



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

19/02/2019

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

FORM-14

Subject: Declaration of Right Shares

Dear Sir,

We have to inform you that the Board of Directors in their meeting held on February 19, 2019 at 3:00 PM at the registered office of the Company have decided to issue 221.83 Right Shares for every 100 shares held i.e. 221.83% at par.

The share Transfer Books of the company will be closed from March 15, 2019 to March 21, 2019 both days inclusive) to determine the entitlement of Right Shares. Transfers received at F.D. Registrars (SMC- PVT.) Limited 17th Floor Saima Trade Tower A, I. I. Chundrigar Road, Karachi at the close of business on March 14, 2019 will be treated in time for the purpose of entitlement of Right Shares to the transferees.

Following details are attached:

- Statement with respect to the details of the Right Issue, including the purpose, benefits, uses of funds and risk factor associated with the same, along with the financial plan as approved by the Board of Directors (Annexure A)
- Financial projections duly approved by the Board of Directors (Annexure B)
- Certified true copy of the extract of resolutions passed by the Board of Directors dated February 19, 2019 (Annexure C)
- Draft copy of the notice of the Right Issue and book closure to the shareholders prior to its publication in the newspapers (Annexure D)

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

Yours Sincerely,

Chief Executive Officer

Encl: a.a.

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

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



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Annexure A

Unity Foods Limited

Statement pertaining to quantum of Issue, Issue Pricing, Purpose of Benefits, Use of Funds, Risk Factors and Financial Plan under Rule 3 of the Companies (Further Issue of Shares) Regulations, 2018 .

1. Quantum of issue

375,000,000 ordinary shares of Unity Foods Limited of PKR 10/- each, constituting 221.83% i.e. approximately 221.83 shares for every 100 shares held by the shareholders of the Company.

2. Issue Price Per Share

PKR 10/- Per share (at par).

3. Purpose of Rights Issue

In order to expand Edible Oils segment, the BOD has decided to acquire edible oil refinery with 500 Metric Tons per Day capacity, thereby taking the total refining capacity to 650 Metric Tons per day. The BOD has further decided to enhance production capacity by additions of Plant & Machinery in Edible Oil Refining segment to enable the company to produce, sell and distribute the complete range of edible oil products.

The BOD also approved establishment of an Oil Terminal for adequate storage capacity (situated at Port Qasim) to have an integrated business model for Edible Oils segment. Benefit to the Company & Use of Funds.

4. Benefits to the Company & Use of Funds

The funds from the Rights Issue will contribute towards the completion of Acquisitions and Expansion Projects as detailed above. This is expected to result in overall increase in the Company's Revenue and correspondingly in the profitability of the Company, thereby enhancing expected returns to the valued shareholders.



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5. Risk Factors

The right issue has been announced at a price below current market price; hence there is minimal investment risk associated with the Rights issue. Furthermore, the Company's sponsors shall be subscribing to their entitlement of right shares. Normal business risks remain, however, the Company is well equipped to mitigate the business risks.

6. Financial Plan

| Utilization of Funds | PKR |
|--|----------------------|
| Acquisition of Port Qasim Refinery (A) | 850,000,000 |
| Additions to Port Qasim Refinery (B) | 2,000,000,000 |
| Establishment of Oil Terminal (C) | 900,000,000 |
| Estimated Cost of Acquisitions & Expansions (A+B+C) | 3,750,000,000 |
| Proceeds From Rights Issue | 3,750,000,000 |



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Annexure B

Unity Foods Limited

Financial Projections

| In PKR Million | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
| Sales | 10,755 | 18,308 | 20,251 | 25,868 | 27,812 |
| Profit after tax | 266 | 586 | 726 | 1,017 | 1,142 |
| EPS -(PKR)* | 1.57 | 1.08 | 1.33 | 1.87 | 2.10 |
| Share Capital | 5,441 | 5,441 | 5,441 | 5,441 | 5,441 |

* FY2019 EPS is based on pre-rights number of shares i.e. 169.05 million shares

Note: The information given herein reflects current business perceptions of the Board of Directors as to the future business performance of the company, based on current business environment, macro-economic factors and global commodity market trends. However, the Company and/or its directors cannot accept any liability for any investment decisions or conclusions drawn by any person on the basis of the projections.



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Annexure C

Extract of the Resolutions passed by the Board of Directors of Unity Foods Limited (the “Company”) at its meeting held on February 19, 2019 at the Registered Office of the Company.

A meeting of the Board of Directors of the Company was held at 3:00 p.m. on February 19, 2019 at the registered office of the Company.

During the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of right issue. The Board of Directors of the Company stated that all requirements of the Companies Act, 2017 and the Companies (Further Issue of Shares) Regulations, 2018 have been considered by the Board of Directors of the Company and shall be duly complied by the Company.

The following resolutions were passed by the Board of Directors:

RESOLVED THAT the ordinary paid up share capital of the Company be increased from PKR 1,690,500,000/- to PKR 5,440,500,000/- by issue of further 375,000,000 ordinary shares of the Company of PKR 10/- (Pak Rupees Ten) each, 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 PKR 10/- (Pak Rupees Ten) per share, in the ratio of approximately 221.83 right shares for every 100 existing ordinary share of PKR 10/- each (i.e. 221.83%), against payment to the Company of the price of the shares subscribed, which shares shall rank *pari passu* in all respect with the existing ordinary shares of the Company (the “**Right Issue**”).

FURTHER RESOLVED THAT the following shall be the quantum, size, price, use of funds and purpose of the Right Issue, the benefits of the same to the Company and the shareholders of the Company and the risk factors associated with the Right Issue:

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

375,000,000 ordinary shares of Unity Foods Limited of PKR 10/- each, constituting 221.83% i.e. approximately 221.83 shares for every 100 shares held by the shareholders of the Company.

Right Issue Price

PKR 10/- per share.

Purpose of the Right Issue



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In order to expand Edible Oils segment, the BOD has decided to acquire edible oil refinery with capacity of 500 metric tons per day, thereby enhancing Company's total refining capacity to 650 metric tons per day. The BOD has further decided to enhance production capacity by further additions to the existing

Plant & Machinery in Edible Oil Refining segment to enable the Company to produce, sell & distribute complete range of edible oil products.

The BOD also approved the establishment of an Edible Oil Terminal for adequate storage capacity (situated at Port Qasim) to have an integrated business model for Edible Oils segment.

Use of funds & Benefits to the Company and Shareholders

The funds from the Right will contribute towards the completion of the expansion project as detailed above which is expected to result in the overall increase in Company's revenue. More importantly, this expansion will allow the Company to have complete end to end processing of edible oil which is essential for the Company to manage costs and to maintain steady margins over a long period of time.

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 Rights issue. Furthermore, the Company's sponsors shall be subscribing to their entitlement of right shares. Normal business risks remain, however, the Company is well equipped to mitigate the business risks.

FURTHER RESOLVED THAT any two of the following persons i.e. the Chief Executive Officer Mr. Muhammad Farrukh, Mr. Safdar Sajjad, director and Mr. Abdul Hafeez, director are hereby jointly authorized to sign the letter of offer for right shares as required under section 83(2) of the Companies Act, 2017 on behalf of the Board of Directors.

FUTHER RESOLVED THAT the financial projections, as presented to the Board of Directors be and is hereby approved and the Chief Executive Officer and the Company Secretary be and are hereby severally authorized to submit the same to the relevant authorities.

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 to Charity.

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



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FURTHER RESOLVED THAT the Company be and is hereby authorized to close its share transfer books from March 15 2019 to March 21 2019 (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 and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreement(s) and settle / finalize fees, underwriting
- (ii) commission, take up commission and third party expenses and / or any other expenses relating to the Right Issue;
- (iii) 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, and to take all necessary actions, in this respect, required by 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 Central Depository Company of Pakistan) or any other authority;
- (iv) to open, maintain, operate and close bank accounts for the purposes of amounts received from subscription of shares;
- (v) to allot/credit Right Shares and file returns as required by SECP/PSX/CDC along with the Auditors' Certificates; and
- (vi) 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 require 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 abovementioned is a true and valid extract from the meeting of the Board of Directors of Unity Foods Limited held at the registered office of the Company on February 19, 2019.

Chief Executive Officer
Dated: February 19, 2019



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Annexure D

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 February 19th, 2019 has decided to issue further capital by offering 380,000,000 ordinary right shares of PKR 10/- each at a price of PKR 10/- per share in proportion of 224.79 ordinary right shares for every 100 ordinary shares held.

The Share Transfer Books of the Company will remain closed from 15/03/2019 to 21/03/2019 (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. M/S F.D. Registrar Services (SMC-Pvt.) Limited, 408-Commerce Centre, 17th Floor, Saima Trade Tower A, I.I. Chundrigar Road Karachi, PABX No. 92 21 32271905-6, and email **fdregistrar@yahoo.com**, by the close of business (5:00 pm) on 14/03/2019, will be considered in time for entitlement of right shares.


S/d

Company Secretary

February 20, 2019

We, the Board of Directors of Unity Foods Limited, have approved the announcement relating to Right issue including financial projections and all other details pertaining to the Right Issue, during the meeting held on February 19, 2019.


Abdul Majeed Ghaziani



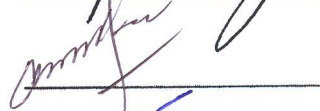
Muhammad Farrukh



Sheikh Ali Baakza



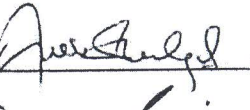
Abdul Hafeez



Safdar Sajjad



Amir Shahzad



Muneer S. Godial



February 19, 2019

Karachi.