

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 33rd Annual General Meeting of the shareholders of the Company will, Insha-Allah be held on Friday, the 26th of October, 2018 at 4.30 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 read and confirm the minutes of 32nd Annual General Meeting held on 20th October, 2017.
- (2) To receive and adopt the audited financial statements of the Company for the year ended 30th June, 2018, together with the Auditors' Report and Directors' Report thereon.
- (3) To consider and approve cash dividend of 20% for the year ended 30th June, 2018 as recommended by the directors.
- (4) To appoint Auditors of the Company and fix their remuneration for the year ended 30th June, 2018. The present Auditors M/s. Muniff Ziauddin & Co., Chartered Accounts retire and being eligible, offer themselves for re-appointment. The Company has received a notice from shareholders u/s 246(3) of the Companies Act, 2017 for appointment of Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, in place of retiring auditors, for the year ended June 30, 2019.

SPECIAL BUSINESS

- (5) To consider and approve increase in remunerations of the Chief Executive and other full time working Director of the Company.
- (6) To consider and if thought fit to pass the following Special Resolution under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification(s), addition(s) or deletion(s):

“RESOLVED that the Company may irrevocably and unconditionally provide a guarantee (the “Guarantee”) to certain financial institutions in relation to financing arrangements of its subsidiary M/s. Sana Logistics (Pvt.) Ltd (“SLPL”), and for that purpose, the Company will offer its certain assets as collateral subject to the following terms and conditions:

Amount:	Rs. 300 Million
Nature:	Guarantee
Purpose:	SLPL, being the ultimate borrower and beneficiary of the financing is provided a Guarantee by the Company against the financings.
Facility:	Facility arrangements are between SLPL and certain financial institutions for procuring loan to finance its capital expenditure requirements.
Termination Date:	Earlier of: (a) when the Company has no further actual or contingent obligation to make any payments to the financial institutions; and (b) June 28, 2022.

FURTHER RESOLVED that this special resolution shall remain valid until the Termination Date (as specified above) starting from the date of approval by members.

FURTHER RESOLVED that Mr. Ibrahim Younus (CE) and Mr. Muhammad Irfan Nawab (Director), are hereby singly authorized to negotiate and execute such guarantee in relation to the Facility Agreement.

FURTHER RESOLVED that Mr. Ibrahim Younus (CE) and Mr. Muhammad Irfan Nawab (Director) are fully empowered and authorized to do all such acts, deeds and things as they may consider necessary for the purpose of giving effect to the foregoing.

FURTHER RESOLVED that all requirements under the Companies (Investment in Associated Companies or Associated Undertakings) Regulations have been complied with”.

- (7) To consider and the following ordinary resolution:
“RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in Note No.36 of the audited financial statements for the year ended June 30, 2018 be and are hereby ratified and approved.”
- (8) To consider and the following ordinary resolution:
“RESOLVED THAT THE Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2019 and in this connection the Chief Executive Officer be and is hereby authorized to take any and all necessary actions and sign / execute any and all such documents / indentures as may be required in this regard on behalf of the Company.”
- (9) To consider and if thought fit to pass the following Special Resolution under Section 199 of the Companies Act, 2017, as recommended by the Board of Directors with or without modification(s), addition(s) or deletion(s):

RESOLVED THAT, “the clause no. III (52) of the Memorandum of the Association of the company be and is hereby inserting to read as follows:

To guarantee the performance of contracts, agreements, obligations, or discharge of any debt of the company or on behalf of any other company or person subject in the provisions of section 182 of the Companies Act, 2017 in relation to the payment of any financial facility including but not limited to loans, advances, letter of credit or other obligations through creation of any or all types of mortgages, charges, pledges, hypothecations, on execution of the usual banking documents or instruments or otherwise encumbrance on any or all of the moveable and immovable properties of the company, either present or future or both and issuance of any other securities, Corporate Guarantees or sureties by any mean in favour of banks, Non-Banking Finance Companies (NBFCs) or any financial institutions and to borrow money for purpose of the company on such terms and conditions as may be considered proper.”

FURTHER RESOLVED THAT “the Company Secretary, Mr. Abdul Hussain Antaria be and is hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal formalities and file all necessary documents as may be necessary or incidental for the purpose of implementing the aforesaid resolution.”

- (10) To transact any other business with the permission of the Chair.

A Statement under Section 134(3) of the Companies Act, 2017 containing material facts concerning special business to be transacted as special resolution at the Extraordinary General Meeting is attached with this notice.

By Order of the Board

Karachi: 3rd October, 2018

(Abdul Hussain Antaria)
CFO & Company Secretary

NOTES

1. The share transfer books of the Company shall remain closed from 19-Oct-2018 to 26-Oct-2018 (both days inclusive), and the final dividend will be paid to the Shareholders whose names will appear in the Register of Members on 18-Oct-2018.
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.34322556-59) not later than 48 hours before the time of meeting. 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.
4. Shareholders are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, SMCHS, Karachi. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat with their Participants. This will assist in prompt receipt of Dividend.
5. Members who have not yet submitted photocopy of their Computerized National Identity Card to the Company are requested to send the same to the Companies' Share Registrar, Central Depository Company of Pakistan at the earliest. In case of non-availability of a valid copy of the Shareholder's CNIC in the records of the Company, the Company shall withhold the Dividend under the provisions of Section 243 of the Companies Act, 2017.
6. Currently the deduction of withholding tax on the amount of dividend paid by the companies under section 150 of the Income Tax Ordinance 2001, are as under:-

(a) For filers of Income tax returns	15%
(b) For non-filers of Income tax returns	20%

Shareholders who are filers are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

7. In order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal shareholder) for deduction of withholding tax on dividend by the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal shareholder and their Joint Holders, to the Company's Share Registrar, enabling the Company to compute withholding tax of each shareholder accordingly. The required information must reach the Company's Share Registrar by October 18, 2018, otherwise each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.
8. In accordance with the provision of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations 2017, it is mandatory that dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Notice in this regard have already been published earlier in newspapers as per Regulations. All shareholders are once again requested to provide details of their bank mandate specifying (i) title of account, (ii) account number, (iii) IBAN number, (iv) bank name, (v) branch name, code and address and (vi) Mobile number to Company's Share Registrar M/s. Central Depository Company of Pakistan Limited. Shareholders who hold share with Participants / CDC are advised to provide the mandate to the concerned Broker / CDC.

9. Pursuant to the provisions of section 223(6) of the Companies Act, 2017, the Companies are permitted to circulate their annual financial statements, alongwith auditors report, directors' review report ("Annual Report") and the notice of Annual General Meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and Notices of Annual General Meeting by email are requested to provide the completed Electronic Communication Consent Form.

10. Pursuant to the provisions of the Companies Act 2017, the Company may on the demand of members at least 7 days before the general meeting, residing in a city, who hold at least 10% of the total paid up capital of the Company, provide the facility of vide-link (Optional) to such members enabling them to participate in its Annual General Meeting. If they wish to take benefit of this facility, please fill the form and submit it to the Company at its Registered address at least 10 days prior to the date of meeting.

The Company will intimate members the venue of the video conference facility, if required criteria have been fulfilled, at least 7 days before the date of general meeting along with complete information necessary to enable them to access such facility.

11. CDC account holders will further have to follow the guidelines as laid down in Circular 1 dated 28th January, 2000, issued by the Securities and Exchange Commission of Pakistan.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

A Statement under Section 134(3) of the Companies Act, 2017 pertaining to the Resolution is appended below:

AGENDA NO.5 - REMUNERATION OF DIRECTORS

The Shareholders' approval is sought for the increase in remuneration of the following directors:

<u>NAME OF DIRECTOR</u>	<u>PRESENT SALARY</u>	<u>PROPOSED INCREMENT</u>	<u>NEW SALARY AFTER INCREMENT</u>
(1) Mr.Mohammed Younus Nawab	Rs.475,000	Rs.190,000	Rs.665,000
(2) Mr.Mohammed Irfan Nawab	Rs.650,000	Rs.260,000	Rs.910,000

For the purpose, it is proposed that the following Resolution be passed, with or without modification, by the Shareholder as an ordinary Resolution;

“RESOLVED that the Company hereby approves and authorizes payment of monthly remunerations (salary) together with other benefits, in accordance with the Rules of the Company, be paid to the following full time working Directors of the Company, with effect from 1st July, 2016:

- (a) Mr.Mohammed Younus Nawab, Chairman : Rs.665,000/- plus free use of Company's maintained Car.
- (b) Mr.Mohammed Irfan Nawab, Chief Executive: Rs.910,000/- plus free use of Company's maintained Car.”

The working directors are interested in the Resolution to the extent of their respective remunerations.

AGENDA NO.6 – INVESTMENT IN ASSOCIATED COMPANY

Sana Industries Limited (“SIL”), a listed Company, may irrevocably and unconditionally provide a guarantee (the “Guarantee”) amounting Rs.300 million to certain financial institutions in relation to financing arrangements of its subsidiary M/s. Sana Logistics (Pvt.) Ltd (“SLPL”), and for that purpose, the Company will offer its certain assets as collateral.

Information under Clause (a) and (c) of sub-regulation (1) of regulation 3 of (Investment in Associated Companies or Associated Undertakings) Regulations 2017.

Ref. No.	Requirement	Information
I	Name of associated company or associated undertaking and basis of relationship	Sana Logistics (Private) Limited (“SLPL”) Subsidiary
II	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To provide security to SLPL's ultimate lender. The Company will be able to comply with the requirements of arrangement of the financing.
III	Earnings per share for the last three years	2018: 9.82 2017: (2.45) 2016: (0.04)
IV	Break-up value of share, based on the latest audited financial statements	Rs. 18.66

V	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds (I) Justification for investment through borrowing (II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds (III) Cost benefit analysis	Not applicable, as it's a non-funded facility and not a funded investment
VI	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	(PKR) Equity: 93,315,616 Non-current assets: 203,110,486 Non-current liabilities: 104,933,481 Current assets: 115,327,206 Current liabilities: 125,794,646 Operating Revenue: 322,812,640 Profit before Tax: 47,144,026 Profit after Tax: 45,804,250
VII	Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed Guarantee	
VIII	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:	The directors have no interest in the associate or the transaction other than their interest as directors of the Company. Hence this item is being put before the shareholders for approval.
IX	In case an investment in associated company has already been made, the performance review of such investment including complete information / justification for any impairments / write-offs	Investment in shares Rs. 35 Million (70% shareholding in SLPL)
X	Any other important details necessary for the members to understand the transaction:	None
XI	Category-wise amount of investment	Category of investment is 'guarantee' and amount of the same is Rs.300 million.
XII	Average borrowing cost of the investing company, the KIBOR for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Not applicable as it's a non-funded facility
XIII	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company	Not applicable as it's a non-funded facility. Further, as to the fact that SLPL is itself ultimate borrower & beneficiary of this loan which shall be used for its ongoing capital expenditure requirements.

XIV	Particulars of collateral or security to be obtained from the associated company or associated undertaking	Not applicable as it's a non-funded facility. Further, as to the fact that SLPL is itself ultimate borrower & beneficiary of this loan which shall be used for its ongoing capital expenditure requirements.
XV	If the investment carries conversion feature, circumstances in which the conversion may take place	Not applicable
XVI	Repayment schedule and terms of loans or advances to be given to the associated company or associated undertaking	The subject guarantee shall be terminated Earlier of: (a) when the Company has no further actual or contingent obligation to make any payments of the Loan; and (b) June 28, 2022 (date).

AGENDA NO.7 – Transactions carried out with associated companies during the year ended June 30, 2018 to be passed as Ordinary Resolution.

The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to Section 15 of Listed Companies Code of Corporate Governance, Regulation 2017.

During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated company, the quorum of directors could not be formed for approval of some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions carried out during the financial year ended June 30, 2018 with associated companies shown in Note No.36 of the financial statements are being placed before the shareholders for their consideration and approval / ratification.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated company.

AGENDA NO.8 – Authorization to the Chief Executive for the transactions carried out and to be carried out with associated company during the ensuing year ending June 30, 2019 to be passed as an Ordinary Resolution.

The Company is expected to be conducting transactions with associated company in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated company. Therefore, such transactions with associated company have to be approved by the shareholders.

In order to comply with the provisions of Section 15 of the Listed Companies Code of Corporate Governance, Regulation 2017, the shareholders may authorize the Chief Executive Officer to

approve transactions carried out and to be carried out in normal course of business with associated company during the ensuing year ending June 30, 2019.

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated company.

AGENDA NO.9 – ALTERTION IN MEMORANDUM OF ASSOCIATION

Reason for change:

The Company needed to provide the Guarantee to financial institutions for the financings of its subsidiary company SLPL.

Statement by the Board of Directors:

The proposed alterations are in line with the applicable provisions of the law and regulatory framework.