



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 30th Annual General Meeting (AGM) of Unity Foods Limited (the "Company") will be held on Friday, October 23, 2020 at 09:30 a.m. at Regent Plaza Hotel and Convention Centre, Main Shahreh-e-Faisal, Karachi, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2020 together with Directors' and Auditors' reports thereon and Chairman's Review Report.
2. To appoint the auditor of the Company and fix their remuneration. The shareholders are hereby notified that the Audit Committee and the Board of Directors have recommended the name of retiring auditors Messrs. Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants, for reappointment as auditors of the Company.

Special Business:

3. To consider and if deemed fit, pass a resolution as Special Resolution, as proposed in the Statement of Material Facts, pursuant to the provisions of Section 199 of the Companies Act, 2017 to approve and authorize the provision of a corporate guarantee in favor of lenders of Sunridge Foods (Private) Limited.

A statement required under section 134(3) of the Companies Act, 2017, is annexed to the notice of AGM sent to the Shareholders.

Dated: October 02, 2020

Place: Karachi

By Order of the Board

Syed Muhammad Tariq Nabeel Jafri
Company Secretary





Notes:

- i) The Share Transfer Books of the Company shall remain closed from October 17, 2020 to October 23, 2020 (both days inclusive) for determining the entitlement of shareholders for attending the Annual General Meeting.
- ii) Physical Transfers received by the Company at the close of business on October 16, 2020 will be treated as being in time for the purpose of attending the meeting.
- iii) Members entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote on him /her behalf. The proxy need not to be a member of the Company.
- iv) Forms of proxy to be valid must be properly filled in/ executed and received by the company not later than forty-eight hours before the commencement of the meeting. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

- a. In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

- a. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
 - b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
 - c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
 - d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.
 - e. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.
- v) Members are requested to immediately notify any change in their addresses to the Company's registrar and share transfer agent.





vi) Online Participation in the Annual General Meeting

Due to ongoing pandemic of COVID-19 and the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

Accordingly, the Company has decided to facilitate its shareholders by allowing the shareholders to attend the meeting through video link for the safety and in the best interest of the shareholders. Therefore, shareholders who are interested in attending the AGM proceedings through video link are required to register themselves by providing the following information along with a valid copy of the Computerized National Identity Card (both sides)/passport / attested copy of the board resolution/power of attorney (in case of corporate shareholders) through email at info@fdregistrar.com by 21 October, 2020.

Name of Shareholder	CNIC No.	Folio No. / CDC Account No.	Cell No.	Email address

A detailed procedure shall be communicated through e-mail directly to the shareholders who are registered after necessary verification. The login facility will remain open from start of the meeting till its proceedings are concluded.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address info@unityfoods.pk. The comments shall be read out at the meeting and shall be made part of the minutes.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

vii) Unclaimed dividend

Shareholders who by any reason could not collect their dividend are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividends outstanding for a period of 3 years or more from the due date shall be deposited to the credit of Federal Government.

viii) Circulation of Annual Audited Financial Statements and Notice of AGM to Members through E mail:

SECP through its Notification No. SRO 787 (I)/2014, dated September 08, 2014, has allowed companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting ("AGM") to its members through email. The shareholders who desire to receive Annual





Audited Financial Statements and Notice of AGM through email are requested to fill the requisite form placed on the website and send it to the Company Secretary at the Registered Office of the Company. In case any member, subsequently, requests for hard copy of Annual Financial Statements, the same shall be provided free of cost within seven days of receipt of such request.

ix) Placement of Financial Statements

The Company has placed the Audited Financial Statements for the year ended June 30, 2020 along with Auditors and Directors Report thereon and Chairman's Review Report on its website: www.unityfoods.pk.

STATEMENT OF MATERIAL FACTS 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 Annual General Meeting of the Company.

Sunridge Foods (Private) Limited (Sunridge) is a subsidiary of the Company. The subsidiary requires funding for its expansion / enhanced operations and a corporate guarantee from the Company to the extent of PKR 2.0 Billion is required from the Company as holding company of Sunridge to secure financial assistance to be extended to Sunridge for a period of one year, as per terms and conditions disclosed to the members.

In view of majority of directors being interested, the matter is placed before the shareholders as required under the applicable laws. The interest of directors has been disclosed elsewhere in this statement. The disinterested directors have certified that they have carried out necessary due diligence for the proposed investment 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 Sunridge.

The following resolutions are proposed to be passed as special resolutions:

Further that approval of the members of Unity Foods 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 provide a corporate guarantee for an amount of up to PKR 2,000,000,000 (Pak Rupees Two Billion Only) for a period of one year starting from November 1, 2020 to be issued in favor of lenders of Sunridge to secure financial assistance to be extended to Sunridge.

Resolved Further that in the event the Company is called upon by the lenders of Sunridge for repayment of money provided to Sunridge as a result of enforcement of corporate guarantee, the Company shall recover the full amount paid by it from Sunridge with mark up of 3.25% above the average borrowing cost of the Company or relevant KIBOR whichever is higher till the date of payment by Sunridge.

Resolved Further 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, take any or all necessary actions including signing and execution of agreement(s) and to complete all legal formalities as may be necessary or incidental expedient for the purpose of implementing the aforesaid resolutions.





(A) Disclosure under section 134 (3) of the Companies Act, 2017
regarding associated company

(i)	Name of Associated Company or Associated Undertaking.	Sunridge Foods (Private) Limited (SR)
(ii)	Basis of Relationship.	Subsidiary company
(iii)	Earnings / (Loss) per Share for the last three years	2018 (4.18) 2019 (2.42) 2020 (0.51)
(iv)	Break-up value per Share, based on last audited financial statements.	PKR 2.43 per share as at 30 June, 2020.
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements.	Audited Balance Sheet & Profit and Loss Account of Sunridge as of 30 June 2020 attached herewith.
(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	Not Applicable
	I Description of the project and its history since conceptualization	Not Applicable
	II Starting date and expected date of completion of work	Not Applicable
	III Time by which such project shall become commercially operational	Not Applicable
	IV Expected time by which the project shall start paying return on investment	Not Applicable
	V Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not Applicable





(B) General Disclosures:		
(i)	Maximum amount if investment to be made	Corporate Guarantee of upto PKR 2,000,000,000/- (Rupees Two Billion Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment.	<p>Sunridge Foods is an established brand name in the flour in Pakistan and is the only national flour brand in the country. It has a 43,800 tons per annum capacity plant employing PESA Mill technology. The flour produced by the company commands premium due to cleanliness, long shelf life and durability of the final consumable products. Besides, the technology also eliminates the risk of residual stones that are part of conventional "chakki atta".</p> <p>The plans are underway to produce various types of flours used in different food products like Pizza, bread, pasta and various bakery products. Supply of these variants of flour faces key challenge of quality consistency. With the additional plants being acquired, the company is expected to cater to the varying demands of intermediate users.</p> <p>It is expected that going forward, substantial earnings will accrue to Sunridge Foods and Unity Foods being the major shareholders stands to benefit from the profitable operations of Sunridge.</p> <p>The Corporate Guarantee will be issued to lenders of Sunridge and shall be for a period of one year, renewable subject to mutual consent of the Company and Sunridge and fulfillment of regulatory requirements.</p>
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The corporate guarantee - an unfunded facility - will be issued by the Company to bankers of Sunridge.
	(I) Justification for investment through borrowings	Not applicable
	(II) Detail of Collateral, guarantees provided and assets pledged for obtaining such funds	Not applicable
	(III) Cost of benefit analysis	Not applicable





(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment.	<p>Salient features of the arrangement are as under:</p> <p>A fee of 0.25% per quarter payable within one week of end of quarter shall be charged by the Company to Sunridge.</p> <p>Sunridge shall comply in letter and spirit all terms and conditions of the corporate guarantee(s) to be executed in favor of lending banks and financial institutions or other lenders and shall duly comply with all requirements of the lenders.</p>
(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.	<p>Muhammad Farrukh, Abdul Majeed Safdar, Sajjad and Rayyan Imran are the nominee directors of Unity Foods. Muhammad Farrukh is the CEO of Sunridge and does not hold any shares in the company.</p> <p>Mr. Abdul Majeed Ghaziani is on the Board of Sunridge and does not hold any shares in the company. Safdar Sajjad is on the Board of Sunridge Foods and his wife is on the Board Unity Foods. He and his wife do not hold any shares in Sunridge Foods.</p> <p>Unity Enterprises (Pvt.) Limited, an associated company of Unity Foods also hold 5% shares of Sunridge. Safdar Sajjad, Abdul Majeed Ghaziani and Muhammad Farrukh are also on the Board of Unity Enterprises and thus have indirect interest in the Transaction. Another director of Unity Enterprises, Abdul Hafeez is also deemed interested in the Transaction as his wife is on the Board of Unity Foods.</p> <p>Sunridge is not a member of Unity Foods Limited. Its sponsors and directors and their respect interest are as under:</p> <p>Muhammad Farrukh, Abdul Majeed and Safdar Sajjad are interested, directly or indirectly, to the extent of commission to be paid by Sunridge Foods to Unity Foods. Other Directors and sponsors of Sunridge Foods have no direct or indirect interest in the transaction.</p>



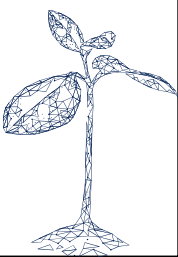


(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	For the year ended June 30, 2020 the Company incurred a loss of PKR 27 Million which is substantially reduced from the previous years' loss of PKR 129 million and PKR 222 million in 2018. There is no write off / impairment on this investment.
(vii)	Any other important details necessary for the members to understand the transaction	The management plans to aggressively expand production capacity of the Company and also intends to add new items to the products portfolio. With operations benefitting from economies of scale and product diversity, the Company is expected to have substantial net profits in years ahead.
Additional disclosure regarding investment in the form of corporate guarantee		
(i)	Category-wise amount of investment	Corporate Guarantee of PKR 2,000 million will be issued by the Company in favor of the lenders of Sunridge to secure financial assistance for Sunridge.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return unfunded facilities, as the case may be, for the relevant period	Not Applicable.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company.	A fee of 0.25% of the outstanding PKR amount per quarter shall be charged to Sunridge Foods by Unity Foods
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	Not applicable.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable.	Not Applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The Company shall recover the fee from Sunridge on quarterly basis. The Company will be required to pay only in case Sunridge fails to make payment on due dates as





		<p>per agreement with its lenders. In case of failure of Sunridge to lenders, the Company shall recover the full amount paid by it from Sunridge with mark up of 3.25% above the average borrowing cost of the Company or relevant KIBOR whoever is higher till the date of payment by Sunridge.</p>
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SUNRIDGE FOODS (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	285,289,769	287,951,516
Right to Use Asset	6	6,376,142	-
Long-term deposit		3,086,098	3,086,098
Deferred taxation	7	-	-
		294,752,009	291,037,614
Current assets			
Stock-in-trade	8	313,861,408	49,206,985
Trade debts - unsecured	9	48,105,913	31,181,194
Advances	10	2,327,447	1,754,231
Deposits and prepayments	11	1,978,925	168,953
Other receivables		1,007,396	-
Taxation	12	11,789,826	7,958,930
Cash and bank balances	13	9,823,083	1,432,072
		388,893,998	91,702,365
TOTAL ASSETS		683,646,007	382,739,979
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
100,000,000 (2019: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Share capital			
Issued, subscribed and paid-up capital	14	531,219,950	531,219,950
Reserves		(402,398,862)	(375,902,293)
		128,821,088	155,317,657
Advance against future issue of shares		12,163,324	1,941,534
Non-current liabilities			
Long-term financing - secured	15	15,379,570	2,083,012
Lease liability	16	6,366,890	-
Staff retirement benefits	17	7,832,183	7,506,126
Deferred government grant	18	1,324,290	-
		30,902,933	9,589,138
Current liabilities			
Trade and other payables	19	333,252,194	213,732,135
Accrued mark-up		899,821	-
Current portion of long-term financing	15	6,223,704	756,612
Current portion of lease liability	16	648,991	-
Current portion of deferred government grant	18	1,057,690	-
Contract Liabilities	20	4,935,451	1,402,903
Short-term borrowing	21	89,250,000	-
Loan from related party	22	75,490,811	-
		511,758,662	215,891,650
TOTAL EQUITY AND LIABILITIES		683,646,007	382,739,979

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

SUNRIDGE FOODS (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 -----Rupees-----	2019
Revenue - net	24	1,326,963,658	790,275,287
Cost of sales	25	<u>(1,249,007,821)</u>	<u>(782,772,965)</u>
Gross profit		77,955,837	7,502,322
Selling and distribution expenses	26	<u>(85,209,091)</u>	<u>(105,468,713)</u>
Administrative expenses	27	<u>(22,433,272)</u>	<u>(28,396,150)</u>
Other operating expenses	28	<u>(1,055,114)</u>	<u>(17,959)</u>
		(108,697,477)	(133,882,822)
Other income	29	<u>7,134,145</u>	<u>1,211,142</u>
Operating loss		(23,607,495)	(125,169,358)
Finance costs	30	<u>(3,446,451)</u>	<u>(619,989)</u>
Loss before taxation		(27,053,946)	(125,789,347)
Taxation	31	<u>-</u>	<u>(2,962,249)</u>
Loss after taxation		(27,053,946)	(128,751,596)
Other comprehensive income not to be reclassified to the profit or loss in subsequent period			
Remeasurement gain on staff retirement benefits		557,377	-
Total comprehensive loss		<u>(26,496,569)</u>	<u>(128,751,596)</u>

The annexed notes from 1 to 39 form an integral part of these financial statements. *galk*



Chief Executive



Director