

Unity Foods Limited

Formerly Taha Spinning Mills Limited

Unit # 1, 38-E, Shamsi Road, P.E.C.H.S,

Block-6, Karachi 75400, Pakistan.

Tel: 34321125-7 Fax: 34321128 E.mail: info@unitygroup.com.pk

Website: www.hmiml.com

29 September, 2017

The General Manager,

Pakistan Stock Exchange Limited,

Stock Exchange Building,

Stock Exchange Road,

Karachi.

Subject: Announcement / Material Information

Dear Sir,

In accordance with the requirements of applicable provisions of the Securities Act, 2015 and the Rule Book of Pakistan Stock Exchange Limited (PSX), we hereby convey the following information:

Right Shares:

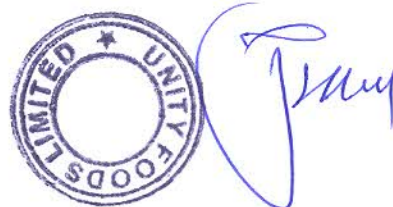
The Board of Directors of the Company in their meeting held on September 28th, 2017 at 3:00 p.m. at Unit # 1, 38-E, Shamsi Road, P.E.C.H.S, Block-6, Karachi 75400, Pakistan, Karachi, has decided to increase the paid up share capital of the Company from PKR 40,500,000 (divided into 4,050,000 ordinary shares of PKR 10 each) to PKR issue 1,690,500,000 (divided into 169,050,000 ordinary shares of PKR 10 each) by issue of 165,000,000 new ordinary shares to be offered as right shares at the Par value of Rs. 10 per share to all the members whose names will appear on the Members' Register on the book closure date i.e., 4,074.074 % right shares i.e. 40.74074 ordinary right shares for every one (1) existing ordinary shares.

In this connection, we are pleased to enclose the following documents as required under Rule 5 of the Companies (Issue of capital) Rules, 1996 as amended vide S.R.O. 34 (I)/2016 dated 19 January, 2016:

- (a) The resolution of the Board of Directors to issue right shares stating the quantum of the right issue, issue price per share, purpose of the right issue, use of the proceeds of the right issue, the benefits of right issue to the Company and the risk factors associated with the right issue – **Annex1**;
- (b) Approved financial plan and projections for five years – **Annex2**;

The Share Transfer Books of the Company will remain closed from 12 October, 2017 to 19 October, 2017 (both days inclusive). The members whose names will appear on the Register of Members at the close of business on 11 October, 2017 shall be entitled to the receipt of physical Letter of Rights or credit of unpaid rights in book entry form in their accounts with the Central Depository Company of Pakistan Limited, as the case may be.

Transfers received at the office of Independent Share Registrar of the Company, M/s Najeeb Consultants (Private) Limited, 408-Commerce Centre, Hasrat Mohani Road, Karachi at the close of business on 11 October, 2017 will be treated in time for the purpose of entitlement of right shares to the transferees.



Unity Foods Limited

Formerly Taha Spinning Mills Limited

Acquisition of Solvent Extraction Plant:

The Board of Directors of the Company has also approved the acquisition of a running Edible Oil Solvent Extraction Plant comprising of land, building and plant, machinery and equipment of 450 tons per day capacity from Ayesha Solvent Plant (Private) Limited, an associated company at a price of PKR 750 million. This transaction shall be subject to the completion of the legal formalities, receipt of necessary permissions/NOCs and execution of agreements and requisite documents. The board made the decision based on the recommendation of the audit committee. The Board had appointed MYK Associates (Pvt) Ltd. to appraise the value of assets being acquired from Ayesha Solvent Plant (Pvt) Ltd. The valuation report has assigned a total value of Rs. 797 million to these assets. The board has negotiated and has approved total price of Rs 750 million for the said assets.

A disclosure form is attached herewith - **Annex3**.

You may please inform the TRE Certificate Holders of your Exchange, accordingly.

Yours Sincerely,


Jalees Edhi
Company Secretary



Copy to:

- (1) The Executive Director, Securities Market Division, SECP, Islamabad.
- (2) The Commissioner, Corporate Supervision Department, SECP, Islamabad.

Annex1

Resolution of the Board of Directors passed in their meeting held on 28 September, 2017

“**RESOLVED THAT** the ordinary paid up share capital of Unity Foods Limited (previously Taha Spinning Mills Limited) (the “Company”) be and is hereby increased from Rs. PKR 40,500,000 (divided into 4,050,000 ordinary shares of PKR 10 each) to PKR issue 1,690,500,000 (divided into 169,050,000 ordinary shares of PKR 10 each) by issue of 165,000,000 new ordinary shares and that these shares be and are hereby offered as right shares at the Par value of Rs. 10 per share to all the members whose names will appear on the Members’ Register on the book closure date i.e., 4,074.074 % right shares i.e. 40.74074 ordinary right shares for every one (1) existing ordinary shares as provided under Section 83 of the Companies Act, 2017 read with the Companies (Issue of Capital) Rules, 1996 against payment of value of shares to the Company up to the date as per Right Allotment letters to be issued.

“**FURTHER RESOLVED THAT** these right shares when issued shall rank *pari passu* in all respect with the existing ordinary shares of the Company.”

“**FURTHER RESOLVED THAT** share transfer books of the Company will remain closed from 12 October, 2017 to 19 October, 2017 (both days inclusive) to determine the entitlement of right shares.”

“**FURTHER RESOLVED THAT** approval be and is hereby granted to allow the members/ shareholders of the Company to renounce their right to subscribe right shares in favour of any other person(s).”

“**FURTHER RESOLVED THAT** the following shall be the purpose of the right issue, use of the proceeds of right issue, its benefits and the risk factors associated with the right issues in terms of Rule 5 (ii) of the Companies (Issue of Capital) Rules, 1996:

The quantum of Right Issue:

PKR. 1,650,000,000 divided into 165,000,000 ordinary shares of PKR 10 each

Price per Share:

Par value of PKR 10 each

Purpose of Right Issue:

The purpose of the right issue is to raise funds to carry out capital expenditure on the proposed acquisition and setting up of the Solvent extraction plant, edible oil refinery and other assets.

Use of the Proceeds of the Right Issue:

(these detail can be subject to variation depending upon the actual requirements. To meet the immediate acquisition costs, the sponsors/directors shall arrange the requisite funding as and when required which will be adjusted towards right shares subscription)

Description	PKR in ‘000’
Land	436,046
Building	240,887
Plant & Machinery	936,985
Miscellaneous expenses	13,082
Contingencies	23,000
Total	1,650,000



J. J. J.

Benefits of Right Issue to the Company

The Company requires funds for its proposed edible oil business. The acquisition of solvent extraction plant and oil refinery will benefit the company and its shareholders as the Board foresees promising results from production, refining and sale of edible oil which has a ready market in Pakistan. As the Company plans to acquire an existing running plant, the shareholders will not have to wait for completion of gestation phase associated with installation of brand new plants which in edible oil case can stretch up to three years. The issue of right shares will strengthen the equity base of the Company which will be helpful for future business opportunities and growth. The successful completion of the project will lead to profitability which will add to shareholders value.

Risk Factors associated with the Right Issue

The issue of right shares will be underwritten as per legal requirement. In case of under subscription, the board of directors will decide to allot shares in terms of Section 83 of the Companies Act, 2017.

FURTHER RESOLVED THAT financial plan and five years financial projections based on the proposed issue of right shares (attached herewith) be and are hereby approved.

FURTHER RESOLVED THAT the Chief Executive Officer and the Company Secretary be and are hereby singly authorized to negotiate, finalize and appoint the underwriters to the right issue in compliance with the Companies (Issue of Capital) Rules, 1996 and to singly execute and sign on behalf of the Company, the underwriting agreements and other necessary documents.

FURTHER RESOLVED the Chief Executive Officer and the Company Secretary be and are hereby singly authorized to negotiate, finalize and appoint bankers to the right issue for collection of amount of subscription towards right shares and to open and operate the right issue Subscription Account(s) of the Company with the authorized Banks.

FURTHER RESOLVED THAT the Chief Executive Officer and Mr. Safdar Sajjad Director be and are hereby singly authorized to sign the letter of offer for right shares as required under Section 83 of the Companies Act, 2017 on behalf of the Board of Directors.

FURTHER RESOLVED THAT the fractional right shares if any shall be consolidated and issued in the name of the Company Secretary and the same be sold at Pakistan Stock Exchange and their proceeds shall be distributed amongst the entitled shareholders as per their entitlements.

FURTHER RESOLVED THAT the Chief Executive Officer and the Company Secretary be and are hereby singly authorized and empowered to take all necessary steps and decisions to obtain all approvals required, if any and to sign, execute and deliver applications and document (s) required by SECP/PSX/CDC or any other authority in this regard and to affix common seal of the Company on such document (s), share certificates of title to the shareholders as may be deemed necessary and take or cause to be taken all actions as may be necessary or incidental for implementation and giving full force to the above resolutions.

FURTHER RESOLVED THAT the Chief Executive Officer and the Company Secretary be and are hereby singly authorized and empowered to make any changes in book closure dates and to prepare the offer letter, circular and schedule for issue of right shares and any other documents and to make any amendment in the said documents and schedule and to take all necessary actions required by SECP/PSX/CDC or any other authority and to take all necessary action as may be require in this regard including execution of any documents and agreements.



A handwritten signature in blue ink, appearing to be 'T. Sajjad', written over a large, light blue circular scribble.

Annex2

Unity Foods Limited

(Previously Taha Spinning Mills Limited)

Financial Plan:

The financial plan envisages the issue of further capital by issue of 165,000,000 ordinary shares to the existing shareholders. The amount of PKR 1.650 billion to be raised from the right issue will be utilized as follows:

Description	PKR in '000'
Land	436,046
Buildings	240,887
Plant & Machinery	936,985
Miscellaneous expenses	13,082
Contingencies	23,000
Total fixed cost	1,650,000
Working capital	850,000
Total project cost	2,500,000
To be financed by right issue	1,650,000
To be finance by bank borrowings	850,000
Total	2,500,000

Financial Projections (June 30th):

Rs. 000,000	2018*	2019	2020	2021	2022	2023
Sales	1,293	6,522	7,674	8,238	8,815	9,432
Profit After Tax	18	429	559	645	697	828
EPS	0.39	2.54	3.30	3.81	4.12	4.90

*financial projection of 2018 include 3 months operations

The financial projections provided herein above reflect *bona fide* perception of the Directors regarding the performance of the business in the current business environment. The Company or its directors do not accept any liability for conclusion drawn or any investment decisions by any person on the basis of the above information.



Unity Foods Limited
(Previously Taha Spinning Mills Limited)

DISCLOSURE FORM

29 September, 2017

Name of the Company	Unity Foods Limited (Previously Taha Spinning Mills Limited)
Date of Report (Date of earliest event reported if applicable)	September 25, 2017
Exact Name of the Company as specified in its Memorandum	Unity Foods Limited (Previously Taha Spinning Mills Limited)
Registered address of the Company	Unit # 1, 38-E, Shamsi Road, P.E.C.H.S, Block-6, Karachi 75400, Pakistan.
Contact Information	Mr. Jalees Edhi Company Secretary Tel: +92 21 34321125 ~ 127 Fax: +92 21 34321128
Disclosure of inside information by the Company in terms of Securities Act, 2015	<p>Right Shares:</p> <p>The Board of Directors of the Company in their meeting held on September 28th, 2017 at 3:00 p.m. at Unit # 1, 38-E, Shamsi Road, P.E.C.H.S, Block-6, Karachi 75400, Pakistan, Karachi, has decided to increase the paid up share capital of the Company from PKR 40,500,000 (divided into 4,050,000 ordinary shares of PKR 10 each) to PKR issue 1,690,500,000 (divided into 169,050,000 ordinary shares of PKR 10 each) by issue of 165,000,000 new ordinary shares to be offered as right shares at the Par value of Rs. 10 per share to all the members whose names will appear on the Members' Register on the book closure date i.e., 4,074.074 % right shares i.e. 40.74074 ordinary right shares for every one (1) existing ordinary shares.</p> <p>In this connection, we are pleased to enclose the following documents as required under Rule 5 of the Companies (Issue of capital) Rules, 1996 as amended vide S.R.O. 34 (I)/2016 dated 19 January, 2016:</p> <p>(a) The resolution of the Board of Directors to issue right shares stating the quantum of the right issue, issue price per share, purpose of the right issue, use of the proceeds of the right issue, the benefits of right issue</p>



to the Company and the risk factors associated with the right issue – **Annex1**;

- (b) Approved financial plan and projections for five years – **Annex2**;

The Share Transfer Books of the Company will remain closed from 12 October, 2017 to 19 October, 2017 (both days inclusive). The members whose names will appear on the Register of Members at the close of business on 11 October, 2017 shall be entitled to the receipt of physical Letter of Rights or credit of unpaid rights in book entry form in their accounts with the Central Depository Company of Pakistan Limited, as the case may be.

Transfers received at the office of Independent Share Registrar of the Company, M/s Najeeb Consultants (Private) Limited, 408-Commerce Centre, Hasrat Mohani Road, Karachi at the close of business on 11 October, 2017 will be treated in time for the purpose of entitlement of right shares to the transferees.

Acquisition of Solvent Extraction Plant:

The Board of Directors of the Company has also approved the acquisition of a running Edible Oil Solvent Extraction Plant comprising of land, building and plant, machinery and equipment of 450 tons per day capacity from Ayesha Solvent Plant (Private) Limited, an associated company at a price of PKR 750 million. This transaction shall be subject to the completion of the legal formalities, receipt of necessary permissions/NOCs and execution of agreements and requisite documents. The board made the decision based on the recommendation of the audit committee. The Board had appointed MYK Associates (Pvt) Ltd. to appraise the value of assets being acquired from Ayesha Solvent Plant (Pvt) Ltd. The valuation report has assigned a total value of Rs. 797 million to these assets. The board has negotiated and has approved total price of Rs 750 million for the said assets.

Jalees Edhi
Company Secretary

