

Sana Industries Limited

33-D-2, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400
Tel: 021-34322556-9, Fax: 021-32570833, E-mail: info@sana-industries.com

February 24, 2021.

The General Manager,
Pakistan Stock Exchange Limited
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Dear Sir,

Financial Results for the Period Ended 31st December 2020

This is to inform you that the Board of Directors of Sana Industries Limited in their meeting held on 23rd February, 2021 at 5:00 PM have approved the unaudited unconsolidated and consolidated financial statements for the half year ended 31st December, 2020.

Rights Issue

The Board has decided to increase the paid-up share capital of the Company by issue of further 2,406,250 shares by issue of Right Shares to be offered to the members in proportion of 28 Right shares for every 100 shares held i.e. 28%, at a price of Rs.50/- per right share (inclusive of a premium of Rs.40/- per Right share)

The following are enclosed:

- 1) Statement under Regulation 3 of the Companies (Further issue of shares Regulations) 2020 (**Annexure A**).
- 2) Certified True copies of extracts of Resolutions passed by the Board of Directors of the Company on 23rd February, 2021. (**Annexure B**)
- 3) Draft copy of the Notice of Right Issue and Book Closure to the Shareholders prior to its publication in the newspapers (**Annexure C**)

Further, the financial results of the Company (Unconsolidated and Consolidated) are attached herewith. The half yearly financial statements of the Company for the period ended 31st December, 2020 will be transmitted through PUCARS separately, within the specified time.

The Share Transfer Books of the Company will remain closed from 24th March, 2021 to 31st March, 2021 (both days inclusive) to determine the entitlement for offer of right shares.

Transfers received at the share registrar of the Company i.e. CDC Share Registrar Services Limited, CDC House, 99-B, S.M.C.H.S., Karachi-74400 at the close of business on 22nd March, 2021 will be treated in time for the purpose of above entitlement to the transferees.

You may please inform the TRE Certificate holders of the Exchange accordingly.

Yours Sincerely

For Sana Industries Limited

(Abdul Hussain Antaria)

Company Secretary

CC: The Commissioner,
Securities & Exchange Commission of Pakistan,
Corporate Supervision Department,
Islamabad.



The Director,
Surveillance Supervision Enforcement Division (SMD)
Securities & Exchange Commission of Pakistan, Islamabad.

Sana Industries Limited

Statement pertaining to Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of Proceeds, Benefits of the issue to the Company and shareholders, Risk Factors and justification for issue of shares at premium, under Rule 3 of the Companies (Further Issue of shares) Regulations, 2020.

Quantum of the Right Issue (as percentage of existing paid-up Capital)

The quantum of the Right Issue is 28% of the existing paid-up capital of the Company i.e. 28 right shares for every 100 ordinary shares held by the shareholders of the Company.

Right Issue size

The Company shall issue 2,406,250 (Two million four hundred six thousand two hundred fifty) Right shares at a price of PKR 50/- (Pak Rupees Fifty only) per share, aggregating to PKR 120,312,500/- (Pak Rupees One hundred twenty million three hundred twelve thousand five hundred only).

Right Issue Price

PKR 50/- (Pak Rupees Fifty only) per share, inclusive of premium of PKR 40/- (Pak Rupees Forty only) per share.

Purpose of Right Issue

The purpose of Right issue is business expansion/diversification and working capital requirements.

Utilization of proceeds of the Right Issue.

The proceeds raised through Right Issue will be utilized for expansion of production facilities, improve working capital cycle and diversification of business.

Benefits to the Company and Shareholders

The Rights Issue and the proposed utilization of the proceeds thereof, are expected to enable the Company to generate additional revenue and profitability, diversify and consequently create shareholder value

Risk factors associated with the Right Issue, if any.

The Right issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. The directors and substantial shareholders have given undertakings for subscription (or arrangement of subscription) of their respective right entitlements and the balance portion of the Right issue is to be fully underwritten as per requirements of the applicable regulations. Normal risks associated with the business will remain, however, the Company is well placed in the market with proven track records which will help to mitigate such risk factors.

Justification for issue of Shares at premium.

Considering the current market price of the Company, the premium charged over the par value is justified and is also in line with the prevailing market practice (37.50% discount on last closing of 23-02-2021 i.e. PKR 80.00).

For Sana Industries Limited


Company Secretary

ANNEXURE "B"

Resolution of Board of Directors of Sana Industries Limited
(Extracts from minutes of the meeting held on 23-02-2021)

"RESOLVED that the ordinary paid up share capital of the Company be increased from PKR. 85,937,500/- (Pak Rupees Eighty Five million nine hundred and thirty seven thousand five hundred) to PKR. 110,000,000 (One hundred and ten million) by issue of further 2,406,250 (Two million four hundred and six thousand two hundred and fifty) ordinary shares of the company of PKR 10/- (PKR Ten) each, to be offered to the shareholders of the company in proportion to the number of shares held by each shareholder (i.e. as right shares) in accordance with the provisions of Section. 83 of the Companies Act, 2017 and all applicable laws, at a price of PKR. 50 (Pak Rupee fifty only) per share (i.e. at a premium of PKR. 40 (Pak Rupee forty only) per share, in the ratio of 28 right shares for every hundred existing ordinary shares of PKR. 10 each held (i.e. 28%), against payment to the company of the price of the shares subscribed, which shares shall rank pari-passu in all respects with the existing ordinary shares of the company (the **"Right issue"**)"

"FURTHER RESOLVED THAT the share transfer books of the Company will remain closed from **March 24, 2021 to March 31, 2021** (both days inclusive) to determine the entitlement for offer of right shares. Transfers received at the share registrar of the Company, CDC Share Registrar Services Limited at the close of business on **March 22, 2021** will be treated in time for the purpose of above entitlement to the transferees."

"FURTHER RESOLVED THAT the statement of quantum of the issue, issue size, issue prize, purpose of the issue, utilization of the proceeds of the issue, benefits of the issue to the company and its shareholders, risks (if any) to which the company and its members are exposed to and justification for the issue of shares at premium or at discount to face value (if applicable), annexed to these resolutions, be and is hereby approved."

"FURTHER RESOLVED THAT the draft circular to accompany the letter of offer, pursuant to Section 83 (3) of the Companies Act 2017, as placed before the directors, be and is hereby approved and Mr. Mohammed Irfan Nawab, Chief Executive Officer is authorized to sign the said circular on such form as may be specified containing material information about the affairs of the company, latest statement of the accounts and the necessity for issue of further capital."

"FURTHER RESOLVED THAT any two members of the Board of Directors are jointly authorized to sign / issue Offer Letter / Letter of Rights in relation to the above resolutions."

"FURTHER RESOLVED THAT Mr. Mohammed Irfan Nawab, CEO, and/ or Company Secretary be and are hereby singly authorized to appoint /negotiate with the underwriter(s) for the allotment of unsubscribed portion of Right Shares to any/ or all of the underwriter(s) and to appoint consultant / advisor for right share."

"FURTHER RESOLVED THAT fractional rights (if any) be allotted in the name of Mr. Mohammed Irfan Nawab, Chief Executive Officer and the proceeds of fractional rights, once realized, be paid by the Chief Executive Officer into the Company's account."

"FURTHER RESOLVED THAT the Mr. Mohammed Irfan Nawab, CEO, and / or Company Secretary be and are hereby singly authorized to complete all the necessary legal and corporate formalities with regards to the above resolution and to take such actions as they may consider necessary or expedient to complete the process, further to establish such number of accounts for the deposit of the subscription money with respect to Right issue with any established Bank in Pakistan having nationwide branch network."

"FURTHER RESOLVED THAT in case of any omission or mistake if pointed out by the SECP , PSX, or any other competent authority in the aforesaid resolution the CEO, and / or Company Secretary be and are hereby singly authorized to make necessary corrections as permitted under the law in letter & spirit, to file all necessary documents and to appear before all relevant authorities, including the Court, SECP or any other competent body and / or authorities to give effect to foregoing resolutions."

CERTIFIED TRUE COPY

For Sana Industries Limited


Company Secretary

**Annexure to the Resolutions approved in the of the Board of Directors Meeting of
Sana Industries Limited held on February 23, 2021.**

Statement pertaining to Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of Proceeds, Benefits of the issue to the Company and shareholders, Risk Factors and justification for issue of shares at premium, under Rule 3 of the Companies (Further Issue of shares) Regulations, 2020.

Quantum of the Right Issue (as percentage of existing paid-up Capital)

The quantum of the Right Issue is 28% of the existing paid-up capital of the Company i.e. 28 right shares for every 100 ordinary shares held by the shareholders of the Company.

Right Issue size

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Right Issue Price

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Purpose of Right Issue

The purpose of Right issue is business expansion/diversification and working capital requirements.

Utilization of proceeds of the Right Issue.

The proceeds raised through Right Issue will be utilized for expansion of production facilities, improve working capital cycle and diversification of business.

Benefits to the Company and Shareholders

The Rights Issue and the proposed utilization of the proceeds thereof, are expected to enable the Company to generate additional revenue and profitability, diversify and consequently create shareholder value

Risk factors associated with the Right Issue, if any.

The Right issue of the Company is being made at a price which is less than current share price in the market and hence there is no major investment risk associated with the Right Issue. The directors and substantial shareholders have given undertakings for subscription (or arrangement of subscription) of their respective right entitlements and the balance portion of the Right issue is to be fully underwritten as per requirements of the applicable regulations. Normal risks associated with the business will remain, however, the Company is well placed in the market with proven track records which will help to mitigate such risk factors.

Justification for issue of Shares at premium.

Considering the current market price of the Company, the premium charged over the par value is justified and is also in line with the prevailing market practice (37.5% discount on last closing of 23-02-2021 i.e. PKR 80.00).

CERTIFIED TRUE COPY
For Sana Industries Limited




Annexure C

Notice is hereby given that the Board of Directors of Sana Industries Limited in the Meeting held on February 23, 2021 have decided to issue further 2,406,250 ordinary shares of the Company of par value PKR 10/- each in the ratio of 28 new shares for every 100 shares held (i.e. 28%) at a price of PKR 50/- per share (inclusive of a premium of PKR 40/share) under the provisions of Sections 83 of Companies Act 2017 read with Companies (Further Issue of Shares) Regulations, 2020 against payment to the Company of the price of shares subscribed by the shareholders. Such Right Shares shall rank pari-passu in all respects with the existing shares of the company and will be offered to those shareholders whose name appear in the member's register of the Company at the close of business on **March 22, 2021**.

The share transfer books of the Company will remain closed from **March 24, 2021 to March 31, 2021** (both days inclusive) to determine the entitlement for offer of right shares. Transfers received at the share registrar of the Company, i.e., **Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, S.M.C.H.S., Karachi** at the close of business on **March 22, 2021** will be treated in time for the purpose of above entitlement to the transferees.

By the order of the Board

CERTIFIED TRUE COPY


Company Secretary
February 23, 2021.

Sana Industries Limited

33-D-2, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400
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CONSOLIDATED CONDENSED FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	HALF YEAR ENDED		QUAATER ENDED	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----		----- Rupees -----	
Turnover - net	1,084,307,117	1,080,720,909	529,003,330	557,546,443
Cost of sales	(942,880,356)	(928,644,196)	(459,338,730)	(471,832,931)
Gross profit	141,426,760	152,076,713	69,664,600	85,713,512
Selling and distribution expenses	(11,220,919)	(12,032,064)	(6,165,566)	(6,271,089)
Administrative expenses	(45,651,299)	(41,070,501)	(22,591,123)	(22,770,999)
Other operating expenses	(4,746,533)	(1,891,175)	(2,465,711)	(1,163,482)
Operating profit	79,808,009	97,082,973	38,442,200	55,507,942
Finance cost	(31,506,192)	(47,958,270)	(19,334,528)	(29,247,085)
Other income	7,507,318	3,630,833	5,288,602	2,619,055
Profit for the period before taxation	55,809,135	52,755,536	24,396,274	28,879,912
Provision for taxation	(20,169,857)	(24,173,608)	(16,765,419)	(9,116,019)
Profit after taxation	35,639,278	28,581,928	7,630,855	19,763,893
Earning per share - Basic and Diluted	4.15	3.33	0.89	2.30

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For Sana Industries Limited


Company Secretary

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UNCONSOLIDATED CONDENSED FINANCIAL RESULTS FOR THE HALF YEAR ENDED DECEMBER 31, 2020

	HALF YEAR ENDED		QUAATER ENDED	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----		----- Rupees -----	
Turnover - net	941,371,397	880,007,985	457,458,741	460,152,463
Cost of sales	(830,543,714)	(789,042,992)	(399,428,111)	(407,548,963)
Gross profit	110,827,683	90,964,993	58,030,630	52,603,500
Selling and distribution expenses	(10,270,721)	(10,523,182)	(5,693,338)	(5,656,782)
Administrative expenses	(30,214,858)	(29,615,539)	(17,157,511)	(17,253,397)
Other operating expenses	(4,746,533)	(1,891,175)	(2,465,711)	(1,194,732)
Operating profit	(45,232,112)	48,935,097	(25,316,560)	28,498,589
Finance cost	(22,511,540)	(40,779,445)	(14,708,922)	(24,524,460)
Other income	16,519,064	12,052,947	9,530,614	7,359,403
Profit for the period before taxation	59,603,095	20,208,599	27,535,762	11,333,532
Provision for taxation	(16,825,350)	(7,346,714)	(14,941,961)	844,700
Profit after taxation	42,777,745	12,861,885	12,593,801	12,178,232
Earning per share - Basic and Diluted	4.98	1.50	1.47	1.42

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For Sana Industries Limited


Company Secretary