



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

November 15, 2021

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

Dear Sir,

Subject: **Declaration of Right Shares**

We have to inform you that the Board of Directors of Unity Foods Limited (the 'Company') in their meeting held on **Saturday, November 13, 2021 at 10:30 a.m.** at the Registered Office of the Company have decided to issue approximately 20.12 Right Shares for every 100 shares held (i.e., approximately 20.12%), at par (i.e., Rs 10 per share) (inclusive of Premium of **Rs. 17 per share**).

The Share Transfer Books of the Company will be closed from December 13, 2021 to December 17, 2021 (both days inclusive) to determine the Entitlement of Right Shares.

Transfers received at the F.D. Registrar Services (Pvt.) Limited, Office No. 1705, 17th Floor Saima Trade Tower A, I.I. Chunridgar Road, Karachi at the close of business on December 16, 2021, will be treated in time for the purpose of entitlement of Right Shares to the transferees.

Following details are attached:

- Statement pertaining to Quantum of Issue, Issue Size, Issue price, Purpose of Issue, Utilization of Proceeds, Benefits of Issue to the Company and the Shareholders, Risk Factors, under Regulation 3 of the Companies (Further Issue of Shares) Regulations, 2020 and Justification of issuance of Right Shares at a Premium. (**Annexure A**)
- Certified true copy of the Extract of Resolutions passed by the Board of Directors dated November 13, 2021. (**Annexure B**)
- Draft Copy of the Notice of the Right Issue and book closure to the Shareholders prior to its publication in the newspapers. (**Annexure C**)



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

Yours sincerely,

Syed Muhammad Tariq Nabeel Jafri
Company Secretary

Encl: a.a.

CC:

The Commissioner
Corporate Supervision Department
Securities and Exchange Commission of Pakistan
Islamabad

The Director
Surveillance Supervision Enforcement (SSE)
Securities and Exchange Commission of Pakistan
Islamabad



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Annexure A

Unity Foods Limited

Statement pertaining to Quantum of Issue, Issue Size, Issue price, Purpose of Issue, Utilization of Proceeds, Benefits of Issue to the Company and the Shareholders, Risk Factors, under Regulation 3 of the Companies (Further Issue of Shares) Regulations, 2020 and Justification of issuance of Right Shares at a Premium.

Quantum of the Right Issue (i.e., as a percentage of existing paid-up capital)

The quantum of the Right Issue is approximately 20.12% of the existing paid-up capital of the Company i.e., approximately 20.12 right shares for every 100 ordinary shares held by the shareholders of the Company.

Right Issue Size

The Company shall issue 200,000,000 (Two Hundred Million) ordinary shares, at a price of Rs. 27/- (Pak Rupees Twenty-Seven) per share, aggregating to Rs. 5,400,000,000/- (Pak Rupees Five Billion Four Hundred Million).

Right Issue Price

Rs. 27/- per share (i.e., at premium of Rs. 17 per share).

Purpose of the Right Issue

The purpose of the Right Issue is to meet the increased working capital requirements of the Company and enhance shareholders' value.

Utilization of Proceeds of the Right Issue & Benefits to the Company and its Shareholders

The proceeds from the Right Issue will be primarily utilized for meeting the increased working capital requirements of the Company.



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Risk Factors associated with the Right Issue

The Right Issue has been announced at a price below current market price; hence there is minimal investment risk associated with the Right Issue. Furthermore, the Right Issue is to be underwritten as per requirement of the applicable regulations.

Justification for issuance of shares at premium

The issue is being made at a premium of PKR 17 per share to par which reflects c. 30.96% discount to the last 6 months volume weighted average share price. A discount to market price is also in line with current market practice.



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Annexure B

Extract of the Resolutions passed by the Board of Directors of Unity Foods Limited (the "Company") at its meeting held on November 13, 2021 at Unity Tower, 8-C, P.E.C.H.S., Block-6, Karachi.

RESOLVED THAT the ordinary paid-up share capital of the Company be increased from Rs. 9,940,500,000/- (Pak Rupees Nine Billion Nine Hundred Forty Million Five Hundred Thousand) to Rs. 11,940,500,000/- (Pak Rupees Eleven Billion Nine Hundred Forty Million Five Hundred Thousand) by issue of 200,000,000 (Two Hundred Million) ordinary shares of the Company of Rs. 10/- (Pak Rupees Ten) per share, 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 Rs. 27/- (Pak Rupees Twenty-Seven) per share (i.e., at a premium of Rs. 17 per share), in the ratio of approximately 20.12 right shares for every 100 existing ordinary shares of Rs. 10/- each (i.e., approximately 20.12%), against payment to the Company of the price of the share 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 following are the quantum, size, and purpose of the Right Issue, along with the utilization of proceeds, benefits of the same to the Company and the shareholders of the Company and the risk factors associated with the Right Issue in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020:

Quantum of the Right Issue (i.e., as a percentage of existing paid-up capital)

The quantum of the Right Issue is approximately 20.12% of the existing paid-up capital of the Company i.e., approximately 20.12 right shares for every 100 ordinary shares held by the shareholders of the Company.

Right Issue Size

The Company shall issue 200,000,000 (Two Hundred Million) ordinary shares, at a price of Rs. 27/- (Pak Rupees Twenty-Seven) per share, aggregating to Rs. 5,400,000,000/- (Pak Rupees Five Billion Four Hundred Million).



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Right Issue Price

RS. 27/- per share (i.e., at premium of Rs. 17 per share).

Purpose of the Right Issue

The purpose of the Right Issue is to meet the increased working capital requirements of the Company in order to, *inter alia*, enhance profitability of the Company and, consequentially, the returns to the shareholders.

Utilization of Proceeds of the Right Issue and Benefits to the Company and its Shareholders

The proceeds from the Right Issue will be primarily utilized for meeting the increased working capital requirements of the Company.

This is expected to positively impact the profitability, thereby enhancing expected returns to the shareholders.

Risk Factors associated with the Right Issue

The Right Issue has been announced at a price below current market price; hence there is minimal investment risk associated with the Right Issue. Furthermore, the Right Issue is to be underwritten as per requirement of the applicable regulations.

Justification for issuance of shares at premium

The issue is being made at a premium of PKR 17 per share to par which reflects c. 30.96% discount to the last 6 months volume weighted average share price. A discount to market price is also in line with current market practice.

FURTHER RESOLVED THAT the letter of offer may be issued / signed by Mr. Muhammad Farrukh and Mr. Abdul Majeed Ghaziani, being the directors of the Company, in compliance with the applicable laws.

FURTHER RESOLVED THAT the draft of the 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. Muhammad Farrukh, the CEO of the Company, be and is hereby singly authorized to finalize and sign the circular on behalf of all the directors.



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FURTHER RESOLVED THAT all fractional entitlements will be consolidated in the name of the Company Secretary (under trust) and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed / paid to the entitled shareholders in accordance with their respective entitlements as per applicable regulations.

FURTHER RESOLVED THAT that any unsubscribed shares may be offered and allotted to such persons and in such manner as the directors may deem fit in accordance with Section 83(1)(a)(iv) of the Companies Act, 2017, including the sponsors, directors or associated undertaking of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.

FURTHER RESOLVED THAT the Company be and is hereby authorized to close its share transfer books from December 13, 2021 to December 17, 2021 (both days inclusive) to determine entitlements of the shareholders of the Company with respect to the Right Issue.

FURTHER RESOLVED THAT the Chief Executive Officer and the Company Secretary be and are hereby severally authorized to do the following on behalf of the Company:

- (i) Appoint / negotiate with consultants / advisors / auditors and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreements(s), other documents and settle / finalize fees, underwriting commission, take up commission and third-party expenses and / or any other expenses relating to the Right Issue;
- (ii) To prepare the schedule for issue of right shares including date of payment, and to make any amendment in the said schedule, appointment of banker(s) to the issue, announce book closure dates, and to take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the Securities and Exchange Commission of Pakistan ("SECP") / Pakistan Stock Exchange Limited ("PSX") / Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, induction of the offer for right shares in the Central Depository System of the CDC) or any other authority;
- (iii) To open, maintain, operate and close bank accounts for the purpose of amounts received from subscription of shares;



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- (iv) To allot / credit right shares and file returns as required by SECP / PSX / CDC along with the auditors' certificates; and
- (v) To take all other necessary steps, and do all other acts, deeds and things, 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 action as may be required in this regard including execution of any documents and agreements or any ancillary or incidental actions to give effect to the above resolutions.

Certified that the above mentioned is a true and valid extract from the meeting of the Board of Directors of Unity Foods Limited held at Unity Tower, 8-C, P.E.C.H.S., Block-6, Karachi on November 13, 2021.

Company Secretary



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Annexure C

NOTICE OF RIGHT ISSUE AND BOOK CLOSURE

Members are hereby notified that the Board of Directors of Unity Foods Limited (the "**Company**") in their meeting held on **November 13, 2021** has decided to issue further capital by offering 200,000,000 ordinary right shares of Rs. 10/- (Pak Rupees Ten) at a price of Rs. 27/- (Pak Rupees Twenty-Seven) per share (inclusive of a premium of Rs. 17 (Pak Rupees Seventeen per share), in the ratio of approximately 20.12 right shares for every 100 existing ordinary shares of Rs. 10/- each (i.e., approximately 20.12%), against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank *pari passu* in all respect with the existing ordinary shares of the Company.

The Share Transfer Books of the Company will remain closed from December 13, 2021 to December 17, 2021 (both days inclusive) to determine the entitlements of the shareholders of the Company. Physical transfers / CDS Transaction IDs received at the Company's share registrar **F.D. Registrar Services (Pvt.) Limited, Office No. 1705, 17th Floor Saima Trade Tower A, I.I. Chunridgar Road, Karachi**, Phone no. **021-32271905-6**, and email **fdregistrar@yahoo.com** by the close of business (5:00 pm) on December 16, 2021, will be considered in time for entitlement of right shares.

Syed Muhammad Tariq Nabeel Jafri
Company Secretary

November 15, 2021