



UNITY FOODS LIMITED

food for life!

December 14, 2021

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

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

Subject: Right Issue @ 20.12% at a premium of PKR 17 per share (Total PKR 27/- per share)

In connection with the aforesaid right issue announced by the Company on November 15, 2021, we are pleased to enclose the information on **Schedule1** which will be circulated to the shareholders in accordance with the applicable regulatory framework.

Yours Sincerely,

Syed Muhammad Tariq Nabeel Jafri
Company Secretary

Copy to:

Ms. Saima Ahrar, Joint Director, PMADD, Securities Market Division, SECP, Islamabad.

Schedule I
The Companies (Further Issue of Shares) Regulations, 2020

The Company has issued right shares of Rs. 3.75 Billion in the year 2019. As per progress report the funds of Rs. 1.8 Billion (48%) were utilized while Rs. 1.9 Billion (52%) remained unutilized. The work on the stipulated projects for this right issue remained slow due to the impact of last wave of COVID-19.

Advice for Investors:

Investor are advised in their own interest to carefully read the contents of this information and exercise due diligence, assess their own financial conditions and risk ability before making their investment decisions.

(A) Information pertaining to company offering right issue:	
(a) Company profile and history	
(i) Name of Company	Unity Foods Limited
(ii) Incorporation date	January 20, 1991
(iii) Date of commencement of business	Not applicable.
(iv) Corporate Universal Identification Number (CUIN)	0023133
(v) Website address and web-link where latest available financial statements are placed	www.unityfoods.pk https://unityfoods.pk/investorrelations/
(vi) Contact details for shareholder facilitation	<p>Head Office Unity Tower 8-C, P.E.C.H.S. Block 6 Karachi. Phone No. 92-21-34373605-7 URL: www.unityfoods.pk Email: info@unityfoods.pk</p> <p>Share Registrar F.D. Registrar Services (Pvt.) Ltd 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi Tel: (92-21) 32271905, 32271906 Email: info@fdregistrar.com</p>
(b) profile of management and sponsors	
(i) Profile of directors (names, executive/ nonexecutive/ independent/nominee director and tenure of directorship held)	Annexure A.
(ii) other directorships held	Annexure A.
(c) name of the statutory auditor	KPMG Taseer Hadi & Co., Chartered Accountants.
(d) existing capital indicating classes of shares, if any, separately	
(i) authorized Capital.	Rs. 12,000,000,000/- divided into 1,200,000,000 Ordinary shares of Rs. 10/- each.
(ii) paid-up capital.	Rs. 9,940,500,000/- divided into 994,050,000 Ordinary shares of RS. 10 each.
(e) name of holding company, if any	Not applicable.

(f) financial highlights of company for preceding three years		Unconsolidated Audited Financial Highlights (Rs.)			
Year	2021	2020	2019	2018	
Net Sales	66,400,968,204	29,872,020,642	14,097,237,284	2,782,172,064	
Gross Profit	5,191,652,580	2,024,971,486	1,277,203,221	248,073,426	
Profit Before Interest and Tax	4,269,253,622	735,222,844	562,929,180	149,637,697	
Tax	(277,392,209)	15,078,506	(19,647,098)	23,719,099	
Profit After Tax	3,111,739,492	209,628,796	255,074,520	121,516,425	
Accumulated Profit (loss)	3,438,779,398	409,190,974	253,967,178	83,417,658	
Total Assets	42,538,374,952	18,943,389,566	10,465,626,181	4,567,182,584	
Total Liabilities	29,159,095,554	13,093,698,592	4,771,159,003	2,793,264,926	
Net Equity	13,379,279,398	5,849,690,974	5,694,467,178	1,773,917,658	
Breakup Value Per Share	13.46	10.75	10.47	10.49	
EPS	3.44	0.35	1.03	1.18	
Dividend	NIL	NIL	1%	5%	
Bonus	NIL	NIL	NIL	NIL	
(g) financial highlights for preceding one year of consolidated financial statements same as (f) above, if any		Consolidated Audited Financial Highlights (Rs.)			
Year	2021	2020			
Net Sales	68,831,301,040	30,479,501,918			
Gross Profit	5,651,125,813	2,100,440,125			
Profit Before Interest and Tax	4,516,850,505	747,294,084			
Tax	(217,679,236)	15,132,017			
Profit After Tax	3,338,192,931	214,280,167			
Accumulated Profit (loss)	3,247,910,090	412,785,010			
Total Assets	44,185,881,140	19,540,760,697			
Total Liabilities	30,997,471,050	13,635,377,826			
Net Equity	13,188,410,090	5,905,382,871			

	Breakup Value Per Share	13.27	10.85												
	EPS	3.61	0.36												
	Dividend	NIL	NIL												
	Bonus	NIL	NIL												
(h) detail of issue of capital in previous five years															
(i) year wise detail of issue of capital (right issue or other than right)		1) 2017: Rs. 1,650,000,000 Right Shares; 2) 2019: Rs. 3,750,000,000 Right Shares; 3) 2020: Rs. 4,500,000,000 Right Shares.													
(ii) brief details of funds utilization through previous issue of right shares, if any		RS. <table><tr><th>Year</th><th>Right Issue Size</th><th>Net Proceeds Utilized</th></tr><tr><td>2017</td><td>1,650,000,000</td><td>Fully utilized for Purchase of land, building and Plant and Machinery.</td></tr><tr><td>2019</td><td>3,750,000,000</td><td>The proceeds were to be utilized for purchase fixed assets. As on September 30, 2021 RS. 1,807,317,296 were deployed in purchase of assets. The work on the stipulated projects for this right issue remained slow due to the impact of last wave of COVID-19.</td></tr><tr><td>2020</td><td>4,500,000,000</td><td>Fully utilized for Working Capital.</td></tr></table>		Year	Right Issue Size	Net Proceeds Utilized	2017	1,650,000,000	Fully utilized for Purchase of land, building and Plant and Machinery.	2019	3,750,000,000	The proceeds were to be utilized for purchase fixed assets. As on September 30, 2021 RS. 1,807,317,296 were deployed in purchase of assets. The work on the stipulated projects for this right issue remained slow due to the impact of last wave of COVID-19.	2020	4,500,000,000	Fully utilized for Working Capital.
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2020	4,500,000,000	Fully utilized for Working Capital.													
(B) Details of the current right issue:															
Description of Issue:		Rs. 5,400,000,000/-													
(a) size of the proposed issue divided into of Rs.		200,000,000 ordinary right shares of face value of Rs. 10 each to be issued at premium of Rs. 17 per share (total Rs. 27 per share).													
(b) Face Value of the Share		Rs. 10 per share													
(c) Basis of determination of price of the right issue		The issue is being made at a total price of Rs. 27 per share inclusive of premium of Rs. 17 per share which reflects 30.96% discount to the last six months volume weighted average share price.													
(d) Proportion of new issue to existing issued shares with condition, if any		Approximately 20.12 Right Shares for every 100 shares held.													
(e) Date of meeting of board of directors wherein the right issue was approved		November 13, 2021													
(f) Names of directors attended the BOD meeting		Mr. Sulaiman Sadruddin Mehdi – Chairman- Independent Director Mr. Muhammad Farrukh – CEO - Executive Director Ms. Tayyaba Rasheed – Independent Director Mr. Saad Amanullah Khan – Independent Director Mr. Abdul Majeed Ghaziani– Non-Executive Director Ms. Lie Hong Hwa – Non-Executive Director													
(g) Justification for the issue															

(i) Details of the main objects for raising funds through present right issue	To meet increased working capital requirements of the Company. The funds generated from the right issue would be utilized primarily for the purposes of purchase of inventories.																									
(a) Details of Project	Not applicable																									
(b) Total funds required for the project	Not applicable																									
(c) Percentage of funds required financed through the right issue	Not applicable																									
(d) Percentage of funds required financed from other sources, if any	Not applicable																									
(e) Time of completion of project	Not applicable																									
(ii) Expected benefits of the issue to the Company and its members (description and amount)	The right issue is expected to positively impact the profitability, thereby adding value to the shareholders and enhanced expectation of dividends.																									
(h) Average market price of the share of the company during the last six months	Rs. 38.15																									
(i) Financial effects arising from right issue																										
(i) Increase in paid-up share capital	The Paid-up capital will rise from Rs. 9,940,500,000 to Rs. 11,940,500,000.																									
(ii) Net asset/breakup value per share before and after right issue	The break-up value per share before the right issue (as on September 30, 2021) was Rs. 13.43. After issuance of right shares, the break-up value is expected to rise to Rs. 15.70.																									
(iii) Gearing ratio before and after right issue	Before Right Issue as on September 30, 2021: 56.84% After Right Issue adjustment: 48.39%																									
(j) Total Expenses to the issue																										
(i) Bankers' commission	<table><tr><td></td><td></td></tr><tr><td>Underwriting Commission @0.75% of Rs. 3,427,496,046</td><td>25,706,220</td></tr><tr><td>Legal Advisor's Fee</td><td>1,750,000</td></tr><tr><td>PSX fee</td><td>4,000,000</td></tr><tr><td>CDC fee (estimated)</td><td>10,000,000</td></tr><tr><td>SECP fee</td><td>400,000</td></tr><tr><td>Banker's Commission</td><td>100,000</td></tr><tr><td>Printing and dispatch charges</td><td>500,000</td></tr><tr><td>Miscellaneous Expenses</td><td>5,000,000</td></tr><tr><td></td><td></td></tr><tr><td>Total (estimated)</td><td>47,456,220</td></tr><tr><td></td><td></td></tr></table>				Underwriting Commission @0.75% of Rs. 3,427,496,046	25,706,220	Legal Advisor's Fee	1,750,000	PSX fee	4,000,000	CDC fee (estimated)	10,000,000	SECP fee	400,000	Banker's Commission	100,000	Printing and dispatch charges	500,000	Miscellaneous Expenses	5,000,000			Total (estimated)	47,456,220		
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Miscellaneous Expenses			5,000,000																							
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(ii) Others, if any																										
(C) Information regarding risk and risk mitigating factors, as applicable:																										
(a) description of major risks and company's efforts to mitigate them:																										

(i) risks relating to the project for which proceeds of the right issue are to be utilized	No risk as the proceeds of the Right Issue will be deployed towards meeting increased working capital requirements as explained hereinabove
(ii) risks relating to subscription/under-subscription of right issue	The Directors and Substantial shareholder have provided undertaking to PSX that they will either subscribe their portion of shares or arrange subscription of the said shares. The balance amount has been fully underwritten. Therefore, there is no risk of undersubscription of the Right Issue.
(iii) material contingencies	<p>In respect of the GIDC matter, the Honorable Supreme Court of Pakistan (SCP) passed an interim order dated September 01, 2021, whereby granting an interim relief to the petitioners and directed that the impugned judgement of High Court of Sindh dated June 4, 2021 and recovery of the impugned levy shall remain suspended. The SCP further directed that the petitioners shall keep the bank guarantees valid and enforceable and shall furnish fresh bank guarantees equivalent to the amount of levy claimed by the respondents against release of all future consignments of imported goods till final judgement is passed by the SCP.</p> <p>- On May 24, 2018 the Company and the former directors received a notice from Habib Bank Limited relating to Suo Moto Notice of Supreme Court on loan write off pertaining to the period 2007. The former management for their own behalf of the Company have filed a statement on June 5, 2018 through their legal counsel whereby they have explained that due amounts were paid by the then management to the National Bank of Pakistan and Habib Bank Limited. The case is yet to be decided. The current management believes that no liability or payment accrues against the Company. Accordingly, no provisioning has been provided in unconsolidated financial statements.</p>
(iv) material commitments	Commitments under letter of credit for raw materials as at September 30, 2021 amounted to Rs. 3,303.15 million (June 30, 2021: Rs. 6,093.50 million).

(v) any adverse issue reported by the auditor in their audit reports in previous five years	The sponsors acquired Taha Spinning Mills Limited in May 2017 and renamed the company to 'Unity Foods Limited'. Since acquisition, there has been no adverse issue reported by the auditors in the financial statements. For the year ended June 30, 2017 the Auditors have given emphasis para regarding going concern. It may be noted that on June 30 2017 the Company had not commenced operations following takeover from former management. The Company commenced commercial production during the year ended June 30, 2018 and since then has posted significant growth in sales and has expanded operations as evident from the results of last three years summarized above and disclosed in the annual and interim audited and unaudited financial statements available on www.unityfoods.pk														
(b) names of underwriters	1) Habib Bank Limited 2) AKD Securities Limited 3) Askari Bank Limited 4) Dawood Equities Limited														
(D) Eligibility criteria & associated matters:															
(a) members' eligible / entitlement of getting the Letter of Right	All those shareholders whose names appear on the register of shareholders at the close of business on December 10, 2021.														
(b) bankers to the issue	Habib Bank Limited Askari Bank Limited														
(c) date upto which the offer, if not accepted, shall be deemed to have been declined	January 21, 2022														
(d) mode of acceptance (only through banking channel)															
(i) bank account number	Title of Account: "Unity Foods Limited – Right Shares Subscription Account" <table><tr><td>Bank Name</td><td>Account No. (IBAN)</td><td>Branches</td></tr><tr><td>Habib Bank Limited</td><td>PK56 HABB 0000 4279 9217 8003</td><td>All Branches</td></tr><tr><td>Askari Bank Limited</td><td>PK 87ASCM 0000150100584233</td><td>All Branches</td></tr><tr><td></td><td></td><td></td></tr></table>			Bank Name	Account No. (IBAN)	Branches	Habib Bank Limited	PK56 HABB 0000 4279 9217 8003	All Branches	Askari Bank Limited	PK 87ASCM 0000150100584233	All Branches			
Bank Name	Account No. (IBAN)	Branches													
Habib Bank Limited	PK56 HABB 0000 4279 9217 8003	All Branches													
Askari Bank Limited	PK 87ASCM 0000150100584233	All Branches													
(ii) date by which amount to be credited in bank account to constitute valid acceptance	January 21, 2022														
(iii) number and date of pay order / bank draft and other banking instrument.	By pay order/bank draft/other banking instrument.														
(E) Any other material information that may have direct or indirect bearing on the investment decision.	1. The Company has issued right shares of RS. 3.75 Billion in the year 2019. As per progress report of 30.09.2021 already filed with the PSX and SECP, the funds of Rs. 1.8 Billion were utilized while Rs. 1.9 Billion remained unutilized. The work on the stipulated projects for this right issue remained slow due to the														

impact of last wave of COVID-19 which has slowed down construction/ manufacturer's activities. However, the Company remains committed to executing its well laid down expansion plan. It is expected that the remaining machinery additions to Port Qasim Refinery will be delivered by June, 2022. The remaining unutilized amount will be fully utilized to set up the supporting infrastructure by the time machinery is delivered and installed. The Company has identified site for establishment of Oil Terminal and negotiations are being initiated. The Company will share the updates on the above in due course with detailed of utilization of funds.

2. Unity Foods topline is growing at an impressive double-digit growth rate per annum since its acquisition and revival. Last full year's topline sales of Rs. 66 billion is over 120% increase compared to gross sales of year ended June 2020. This is a contribution of both price and volume increase. Product-portfolio-wise details have been shared in a recent presentation given to analysts which is available on our website as well.

3. The Company has issued right shares of Rs. 4.5 Billion in the year 2020 for the purposes of increasing the working capital of the company. The amount has fully been utilized and is part of working capital of the Company.

4. In order for the Company to operate at optimal level and to continue its growth in a measured way, it requires a total working capital of over Rs. 33 billion. The Company, today, has total working capital lines of around Rs. 10 billion with various banks. In addition, it is supporting its sales with the help of its single largest shareholder, Wilmar International. Wilmar has extended a suppliers' credit facility of USD 40 million to help the Company in importing the raw material that it needs to run its business. In addition, Rs. 4.5 billion from the previous rights issue is also fully deployed for working capital.

5. Also, the Company has been hit hard by a double whammy, where international commodity prices are at an all-time high at the same time when rupee has considerably depreciated against the U.S Dollar in the last six months (1 USD to Rs. 157.60 on June 30, 2021 vs. 1 USD to RS. 175.70 on December 1, 2021). This increases the working capital requirements as with even the same sales level the higher conversion value of raw material purchase in Pak Rupee pushes the working capital requirement even higher.

6. In order to import raw material, the Company need Letter of Credit for the suppliers and the minimum collateral that the banks require for such facility is charge on current assets, therefore, the current assets are being used as collateral with the banks for opening of the LCs.

7. The current rights issue of Rs. 5.4 billion will go towards bridging the gap that is explained above. Also, in these economically challenging times, this rights issue will further

strengthen the balance sheet of the Company, which will give healthy support to its business operations as well as confidence to the investors.

Annexure A.	S #	Name of Directors	S #	Directorship in other Company
	1	Mr. Muhammad Farrukh Chief Executive / Executive Director Re-appointed on April 01, 2019 in Election	1	Sunridge Foods (Pvt) Ltd
			2	Unity Wilmar Agro (pvt) Ltd
			3	Unity Wilmar Food (pvt) Ltd
			4	Unity Wilmar Packages (pvt) Ltd
			5	Kairos Resources (Pvt) Ltd
			6	Unity Packages (pvt)Ltd
			7	Unity Feeds (pvt) Ltd
			8	Unity Enterprises (pvt) Ltd
	2	Mr. Abdul Majeed Ghaziani Non- Executive Director Re-appointed on April 01, 2019 in Election	1	Sunridge Foods (Pvt) Ltd
			2	Unity Wilmar Agro (pvt) Ltd
			3	Unity Wilmar Food (pvt) Ltd
			4	Unity Wilmar Packages (pvt) Ltd
			5	Unity Packages (pvt)Ltd
			6	Unity Feeds (pvt) Ltd
			7	Unity Enterprises (pvt) Ltd
	3	Ms. Lie Hong Hwa Nominee Director Appointed on June 21, 2021	1	Unity Wilmar Agro (pvt) Ltd
			2	Unity Wilmar Food (pvt) Ltd
			3	Unity Wilmar Packages (pvt) Ltd
			4	Wilmar Pakistan Holdings Pte Ltd
	4	Ms. Tayyaba Rasheed Independent Director Appointed on April 01, 2019 in Election	1	Aisha Steels Mills Limited
			2	Dolmen REIT Management Company Limited
			3	DHA Cogen Limited
	5	Muneer Independent Director Re-appointed on April 01, 2019 in Election	1	MMG Engineering Associates (Pvt. Ltd)
			2	Straddle Oil and Gas (Pvt) Ltd
	6	Sulaiman Sadruddin Mehdi Chairman / Independent Director Appointed on June 15, 2021	1	Cyan Limited (CEO/Director)
			2	Sindh Energy Holding (Pvt.) Limited (Director)
			3	Pebbles (Pvt.) Limited (Chairman/Director)
			4	ECommunity Management Services (Pvt.) Limited
			5	BankIslami Pakistan Limited (Director)
	7	Saad Amanullah Khan Independent Director Appointed on August 06, 2021	1	Fauji Fertilizer Corporation
			2	ZIL Corporation
			3	NBP Funds
			4	Jaffer Brothers
			5	International Packaging (doing in IPO soon)
			6	Burque Corporation
			7	CTM360 (cyberthreat Management) based in Bahrain