Younus	120,000 Shares
Muhammad Faizanullah	120,000 Shares
Total:	510,000 Shares

(xv) Any other important details necessary for the members to understand the transaction:

None.

(xvi) Investment in a project which has not started commercial operations, further information:

(a) Description of the project and its history since inception

A company under the name of Sana Logistics (Private) Limited (SLPL) (formerly Sana Greens (Private) Limited) was incorporated on 18th August, 2015 with an authorized capital of Rs. 100,000,000/= to undertake the business of cold storage. The Company (Sana Industries Limited) has already invested Rs. 4,900,000 divided into 490,000 shares of Rs. 10 each and a further amount of Rs. 30,100,000 would be subscribed as a right shares by the Company after receiving necessary approval from Shareholders as required under section 208 of the Companies Ordinance, 1984.

(b) Starting and expected date of completion of work

Starting date: **1st April 2017**

Completion date: nil

(c) Time by which such project shall become commercially operation:

1st April 2017

(d) Expected time by which the projection shall start paying return on investment:

1st April 2017

Due Diligence:

The Directors have, as required by the Regulations, carried out the required due diligence for the proposed equity investment for which shareholders consent by Special Resolution set out below is required under Section 208 of the Companies Ordinance, 1984. The Due Diligence Report as approved by the Directors and signed under their authority will be available for the inspection of the shareholders at the Extra-ordinary General Meeting.

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

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

1. The investee company, Sana Logistics (Private) Limited, holds no shares of the Company and has no interest in the Company; and
2. The sponsors and directors of the investee company (SLPL) holds following shareholding in the Company and has no other interest in the Company;

Mohammad Younus Nawab	2,321,056 Shares
Mohammad Irfan Nawab	2,269,372 Shares
Ibrahim Younus	24,127 Shares
Ismail Younus	7,616 Shares
Muhammad Faizanullah	19,437 Shares