



UNITY FOODS LIMITED  
— food for life! —

UNITY FOODS LIMITED

UNITY TOWER,  
Plot # 8 C, Block-6, P.E.C.H.S,  
Karachi 75400, Pakistan  
Phone : +92 21 34373605 - 7  
Fax : +92 21 34373608  
Email : info@unityfoods.pk  
Website : www.unityfoods.pk

March 01, 2021

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

Dear Sir,

**Notice of Extraordinary General Meeting**

Please find enclosed herewith a copy of the Notice of the Extraordinary General Meeting of Unity Foods Limited to be held on Monday, March 22, 2021 at 09.30 a.m at Regent Plaza Hotel and Convention Centre, Main Shahreh-e-Faisal, Karachi for your information and Record.

Kindly acknowledge the receipt

Yours truly,

Syed Muhammad Tariq Nabeel Jafri  
Company Secretary

CC;

The Executive Director  
Corporate Supervision Department  
Securities and Exchange Commission of Pakistan  
Blue Area Islamabad

The Joint Registrar  
Company Registration Office  
Securities and Exchange Commission of Pakistan  
4<sup>th</sup> Floor, State life Building no. 2  
Wallace Road, Off i.i Chundrigar  
Road, Karachi



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### NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting (“EGM”) of Unity Foods Limited (the “Company”) will be held on **Monday, March 22, 2021** at **09:30 a.m.** at Regent Plaza Hotel and Convention Centre, Main Shahreh-e-Faisal, Karachi, to transact the following special business:

“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 long term equity investment of upto PKR 461,098,904 (Pak Four Hundred Sixty one Million Ninety Eight Thousand Nine Hundred Four Rupee) for acquisition of shares of Sunridge Foods (Private) Limited, a subsidiary company.”

A statement required under section 134(3) of the Companies Act, 2017 concerning the aforesaid special business s annexed to the notice of EGM sent to the Shareholders.

By Order of the Board

Syed Muhammad Tariq Nabeel Jafri  
Company Secretary

Dated: March 1, 2021

Place: Karachi

#### Notes:

- i) The Share Transfer Books of the Company shall remain closed from March 16, 2021 to March 22, 2021 (both days inclusive) for determining the entitlement of shareholders for attending the EGM.
- ii) Physical Transfers received by the Company at the close of business on March 15, 2021 will be treated as being in time for the purpose of attending the EGM.
- iii) Members entitled to attend and vote at the EGM 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.
- v) Members are requested to immediately notify any change in their addresses to the Company’s registrar and share transfer agent.



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vi) **Online Participation in the Extraordinary General Meeting**

In light of COVID-19 situation, the Securities and Exchange Commission of Pakistan (“SECP”) has advised vide Circular No. 4 of 2021 dated 15 February, 2021 to provide participation of the members through electronic means. Accordingly, the Company has facilitated the shareholders to attend the meeting through video link for the safety and well-being of the shareholders and they can attend the EGM via video link using smart phones/tablets/. To attend the meeting through video link, shareholders and their proxies are requested to register themselves by providing the following information along with valid copy of Computerized National Identity Card (both sides)/passport, attested copy of board resolution / power of attorney (in case of corporate shareholders) through email at [info@fdregistrar.com](mailto:info@fdregistrar.com) by Friday March 19, 2021.

Name of Shareholder & Proxy Holder	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 item of the EGM at the email address [info@unityfoods.pk](mailto:info@unityfoods.pk). The comments / suggestions shall be read out at the meeting and shall be made part of the minutes.

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

vii) A copy of this Notice has been placed on the website of the Company: [www.unityfoods.pk](http://www.unityfoods.pk).



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## 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 Extraordinary General Meeting of the Company.

Sunridge Foods (Private) Limited (the “**Sunridge**”/“**Subsidiary**”) is a subsidiary of the Company. Unity Foods holds 69% equity in Sunridge. All the remaining shareholders have offered to sell their 31% in the Sunridge at PKR 28 per share (“**offer price**”). The Board of Directors of the Subsidiary has offered the same to the Company in terms of Section 76 of the Companies Act, 2017.

The Board of Directors of the Company has reviewed the offer and has decided place the matter before the shareholders to consider and approve acquisition through special resolution in terms of Section 199 of the Companies Act, 2017.

In terms of Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, it is required that the directors of the investing company while presenting the special resolution for making investment in an associated company or associated undertaking shall certify to the members of the investing company that they have carried out necessary due diligence for the proposed investment before recommending it for members’ approval.

A duly signed recommendation of the due diligence report shall be made available for inspection of members in the general meeting along with latest audited financial statements of Sunridge.

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

**Resolved that** approval of the members of Unity Foods Limited (the “**Company**”) be and is hereby accorded and the Company be and is hereby authorized in terms of Section 199 and other applicable provisions of the Companies Act, 2017 to make further equity investment of upto PKR 461,098,904 (Pak Rupee ) to acquire 16,467,818 ordinary shares of Sunridge Foods (Pvt.) Limited, a subsidiary company at a price of PKR 28 per share (Pak Rupees Twenty eight Only), as per other terms and conditions disclosed to the shareholders.



**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 resolution.

Sunridge is not a member of the Company. The directors of Sunridge do not hold any shares of Sunridge and are nominees of Unity Foods Limited.

**Information under Regulation 3 of the Companies' (Investment in Associated Companies or Associated Undertakings) Regulations, 2017**

<b>(A) Disclosure under section 134 (3) of the Companies Act, 2017 regarding associated company</b>		
(i)	Name of Associated Company or Associated Undertaking	Sunridge Foods (Private) Limited (Sunridge)
(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



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	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>(B) General Disclosures:</b>			
(i)	Maximum amount of investment to be made	PKR 461,098,904 (Pak Rupees Four Hundred Sixty One Million Ninety Eight Thousand Nine Hundred Four 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 Sunridge 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</p>	



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		<p>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>In view of the above, it is expected that going forward, performance of Sunridge Foods is expected to improve and Unity Foods being the major shareholders stands to benefit from the profitable operations of Sunridge including dividend income which will enhance the profitability of the Company and add to the shareholders' value.</p> <p>The investment will be for long term.</p>
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	The investment will be made from the Company's funds.
	(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 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	The Agreement shall be executed after approval of investment by the Shareholders. The rate at which shares shall be purchased has been disclosed in this Statement.
(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>Detail of interest, direct or indirect, in Subsidiary:</p> <p>Muhammad Farrukh, Abdul Majeed Ghaziani Safdar Sajjad and Jalees Edhi are the nominee directors of Unity Foods on the Board of Sunridge.</p>



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Muhammad Farrukh is the CEO of Sunridge and does not hold any shares in the company.

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.

Unity Enterprises (Pvt.) Limited is an associated company of Unity Foods and a prospective seller of 5% shares of Sunridge. Safdar Sajjad, Abdul Majeed Ghaziani and Muhammad Farrukh are also on the Board of Unity Enterprises. Wife of another director of Unity Enterprises, Abdul Hafeez is on the Board of Unity Foods.

Sunridge is not a member of Unity Foods Limited. Its directors and their respect interests are as under:

Muhammad Farrukh, Abdul Majeed and Safdar Sajjad are interested, directly or indirectly, to the extent of earnings that may accrue to Unity Foods Limited from Sunridge Foods. Jalees Edhi, the other Director of Sunridge Foods is the CFO of Unity Foods and has no direct or indirect interest in the transaction.

(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such	The Company already hold 69% equity in the Subsidiary. 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
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		<p>net profits rose to PKR 1,066 million and PKR 69 million respectively.</p> <p>Latest audited financial information of the Subsidiary is attached herewith.</p> <p>There is no write off / impairment on this investment.</p>
(vii)	Any other important details necessary for the members to understand the transaction	None
<b>Additional disclosure regarding equity investment</b>		
(i)	Maximum price at which securities will be acquired;	PKR 28 per share.
(ii)	in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Not Applicable.
(iii)	maximum number of securities to be acquired;	A maximum of 14,467,818 shares of Sunridge shall be acquired.
(iv)	number of securities and percentage thereof held before and after the proposed investment;	At present Unity Foods hold 36,654,177 (69%) shares of Sunridge. After investment the number of shall will be 53,121,995 constituting 100%.
(v)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	PKR 30 to 35.
	The members of the Company approved provision of Corporate Guarantee in the Annual General Meeting held on 23 October, 2020 under the authority of a special resolution passed pursuant to provisions of section 199 of the Act. To the date of this notice, no Corporate Guarantee has	



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	<p>been provided by Unity Foods. In this regard, following additional disclosures are being made in terms of Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017</p>	
	<p>(a) total investment approved;</p>	<p>A Corporate Guarantee of PKR 2 billion in favor of lenders of Sunridge was approved.</p>
	<p>(b) amount of investment made to date;</p>	<p>No Corporate Guarantee provided as of the date of this Notice.</p>
	<p>(c) reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time;</p>	<p>Not applicable as no specific timeline was given to implement the decision.</p>
	<p>(d) material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment.</p>	<p>Since the date of approval of investment, there has been material change in financial statements of Sunridge since date the resolution was passed for approval of investment For the Half Year ended December 31, 2020 the sales of Sunridge rose to PKR 1,066 million and net profits rose to PKR 69 million.</p>



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**SUNRIDGE FOODS (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2020**

	Note	2020 -----Rupees-----	2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
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	-	-
		<u>294,752,009</u>	<u>291,037,614</u>
<b>Current assets</b>			
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
		<u>388,893,998</u>	<u>91,702,365</u>
<b>TOTAL ASSETS</b>		<u><b>683,646,007</b></u>	<u><b>382,739,979</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<b>Authorised share capital</b>			
100,000,000 (2019: 100,000,000) ordinary shares of Rs. 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Share capital</b>			
Issued, subscribed and paid-up capital	14	531,219,950	531,219,950
<b>Reserves</b>		<u>(402,398,862)</u>	<u>(375,902,293)</u>
		128,821,088	155,317,657
Advance against future issue of shares		12,163,324	1,941,534
<b>Non-current liabilities</b>			
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	-
		<u>30,902,933</u>	<u>9,589,138</u>
<b>Current liabilities</b>			
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	-
		<u>511,758,662</u>	<u>215,891,650</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>683,646,007</b></u>	<u><b>382,739,979</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		

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

Chief Executive

Director



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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	(1,249,007,821)	(782,772,965)
Gross profit		<u>77,955,837</u>	<u>7,502,322</u>
Selling and distribution expenses	26	(85,209,091)	(105,468,713)
Administrative expenses	27	(22,433,272)	(28,396,150)
Other operating expenses	28	(1,055,114)	(17,959)
		<u>(108,697,477)</u>	<u>(133,882,822)</u>
Other income	29	7,134,145	1,211,142
Operating loss		<u>(23,607,495)</u>	<u>(125,169,358)</u>
Finance costs	30	(3,446,451)	(619,989)
Loss before taxation		<u>(27,053,946)</u>	<u>(125,789,347)</u>
Taxation	31	-	(2,962,249)
Loss after taxation		<u>(27,053,946)</u>	<u>(128,751,596)</u>
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. *gmk*

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director