



**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

April 30, 2021

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

**Subject : Unity Foods Limited Credit Rating Upgrade**

Dear Sir,

Please find attached copy of Press Release dated April 29, 2021 of VIS Credit Rating Company Limited in respect of credit rating of Unity Foods Limited.

The credit rating has been revised up from 'A-/A-2' (single A Minus/A-two) to 'A/A-2' (single A /A-two).

Yours Sincerely

Syed Muhammad Tariq Nabeel Jafri  
Company Secretary



## Press Release

### VIS Upgrades Entity Ratings of Unity Foods Limited

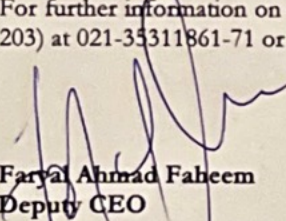
**Karachi, April 29, 2021:** VIS Credit Rating Company Limited (VIS) has upgraded entity ratings of Unity Foods Limited (UFL) from 'A-/A-2' (Single A Minus/A-Two) to 'A/A-2' (Single A/A-Two). The long-term rating of 'A' signifies good credit quality; Protection factors are adequate, Risk factors may vary with possible changes in the economy. The short-term rating of 'A-2' signifies good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small. Outlook on the assigned ratings is 'Stable'. The previous rating action was announced on November 13, 2020.

The assigned ratings incorporate sound profile and established track record of the sponsors in the edible oil business and affiliation with Wilmar International Limited (Singapore), one of Asia's leading agribusiness groups, which is a shareholder in the company. Total equity stake of Wilmar International (held through Unity Wilmar Agro Private Limited (UWA) and Wilmar Pakistan Holdings PTE Ltd. (WPH)) in UFL accumulates to 23.5%. The ratings also reflect positive demand prospects for edible oil in the domestic market given the growing population of the country. High competitive intensity, low barriers to entry, and volatility in raw material prices and exchange rates continue to remain key risk factors affecting the business risk profile of the company.

The revision in ratings takes into account improvement in the profitability profile and internal cash flow generation during the ongoing financial year. Volumetric increase in sales is the primary reason for higher profitability. Gross margins witnessed slight decrease in Q3'FY21 in comparison to the previous quarters due to increase in prices of raw materials and conscious strategy of the management to enhance volumes and reduce underutilization of its plants. Nevertheless, gross margins in quarterly periods continue to remain on the higher side vis-à-vis the corresponding periods in the preceding year. Net margins have exhibited improving trend on quarterly basis. Going forward, profitability will continue to be driven by volumetric growth in sales.

Fund flow from operations has also increased in line with higher profitability of the company. Resultantly, liquidity indicators have exhibited considerable improvement. Enhanced business volumes have necessitated the use of higher short term borrowings for working capital requirements, while quantum of long terms borrowings has also increased to fund capital expenditure plans. Hence, leverage indicators have trended upwards. However, the same remain at manageable level. Maintaining liquidity and capitalization indicators in line with the parameters for the assigned ratings is considered important from the ratings perspective.

For further information on this rating announcement, please contact the undersigned (Ext: 306) or Mr. Narendar Shankar Lal (Ext: 203) at 021-35311861-71 or email at [info@vis.com.pk](mailto:info@vis.com.pk).

  
**Faryal Ahmad Faheem**  
Deputy CEO

**Applicable Rating Criteria: Industrial Corporates (April 2019)**

<https://s3-us-west-2.amazonaws.com/backupsqvis/docs/Corporate-Methodology-201904.pdf>

*Information herein was obtained from sources believed to be accurate and reliable; however, VIS Credit Rating Company Limited (VIS) does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned in this report. VIS is not an NRSRO and its ratings are not NRSRO credit ratings. VIS is paid a fee for most rating assignments. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities. Copyright 2021 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.*

**Head Office: VIS House, 128/C, 25<sup>TH</sup> Lane off. Khayaban-e-Ittehad Phase VII, D.H.A. Karachi. PH: (92-21) 35311861-70 Fax: (92-21) 35311872-73  
Lahore Office: VIS House 431Bik Q, Commercial Area Phase II, D.H.A Lahore PH: 42-35743411-13 Fax: 42-35743410 Website: [www.vis.com.pk](http://www.vis.com.pk)**