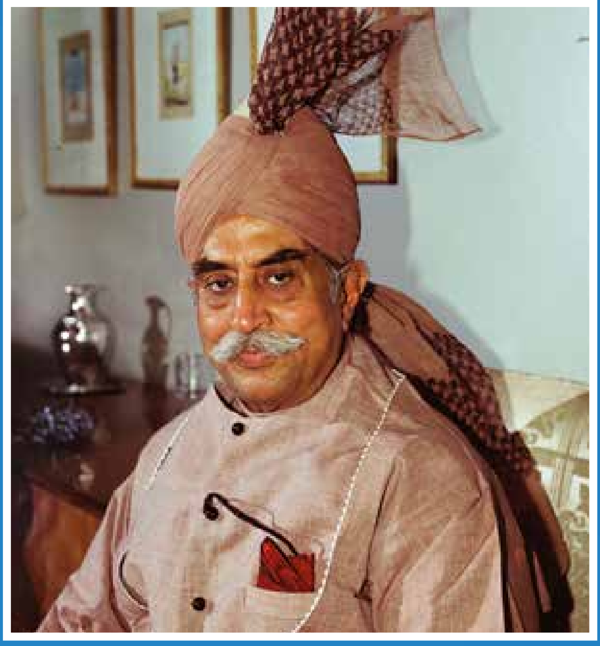
TREET
CORPORATION
LIMITED

All your needs that matter!

COVER STORY

Envisioned with the thought of manufacturing goods that benefit society and satisfy every need that matter for consumers, we at Treet Corporation Limited aim to be innovators and trendsetters in our domain while ensuring sound financial and sustainable growth through offering a diversified product portfolio.

IN MEMORIAM



SYED WAJID ALI (Late)
(20 DECEMBER 1911 – 14 JUNE 2008)

"... and the elements so mixed in him, that nature might stand up and say to all the world, 'This was a Man!' "

William Shakespeare

TABLE OF CONTENT

MANAGEMENT REPORT

CONSOLIDATED FINANCIAL STATEMENTS

UNCONSOLIDATED FINANCIAL STATEMENTS

SOCIETY FOR CULTURAL EDUCATION FINANCIAL STATEMENTS

INVESTORS' INFORMATION

CHAIRPERSON'S
REVIEW REPORT

Dear Shareholders,

I am pleased to present the company's annual report for the year ended June 30, 2020 and to comment on the board's effectiveness in guiding the company towards achievement of its aims and objectives. The company has a strong governance framework in place, which is instrumental in achieving long-term sustainability and growth. In this regard, the board continues to play an effective role by steering the company in a direction that focuses on its core business and competencies.

I confirm that the current members of the board have extensive expertise in the areas of business management, strategy, finance, corporate governance, legal and administration. Further, all members of the board are cognizant of their fiduciary duty to the company and its shareholders and have ensured that this obligation is always a priority.

As chairperson of the board, I affirm that all directors are encouraged to contribute and deliberate on strategic and governance-related topics, and that inputs from the independent directors, the directors representing minority shareholders, and the directors having relevant experience on such topics are consulted and given due consideration before taking any decision. The board has clearly defined the terms of reference of its committees, and the members are appointed after considering their requisite skills and experience. Further, the board and its committees meet regularly during the year and exercise their governance roles after due deliberation on each matter placed before them.

During 2019-2020, a thorough review of the board and its committees was conducted through our internal Board Evaluation Process, developed in consonance with accepted global practices for evaluating board performance.

We also constantly reviewed aspects of our financial reporting framework, in order to ensure that the company remained in line with both the latest regulatory requirements and best practices in the industry.

On behalf of the board, I take this opportunity to thank all Treet employees and partners for their hard work throughout the year and our shareholders and customers for their continued support and look forward to a successful 2020-2021.

Niloufer Mahdi

DR. MRS. NILOUFER QASIM MAHDI
Chairperson/Non-Executive Director

OUR
VISION

Always staying true to our commitment of continuously raising standards and delivering quality products through manufacturing excellence, thereby fulfilling every need of our customers/consumers spread across the globe.

OUR
MISSION

Our mission is to solidify our national leadership position in our core business and drive growth through offering a diversified product portfolio with the principles of ensuring value for money for our consumers, increased shareholder's value for our investors and nurture mutually beneficial business relationships with strategic partners.

MESSAGE FROM
GROUP CSO AND EXECUTIVE DIRECTOR

I would like to open this letter with thanking you for your decades-long trust in Treet Group. As a part of our vision, we have been working hard to fuel sustainable growth through diversifying our business portfolio whilst staying strong at our core.

In this regard, we had simultaneously started three new ventures a few years ago. Unfortunately, due to the volatile economic scenario in the recent past, coupled with industry specific challenges, the group contenanced unexpected impediments. In order to bring the group out of the financial quagmire, we had to devise a strategic road map for the group into one articulate strategy. The challenge was to develop a strategy which is implementable not only at the corporate level but, also, well-integrated with each business unit to leverage synergies.

I am glad to inform you that our present line of action has paved a clear path forward and is on its way to resolve all the problems that the group is facing in an efficacious and consistent manner. As Group CSO and Executive Director, my first move was to place capable team players in key positions who would work by my side and help put the group firmly on the road to progress. The main goal was to not only maintain our core business of blades and razors, but also to make other businesses self-sufficient by bringing in operational efficiencies through required management processes and systems. This has not only helped in keeping the business healthy and it in turn kept the group afloat, but very soon InshAllah, you will see the Treet Group taking a leadership position in other industries as it has done in Blades and Razors.

SYED SHEHARYAR ALI
Executive Director

DECADES-LONG JOURNEY

1949 Only assembler of FORD Cars in South Asia

1950 Khopra Oil Mills.

1951 Wazir Ali Industries (Vegetable Ghee Production)

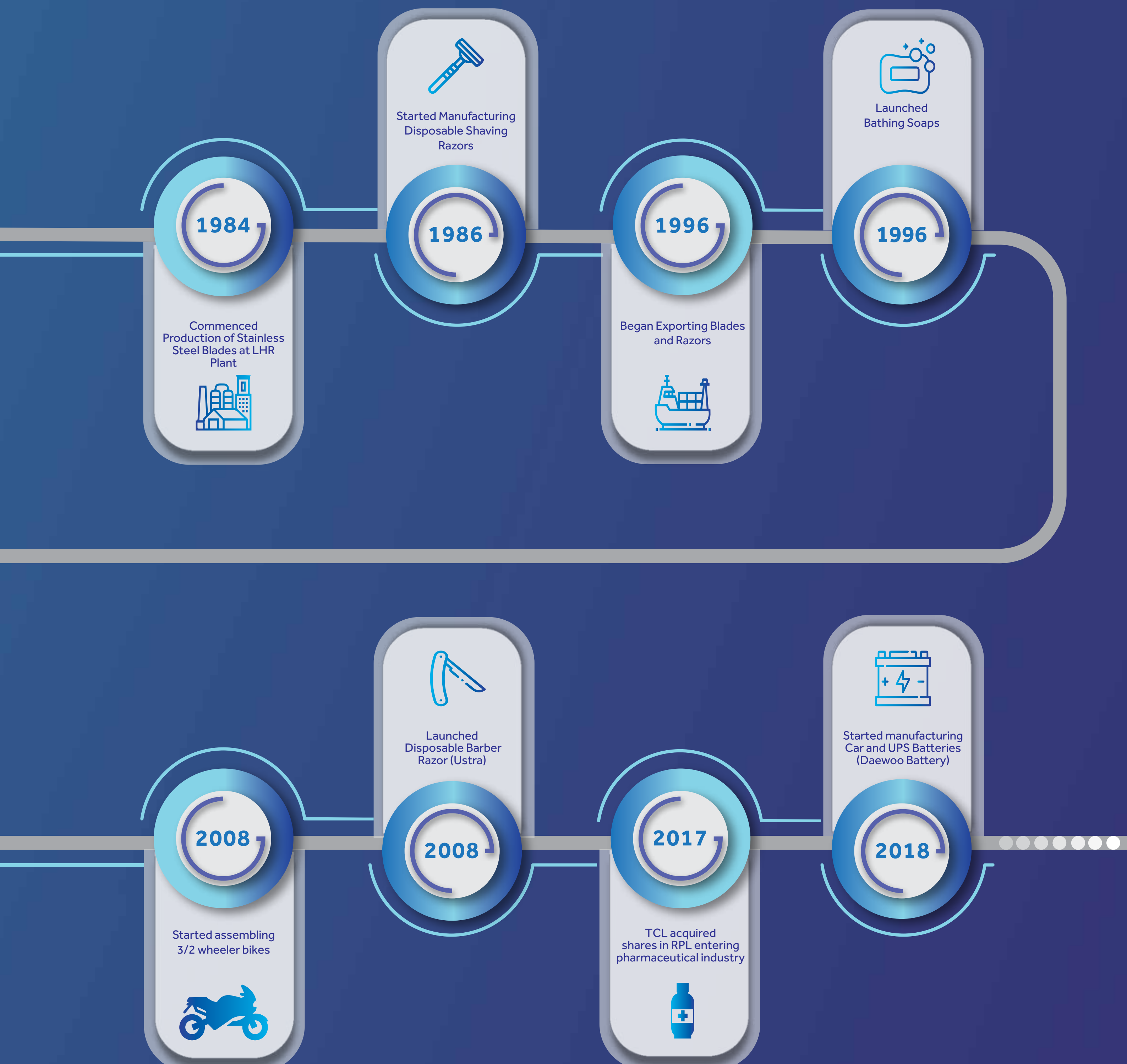
1954 TCL started manufacturing of Carbon Steel Blades at HYD Plant

1997 Counted among first 10 recepients in achieving ISO certification in Pakistan

2000 Launched Industrial Blades

2005 Incorporation of Modaraba (FTMM)

2006 Manufacturing Corrugated Packaging (Packsol)


1984
Commenced Production of Stainless Steel Blades at LHR Plant
1986
Started Manufacturing Disposable Shaving Razors
1996
Began Exporting Blades and Razors
1996
Launched Bathing Soaps
2008
Started assembling 3/2 wheeler bikes
2008
Launched Disposable Barber Razor (Ustra)
2017
TCL acquired shares in RPL entering pharmaceutical industry
2018
Started manufacturing Car and UPS Batteries (Daewoo Battery)

CODE OF CONDUCT

We are all defined by the actions we take. They reflect our principles and values and if we are consistent with them, they let people know what they can expect from us. Our code of conduct reflects our core principles – Safety, Integrity and Fairness – and puts them into practice. It explains the expectations and responsibilities within the company and those we do business with. We all must live by it, because it is a condition of working with, and for Treet.

A BRIEF OVERVIEW OF OUR CODE:

Fairness

- Recognize human rights and treat people with dignity and respect
- Recruit and manage employees fairly
- Give back to communities we operate in

Safety

- Follow the safety rules and procedures
- Follow the Life-Saving Rules
- Stop work if behavior or conditions are unsafe
- Make and distribute products safely
- Report safety concerns immediately

Integrity

- Compete in a fair and honest way
- Protect personal and confidential information
- Keep a clear line between business and personal
- interests
- Look after company property and use it appropriately
- Keep records in accordance with company policies
- Alert to fraud and report suspicious activity
- Communicate in a professional way

BOARD OF DIRECTORS

Dr. Mrs. Niloufer Qasim Mahdi
Chairperson/
Non-Executive Director

Dr. Mrs. Niloufer Qasim Mahdi is the daughter of late Syed Wajid Ali. She holds BA (Hons), MA, M.Litt, and D.Phil. degrees from Oxford University. She owns and is the editor of an independent English-language weekly paper being published from Lahore, namely, ''Cutting Edge''.

External appointments

- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Cutting Edge (Pvt) Limited
- Gulab Devi Chest Hospital-Kasur
- All Pakistan Music Conference.

Mr. Syed Shahid Ali
Chief Executive Officer

Holding a Master's degree in economics, a graduate diploma in Development Economics from Oxford University and a graduate diploma in Management Sciences from the University of Manchester, Syed Shahid Ali became Chief Executive Officer for the Treet Group in 1995. Apart from holding directorships in various companies, he is also actively involved in social and cultural activities.

He is presently on the board of the following companies;

- Packages Limited
- IGI Insurance Limited
- Treet Power Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Global Assests (Pvt.) Limited
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Treet Holdings Limited
- Gulab Devi Chest Hospital
- High-Tech Autoparts (Pvt.) Limited
- Treet Battery Limited

BOARD OF DIRECTORS

Mr. Syed Sheharyar Ali
Executive Director

Syed Sheharyar Ali is the grandson of Syed Wajid Ali and the youngest Director of Treet Corporation Limited.
In addition to his role as CSO and Executive Director at Treet Corporation Limited, he continues to manage a diversified portfolio; including but not limited to manufacturing, healthcare, information technology, auto mobiles, start ups, sports and music.

His portfolio includes:
- Treet Power Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycle (Pvt.) Limited
- Cutting Edge (Pvt.) Limited
- Online Hotel Agents (Pvt.) Limited
- Frag Games (Pvt.) Limited
- Punjab Netball Federation
- All Pakistan Music Conference
- Treet Holdings Limited
- Gulab Devi Chest Hospital, Kasur
- Roboart (Pvt.) Limited
- Spell Digital Movies (Pvt.) Limited
- Elite Brands Limited
- Hi-Tech Autoparts (Pvt.) Limited
- Treet Battery Limited

Mr. M. Shafique Anjum
Executive Director

Mr. Anjum has been with the Treet Group for over 35 years. With a Mechanical Engineering degree, he has a vast experience in the razor blades and the allied product manufacturing field.

His portfolio includes:
- Treet Power Limited
- Global Assets (Pvt) Limited
- First Treet Manufacturing Modaraba
- Treet HR Management (Pvt Limited
- Treet Holdings Limited and Global Arts Limited

Mr. Dr. Salman Faridi
Independent Director

He is graduate from Dow Medical College and trained in the UK as a Surgeon. He obtained FRCS in 1983. He is also a fellow of the Royal Society of Medicine. He has vast medical experience of more than two decades in the UK, Middle East & Pakistan. Currently, he is Medical Director at the Liaquat National Hospital, Karachi, the largest hospital in the private healthcare in Pakistan.

His portfolio includes:
- Standing Member of Pakistan Standard and Quality Authority for healthcare issues
- Member Corporate Syndicate for MBA in Healthcare Management at the Institute of Business Management, Karachi
- Member Advisory Board for Formulation of National Guidelines on the Prophylaxis and Management of Venous Thromboembolism (VTE)
- Treet Holdings Limited
- Renacon Pharma Limited

BOARD OF DIRECTORS

Mr. Munir K. Bana
Non-Executive Director

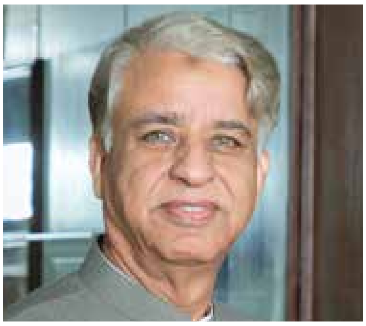
Mr. Munir K. Bana qualified as a Chartered Accountant in 1972 and is a fellow of the Institute of Chartered Accountants of Pakistan. He has been on the Board of Loads Limited and its group companies since 1996, initially serving as Director Finance and later elected as Chief Executive of the Group. Previously, he served on the Boards of multi-national companies, Parke- Davis & Boots, as Finance Director for 18 years. Nominated by the Prime Minister as Honorary Chairman of Karachi Tools, Dies & Moulds Centre, a public private-partnership, he served the institution for over 10 years. He was elected Chairman of Pakistan Association of Automotive Parts & Accessories Manufacturers ("PAAPAM") in 2012-13. He has been Board member of Treet Corporation since 2008.

His portfolio includes:
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycles (Pvt.) Limited
- Loads Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Treet Battery Limited

Mr. Saulat Said
Non-Executive Director

Mr. Saulat Said has been involved with some of the largest and oldest names in businesses in Pakistan with experience exceeding 35 years.

His portfolio includes:
- Multiple Autoparts Industries (Pvt) Limited
- Specialized Autoparts Industries (Pvt) Limited,
- Specialized Motorcycles (Pvt) Limited
- Loads Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Hi-Tech Alloy Wheels Limited



Mr. Imran Azim
Non-Executive Director

Mr. Imran Azim brings more than a four-decade experience with him to the board of Treet. His experience includes work in one of the largest financial institutions, asset management and manufacturing companies.

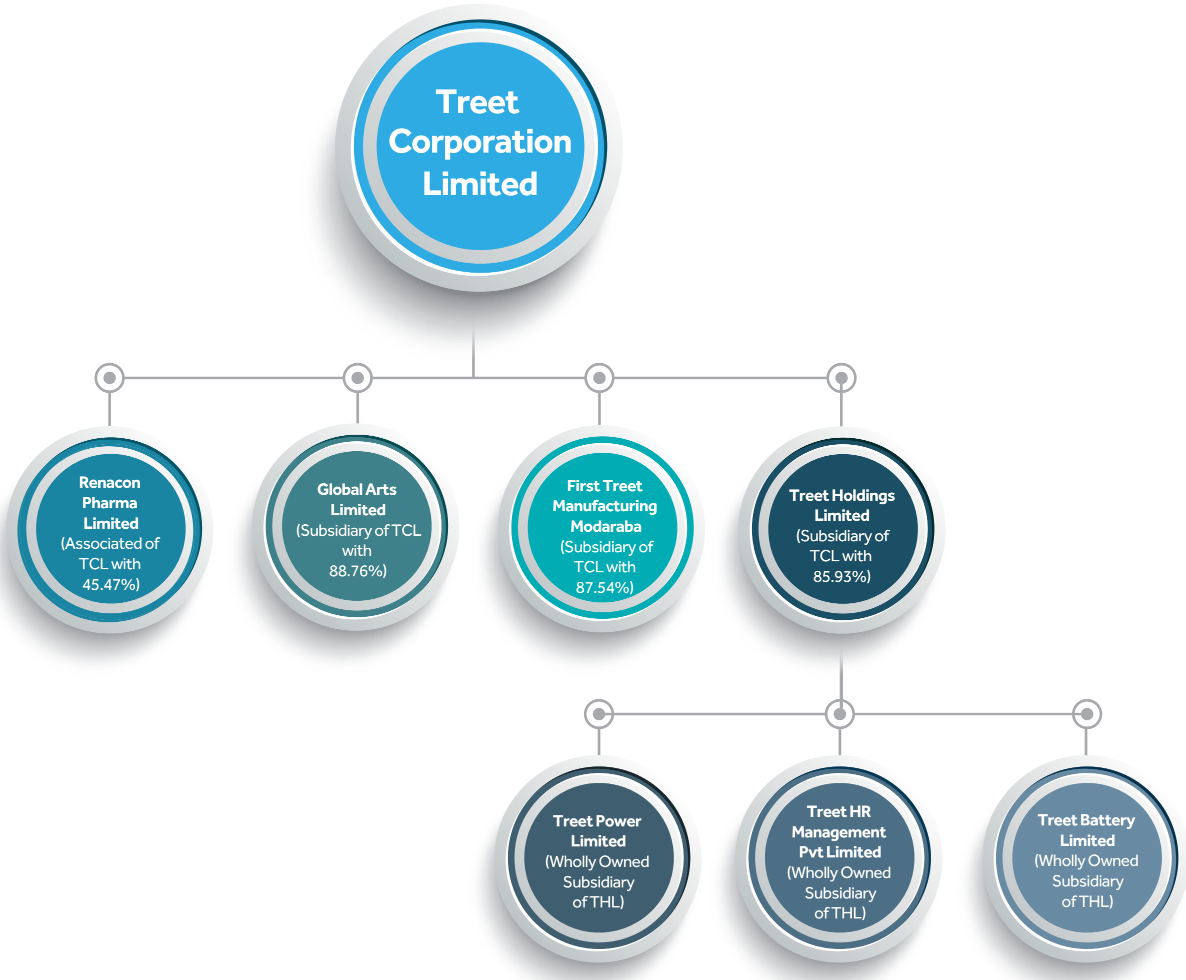
He is presently on Board of following Companies:
- Habib Asset Management Limited
- Fecto Sugar Mills Limited
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited

Mr. M. Mohtashim Aftab
Group Chief Financial Officer

Ms.Zunaira Dar
Group Head of Legal
Company Secretary

Mr. Muhammad Ali
Group Head of Internal Audit

GROUP OVERVIEW
ORGANOGRAM & COMPANY DETAILS



Companies	Symbol	Shares held by								
		Treet	THL	GAL	TPL	THRM	FTMM	RPL	Directors	Outsider
Treet Holdings Limited	THL	85.9%		14.07%						
Global Arts Limited	GAL	88.76%	5.58%					5.66%		
Treet Power Limited	TPL		100%							
Treet HR Management (Private) Limited	THRM		100%							
First Treet Manufacturing Modaraba	FTMM	87.35%	10.02%						0.01%	2.28%
Renacon Pharma Limited	RPL	45.47%		10.39%					38.47%	5.67%
Treet Battery Limited	TBL		100%							

BUSINESS UPDATES

For the year ended 30 June 2020

BUSINESS UPDATES
BLADE & RAZOR-PRODUCTION

MUHAMMAD SHAFIQUE ANJUM
Chief Operating Officer
Treet Corporation Limited

Treet Blade and Razor Division is the oldest unit of Treet Group, which is in operation for more than six decades. It is a flagship project which contributes vastly in group's revenue and profitability. Currently, it enjoys 85% local market share of the shaving products and earns handsome foreign exchange by exporting these products to over 40 countries around the world.

Quality is our forte and customer satisfaction is a fundamental point of our Quality Policy. Both our plants are ISO 9001 Certified and the products are produced as per ASR and PSQCA quality standards. Maintenance of the manufacturing and QC equipment is ensured as per laid down maintenance standards and scheduled in a professional manner. On the job and external training of the employees is an integral part of the operations which is a foundation stone of our quality structure.

The ultimate outcome of the above is achieved in the form of consistent quality, low rejections at operations and very low quality complaints from the market (in ppm). Good practices of both the plants are recorded and benchmarked regularly for continuous improvement in the processes and products. Comparative quality evaluation of competitors' shaving products with relevant Treet products is also carried out regularly to keep an eye on their quality levels and to arrange timely corrective action, if necessary. Our Quarterly Market Focus Surveys are extremely effective to gauge the satisfaction level and requirements of our distributors, wholesalers, traders and barbers for our products. Data collected from each survey is thoroughly analyzed and steps are taken, wherever necessary, in light of survey findings to bridge the gaps. The current year's customer satisfaction level over our products and services, gathered through these surveys, is very encouraging.

> "Production capacities increased by 20 times over decades"

One of our strongest areas is in-house/local manufacturing of production machinery for shaving blades and razors. It is a known fact that good quality razor blade manufacturing machinery is either not readily available or is far too expensive. At the same time, plant expansion is inevitable for the company to grow. For this reason and to meet the increasing market demand of our products, we took it as a challenge to develop our blade manufacturing machinery in-house/ locally at an affordable price. This strategy made it possible to enhance our production capacities over the period of time by more than 20 times of the original plant capacities without being exorbitant.

We have been fighting genuine competition successfully since the inception of our plants. Off and on influx of fake or smuggled shaving products are major challenges for the sales and goodwill of the company. This year, Covid-19 was an additional challenge which, affected our production and sales significantly. Thank God the Covid-19 challenge is almost over now and things are getting back to normal. We hope and pray for the next year to be promising for the restoration of the lost business and opportunities.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Treet

BUSINESS UPDATES
BLADE, RAZOR & SOAP-SALES & MARKETING

SHAHID ZIA
Chief Operating Officer
Sales, Marketing & Soap Operations

TCL's Sales and Marketing Division oversees both local and export operations of razor blades, disposable razors and soaps. It also administers soap manufacturing activities for local sales. Its National Sales Office serves as the nerve center for sales across the nation and operates through its efficient and extensive sales and distribution network of 400 distributors in 419 towns and more than 125,000 retail outlets under its direct coverage. Similarly export department operates industriously in its sales domain of over forty countries around the globe.

For local sales, 2019-20 was a bad year as the country's economy was bottoming out due to the government not being able to contain inflation and rupee's depreciation against the dollar among its other problems. Even in these trying times our sales team started their year with an ongoing streak of breaking sales records for the company. Everything was hunky-dory and NSO was sailing smoothly. No one knew that 2020 would bring the worst economic catastrophe to the whole world. Coronavirus started out in China in December 2019 and hit Pakistan in end of February 2020. This resulted in a nosedive for the already ailing economy of the country.

Pakistan continued to witness large-spread business disruptions due to the complete lockdown implemented from 23rd March 2020 till 18th May 2020. Our factories were closed during most of this lockdown period except the soap factory that remained open as soaps were declared essential items in the pandemic. Our sales team took advantage of this and worked exhaustively to sell blades and razors along with soaps even though all wholesale and most retail markets were closed.

I am proud to inform you that we concluded our yearly local sales at Rs. 4.75 Billion against given annual sales forecast of Rs. 5.2 Billion despite annihilation of the economy. Just an 8.65% dip was observed despite absolutely nonperforming last 4 months of the financial year 2019-20.

> "Our national sales network covers 125,000 retail outlets and exports outreach is over 40 countries"

On the other hand, the export department witnessed a considerable drop in sales due to the pandemic present in most of our customer countries and their borders were closed for any kind of activity. Even with odds stacked against them, our export team closed the year at Rs. 2.08 billion against their annual forecast of 2.56 billion rupees for the year with a dip of 19%.

For this year (2020-21) we are hopeful that COVID-19 won't affect the country much and economic activity will gradually return to normal compared to the complete standstill observed in the initial phase of the lockdown. Despite the key challenge of consumer's reduced purchasing power, if all goes well, we anticipate higher Sales Revenue and Sales Volume for the company against the given annual local sales forecast of Rs. 5.22 billion (net of taxes).

Since Covid-19 is still alive and kicking in a better part of the globe, our export sales department has set its ABF for this year (2020-21) at Rs. 2.40 billion. This means that our combined local and export sales ABF for this year is Rs. 7.62 billion which we are determined to increase as the conditions become favorable.

Our soap manufacturing operations are also running smoothly. In order to offset increased production costs, we will be negotiating perfume price along with bringing economy in packaging by introducing paperless wrapper and some price increase. We hope that with all these measures we will be able to retain our market share in the prevailing economic conditions.

KEY FACTS
BLADES & RAZORS

01

Domestic Market Share
We have 85% market share of blades in Pakistan

02

Plant Certifications
Our blade and razor manufacturing facilities are ISO 9001: 2015 certified since 1997

03

Export Presence
We are exporting to 45+ countries across the globe in 6 continents

04

Production Facilities

We have two blade and razors manufacturing facilities in Pakistan. One in Lahore & the other in Hyderabad

05

Production Capacity

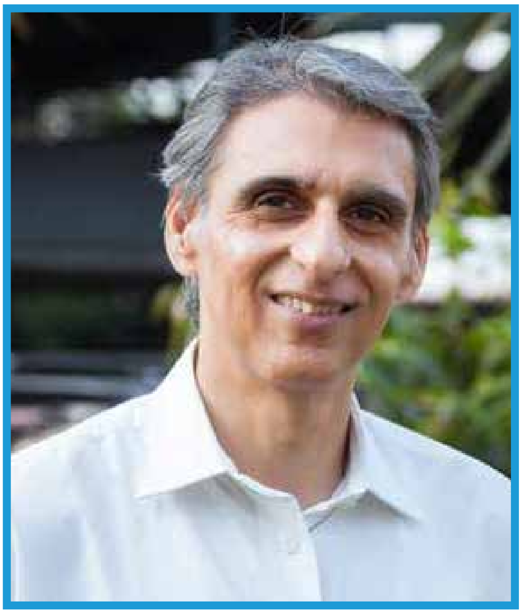
Our plants have the capacity to produce 2.15 Billion units (blades and razors) per year

06

Product Range

We have 75+ SKUs starting from a wide range of Double Edge Blades to Triple Blade Razors

BUSINESS UPDATES
BATTERY DIVISION



ALI ASLAM
Chief Operating Officer
Battery Division

Daewoo Battery is emerging as a one of the most reliable and fast growing auto and back up battery brand in the country . Total sales for the financial year 2019-20 showed a steep vertical growth of 43% over last financial year (sales FY 2019/20 408,042 vs FY 2018/19 285,362 units). Customer's loyalty and market out reach has been the significant factors in the incremental sales. The company has successfully tapped into the vehicle OEM market as well, and now, two new auto manufacturing companies are using our batteries.

These higher sales were achieved despite a downturn in the automotive and backup/UPS battery market.The local automotive OEM industry faced one of its deepest recessions during the year 2019-20, which recorded a 50% reduction in the production. Additionally, due to widespread of Coronavirus, the country was locked down for several weeks during March and April 2020. Furthermore, due to improved availability of electricity, load shedding reduced in all the major cities of the country, thus negatively impacting the sales of backup/UPS batteries.

All this contributed in overall reduction in the demand for batteries during the financial year 2019/20, especially in the backup/UPS battery

> "Steep vertical growth of 43%"

segment. It is estimated that the backup battery demand has reduced by 35-40% over the last two years (especially in the major cities), significantly impacting the capacity utilization and sales of all battery manufacturers.

Despite all these odds and a challenging year, it is encouraging that exponential sales growth was achieved and also marked an increase in our market share. This was all possible due to improved brand image and quality of our products. The features of maintenance free battery (no filling of water required, plug and play, quick engine start)

	Est. Mkt. Jul 2019 – Jun 2020 (Units)	Treet Battery Sales (Units)	Treet Battery Market Share	Est. Mkt. Jul 2018 – Jun 2019 (Units)	Treet Battery Sales (Units)	Treet Battery Market Share
Batteries market for Cars/ Jeeps/ trucks/ buses/ tractors	4,600,000	341,118	7.4%	4,500,000	189,075	4.2%
Batteries market for UPS / Solar	3,000,000*	66,924	2.2%	3,500,000	96,287	2.75%

*Load shedding reduced significantly in the major cities, resulting in reduced demand for UPS batteries. Load shedding continues in rural areas, however, due to low purchasing power, the customers in these markets prefer lower quality batteries which are 25-35% cheaper with half the warranty period. Prices of Daewoo UPS batteries were revised by 30-35% in May 2019.

helped in convincing the customers to switch from conventional batteries to maintenance free batteries. The plant utilization at this level of sales was 34% . Operationally, it was also a challenging year due to delay in start of electrical grid operations. The plant had to be operated on diesel generators till November 2019, when the electrical grid was finally commissioned. This impacted significant reduction in the electricity consumption cost. Despite higher sales, battery division incurred heavy losses, this is primarily attributable to high raw material cost (Imported Lead) coupled with PKR devaluation, and high administrative costs. In order to mitigate the losses, certain actions were implemented, which are expected to improve the financial results of the division during the year 2020-21.

BUSINESS UPDATES
CORRUGATION DIVISION

IMRAN AZIZ
Chief Operating Officer
Corrugation Division

Packaging Solutions (PACKSOL) is committed to manufacture high quality corrugated boxes to meet the growing demand of packaging needs in the country. The products are benchmarked to agreed standards substantiated with personalized services to the valued clients at competitive price.

Overview:
Corrugated board is a gauge to measure the economic activity of a country. It constitutes approximately 40% of the total paper and board consumption. This is essentially due to the fact that every product packed in primary packaging needs corrugated cartons to transport to its final destination. On top, fruit and vegetable packing has also been shifted to this type of recyclable efficient packing system replacing wooden boxes, rapidly. Hence it is the major contributor to maintain the ecosystem of a region and therefore the product has a very high life-cycle to remain in business for many decades.

Albeit a higher growth rate expected in the future, the flip side is that it ensued interest of investors in the last few years and unprecedented new installations of high quality, more efficient and automated plants have been seen which has off- balanced the supply-demand equation. Pakistan is estimated to have over 1.0 million tons of installed capacity against an estimated 0.6 million tons of market off-take, annually. Consequently, there is price war which is expected to continue for a couple of years.

Strengths:
Packsol has been in business for over a decade now. It has established its repute as a trusted manufacturer and supplier of corrugated cartons, adhering to the best and ethical practices that has won its place among the top 5 companies in Pakistan.

> "PACKSOL is among top 5 companies in Pakistan"

Indigenous Solutions:
Because of our experienced and devoted team, not only that we overcame challenges to run the plant utilizing in-house engineering skills but have improvised solutions to minimize dependency on expensive foreign suppliers. Rather than being extravagant to replace the entire machines, we opted for a more cost effective frugal approach and were prudent to go for system integration in parts: Single Facers, NC Cutter, boiler conversion to solid fuel thereby reducing energy cost by 35% are a few to mention here. New warehouse within our premises to accommodate two months' paper stocks and save on rent and freight/security costs.

Rich Portfolio:
We still enjoy a diversified portfolio comprising of sectors like textile, home appliances, lube, dairy, snacks, beverages, pharmaceutical, pesticide etc. Our sales team has developed affable terms with various groups extending personal touch that has won our clients' confidence, especially from the corporate sector. Even in this competitive environment, some of the customers prefer to rely on us, exclusively. Maintaining this diversified and rich portfolio in parallel to rationalizing down

to each SKU was effectively done. It did reduce our tonnage though, however, this paradigm shift was unescapable in order to cope with the market, which is at its lowest EBB today.

Buying Strategy:
Over a period of time, our commercial team has developed savvy buying skills understanding the suppliers' pulse. This enabled us to forbear the onslaught of price increase in basic raw material during pandemic without which our differential between sale and purchase would have been affected adversely.
Some of the suppliers have shown keen interest to work as partners to strike a win-win covenant to secure mutual interests for a long term business. This may help us avoid heavy investments upstream in our supply chain of basic raw material.

Challenges:
Apart from price war due to competition, COVID-19 imposed unprecedented tribulation that made everyone takes the rap. No one can unring the bell except to retreat and rebuild which is time consuming.

Packsol's ever motivated team did not let the business come to a complete standstill due to the aforementioned pandemic. Our Sales, Production and Commercial teams jeopardized their lives and fought back during the entire lockdown period (after seeking exemption from the government). This voluntary call for duty not only mitigated the loss but unequivocally put them in the ranks of those unsung heroes who took it as a national cause to survive as a nation.

Post COVID-19 has created a cash crunch in the market; making it more grueling to recover credit and maintain acceptable margins. Looking at the potential and investments from our competitors into their units, it has become imperative to upgrade our production unit and expand selling points further in our various business clusters to maintain high service levels. The company's bottom-line continues to show a negative trend, primarily due to price war with more latest and efficient plants. Our company has come a long way of hard work, enduring all seasons, needs more judicious investments now. The future is for those who can churn out more volumes to enjoy economy of scales. It will bounce back and restore its thriving business prominence in the group, that it had previously.

BUSINESS UPDATES
RENACON PHARMA DIVISION

DR.SALMAN SHAKOH
Managing Director
Pharmaceutical Division

Renacon Pharma Ltd. is a research-based company & is the pioneer producer and market leader of all possible types and formulations of high-quality powder & solution forms of "Hemodialysis Concentrates" with certain specialized formulations exclusively since 1997 in Pakistan. Other related products are auto-mixers, disinfectants, hemodialysis cartridges/BiBags, recharging 'salt tablets' for water softeners, etc. Moreover, OEM production of disposables like dialyzers, bloodlines, etc. from overseas are part of the business keeping in view future production of the same by Renacon. Customized RO water treatment plants are also being exported. Renacon Pharma has GMP certificate from "Drug Regulatory Authority of Pakistan" (DRAP), ISO13485, ISO9001, CE1639 certifications through SGS, EU, since 2007 authorizing free sale in EU as approved by MHRA, UK, while FDA (USA) approval is in pipeline. In recent "Global Market Reports" (2014-20) published by multiple US reputed market intelligence companies Renacon Pharma has been rated among top 10-20 companies producing Hemodialysis Concentrates. Renacon is also recently offering custom-made hemodialysis centers & large concentrate mixing plants on turn-key basis to developing countries. Company website is available in English, Russian, French & Spanish. www.renaconpharma.com.

Renacon pharma's products are being exported to several countries with excellent feedback successfully competing other global brands due to quality and economy. Countries include Afghanistan, Sri Lanka, Kenya, Bangladesh, Malaysia, Ethiopia, Nigeria, Vietnam, etc. while registration/communication is going on in multiple countries although there are significant production capacity issues in the present plant. Owing to well-recognized quality, internationally established brand name and goodwill, of Renacon products having lower margins in the domestic market as compared to overseas market, presently marketing and sales strategy has been primarily focused on exports. Renacon has the capability to significantly enhance exports to big importers worldwide and also to those in the developed countries only after the production capacity increases several folds and production standards conform to European & FDA (USA) requirements. These later conditions will be met in the new plant in FIEDMC, Faisalabad, designed as per EU/USA standards with more than 5-10 times production capacity depending upon working hours.

> "RPL is amongst top 10-20 companies producing Hemodialysis Concentrates -Global Market Reports (2014-20)"

The important factors leading to success in the international hemodialysis industry in future are going to be high quality-to-cost ratio, lower freight and mass production. Managing these factors has become difficult for the multinational companies in developed countries due to high costs of production and freight. Brand name works to an extent but again price becomes the determining factor for poor countries. This situation has led to greater perspectives for quality-conscious companies in developing countries, like Renacon Pharma, which has a lower cost of production but can provide the international quality standards. In the new state-of-the-art FIEDMC plant duty-free import of machinery & raw/packing material coupled with automation & mass production will yield significantly better prospective. The greatest emphasis will be on enhancing exports to new markets & multinationals supplemented by OEM production in bulk.

DIRECTOR`S
REPORT

We are pleased to present the Directors' Report together with the Financial Statements (Audited) for the year ended 30 June 2020.

COVID-19 IMPACT

The Financial Year 2020, has witnessed an unprecedented pandemic of COVID 19 that has played havoc on the world economy and our economy has been no exception to it. As a result of lock down, our blade production remained closed for almost seven (7) weeks which resulted in loss of sales of Rs. 882 million and at group level the total revenue loss is Rs. 1,522 million.

It pleases us to inform you that during the time of this crisis, we retrenched neither our permanent nor any contractual employees. Furthermore, we also did not cut down any emoluments of both permanent and contractual employees.

IMPAIRMENT PROVISIONING – International Accounting Standard (IAS) 36.

Management has carried out an impairment testing in accordance with IAS 36 of the carrying amount of investment in THL and FTMM, against the value in use which has been calculated based on present value of the projected future cashflows. As a result, a provision of Rs. 1 billion has been recorded in Treet's books. For details, please refer to notes 9.1.1.2 and 9.1.2.2 to the accounts.

SUMMARY OF COMPARATIVE FINANCIAL RESULTS

(Rupees in million)

	Financial Year June , 2020		Financial Year June , 2019		% Change	
	Treet	Consolidated	Treet	Consolidated	Treet	Consolidated
Sales (net)	6,040	11,112	6,760	11,972	-10.65%	-7.18%
Gross Profit	1,983	1,245	2,218	1,247	-10.60%	-0.16%
Operating Profit/(Loss)	1,144	(430)	747	(793)	53.15 %	-45.78%
Profit/(Loss) before Taxation from Continuing Operations	(105)	(2,249)	423	(1,949)	-124.82%	15.39%
Net Profit/(Loss) after taxation from Continuing Operations	(190)	(2,350)	283	(2,125)	-167.14%	10.59%
Net Profit/(Loss) after taxation	(190)	(2,720)	283	(2,125)	-167.14%	28.00%
EPS (in Rupees)	(1.14)	(15.84)	1.73	(12.69)	-165.90%	24.82%

BUSINESS REVIEW – TREET CORPORATION LIMITED (TCL)

The financial year 2019-20 posted a total revenue of Rs. 6,040 million compared to Rs. 6,760 million last year. The decrease in revenue is mainly attributable to COVID 19, due to which sales of your company declined by Rs. 720 million.

Gross profit at Rs. 1,983 million shows decrease of 10.60% over last year (2019: Rs. 2,218 million). Operating profit shows an improvement of 53.15% over the last year.

The increase in other operating expenses is mainly due to provision for impairment loss on investment in THL and FTMM, amounting to Rs. 1 billion. This has resulted in net loss after tax of Rs. 190 million against Net profit after tax for last year Rs. 283 million. This has resulted in negative EPS of Rs. 1.14 per share.

BUSINESS REVIEW – GROUP RESULTS

For the year, the Group's turnover was Rs. 11,112 million, registering a decrease of 7.18%, amounting to Rs. 860 million as compared to previous year. The decrease is mainly attributable to COVID-19 which resulted in a marked decline in the sales of bikes, corrugated boxes, soaps and blades. However, gross profit registered a decrease of Rs. 2 million during the year over the corresponding period last year.

Operating Loss is Rs. 430 million which shows reduction in loss by 45.78% as compared to last year. Loss after tax is Rs. 2,720 million which is 28% higher compared to last year same period. The increase in loss is primarily due to higher financial charges attributable to increase in policy rate along with increased level of borrowing. This level of loss has delivered a negative EPS of Rs. 15.84 per share compared to Rs. 12.69 per share last year same period.

Segment wise sales is as follows:

(Rupees in million)

Segment	Sales		
	Financial Year June , 2020	Financial Year June , 2019	+/- %
Blades	5,926	6,665	-11.09%
Soap	770	900	-14.44%
Corrugation*	1,534	1,929	-20.48%
Trading	114	97	17.53%
Pharmaceutical	522	417	25.18%
Bike	104	264	-60.61%
Battery	2,187	1,760	24.26%
Total	11,157	12,032	-7.45%

* The sales of corrugation segment includes intercompany sales of Rs. 45 million (2019: Rs 60 million)

DIRECTOR`S
REPORT

FINANCIAL PLAN

Spin off Battery segment from its subsidiary (First Treet Manufacturing Modaraba) to separate a Company (Treet Battery Limited) is in progress. Execution of demerger plan is underway. Currently, regulatory and legal approvals are being sought from Financial Institutions and Regulators.

The current receivables from FTMM upto PKR 7.4 billion will be converted into equity of FTMM after approval from shareholders in their upcoming meeting, and subsequent approval from the regulator.

The group plans to divest some of its assets to generate liquidity which will subsequently be used to reduce the level of bank borrowings.

Some of the major improvement and capacity enhancement projects undertaken to increase the efficiency and capacity of our current blades operations includes:

CAPACITY ENHANCEMENT PROJECTS

- Hygiene Razor is one of our fast-growing products whose market demand is increasing very rapidly. Keeping this factor in mind, a production enhancement project is being evaluated which will increase the capacity of Hygiene Razors by 24 million razors per annum.

- Inhouse/local development of plant and equipment was initiated during the year which will enhance the production of double edge stainless steel blade by 120 million per annum and carbon steel blade by 60 million per annum. This project is expected to be completed in October/ November, 2020. This will provide greater opportunity to our Local Sales and Export Marketing Departments to cater for their future market demand.

Improvement in blade yield per Kg:

- Rejection on production processes was further reduced through process improvement, training and vigilance. As a result, yield (No. of blades/ Kg. raw strip) of double edge stainless steel blades increased by 19 blades per kg as compared to the last year. This yielded 8.3 million more blades from the steel consumed during the year 2019-20 as compared to the last year's yield, valuing approximately Rs. 28 million

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

In compliance with the Code, the Board of Directors of the Company states that:

- The financial statements, prepared by the management, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of accounts of the company have been maintained.

- Appropriate accounting policies are consistently applied by the Company in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure therefrom, if any, has been adequately disclosed.

- The system of Internal Controls, has been further strengthened and has effectively persisted throughout the year.

- Keeping in view the financial position of Group and the Company, we do not have any significant doubt upon its continuance as a going concern.

- There has not been any material departure from the best practices of corporate governance, as detailed in the listing regulations, during the year under review.

MEETINGS OF THE BOARD OF DIRECTORS:

During the year, the Board of Directors of the company have met **06** times and the attendance at each of these meetings is as follows:

Name	Designation	17-Jul-19	4-Oct-19	30-Oct-19	26-Feb-20	01-Mar-20	27-Apr-20	2019-2020
Dr. Salman Faridi	Independent Director	P	P	P	P	P	P	6/6
Mr. Imran Azim	Non-Executive Director	P	P	P	P	P	P	6/6
Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	P	P	6/6
Mr. Saulat Said	Non-Executive Director	P	P	P	P	P	P	6/6
Dr. Mrs. Niloufer Qasim Mahdi	Chairperson/Non-Executive Director	A	A	A	A	A	A	0/6
Mr. Syed Shahid Ali	Cheif Executive Officer	P	P	P	P	A	P	5/6
Mr. Syed Sheharyar Ali	Executive Director	A	P	P	P	P	P	5/6
Mr. M. Shafique Anjum	Executive Director	A	P	P	P	P	P	5/6

AUDIT COMMITTEE:

During the year, the Audit Committee of the Board have met **04** times and the attendance at each of these meetings is as follows.

Name	Designation	04-Oct-19	30-Oct-19	26-Feb-20	27-Apr-20	2019-2020
Dr. Salman Faridi	Chairman/Independent Director	P	P	P	P	4/4
Mr. Imran Azim	Non-Executive Director	P	P	P	P	4/4
Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	4/4

ACKNOWLEDGEMENTS

We place on record our gratitude to our valued customers for their confidence in our products and pledge to provide them the best quality by continually improving our products. We would also like to thank all our colleagues, management and factory staff who are strongly committed to their work as the success of your Company is built around their efforts. We also thank our shareholders for their confidence in our Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company.

Lahore

October 05, 2020

Syed Shahid Ali

- گروپ کی مالیاتی حالت کو مد نظر رکھتے ہوئے ہمیں کاروبار جاری رکھنے کی صلاحیت میں کوئی شک و شبہہ نہ ہے۔
- زیر جائزہ سال کے دوران لسٹنگز ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کسی قسم کی ٹھوس رکاوٹ نہ ہے ۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال بھر میں بورڈ آف ڈائریکٹرز کے **06** اجلاس منعقد ہوئے ۔ ہر اجلاس کی حاضری حسب ذیل ہے:

نام	عہدہ	17جولائی 2019	04اکتوبر 2019	30اکتوبر 2019	26 فروری 2020	یکم مارچ 2020	27 اپریل 2020	2019-2020
ڈاکٹر سلمان فریدی	آزاد ڈائریکٹر	P	P	P	P	P	P	6/6
مسٹر عمران عظیم	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
مسٹر منیر کریم بانا	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
صولت سعید	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
نیلوفر قاسم مہدی	چیئرپرسن/نان ایگزیکٹو ڈائریکٹر	A	A	A	A	A	A	0/6
سید شاہد علی	چیف ایگزیکٹو آفیسر	P	P	P	P	A	P	5/6
سید شہریار علی	ایگزیکٹو ڈائریکٹر	A	P	P	P	P	P	5/6
ایم شفیق انجم	نان ایگزیکٹو ڈائریکٹر	A	P	P	P	P	P	5/6

آڈٹ کمیٹی

سال بھر میں بورڈ کی آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے ۔ ہر اجلاس کی حاضری حسب ذیل ہے:

نام	عہدہ	04اکتوبر 2019	30اکتوبر 2019	26 فروری 2020	27 اپریل 2020	2019-2020
ڈاکٹر سلمان فریدی	آزاد ڈائریکٹر	P	P	P	P	4/4
مسٹر عمران عظیم	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	4/4
مسٹر منیر کریم بانا	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	4/4

ہم اپنی مصنوعات پر اپنے گراں قدر صارفین کے اعتماد پر تہہ دل سے شکریہ ادا کرتے ہیں اور اپنی مصنوعات میں مسلسل بہتری لا کر انہیں اعلیٰ معیار کی مصنوعات فراہم کرنے کا اعادہ کرتے ہیں۔ ہم اپنے تمام ساتھیوں، انتظامیہ اور فیکٹری کے عملہ کا بھی شکریہ ادا کرنا چاہتے ہیں جو اپنے کام میں سخت محنت کرتے ہیں کیونکہ ہماری کمپنی ان کی کاوشوں سے ہی ترقی پاتی ہے۔ ہماری کمپنی پر اعتماد کے لئے ہم اپنے حصص داران کا بھی شکریہ ادا کرنا چاہتے ہیں اور انہیں یقین دلاتے ہیں کہ کمپنی میں ان کی سرمایہ داری پر ہم انہیں‌پرکشش آمدنی دینے کے لئے پر عزم ہیں۔

منجانب برائے بورڈ آف ڈائریکٹرز

سید شاہد علی
چیف ایگزیکٹو آفیسر
لاہور

مورخہ: اکتوبر 05, 2020

ٹریٹ کارپوریشن لمیٹڈ

مالیاتی منصوبہ

بیٹری کے شعبہ کا اس کی ذیلی کمپنی(فرسٹ ٹریٹ مینوفیکچرنگ مضاربہ) سے ایک علیحدہ کمپنی (ٹریٹ بیٹری لمیٹڈ) میں تبادلہ جاری ہے۔ علیحدگی کا منصوبہ ابھی جاری ہے۔ حال ہی میں مالیاتی اداروں اور ریگولیٹرز سے اس کی قانونی و ریگولیٹری منظوری طلب کی گئی ہے۔
ریگولیٹرز اور آئندہ اجلاس میں حصص داران سے منظوری کے بعدFTMM سے واجب الوصول 7.4 بلین روپےFTMM ایکویٹی میں تبدیل کر دیئے جائیں گے۔
گروپ اپنے کچھ اثاثہ جات کو فروخت کرنے کی منصوبہ بندی کر رہا ہے جس سے بینک سے قرضوں کی سطح کو کم کیا جائے گا۔
کارکردگی اور حالیہ بلیڈز آپریشنز کی صلاحیت بڑھانے اور دیگر ترقی کے منصوبوں پر عمل کیا جا رہا ہے۔

صلاحیت بڑھانے کے منصوبے

- ہائی جین ریزر نمو بڑھانے والی ہماری سب سے اہم پروڈکٹ ہے جس کی منڈی میں طلب تیزی سے بڑھ رہی ہے۔ اس تناظر میں پیداوار بڑھانے کے منصوبہ کا تخمینہ لگایا گیا ہے جس کے نتیجے میں ہائی جین ریزر کی پیداواری صلاحیت 24 ملین ریزرز سالانہ تک بڑھ جائے گی۔
- رواں سال کے دوران پلانٹ اور آلات کی ان ہاؤس/لوکل ڈیویلپمنٹ کا آغاز کیا گیا جس کے نتیجے میں دگنی تہہ والے اسٹیل بلیڈ کی پیداوار میں 120 ملین اور کاربن اسٹیل بلیڈ کی پیداوار میں 60 ملین تک سالانہ اضافہ ہو گا ۔ یہ منصوبہ اکتوبر/نومبر 2020 ء میں مکمل ہونے کی توقع کی جاتی ہے۔ اس طرح ہمارے مقامی سیلز اور درآمدی مارکیٹنگ ڈیپارٹمنٹ کو منڈی کی طلب پوری کرنے میں مدد ملے گی۔
-

بلیڈ کی فی کلو گرام پیداوار میں اضافہ

- اپیداواری عمل میں خرابی کا عنصر عمل میں بہتری، تربیت اور نگرانی سے کم کیا گیا۔ نتیجتاً، دگنی تہہ والے اسٹین لیس اسٹیل بلیڈز کی پیداوار (بلیڈز فی کلوگرام خام اسٹرپ)میں گذشتہ برس کے مقابلہ میں19بلیڈز فی کلوگرام اضافہ ہوا ہے۔ گذشتہ برس کی پیداوار کے مقابلہ میں سال 20-2019 کے دوران استعمال شدہ اسٹیل سے حاصل یہ 8.3 ملین بلیڈز کی مالیت تقریباً28 ملین روپے ہے ۔
-

کاروباری و مالیاتی رپورٹنگ فریم ورک:

ضابطہ کی پیروی میں کمپنی کے بورڈ آف ڈائریکٹرز بیان کرتے ہیں کہ:

- انتظامیہ کی تیار کردہ مالیاتی اسٹیٹمنٹس کمپنی کے کاروباری امور، آپریشنز کے نتائج ، کیش فلو اور ایکویٹی میں تبدیلی کی بھرپور عکاسی کرتی ہیں۔
- کمپنی کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں کمپنی نے موزوں اکاؤنٹنگ پالیسیوں کا بھرپور اطلاق کیا ہے اور اکاؤنٹنگ تخمینہ جات موافق اور موزوں فیصلوں کی بنیاد پر لگائے جاتے ہیں۔
- ان مالیاتی اسٹیٹمنٹس کی تیاری میں پاکستان میں رائج بین الاقوامی اکاؤنٹنگ پالیسیوں کی پیروی کی گئی ہے اور اس میں کسی بھی قسم کے ابہام کو واضح طور پر بیان کیا گیا ہے۔
- داخلی نظم و ضبط کے سسٹم کو مزید مضبوط کیا گیا ہے اور سال بھر میں اس کو مؤثر انداز میں برقرار رکھا گیا ہے۔

کاروباری جائزہ -ٹریٹ کارپوریشن لمیٹڈ (TCL)

مالیاتی سال 20-2019 میں گذشتہ برس 6,760 ملین روپے کے مقابلہ میں 6,040 ملین روپے کی کل آمدنی درج ہوئی۔ آمدنی میں یہ کمی COVID-19 سے منصوب کی جاتی ہے جس کی وجہ سے آپ کی کمپنی کی سیلز 720ملین روپے کم ہو گئی۔
مجموعی منافع گذشتہ برس (2019: 2,218 ملین روپے) کے مقابلہ میں 10.60 فی صد کمی کے ساتھ 1,983 ملین روپے رہا۔
آپریٹنگ نفع میں 53.15 فی صد بہتری دیکھنے میں آئی ہے۔
دیگر آپریٹنگ اخراجات میں اضافہ THL اور FTMM میں سرمایہ داری پر امپیئرمنٹ خسارہ کی مد میں 1بلین روپے اضافی سرمایہ کی وجہ سے ہوا۔اس کے نتیجے میں گذشتہ برس 283ملین روپے خالص منافع علاوہ ٹیکس کے مقابلہ میں رواں برس190 ملین روپے خالص خسارہ علاوہ ٹیکس سامنے آیااور فی حصص آمدنی منفی 1.14 روپے فی حصص ہو گئی۔

کاروباری جائزہ-گروپ نتائج

رواں برس گروپ کی آمدنی 11,112 ملین روپے رہی جو گذشتہ برس کے مقابلہ میں860 ملین روپے یعنی 7.18 فی صد کمی ظاہر کرتی ہے۔ یہ کمی COVID-19 سے منسوب کی جاتی ہے جس کے نتیجے میں بائیکس، ڈبوں، صابن اور بلیڈز کی طلب میں کمی واقعی ہو گئی۔ زیر جائزہ سال کے لئے مجموعی منافع میں گذشتہ برس کے مقابلہ میں 2 ملین روپے کی کمی درج ہوئی۔

آپریٹنگ خسارہ 430 ملین روپے رہا جس کی وجہ سے گذشتہ برس کے مقابلہ میں خسارہ45.78 فی صد کم ہوا۔ نقصان علاوہ ٹیکس 2,720 ملین روپے رہا جو گذشتہ برس کی اسی مدت کے مقابلہ میں 28 فی صد زیادہ ہے۔ پالیسی شرح میں اضافہ کی وجہ سے قرضوں کی لاگت بڑھ گئی اور مالیاتی اخراجات میں بھی اضافہ ہو گیا۔ اس طرح فی حصص آمدنی منفی 15.84 روپے فی حصص ہو گئی جو گذشتہ برس 12.69 روپے فی حصص تھی۔

شعبہ کے لحاظ سے سیلز حسب ذیل ہیں:

شعبہ جات	مالیاتی سال جون 2020ء	مالیاتی سال جون 2019ء	+/- فی صد
	سیلز (ملین روپوں میں)		
بلیڈز	5,926	6,665	-11.09%
صابن	770	900	-14.44%
کوروگیشن*	1,534	1,929	-20.48%
ٹریڈنگ	114	97	17.53%
فارماسیوٹیکل	522	417	25.18%
بائیک	104	264	-60.61%
بیٹری	2,187	1,760	24.26%
میزان	11,157	12,032	-7.45%

* کوروگیشن شعبہ کی سیلز میں کمپنی کے مابین 45 ملین روپے کی سیلز شامل ہے۔ (2019: 60 ملین روپے)

ٹریٹ کارپوریشن لمیٹڈ

ڈائریکٹرز کا تجزیہ

30جون 2020ء کو اختتام پذیر سال کے لئے ہم ازراہِ مسرت ڈائریکٹرز رپورٹ بمعہ مالیاتی اسٹیٹمنٹس (پڑتال شدہ) پیش کرتے ہیں۔

COVID-19 اثرات

مالیاتی سال 2020ء میں دنیا کو ایک غیر معمولی وباء COVID-19کا سامنا کرنا پڑا جس کی وجہ سے دنیا بھر کی معیشت میں بوہنچال آ گیااور ہماری معیشت بھی اس سے نہ بچ سکی۔ لاک ڈاؤن کے نتیجے میں ہمارے بلیڈ کی پیداوار تقریباً سات (7) ہفتوں کے لئے بند رہی اور کمپنی کو 882 ملین روپے کا نقصان برداشت کرنا پڑااورگروپ کی سطح پر کل آمدنی خسارہ 1,522 ملین روپے تک پہنچ گیا۔

آپ کو آگاہ کرنے میں ہمیں خوشی محسوس ہو رہی ہے کہ اس بحرانی کیفیت میں ہم نے نہ صرف مستقل بلکہ جزوقتی ملازمین میں سے کسی کو بھی برخاست نہیں کیا۔ مزید براں، ہم نے مستقبل بلکہ جز وقتی ملازمین کی تنخواہ میں بھی کوئی کٹوتی نہیں کی ہے۔

خامیوں کا ادراک

انتظامیہ نے THL اور FTMM میں‌زیر استعمال سرمایہ کے مقابلہ میں سرمایہ داری کے لئے موجودہ رقم کا IAS-36 کے مطابق نقص کا جائزہ لیا۔ اس رقم کاممکنہ کیش فلوکی حالیہ قدر کی بنیاد پرتعین کیا گیا ہے۔ نتیجے کے طور پر ٹریٹ کے کھاتوں میں 1 بلین روپے کا سرمایہ ریکارڈ کیا گیا ہے۔ تفصیلات کے لئے براہِ کرم کھاتوں کے مندرجات نمبر 9.1.1.2 اور 9.1.2.2 ملاحظہ کریں۔

متقابل مالیاتی نتائج کا خلاصہ

(ملین روپوں میں)

	مالیاتی سال جون 2020ء		مالیاتی سال جون، 2019ء		فی صد فرق	
	ٹریٹ	منجمد	ٹریٹ	منجمد	ٹریٹ	منجمد
سیلز (خالص)	6,040	11,112	6,760	11,972	-10.65%	-7.18%
مجموعی منافع	1,983	1,245	2,218	1,247	-10.60%	-0.16%
آپریٹنگ نفع /(نقصان)	1,144	(430)	747	(793)	53.15 %	-45.78%
نفع/(نقصان) بمعہ ٹیکسیشن	(105)	(2,249)	423	(1,949)	-124.82%	15.39%
نفع/(نقصان) علاوہ ٹیکسیشن	(190)	(2,350)	283	(2,125)	-167.14%	10.59%
خالص نفع/(نقصان) علاوہ ٹیکسیشن	(190)	(2,720)	283	(2,125)	-167.14%	28.00%
فی حصص آمدنی (روپوں میں)	(1.14)	(15.84)	1.73	(12.69)	-165.90%	24.82%

COMPANY INFORMATION

Board of Directors

Dr. Mrs. Niloufer Qasim Mahdi
Chairperson
Mr. Syed Shahid Ali
Chief Executive Officer
Mr. Syed Sheharyar Ali
Executive Director
Mr. Muhammad Shafique Anjum
Executive Director
Mr. Imran Azim
Non-Executive Director
Dr. Salman Faridi
Independent Director
Mr. Saulat Said
Non-Executive Director
Mr. Munir Karim Bana
Non-Executive Director

Audit Committee

Dr. Salman Faridi
Chairman/Member
Mr. Imran Azim
Member
Mr. Munir K. Bana
Member

Human Resource

Dr. Salman Faridi
Chairman/Member
Mr. Imran Azim
Member

Remuneration Committee

Mr. Munir K. Bana
Member
Mr. Syed Sheharyar Ali
Member
Mr. Muhammad Shafique Anjum
Member

Chief Financial Officer

Mr. Mohammad Mohtashim Aftab

Company Secretary & Head of Legal

Ms. Zunaira Dar

Head of Internal Audit

Mr. Muhammad Ali

External Auditors

KMPG Taseer Hadi & Co.
Chartered Accountants Lahore.

Legal Advisors

Salim & Baig Advocate – Lahore
Khosa & Rizvi

Share Registrar

Corplink (Private) Limited
Wing Arcade, 1-K Commercial,
Model Town, Lahore
Tel: 042 35916714
Fax: 042 35839182

Bankers

AL-Baraka Bank Pakistan Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
MCB Islamic Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
Sindh Bank Limited
Soneri Bank Limited
The Bank of Punjab
United Bank Limited

Group Companies

First Treet Manufacturing Modaraba
Global Arts Limited
Renacon Pharma Limited
Society for Cultural Education
Treet Holdings Limited
Treet HR Management (Pvt) Ltd.
Treet Power Limited
Treet Battery Limited

Registered Office

72-B, Industrial Area, Kot Lakhpat,
Lahore.
Tel: 042-35830881, 35156567 &
35122296
Fax: 042-35114127 & 35215825
E-Mail: info@treetonline.com
Home Page: www.treetonline.com

CORPORATE GOVERNANCE
AND COMPLIANCE

Treet's corporate governance structure is based on the company's articles of association, statutory, regulatory and other compliance requirements applicable to companies listed on the stock exchanges, complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurances on compliance with the applicable laws, regulations and company's code of conduct.

Corporate Governance Statement

The board of directors are responsible for setting the goals, objectives and strategies the company should adopt and for formulating the policies and guidelines towards achieving those goals and objectives. The board is accountable to the shareholders for the discharge of its fiduciary function. The management is responsible for the implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the board of directors. To facilitate a smooth running of the day to day affairs of the company, the board entrusts the Chief Executive Officer and Chief Financial Officer with necessary powers and responsibilities. The board is also assisted by a number of sub-committees comprising mainly of non-executive directors and independent directors.

Insider Trading & Competition Law

The company has a stringent policy on insider trading and securities transactions. The policy paper which is circulated to all the employees of the company from time to time, divides the employees in certain categories based on their position and involvement in day-to-day decision-making process and access to price sensitive information.

As embodied in our code of conduct, Treet supports the principles of free enterprise and fair competition. The company competes vigorously but fairly with its competitors within the framework of applicable laws - all to provide better and increasingly useful products and more efficient services to our customers.

Material Interests of Board Members

Directors are required to disclose, at the time of appointment and on an annual basis the directorships or memberships they hold in other corporations. This is in pursuance with Section 205 of the Companies Act, 2017, which also requires them to disclose all material interests. We use this information to help us maintain an updated list of related parties. In case any conflict of interest arises, we refer the matter to the board of directors.

Risk Management

The board has the overall responsibility of overseeing the risk management processes, which include both risk management and internal control procedures. The company's processes, which are documented and regularly reviewed, are designed to safeguard assets and address risks that the businesses might face or that may impact business continuity. These are, in turn, reported to the board and senior management for timely action where required, to ensure uninterrupted operations.

The company maintains a clear organizational structure with a well-defined chain of authority. Senior management is responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls.

STATEMENT OF COMPLIANCE WITH
CODE OF CORPORATE GOVERNANCE

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulation, 2019

Year ended June 30, 2020.

The company has complied with the requirements of the regulations in the following manner:-

1. The total number of directors are eight (08) as per the following ,

   a. Male 07
   b. Female 01

2. The composition of the Board is as follows:

Independent Director	Dr. Salman Faridi
Non Executive Director	Mr. Imran Azim Mr. Munir Karim Bana Mr. Saulat Said
Executive Director	Mr. Syed Shahid Ali Mr. Syed Sheharyar Ali Mr. Muhammad Shafique Anjum
Female Director	Dr. Mrs. Niloufer Qasim Mahdi

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by the board/shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the board were presided over by the chairman and, in her absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the board;

8. The board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The board had approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board, except for quarterly accounts of period ended September 30th 2019.

    a. Audit Committee

Dr. Salman Faridi	(Chairman)
Mr. Imran Azim	(Member)
Mr. Munir Karim Bana	(Member)

b. Human Resource & Remuneration Committee

Dr. Salman Faridi	(Chairman)
Mr. Imran Azim	(Member)
Mr. Munir Karim Bana	(Member)
Mr. Syed Sheharyar Ali	(Member)
Mr. Muhammad Shafique Anjum	(Member)

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

11. The board has formed committees comprising of members given below;

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

13. The frequency of meetings of the committee were as per following;

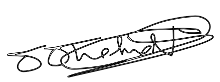
    a. Audit Committee (Quarterly)

    a. Human Resource & Remuneration Committee (Yearly)

14. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;

16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;



Syed Shahid Ali

INDEPENDENT AUDITOR`S
REVIEW REPORT

To the members of Treet Corporation Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Treet Corporation Limited ("the Company") for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Paragraph Reference	Description
i. 10	The Chief Executive Officer and the Chief Financial Officer shall duly endorse the quarterly, half-yearly and annual financial statements under their respective signatures prior to placing and circulating the same for consideration and approval of the board as specified in regulation (25). The company is not compliant with the said regulation as financial statements of first quarter were not duly signed by Chief Financial Officer.

Lahore

Date: 07 October 2020

KPMG Taseer Hadi & Co.
Chartered Accountants

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2020

Independent Auditor's Report

To the members of Treet Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the annexed consolidated financial statements of Treet Corporation Limited ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Sr. No.	Key audit matter(s)	How the matter was addressed in our audit
1	Revenue Refer to notes 5.17 and 36 to the consolidated financial statements. The Group recognized revenue of Rs. 11,111.58 million from sale of goods to domestic as well as export customers during the year ended 30 June 2020. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk of misstatement to meet expectations or targets.	Our audit procedures, amongst others, included the following: • obtaining an understanding of the process relating to revenue recognition and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Group's accounting policy for revenue recognition and compliance of the policy with applicable accounting standards; • comparing the sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documents; • comparing the sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • inspecting on a sample basis, credit notes issued in near and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and • scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.

Sr. No.	Key audit matter(s)	How the matter was addressed in our audit
2	Valuation of Stock-in-trade Refer to notes 5.10 and 14 to the consolidated financial statements. As at 30 June 2020, the Group's gross carrying amount of stock-in-trade amounts to Rs. 2,296.88 million. We identified valuation of stock-in-trade as a key audit matter as it involves significant management judgment in determining the carrying value of stock-in-trade.	Our audit procedures, amongst others, included the following: • obtaining an understanding of internal controls over valuation of stock-in-trade and testing their design, implementation and operating effectiveness; • assessing the appropriateness of the Group's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards; • obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-process and costs necessary to make the sales and their basis; and • comparing the NRV, on a sample basis, to the cost of stock in trade to assess whether any adjustments are required to value stock-in-trade in accordance with the accounting policy.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kamran Iqbal Yousafi.

KPMG Taseer Hadi & Co.
Chartered Accountants

LAHORE
Date: 07 October 2020

Consolidated statement of financial position

As at 30 June 2020

	Note	2020	2019
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	15,272,649	17,681,440
Right of use assets	7	78,259	-
Investment property	8	12,896	12,896
Intangible assets	9	152,087	155,317
Long term investments	10	426,320	478,297
Long term loans and advances	11	1,028	1,973
Long term deposits	12	81,494	46,214
		16,024,733	18,376,137
Current assets			
Stores and spares	13	350,306	286,834
Stock in trade	14	2,296,876	2,956,983
Trade debts	15	878,646	1,235,283
Short term investments	16	244,678	435,348
Loans, advances, deposits, prepayments and other receivables	17	1,855,062	2,573,504
Cash and bank balances	18	476,937	358,990
		6,102,505	7,846,942
Assets held for sale	19	2,020,906	-
		8,123,411	7,846,942
Liabilities			
Current liabilities			
Current portion of long term liabilities	20	54,164	201,266
Short term borrowings	21	13,034,254	13,066,427
Trade and other payables	22	1,304,130	1,278,665
Unclaimed dividend		13,267	13,274
Accrued mark-up	23	489,995	485,136
Provision for taxation		126,126	143,611
		15,021,936	15,188,379
Net current assets		(6,898,525)	(7,341,437)
Non-current liabilities			
Long term deposits	24	11,214	1,214
Deferred liabilities - Employee retirement benefits	26	714,039	481,508
Long term finance	28	125,047	-
Government grant	28	1,625	-
Deferred taxation	29	64,516	66,309
Lease liability against right of use assets	30	54,511	-
		970,952	549,031
Contingencies and commitments	31		
		8,155,256	10,485,669
Represented by:			
Authorized capital			
250,000,000 (2019: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
150,000,000 (2019: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000
		4,000,000	4,000,000
Issued, subscribed and paid up capital	32	1,698,313	1,654,508
Reserves	33	5,618,059	5,455,651
Unappropriated loss		(4,318,826)	(1,606,263)
Surplus on revaluation of land and buildings - net of tax	34	4,893,916	4,642,427
Equity attributable to owners of the Company		7,891,462	10,146,323
Non - controlling interest	35	263,794	339,346
		8,155,256	10,485,669

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

LAHORE October 05, 2020	Syed Shahid Ali Chief Executive Officer	Mohtashim Aftab Group Chief Financial Officer	Imran Azim Director

Consolidated statement of profit or loss
For the year ended 30 June 2020

	Note	2020	2019
		(Rupees in thousand)	
Continuing operations			
Revenue - net	36	11,111,578	11,972,060
Cost of revenue	37	9,866,412	10,725,170
Gross profit		1,245,166	1,246,890
Administrative expenses	38	407,101	665,508
Distribution cost	39	1,226,826	1,365,875
Impairment loss on trade debts	15.2	41,582	8,700
		1,675,509	2,040,083
Operating loss		(430,343)	(793,193)
Finance cost	40	1,731,560	1,286,392
Other operating expenses	41	102,419	121,441
		1,833,979	1,407,833
Other income	42	103,677	243,315
Share of (loss) / profit of associate		(88,271)	8,947
Loss before taxation from continuing operations		(2,248,916)	(1,948,764)
Taxation		109,775	161,903
- Group		(8,864)	14,579
- Associate	43	100,911	176,482
Loss after tax from continuing operations		(2,349,827)	(2,125,246)
Discontinued operations			
Loss after tax from discontinued operations	44	(370,490)	-
Loss after tax		(2,720,317)	(2,125,246)
Attributable to:			
Equity holders of the Parent Company		(2,637,696)	(2,070,587)
Non - controlling interest	35	(82,621)	(54,659)
		(2,720,317)	(2,125,246)
Loss per share - basic and diluted from continuing operations	45	(15.84)	(12.69)

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

LAHORE
October 05, 2020

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

Consolidated statement of comprehensive income
For the year ended 30 June 2020

	2020	2019
	(Rupees in thousand)	
Loss after tax	(2,720,317)	(2,125,246)
Other comprehensive (loss) / income from continuing operations		
Items that will never be reclassified to profit or loss account:		
Remeasurement of defined benefit obligation - net of tax	(95,414)	(89,464)
Surplus on revaluation of freehold land and building - net of tax	-	3,384,443
Equity securities at FVOCI - net change in fair value of investments - Group's share in associate	1	(2,078)
Share of loss in associate's defined benefit liability - net of tax	20,817	(1,696)
Other comprehensive income from discontinued operations		
Surplus on revaluation of freehold land	279,105	-
Total comprehensive (loss) / income for the year	(2,515,808)	1,165,959
Attributable to:		
Equity holders of the Parent Company	(2,440,256)	1,191,924
Non-controlling interest	(75,552)	(25,965)
	(2,515,808)	1,165,959

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

LAHORE	Syed Shahid Ali	Mohtashim Aftab	Imran Azim
October 05, 2020	Chief Executive Officer	Group Chief Financial Officer	Director

Consolidated statement of cash flows

For the year ended 30 June 2020

	Note	2020	2019
		(Rupees in thousand)	
Cash generated from / (used in) operations	51	2,383,402	(1,219,699)
Finance cost paid		(1,725,522)	(1,099,257)
Taxes paid		(173,402)	(125,317)
WPPF and WWF paid		(1,295)	(4,773)
Payment to gratuity fund and superannuation fund		(17,671)	(39,159)
Long term loans and deposits - net		(34,335)	(1,735)
		(1,952,225)	(1,270,241)
Net cash generated from / (used in) operating activities		431,177	(2,489,940)
Cash flows from investing activities			
Fixed capital expenditure		(473,886)	(1,778,045)
Proceeds from sale of property, plant and equipment		42,629	96,497
Proceeds from disposal of long term investments		1,133	-
Acquisition of associate		-	(30,000)
Profit received on bank deposits		16,121	21,171
Dividend received		1,673	3,783
Net cash used in investing activities		(412,330)	(1,686,594)
Cash flows from financing activities			
Proceeds from issue of shares under employee stock option scheme		16,255	48,774
Consideration received from Non-Controlling Interest		-	8,851
Payment of lease liability against right of use assets		(23,420)	-
Long term loans - net		150,294	-
Loan from Chief Executive Officer - Interest free		39,245	(290,000)
Redemption of participation term certificates		(6,276)	(6,273)
Short term borrowings - net		(353,856)	302,267
Dividend paid		(7)	(61)
Net cash (used in) / generated from financing activities		(177,765)	63,558
Net decrease in cash and cash equivalents		(158,918)	(4,112,976)
Cash and cash equivalents at beginning of year		(9,965,049)	(5,852,073)
Cash and cash equivalents at end of year	52	(10,123,967)	(9,965,049)

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

LAHORE	Syed Shahid Ali	Mohtashim Aftab	Imran Azim
October 05, 2020	Chief Executive Officer	Group Chief Financial Officer	Director

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Share Capital	Share Premium	Capital Reserves: Capital Reserve	Capital Reserves: Share in capital reserve of associate	Capital Reserves: Surplus on revaluation of land and buildings - net of tax	Capital Reserves: Fair value reserve on investment	Statutory Reserve	Revenue Reserves: Employee Stock Option Compensation Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Un-appropriated profit / (loss)	Total equity attributable to shareholders of Holding Company	Non - Controlling Interest (NCI)	Total shareholders equity
	-----	-----	-----	-----	-----	-----	(Rupees in thousand)	-----	-----	-----	-----	-----	-----
Balance as at 30 June 2018	1,600,846	4,492,294	629	1,654	1,301,777	-	511,941	-	266,400	532,119	8,707,660	357,734	9,065,394
Adjustment on initial application of IFRS 9, net of tax	-	-	-	-	-	(7,038)	-	-	-	7,038	-	-	-
Adjusted balance as at 30 June 2018	1,600,846	4,492,294	629	1,654	1,301,777	(7,038)	511,941	-	266,400	539,157	8,707,660	357,734	9,065,394
Total comprehensive loss for the year													
Loss for the year	-	-	-	-	-	-	-	-	-	(2,070,587)	(2,070,587)	(54,659)	(2,125,246)
Other comprehensive Income	-	-	-	(2,078)	3,355,749	-	-	-	-	(91,160)	3,262,511	28,694	3,291,205
	-	-	-	(2,078)	3,355,749	-	-	-	-	(2,161,747)	1,191,924	(25,965)	1,165,959
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	(10,474)	-	-	-	-	10,474	-	-	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	-	(50)	-	-	-	-	-	(50)	-	(50)
Surplus transferred to accumulated loss on account of sale of land classified as held for sale	-	-	-	-	(4,575)	-	-	-	-	4,575	-	-	-
<u>Transactions with owners of the Group, Contributions and distributions</u>													
Conversion of PTCs into ordinary shares @ 0.07 shares per PTC	29,275	143,869	-	-	-	-	-	-	-	-	173,144	-	173,144
Issuance of shares under employee stock option scheme	24,387	24,387	-	-	-	-	-	-	-	-	48,774	-	48,774
Recognition of fair value charge of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	-	23,593	-	-	23,593	-	23,593
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	13,071	-	-	-	-	-	(13,071)	-	-	-	-	-
	53,662	181,327	-	-	-	-	-	10,522	-	-	245,511	-	245,511
<u>Changes in ownership interest</u>													
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	4	4
Acquisition by NCI without change in control	-	-	-	-	-	-	-	-	-	1,278	1,278	7,573	8,851
Balance as at 30 June 2019	1,654,508	4,673,621	629	(424)	4,642,427	(7,038)	511,941	10,522	266,400	(1,606,263)	10,146,323	339,346	10,485,669
Total comprehensive loss for the year													
Loss for the year	-	-	-	-	-	-	-	-	-	(2,637,696)	(2,637,696)	(82,621)	(2,720,317)
Other comprehensive income	-	-	-	20,818	272,036	-	-	-	-	(95,414)	197,440	7,069	204,509
	-	-	-	20,818	272,036	-	-	-	-	(2,733,110)	(2,440,256)	(75,552)	(2,515,808)
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	(20,547)	-	-	-	-	20,547	-	-	-
<u>Transactions with owners of the Group, Contributions and distributions</u>													
Conversion of PTCs into ordinary shares @ 0.08 shares per PTC	33,458	138,432	-	-	-	-	-	-	-	-	171,890	-	171,890
Issuance of shares under employee stock option scheme	10,347	5,908	-	-	-	-	-	-	-	-	16,255	-	16,255
Reversal of expenses under ESOS	-	-	-	-	-	-	-	(9,788)	-	-	(9,788)	-	(9,788)
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	7,038	-	-	-	-	7,038	-	7,038
	43,805	144,340	-	-	-	7,038	-	(9,788)	-	-	185,395	-	185,395
Balance as at 30 June 2020	1,698,313	4,817,961	629	20,394	4,893,916	-	511,941	734	266,400	(4,318,826)	7,891,462	263,794	8,155,256

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

LAHORE	Syed Shahid Ali	Mohtashim Aftab	Imran Azim
October 05, 2020	Chief Executive Officer	Group Chief Financial Officer	Director

1 STATUS AND NATURE OF THE BUSINESS

The Group comprises of :

Holding Company

Treet Corporation Limited

	2020	2019
	(Holding percentage)	
Subsidiary Companies		
- Treet Holdings Limited	99.64	99.64
- First Treet Manufacturing Modaraba	97.33	97.33
- Treet HR Management (Private) Limited	99.64	99.64
- Global Arts Limited	97.46	97.46
- Treet Power Limited	99.64	99.64
- Renacon Pharma Limited	55.59	55.59
- Treet Battery Limited	99.64	99.64
Associate		
- Loads Limited	12.49	12.49
- Global Assets (Private) Limited	28.74	28.74

Treet Corporation Limited (“the Holding Company”) was incorporated in Pakistan on 22 January 1977 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of the Holding Company is manufacturing and sale of razors and razor blades along with other trading activities. The registered office of the Holding Company is situated at 72-B, Industrial Area Kot Lakhpat, Lahore. The manufacturing facilities of the Holding Company are located in Lahore at 72-B Kot Lakhpat, Industrial Area and in Hyderabad at Hali Road.

Treet Holdings Limited was incorporated in Pakistan on 21 October 2004 under the Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its commercial operations from 01 January 2005. The principal activity of the company is assembling and sale of motor bike and rickshaw. The company is the management company of First Treet Manufacturing Modaraba. Its registered office is situated at 72 - B, Industrial Area Kot Lakhpat, Lahore.

First Treet Manufacturing Modaraba ("the Modaraba") is a multipurpose, perpetual and multi dimensional Modaraba formed on 27 July 2005 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed there under and is managed by Treet Holdings Limited (a subsidiary of Treet Corporation Limited), incorporated in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 72 - B, Kot Lakhpat, Industrial Area, Lahore. The Modaraba is listed on Pakistan Stock Exchange Limited. The Modaraba is engaged in the manufacture and sale of corrugated boxes, soaps and batteries.

Treet HR Management (Private) Limited was incorporated in Pakistan on 18 September 2006 as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The company is engaged in the business of rendering professional and technical services and providing related workforce to the host companies / customers under service agreements. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore. The company is a wholly owned subsidiary of Treet Holdings Limited, which is also a subsidiary of Treet Corporation Limited - an ultimate parent, a listed company.

Global Arts Limited ("the Company") was incorporated in Pakistan on 26 October 2007 under the Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company. The Company was converted into public limited company (unlisted) after complying with the legal formalities with effect from 23 July 2014. The Company is engaged to promote, establish, run, manage and maintain educational institutions, colleges of arts, research, sciences, information technology, business administration and such other educational institutions as may be considered appropriate for the promotion and advancement of education in the country with national and international affiliation. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

Treet Power Limited was incorporated in Pakistan on 20 November 2007 under the Companies Ordinance, 1984 (now Companies Act, 2017). At present the company is planning to set up an Electric Power Generation Project for generating, distributing and selling of Electric Power, which is kept in abeyance in order to complete other projects of the Group Companies of Treet Corporation Limited. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore. The company is a wholly owned subsidiary of Treet Holdings Limited, which is also a subsidiary of Treet Corporation Limited - an ultimate parent, a listed company.

Renacon Pharma Limited was incorporated on 07 July 2009 as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The company was converted into Public Limited Company (unlisted) on 27 January 2017 after complying with the legal formalities. The Company is engaged in the business of manufacturing of all types of formulations of Haemodialysis concentration in powder and solution form for all brands of machines. The registered office of the company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

Treet Battery Limited was incorporated on 22 February 2019 in Pakistan under the Companies Act, 2017. The Company carries out business as manufacturers, assemblers, processors, producers, suppliers, sellers, importers, exporters, makers, fabricators and dealers in all batteries including but not limited to lead acid batteries, deep cycle batteries, lithium batteries, nickel cadmimum batteries, nickel metal hydride batteries, absorbed glass mat (AGM) batteries, Gel batteries used in or required for industrial, transport, commercial and domestic and any other purpose. The registered office of the Company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

1.1 Basis of consolidation and equity accounting

These consolidated financial statements comprise the financial statements of the Holding Company, its subsidiary companies and its associates as at 30 June 2020. These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 30 June 2020 and the audited financial statements of the subsidiaries and associates for the year ended 30 June 2020.

1.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholders' equity in the subsidiary companies. The financial statements of the subsidiaries are prepared for the same reporting year as of the Holding Company, using consistent accounting policies.

Intra - Group balances and transactions, and any unrealised income and expenses arising from intra - group transactions, are eliminated in full.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Any goodwill that arises is tested annually for impairment.

Non-controlling interest

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Non-controlling interest is measured at proportionate share of identifiable net assets at the time of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.

Loss of control

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated statement of profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are reclassified to the consolidated profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or as an Fair Through Other Comprehensive Income (FVOCI) financial asset depending on the level of influence retained.

1.2.1 Associates

Associates are all entities over which the Group has significant influence but not control. This is generally the case where the Group holds between 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Group's share of the profit or loss of the associate after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to statement of profit or loss account where appropriate.

The Group's share of its associates post acquisition profits or losses is recognized in the consolidated statement of profit or loss and its share in post acquisition movements in the other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. The Group's share of its associates post acquisition changes in net assets (associates transactions with NCI) are recognized directly in equity with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in associates equals or exceeds its interest in the associate including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associates.

Unrealized gains arising from transactions between the Group and its associates are eliminated against investment to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Associates, which the Group intends to dispose off within twelve months of the reporting date are not accounted for under the equity method and are shown under non-current assets held for sale at the lower of carrying amount and fair value less cost to sell.

Dilution gains and losses arising in investments in associates are recognized in the consolidated statement of profit or loss.

At each reporting date, the Group reviews the carrying amounts of its investments in associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated using the discounted cash flow methodology, in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and IFAS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value as referred to in note 5.20, the measurement of certain items of property, plant and equipment as referred to in note 5.4 at revalued amounts, non-current assets held for sale recorded at fair value as referred to in note 5.6 and recognition of certain employee retirement benefits as referred to in note 5.2 at present value. In these consolidated financial statements, except for the cash flow statement, all the transactions have been accounted for on accrual basis.

2.3 Functional and presentational currency

These consolidated financial statements are presented in Pakistan Rupees which is also the Group's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless otherwise indicated.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to Group's financial statements or where judgments were exercised in application of accounting policies are as follows:

		Note
-	Employee retirement benefits	5.2
-	Taxation	5.3
-	Residual values and useful lives of depreciable assets	5.4
-	Fair value of non-current assets held for sale	5.6
-	Impairment	5.8
-	Provisions	5.15
-	Contingent liabilities	5.23

3.1 Change in accounting estimate

During the year, as a result of annual assessment of the review of remaining useful lives of the operating fixed assets, management identified that the building on freehold land of its battery project require an upward revision in their useful lives, which reflects the best pattern of consumption and usage of economic benefits embodied in the state of the art, pre-engineered building of the newly developed project based on the usage, function and specifications as to the building structure. Hence, the remaining useful life of the building on freehold land have increased. Such change has been accounted for as a change in an accounting estimate in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in the accounting estimate, the loss before tax for the year ended 30 June 2020 would have been higher by Rs 88.50 million and carrying value of operating fixed assets as at that date would have been lower by the same amount. Consequently, due to the above change in accounting estimate, future losses before tax would decrease by Rs 88.50 million.

4 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective:

4.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

  - there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are effective from annual period beginning on or after 01 January 2020 and are not likely to have an impact on Company's unconsolidated financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, except as described in note 5.1:

5.1 Change in accounting policy

The Holding Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 July 2019. Due to the transition methods chosen by the Company in applying these standard, comparative information throughout these financial statements has not been restated to reflect the requirements of these new standard. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

5.1.1 IFRS 16 'Leases'

During the year, the Holding Company has adopted IFRS 16 'Leases' effective from 01 July 2019. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases- Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on balance sheet lease accounting model for long term operating leases (short-term leases and leases where the underlying assets are of low value continue to be treated as off-balance sheet operating leases).

A lessee recognizes a right of use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The following practical expedients have been used by the Holding Company when adopting IFRS 16 on its application date (i.e. 01 July 2019):

- IFRS 16 applied only to contracts that were previously assessed as leases in accordance with the previous IFRS (IAS 17 Leases).

- A single discount rate applied to portfolio of leases with reasonably similar characteristics as permitted by IFRS 16.

- Initial direct cost was excluded from the measurement of the right-use-of asset as of 01 July 2019.

- The weighted-average incremental borrowing rate applied to lease liabilities recognized on 01 July 2019 was 13.50%.

- The accounting for operating leases with a remaining lease term of less than 12 months as at 01 July 2019 as short-term leases;

Impact on financial statements

Lease liabilities and right of use assets recognized as of 01 July 2019 are as follows:

	Rupees in thousand
Lease liabilities	
Operating lease commitments	163,082
Amounts not included in lease liabilities classified as short term lease	(28,379)
Total lease payment which were reasonably certain	134,703
Discounted using the lessee's incremental borrowing rate	13.50%
Lease liability against right of use assets	
Current portion	12,483
Long-term portion	70,491
Lease liability as at 01 July 2019	82,974
Right of use assets	
Present value of lease liability against right of use assets	82,974
Prepayments classified as right of use assets	10,937
Right of use assets recognized as at 01 July 2019	93,911

The impact of this change in accounting policy on financial statements is as follows:

Impact on assets and liabilities as at 01 July 2019

	As at 30 June 2019	IFRS 16 adjustments	As at 01 July 2019
	--------Rupees in thousand--------		
Right of use assets	-	93,911	93,911
Prepayments	10,937	(10,937)	-
	10,937	82,974	93,911
Lease liabilities against right of use assests:			
- long-term portion	-	70,491	70,491
- current portion	-	12,483	12,483
Net impact on total liabilities	-	82,974	82,974

5.2 Employee benefits

Defined contribution plans

The Group has maintained five contributory schemes for the employees, as below:

i) A recognized contributory provident fund scheme namely “Treet Corporation Limited - Group Employees Provident Fund” is in operation covering all permanent employees. Equal monthly contributions are made both by the Group and employees in accordance with the rules of the scheme at 10% of the basic salary.

ii) A recognized contributory fund scheme namely “Treet Corporation Limited - Group Employee Service Fund” is in operation which covers all permanent management employees. In accordance with the rules of the scheme, equal monthly contributions are made both by the Group and employees at 10% of basic salary from the date the employee gets permanent status. Additional contributions may be made by the Group for those employees who have at most 15 years of service remaining before reaching retirement age, however, employees can start their additional contribution above the threshold limit of 10% of the basic salary at any time.

iii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Benevolent Fund" in operation for the benefit of employees if the employee opts for the scheme. The contributions to the fund are made at 10% of employees basic salary on monthly basis by both employee and the employer. Periodic bonuses by the Group to all the employees in any year, not exceeding one month's basic salary of an employee, are credited to his personal account in the Fund at the sole discretion of the Group.

iv) An unrecognized contributory fund scheme namely “Treet Corporation Limited - Group Employees Superannuation-II Fund” is in operation covering all permanent management employees. Equal monthly contributions are made both by the Group and employees in accordance with the rules of the scheme at 12% of the basic salary.

v) An unrecognized contributory fund scheme namely, "Treet Corporation Limited - Group Employees Housing Fund Scheme" is in operation covering permanent management employees with minimum five years of service with the Group. Equal contributions are made monthly both by the Group and employees in accordance with the rules of the Scheme at 20% of the basic pay.

Defined benefit plans

An approved funded gratuity scheme and a funded superannuation scheme is in operation for all employees with qualifying service periods of six months and ten years respectively. These are operated through "Treet Corporation Limited - Group Employees Gratuity Fund" and "Treet Corporation Limited - Group Employee Superannuation Fund", respectively. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the 'Projected Unit Credit Method' and latest actuarial valuation has been carried out at 30 June 2020. When calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actual gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit or loss account. The main features of defined benefit schemes are mentioned in note 26.

Employee Stock Option Scheme

The Group operates an equity settled stock option scheme to be called 'Treet Corporation Limited - Employees Stock Option Scheme, 2015'. The compensation committee ("committee") of the Board of Directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfilment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Holding Company's shares at a pre-determined price on the date of grant of options. The main features of the scheme are mentioned in note 27.

The grant date fair value of equity settled share based payments to employees, determined as option discount as allowed by Public Companies (Employee Stock Option Scheme) Rules 2001, is recognized as employee compensation expense on a straight line basis over the vesting period with a consequent credit to equity as employee stock option compensation reserve. The deferred employee stock option cost is shown as a deduction from employee stock option compensation reserve. Option discount means the excess of market price of the share at the date of grant of an option under a Scheme over exercise price of the option.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in the profit or loss account, such employee compensation expense is reversed in the profit or loss account equal to the amortized portion with a corresponding effect to employee stock option compensation reserve equal to the unamortized portion.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the profit or loss is reversed with a corresponding reduction to employee stock option compensation reserve. When the options are exercised, employee stock option compensation reserve relating to these options is transferred to share capital and share premium. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium.

5.3 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax losses used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is charged in the statement of profit or loss, except in the case of items charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.4 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment loss, if any, except for freehold land and buildings on freehold land. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less impairment loss, if any. Buildings on freehold land are stated at revalued amount carried out by independent valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings, and the net amount is restated to the revalued amount of the buildings.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Capitalization threshold

Following are the minimum threshold limits for capitalization of individual items:

Particulars	Rupees
Building on free hold land	500,000
Plant and machinery	150,000
Office equipments	50,000
Furniture and fixture	50,000
Others	25,000

Depreciation is charged to statement of profit or loss, unless it is included in the carrying amount of another asset, on straight line method whereby cost of an asset is written off over its estimated useful lives given in note 6.1

Depreciation on additions to property, plant and equipment is charged from the day on which an asset is available for use till the day the asset is fully depreciated or disposed off. Assets, which have been fully depreciated, are retained in the books at a nominal value of Rupee 1. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Depreciation methods, residual value and the useful life of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to statement of profit or loss as and when incurred.

On disposal or scrapping, the cost of the assets and the corresponding depreciation is adjusted and the resultant gain or loss is dealt with through the statement of profit or loss.

Capital work in progress

Capital work in progress is stated at cost, less any identified impairment loss. Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for use.

5.5 Intangible assets

Goodwill

Goodwill arising on the acquisition of the subsidiaries is measured at cost less accumulated impairment losses.

Computer software

Intangible assets represent the cost of computer software (ERP system) and are stated at cost less accumulated amortization and any identified impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in statement of profit or loss as incurred.

All intangibles are amortized over the period of five years on a straight line basis so as to write off the cost of an asset over its estimated useful life. Amortisation on additions to intangible assets is charged from the day on which an asset is available for use till the day the asset is fully amortized or disposed off.

5.6 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and equity-accounted investee is no longer equity accounted.

5.7 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current. Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are required and re-evaluates this classification on regular basis.

5.8 Impairment

Financial assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract asset

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

Non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories, goodwill and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

<u>Goodwill</u>

Goodwill is tested annually for impairment. Goodwill arising from a business comination is allocated to cash generating unit or group of cash generating units that are expected to benefit from the synergies of the combination. Impairment loss in respect of goodwill is not reversed.

5.9 Stores and spares

These are valued at the moving average cost except for items in transit, which are valued at invoice price and related expenses incurred upto the reporting date. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

5.10 Stock in trade

Stock of raw materials, packing materials, work-in-process and finished goods is valued at lower of moving average cost and net realizable value, except for stock in transit which is valued at invoice price and related expenses. Cost in relation to work in process and finished goods includes direct production costs such as raw materials, consumables, labor and appropriate proportion of production overheads. Finished goods purchased for resale are valued at moving average cost of purchase and comprise of purchase price and other costs incurred in buying the material to its present location and condition.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to be incurred to make the sale.

5.11 Trade debts, loans, deposits and other receivables

These are classified at amoritzed cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery.

5.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Group.

5.13 Borrowings

Borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in statement of profit or loss over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

5.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not billed to the Group.

5.15 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A provision for warranties is recognised when the underlying products or services are sold, based on historical data and a weighting of possible outcomes against their associated probabilities.

5.16 Foreign currency translation

Foreign currency transactions are translated into Pakistan Rupees which is the Group's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss. All non-monetary assets and liabilities are translated in Pakistan Rupees using the exchange rates prevailing at the date of transaction or at the date when the fair value was determined.

5.17 Revenue recognition

(i) Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are delivered to the customer and revenue from sale of services is recognised over time.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

(ii) Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

(iii) Return on bank deposits, investments and interest on loans is accounted for on a time proportionate basis using the applicable rate of return / interest.

5.18 Contract liabilities

A contract liability is the obligation of the Group to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Group on account of contractual delays in delivery of performance obligations and incentive on target achievements.

5.19 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss account in the period in which they are incurred.

5.20 Financial instruments

5.20.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

5.20.2 Classification and subsequent measurement

<u>Financial assets</u>

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

<u>Amortized cost</u>

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

<u>Debt Instrument - FVOCI</u>

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. However, the Group has no such instrument at the reporting date.

<u>Equity Instrument - FVOCI</u>

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

<u>Fair value through profit or loss (FVTPL)</u>

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

<u>Financial assets – Business model assessment:</u>

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in consolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Financial liabilities comprise trade and other payables, short term financing, unclaimed dividend and accrued markup.

5.20.3 Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial libilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

5.21 Research and development costs

Research and development costs are charged to profit or loss account as and when incurred.

5.22 Dividends

Distribution of Group`s dividend to the shareholders is recognized as a liability in the period in which the dividends are approved by Board of Directors

5.23 Contingent liabilities

A contingent liability is disclosed when:

- There is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- There is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Group that make strategic decisions.

Segment results, asset and liabilities include items directly attributable to segment as well as those that can be allocated on reasonable basis. Segment assets consists primarily of stores and spares, stock in trade and trade debts. Segment liabilities consist of operating liabilities and exclude items such as taxation and corporate.

5.25 Government grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

Loan at subsidized rate under SBP refinancing scheme for payment of wages and salaries is initially measured at the fair value i.e. the present value of the expected future cash flows discounted at a market-related interest rate. The difference between the amount received and the fair value is recognized as government grant.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		(Rupees in thousand)	
Operating fixed assets	6.1	13,740,751	13,809,237
Capital work in progress	6.2	1,531,898	3,872,203
		15,272,649	17,681,440

6.1 Property, plant and equipment

	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2019	Revaluation surplus during the year	Additions / (Deletions)/ (Transfers)/ (Disposal group)	Cost/ revalued amount as at 30 June 2020	Accumulated depreciation as at 01 July 2019	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2020	Book value as at 30 June 2020
	%			-----(Rupees in thousand)-----					
Owned									
Freehold land	-	5,760,931	-	855	4,706,041	-	-	-	4,706,041
				(1,055,745)					
Building on freehold land	3.33 - 5	4,332,854	-	970,590	5,303,444	420,074	230,589	650,663	4,652,781
				-			-		
Buildings on leasehold land	10	4,791	-	-	4,791	3,355	1,165	4,520	271
				-			-		
Plant and machinery	10	5,364,059	-	636,573	6,000,632	1,573,715	420,065	1,993,780	4,006,852
				-			-		
Furniture and equipment	10 - 25	236,232	-	137,978	365,088	96,333	48,715	141,234	223,854
				(9,122)			(3,814)		
Vehicles	20	395,249	-	41,282	382,274	191,402	69,784	231,322	150,952
				(54,257)			(29,864)		
2020		16,094,116	-	1,787,278	16,762,270	2,284,879	770,318	3,021,519	13,740,751
				(1,119,124)			(33,678)		

	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2018	Revaluation surplus during the year	Additions/ (Deletions)	Cost/ revalued amount as at 30 June 2019	Accumulated depreciation as at 01 July 2018	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2019	Book value as at 30 June 2019
	%			-----(Rupees in thousand)-----					
Owned									
Freehold land	-	2,534,571	3,254,013	33,367	5,760,931	-	-	-	5,760,931
				(61,020)					
Building on freehold land	5	4,081,214	161,761	89,879	4,332,854	201,310	218,764	420,074	3,912,780
Buildings on leasehold land	10	4,791	-	-	4,791	3,115	240	3,355	1,436
				-			-		
Plant and machinery	10	5,171,424	-	193,185	5,364,059	1,214,592	359,673	1,573,715	3,790,344
				(550)			(550)		
Furniture and equipment	10 - 25	165,312	-	73,216	236,232	75,889	21,870	96,333	139,899
				(2,296)			(1,426)		
Vehicles	20	359,114	-	86,652	395,249	159,738	67,387	191,402	203,847
				(50,517)			(35,723)		
2019		12,316,426	3,415,774	476,299	16,094,116	1,654,644	667,934	2,284,879	13,809,237
				(114,383)			(37,699)		

6.1.1 Particulars of immovable property (i.e. land and building) in the name of Holding Company and its subsidiaries are as follows:

Location	Usage of Immovable Property	Total area (acres)	Covered Area (Square Feet)
Main Haali / Link Road Hyderabad	Manufacturing facility	5.49	98,696
72-B Main Peco Road, Kot Lakhpat Lahore	Head Office and Manufacturing facility	14.06	231,440
Warehouse land, 14 Km Multan Road, Lahore	Warehouse	1.50	10,752
Hadbast Mouza Pandu, Tehsil Model Town	Warehouse	1.00	N/A
09-Km Thokar Niaz Baig, Lahore	Education campus	15.17	348,480
Raiwind Road, Lahore	Proposed expansion project	2.31	N/A
Faisalabad Industrial Estate, Sahianwala Faisalabad	Manufacturing facility	49.19	367,184
05 Km off Ferozpur Road, Gajju Matta, Kacha Road, Lahore	Manufacturing facility and warehouse	13.19	142,403

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
6.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of revenue - blades	37.1	218,306	185,930
Cost of revenue - soaps	37.2	3,752	2,809
Cost of revenue - corrugated boxes	37.3	23,731	19,062
Cost of revenue - bikes	37.4	1,924	2,044
Cost of revenue - battery	37.5	454,822	390,521
Cost of revenue - pharmaceutical products	37.6	7,796	7,778
		710,331	608,144
Administrative expenses	38	41,161	42,127
Distribution cost	39	18,826	17,664
		770,318	667,935

6.1.3 Had the assets not been revalued, the net book value of specific classes of operating fixed assets would have amounted to:

	2020	2019
Freehold land	712,174	1,402,249
Buildings	3,433,084	3,546,680
	4,145,258	4,948,929

6.1.4 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	(Loss) / Profit	Mode of disposal	Relationship with the Company	Particulars of purchaser
	------------------------------- (Rupees in thousand)				----------------------------------			
Furniture and Equipment								
Laptop	110	31	79	83	4	Negotiation	-	Mr. Umar Saleem
Others	683	392	291	302	11	Company Scheme	Employees	Various
	793	423	370	385	15			
Vehicles								
Suzuki Mehran	1,094	450	644	823	179	Company Scheme	Employee	Mr. Hafiz Faheem Javed
Honda Civic	3,106	393	2,713	2,872	159	Company Scheme	Employee	Mr. Waqar Ahmed Rana
Suzuki Mehran	625	83	542	625	83	Company Scheme	Employee	Mr. Danish Christopher
Toyota Grande	2,931	243	2,688	2,662	(26)	Company Scheme	Employee	Mr. Rana Shakeel Shaukat
Honda City	1,875	810	1,065	1,198	133	Company Scheme	Employee	Mr. Akhlaq Ahmed
Suzuki Cultus	1,250	542	708	779	71	Company Scheme	Employee	Mr. Aamer Haseeb Qazi
Honda Civic	2,637	1,237	1,400	1,579	179	Company Scheme	Employee	Mr. Muhammad Javaid Aslam
Honda Civic	2,687	1,199	1,488	1,858	370	Negotiation	-	Mr. Umar Saleem
Toyota Altas	2,706	396	2,310	2,444	134	Negotiation	-	Mr. Adeel Qureshi
Suzuki Wagon R	1,214	798	416	1,214	798	Negotiation	-	Mr. Mehmood Ahmad
Others	34,132	26,106	8,026	26,190	18,164	Company Scheme	Employees	Various
	54,257	32,257	22,000	42,244	20,244			
2020	55,050	32,680	22,370	42,629	20,259			
2019	114,383	37,699	76,684	96,497	19,813			

	Note	2020	2019
		(Rupees in thousand)	
6.2 Capital work in progress			
Civil works	6.2.1	746,335	1,752,010
Plant and machinery	6.2.2	744,875	2,047,485
Advances for capital expenditure		40,688	72,708
		1,531,898	3,872,203

6.2.1 These mainly relate to construction work in progress of Renacon Pharma Limited related to development and construction of building for plant set-up in Faisalabad.

6.2.2 These represents plant and machinery in the course of development and installation and mainly relates to the ongoing battery project.

7 RIGHT OF USE ASSETS

	Note	2020	2019
Cost as at 01 July			
Effect of initial application of IFRS 16 - as at 01 July 2019		93,911	-
Depreciation			
Charge for the year	7.1	(15,652)	-
Net book value as at 30 June		78,259	-
Useful life / Lease term		6 years	-

7.1 The depreciation charge for the year on the right of use assets has been allocated as under:

	Note	2020	2019
		(Rupees in thousand)	
Cost of revenue - soap segment	37.2	10,534	-
Distribution cost - battery segment	39	5,118	-
		15,652	-

8 INVESTMENT PROPERTY

	Note	2020	2019
Cost as at 01 July		12,896	19,384
Disposals during the year		-	(6,488)
Cost as at 30 June	8.1	12,896	12,896

8.1 This represent 14 kanals and 5 marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore, having fair value of Rs. Rs. 13.50 million. The value of investment property was determined by approved external, independent property valuer i.e. M/s Al Siddique Real Estate.

9 INTANGIBLE ASSETS

	Note	2020	2019
Oracle computer software and implementation	9.1	18,474	21,704
Goodwill acquired on acquisition	9.2	133,613	133,613
		152,087	155,317

9.1 Oracle computer software and implementation

Intangible asset represents computer software (ERP system).

	2020	2019
Cost		
As at 01 July	41,882	41,882
Addition during the year	5,718	-
Accumulated amortisation		
As at 01 July	(20,178)	(11,802)
Amortisation for the year	(8,948)	(8,376)
Balance at 30 June	18,474	21,704
Rate of amortisation	20%	20%

9.2 Goodwill acquired on acquisition

This goodwill represents the excess of purchase consideration paid by the Group for acquisition of the Renacon Pharma Limited (RPL) over Group's interest in the fair value of identifiable net assets of the RPL at date of acquisition.

The recoverable amount of goodwill has been tested for impairment as at 30 June 2020 based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a growth rate of 5%. The cash flows are discounted using a discount rate of 16.55% which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

	Note	2020	2019
		(Rupees in thousand)	
10 LONG TERM INVESTMENTS			
Available for sale - at FVOCI	10.1	8,167	1,555
Investment in associate	10.2	418,153	476,742
		426,320	478,297

10.1 Fair value through OCI

Techlogix International Limited - unquoted		
711,435 (2019: 748,879) fully paid ordinary shares of par value of USD 0.190761. . Equity held: 0.67 % (2019: 0.71 %)		
Investment classified as fair value through other comprehensive income	8,167	1,555
	8,167	1,555

10.1.1 Techlogix International Limited ("Techlogix") is a Bermuda registered Company with the beneficial owners, Salman Akhtar and Kewan Khawaja of United States of America. Techlogix is engaged in providing specialized technical consultancy and software development services to national and international clients. The Company intends to hold this investment of USD 112 (2019: USD 112) over the long term and realise its returns. During the year, the company received a return amounting to Rs. 0.16 million (2019: Rs. Nil).

10.1.2 The decrease in equity interest is due to sale of 37,444 shares during the period at Rs. 30.27 per share.

10.2 Investment in associate

	Note	2020	2019
Loads Limited- quoted 18,895,057 (2019: 18,895,057) fully paid ordinary shares of Rs. 10 each Equity held: 12.49% (2019: 12.49%) Chief Executive Officer - Munir K. Bana	10.2.1	386,778	446,753
Global Assets (Private) Limited - unquoted 3,000,000 fully paid ordinary shares of Rs. 10 each Equity held: 28.74% (2019: 28.74%) Chief Executive Officer - Syed Shahid Ali	10.2.2	31,375	29,989
		418,153	476,742

		2020	2019
		(Rupees in thousand)	
10.2.1	In equity instrument of associate		
	Cost	162,529	162,529
	Brought forward amounts of post acquisition reserves and profits recognized directly in consolidated statement of profit or loss	284,224	293,619
		446,753	456,148
	Share of (loss)/profit for the year		
	- before taxation	(89,657)	8,958
	- provision for taxation	8,864	(14,579)
		(80,793)	(5,621)
	Share of other comprehensive profit / (loss)	20,818	(3,774)
	Dividend received during the year	-	-
	Group's share of post acquisition change in net assets of associate	-	-
	Balance as at 30 June	386,778	446,753

Loads Limited ("Loads") was incorporated in Pakistan on 01 January 1979 as a private limited Company. On 19 December 1993, Loads was converted to public unlisted Company and subsequently on 01 November 2016, the shares of the Loads were listed on Pakistan Stock Exchange Limited. The registered office of the Loads is situated at Plot No. 23, Sector 19, Korangi Industrial Area, Karachi. The principal activity of the Loads is to manufacture and sale of radiators, exhaust systems and other components for automotive industry. The activities of the Loads are largely independent of the Holding Company. The following table summarizes the financial information of Loads as included in its own consolidated audited financial statements and the Group's share in the results. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in its associate.

	2020	2019
Percentage interest held	12.49%	12.49%
Non-current assets	5,098,875	4,883,817
Current assets	2,698,808	2,839,070
Non-current liabilities	(1,740,308)	(248,786)
Current liabilities	(2,959,953)	(3,897,965)
Net assets (100%)	3,097,422	3,576,136
Group's share of net assets	386,949	446,753
Carrying amount of interest in associate	386,949	446,753
Revenue	2,778,631	5,709,735
Loss from operations	(646,729)	(44,994)
Other comprehensive loss	166,638	(30,213)
Total comprehensive loss (100%)	(480,091)	(75,207)
Group's share of total comprehensive loss	(59,976)	(9,395)

10.2.1.1 This investment was made before the promulgation of the Companies Act, 2017 and the requirements of repealed Companies Ordinance, 1984 were duly complied at the time of investment.

	Note	2020	2019
		(Rupees in thousand)	
10.2.2 In equity instrument of associate			
Cost		30,000	30,000
Brought forward amounts of post acquisition reserves and (loss) recognized directly in consolidated statement of profit or loss		(11)	-
Share of profit / (loss) for the year		1,386	(11)
Balance as at 30 June		31,375	29,989

Global Assets (Private) Limited (formerly Treet Assets (Private) Limited) was incorporated on 12 May 2008 in Pakistan under the (repealed) Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activities of the company is to deal with investments in shares, debentures, bonds or any securities of the company or on behalf of the holding company i.e. Messrs. Treet Corporation Limited as well as other group companies. The registered office of the company is situated at 72-B, Industrial Area, Kot lakh pat, Lahore.

	2020	2019
Percentage interest held	28.74%	28.74%
Current assets	106,347	101,444
Current liabilities	(248)	(166)
Net assets (100%)	106,099	101,278
Group's share of net assets	30,493	29,107
Excess of purchase consideration over net assets	882	882
Carrying amount of interest in associate	31,375	29,989
Total comprehensive income / (loss)	4,821	(37)
Group's share of total comprehensive income / (loss)	1,386	(11)

11 LONG TERM LOANS AND ADVANCES

	Note	2020	2019
Loans to employees - secured, considered good	11.1	6,722	15,484
Long term advance - unsecured, considered good		-	6,649
Less: Current portion			
Loan to employees - secured, considered good		(5,694)	(13,511)
Long term advance - unsecured, considered good		-	(6,649)
	17	(5,694)	(20,160)
		1,028	1,973

11.1 These are interest free loans to the Group's employees for construction of house and purchase of cycles, which are repayable in monthly instalments over a period of 12 to 24 months and are secured against employee retirement benefits. These include an amount of Rs. 4.36 million (2019: Rs.12.99 million) receivable from the executives of the Group. No loan has been given to Directors or chief executive of the Group.

		Note	2020	2019
			(Rupees in thousand)	
11.2	Reconciliation of the carrying amount of loans to executives:			
	Balance as at 01 July		12,994	12,283
	Disbursements during the year		7,474	20,682
	Repayments during the year		(16,109)	(19,971)
	Balance as at 30 June		4,359	12,994

11.3 The maximum amount due from the executives at the end of any month during the year was Rs. 3.14 million (2019: Rs. 3.44 million).

12 LONG TERM DEPOSITS

		2020	2019
Utility deposits		65,244	31,038
Others		16,250	15,176
		81,494	46,214

13 STORES AND SPARES

	Note	2020	2019
Stores		201,425	152,949
Spares		148,881	133,885
	13.1 &1 3.2	350,306	286,834

13.1 It includes provision for obsolete store items amounting to Rs. 5.52 million (2019: Rs. Nil).

13.2 It includes stores and spares in transit amounting to Rs. 7.03 million (2019: Rs. 8.02 million).

	Note	2020	2019
		(Rupees in thousand)	
14 STOCK IN TRADE			
Blades, razor and other trading operations:			
Raw and packing material	14.1	776,052	666,974
Work in process	37.1	74,338	51,552
Finished goods	14.2 & 37.1	145,359	179,675
		995,749	898,201
Battery:			
Raw and packing materials	14.1	514,329	874,418
Work in process	37.5	418,361	587,427
Finished goods	14.2 & 37.5	98,509	100,975
		1,031,199	1,562,820
Soaps:			
Raw and packing materials		35,665	58,711
Work in process	37.2	223	-
Finished goods	37.2	23,613	53,097
		59,501	111,808
Corrugated boxes:			
Raw and packing materials		91,662	134,982
Work in process	37.3	10,596	6,319
Finished goods	37.3	23,615	42,148
		125,873	183,449
Bike:			
Raw and packing materials	14.1	20,058	38,647
Finished goods	37.4	3,341	7,070
		23,399	45,717
Pharmaceutical products:			
Raw and packing materials	14.1	44,472	146,426
Work in process	37.6	924	675
Finished goods	37.6	15,759	7,887
		61,155	154,988
		2,296,876	2,956,983

14.1 It includes raw material in transit as follows:

	2020	2019
Blades	167	135,970
Battery	38	190,156
Bike	-	2,697
Pharmaceutical products	10	12,028
	215	340,851

14.2 The amount charged to consolidated statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 21.34 million (2019: Rs. 0.91 million). It also includes finished goods - chemicals in transit amounting to Rs. Nil (2019: Rs. 7.36 million).

	Note	2020	2019
		(Rupees in thousand)	
15 TRADE DEBTS			
Foreign debtors			
- secured - considered good		71,347	90,198
- unsecured - considered good		54,601	165,537
		125,948	255,735
Local debtors			
- unsecured - considered good	15.1	752,698	979,548
		878,646	1,235,283
Considered doubtful		70,514	35,781
		949,160	1,271,064
Less: Impairment allowance	15.2	(70,514)	(35,781)
		878,646	1,235,283

15.1 It includes receivable from following related parties:

	Note	2020	2019
Liaqat National Hospital	15.1.1	16,149	13,093
Loads Limited	15.1.2	24	24
Hi-tech Alloy Wheels Limited	15.1.3	14,841	15,205
Elite brands limited	15.1.4	18,829	-
		49,843	28,322

15.1.1 This represents receivable in the normal course of business and is due by more than 365 days. The maximum amount outstanding at the end of any month was Rs. 18.04 million (2019: Rs 22.78 million).

15.1.2 This represents receivable in the normal course of business and is due by more than 365 days. The maximum amount outstanding at the end of any month was Rs. 0.02 million (2019: Rs 0.02 million).

15.1.3 This represents receivable in the normal course of business out of which receivables amounting to Rs. 0.07 million is due by less than 90 days whereas receivables amounting to Rs. 14.77 million is due by more than 365 days. The maximum amount outstanding at the end of any month was Rs. 14.84 million (2019: Rs. 15.21 million).

15.1.4 This represents receivable in the normal course of business and is due by less than 30 days. The maximum amount outstanding at the end of any month was Rs. 44.3 million (2019: Nil).

15.1.5 Aging of related party balances

	2020	2019
One to three months	18,899	4,250
More than three months	30,944	24,072
	49,843	28,322

		Note	2020	2019
			(Rupees in thousand)	
15.2	The movement in allowance for impairment is as follows:			
	Balance as at 01 July		35,781	34,937
	Impairment allowance for the year		41,582	8,700
	Written off against impairment allowance		(6,849)	(8,150)
	Reversal of excess impairment allowance	42	-	294
	Balance as at 30 June		70,514	35,781

16 SHORT TERM INVESTMENTS

	Note	2020	2019
Investments at fair value through profit or loss:			
Listed equity securities	16.1	241,415	432,348
Mutual funds		3,263	3,000
		244,678	435,348

16.1 Details of investments in listed equity securities are stated below:

		Share / certificates		Carrying value		Market value	
		2020	2019	2020	2019	2020	2019
		Number	Number	(Rupees in thousand)			
	Sector / Companies						
a)	Banks						
	Silk Bank Limited	231,789,500	258,997,500	331,667	352,026	194,703	305,618
b)	Textile						
	Sunrays Textiles Mills Limited	27,263	27,200	6,135	4,566	9,114	6,135
	Shahtaj Textile Limited	-	868,400	164,818	69,463	-	84,113
	Maqbool Textiles Mills Limited	894,500	894,500	36,451	37,828	37,561	36,451
c)	Miscellaneous						
	Transmission Engineering Industries Limited	133,000	133,000	-	-	-	-
	IGI Holdings Limited	203	203	37	31	37	31
				539,108	463,914	241,415	432,348

		Note	2020	2019
			(Rupees in thousand)	
17	LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Current portion of long term advances - unsecured, considered good		-	6,649
	Current portion of loan to employees - secured, considered good		5,694	13,511
		11	5,694	20,160
	Advances to employees - secured, considered good	17.1	14,607	25,122
	Advances to suppliers - unsecured, considered good	17.2	267,286	526,522
	Margin deposits - Letter of credits		3,926	6,971
	Security deposits		9,171	9,231
	Prepayments	17.3	6,518	70,296
	Advances to related parties / employee retirement funds - unsecured considered good			
	- Loads Limited		13,469	12,370
	- Service Fund		-	239
	- Superannuation Fund		-	360
	- Gratuity Fund		-	3,000
	- Employees Housing Fund		12,546	23,662
		17.4	26,015	39,631
	Balance with statutory authorities			
	- Export rebate		58,447	83,552
	- Collector of customs - custom duty		24,822	42,017
	- Advance income tax		689,217	643,116
	- Sales tax		724,476	1,077,497
			1,496,962	1,846,182
	Receivable from broker against sale of investments		-	6,898
	Other receivables		24,883	22,491
			1,855,062	2,573,504

17.1 These are interest free advances to employees in respect of salary, medical and travelling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 4.38 million (2019: Rs. 5.09 million) receivable from executives of the Group. No amount is advanced to chief executive or Directors of the Group.

17.2 These are interest free in the normal course of business.

17.3 Prepayments includes amount paid to IGI Insurance Limited (related party) of Rs. 5.25 million (2019: 16.26 million).

17.4 These represent amounts receivable from related parties for reimbursement of expenses and purchase of goods or services under normal business trade as per the agreed terms and are interest free.

	Note	2020	2019
		(Rupees in thousand)	
18 CASH AND BANK BALANCES			
Cash in hand		124,017	144,296
Cash at bank - local currency			
Current accounts		153,969	67,977
Saving accounts	18.1	198,951	146,717
		352,920	214,694
		476,937	358,990

18.1 These carry mark-up at the rates ranging from to per annum 3.38% to 11.46% per annum (2019: 3.5% to 10.5% per annum).

These deposits include Rs. 62.98 million (2019: Rs. 263.28 million) under Shariah compliant arrangements, which carries profit rate ranging from 4.0% to 10.0% per annum (2019: 4.25% to 10.5% per annum).

19 DISPOSAL GROUP HELD FOR SALE

Board of Directors of Treet Corporation Limited in their meeting dated 26 February 2020 committed a plan to sell education project which constitutes Global Arts Limited, Institute of Art and Culture and Society for Cultural Education. Consequently, Global Arts Limited has been classified as disposal group held for sale. Efforts to sell the disposal group held for sale have started and a sale is expected by December 2020.

19.1 Assets and liabilities of disposal group held for sale

As at 30 June 2020, the disposal group is stated at lower of carrying value or fair value less cost to sell i.e. carrying value which comprised of the following assets and liabilities:

	2020	2019
Non Current Assets		
Property, plant and equipment	166,702	-
Investment property	1,846,412	-
Long term deposits	604	-
Long term advance	2,896	-
Current Assets		
Advance income tax	2,797	-
Other receivables	1,885	-
Cash and cash equivalents	5,573	
Assets held for sale	2,026,869	-
Current Liabilities		
Trade and other payables	2,024	-
Retention money	3,939	
Liabilities held for sale	5,963	-
Net Assets	2,020,906	-

	Note	2020	2019
		(Rupees in thousand)	
20 CURRENT PORTION OF LONG TERM LIABILITIES			
Current portion of redeemable capital	25	-	178,166
Retention money	20.1	14,562	23,100
Current portion of loan		23,622	-
Current portion of lease liability against right of use assets	30	15,980	-
		54,164	201,266

20.1 Retention money represents amount retained from contractors as per the terms of the contract and relates to First Treet Manufacturing Modaraba. It is expected that the proposed civil work will be completed within the next twelve months from the reporting date.

21 SHORT TERM BORROWINGS

	Note	2020	2019
Short term running finance - secured		10,606,477	10,324,039
Short term advance - secured		1,147,292	1,765,000
Export refinance - secured		1,141,240	877,388
Loan from Chief Executive - Interest free, unsecured		139,245	100,000
		13,034,254	13,066,427

21.1 Particulars of borrowings

	Note	2020	2019
Interest / markup based financing	21.2	6,595,871	8,524,864
Islamic mode of financing			
- Holding Company	21.2	1,983,580	517,218
- Subsidiary Company	21.3 & 21.4	4,315,558	3,924,345
Interest free	21.5	139,245	100,000
		13,034,254	13,066,427

21.2 The Holding Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark-up arrangement / shariah arrangements to the extent of Rs. 8,656 million (2019: Rs. 8,825 million). The running finance facilities carried mark-up at the rates ranging from 7.99% to 15.95% per annum (2019: 7.43% to 14.14% per annum). Running finance amounting to Rs. 5,917 million (2019: Rs. 4,350 million) can interchangeably be utilized as export running finance. These carried mark-up at the rate from 2.35% to 3.00% per annum (2019: 2.35% to 2.50% per annum).

All short term borrowings of the Holding Company are secured by way of joint first pari passu hypothecation charge of Rs. 10,704 million (2019: Rs. 10,704 million) on the entire present and future current assets of the Company. Export running finances are also covered through lien on documents.

21.2.1 Running finance amounting to Rs. 4,750 million (2019: Rs. 2,650 million) can interchangeably be utilized as short term advance. Short term advance markup rate is negotiated on case to case basis with the institute and carried mark up at rate from 7.99% to 15.95% per annum (2019: 7.09% to 13.02% per annum).

21.3 The subsidiary company, First Treet Manufacturing Modaraba has availed following Islamic mode of financing facilities:

21.3.1 Istisna and Musharaka finance facilities obtained from various financial institutions under shariah arrangements for the manufacturing of corrugated boxes, soaps and batteries out of the total sanctioned limits of Rs. 4,587.50 million (2019: Rs. 3,757.50 million).

21.3.2 Import Murabaha finance facilities obtained from various financial institutions under shariah arrangements for the retirements of letters of credit for import of plant & machinery, raw materials, stocks, chemicals, stores, tools and spare parts etc., out of the total sanctioned limits of Rs. 300 million (2019: Rs. 1,000 million).

21.4 The subsidiary company, Renacon Pharma Limited has availed following mode of financing facilities:

Term finance facilities was available from bank Alfalah limited under mark-up / profit arrangements amounting to Rs 200.00 million (2019: Rs 200.00 million). The term finance facility was repaid during the financial year 2020 and has lapsed. The facility is secured by specific charge on machinery being imported of Rs. 200 million and first joint pari passu charge of Rs. 67 million (2019: Rs. 67 million) over present and future current assets of the company which are pending vacation.

Running Finance facility is available from MCB Limited under mark-up arrangements amounting to Rs.100.00 million (2019: Rs. 100.00 million).The facility carry mark-up payable quarterly and is secured by first joint pari passu of overall present and future current assets of the company.

21.5 This represents interest free loan obtained from Chief Executive Officer of the Group for working capital requirements and is repayable on demand.

21.6 As per the financing arrangements, the Group is required to comply with certain financial covenants and other conditions including dividend restrictions as imposed by the providers of finance.

	Note	2020	2019
		(Rupees in thousand)	
22 TRADE AND OTHER PAYABLES			
Trade creditors			
- Related parties	22.1	27,326	697
- Others		432,761	413,756
		460,087	414,453
Other creditors			
- Related parties	22.2	2,243	5,510
- Others		179,593	213,577
		181,836	219,087
Accrued liabilities		173,443	348,804
Contract liabilities		172,297	76,741
Employees deposits		78,257	71,472
Withholding sales tax payable		4,830	4,255
Income tax deducted at source		5,510	13,270
Provision for warranty		110,184	-
Workers' profit participation fund	22.3	20,539	14,773
Workers' welfare fund	22.4	1,528	1,295
Security deposits	22.5	52	15,050
Sales tax payable		8,873	388
Other payables		72,350	99,064
Payable to employee retirement benefit funds:			
- Service fund		4,094	-
- Superannuation fund - II		368	-
- Employees provident fund	22.6	9,882	13
		14,344	13
		1,304,130	1,278,665

22.1 Related parties

	2020	2019
Packages Limited	26,879	697
IGI Insurance Limited	447	-
	27,326	697

These are interest free in the normal course of business.

22.2 Related party

	2020	2019
Packages Limited	2,243	5,510

		Note	2020	2019
			(Rupees in thousand)	
22.3	Workers' profit participation fund			
	Balance as at 01 July		14,773	(4,039)
	Interest on funds unutilized	41	523	142
	Liability reinstated as the cheque was time barred		3,895	-
	Charge for the year	41	1,348	22,566
			5,766	22,708
	Payments during the year		-	(3,896)
	Balance as at 30 June		20,539	14,773
22.4	Workers' welfare fund			
	Balance as at 01 July		1,295	1,019
	Charge for the year	41	1,528	1,295
	Paid during the year		(1,295)	(1,019)
	Balance as at 30 June		1,528	1,295

22.5 It includes an amount received from dealer by virtue of contract and is repayable at the time of termination of dealership or on demand. The amount has been kept in regular business accounts of the Holding Company.

22.6 In respect of contributory retirement funds other than provident fund, the Holding Company is not compliant with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

23 ACCRUED MARK-UP

	2020	2019
Accrued markup / return on:		
Participation term certificates	-	171,889
Short term borrowings	489,995	313,247
	489,995	485,136

24 LONG TERM DEPOSITS

These represent interest free deposits received from freight forwarding agencies and other contractors repayable after performance of contracts. The amount has been kept in regular business accounts of the Holding Company.

25 REDEEMABLE CAPITAL

	2020	2019
Participation term certificates	-	178,166
Less: Current portion shown under current liabilities	-	(178,166)
	-	-

The Holding Company issued 41,822,250 Participation Term Certificates ("PTCs") of Rs. 30 each on 04 October 2012 to existing shareholders in the ratio of 1 PTC for every 1 ordinary share held amounting to Rs. 1,255 million. The PTCs was listed on Pakistan Stock Exchange. The term of PTC's was seven years. The principal amount of PTCs is reduced through redemption (in cash and through mandatory share conversion) each year. The principal redemption through cash is Rs. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion is 0.07 share per PTC per annum (pre-agreed price of Rs. 59.14 per share) from year 2013 to year 2018 and 0.08 share per PTC (pre-agreed price of Rs. 51.38 per share) for year 2019. Shares issued through conversion were ranked parri passu with existing shares. During the year, PTC's has been fully redeemed and the Company has issued 3.35 million ordinary shares to the PTC holders as per redemption/conversion scheme.

	Note	2020	2019
		(Rupees in thousand)	
26 DEFERRED LIABILITIES - EMPLOYEE RETIREMENT BENEFITS			
Gratuity fund		372,053	233,944
Superannuation fund		341,986	247,564
	26.1	714,039	481,508

	Gratuity		Superannuation	
	2020	2019	2020	2019
	(Rupees in thousand)		(Rupees in thousand)	
26.1 Net retirement benefit obligation				
Amounts recognized in statement of financial position are as follows:				
Present value of defined benefit obligation	461,091	415,192	430,040	389,555
Fair value of plan assets	(89,038)	(181,248)	(88,054)	(141,991)
Net retirement benefit obligation	372,053	233,944	341,986	247,564
26.2 Movement in net obligation				
Net liability as at 01 July	233,944	160,769	247,564	164,929
Charge to statement of profit or loss				
Treet Corporation Limited	58,234	44,493	54,727	38,299
Treet HR Management (Private) Limited	14,415	2,679	6,391	1,205
	72,649	47,172	61,118	39,504
Re-measurements chargeable in other comprehensive income				
Treet Corporation Limited	36,084	48,386	63,951	54,492
Treet HR Management (Private) Limited	8,932	2,547	7,468	2,868
	45,016	50,933	71,419	57,360
Contribution made by the Group	20,444	(24,930)	(38,115)	(14,229)
Net liability as at 30 June	372,053	233,944	341,986	247,564

		Gratuity		Superannuation	
		2020	2019	2020	2019
		(Rupees in thousand)		(Rupees in thousand)	
26.3	Movement in the liability for funded defined benefit obligations				
	Liability for defined benefit obligations as at 01 July	415,192	349,276	389,555	330,390
	Benefits paid by the plan	(49,557)	(24,930)	(38,115)	(14,229)
	Current service costs	39,247	29,546	29,702	23,331
	Past Service Cost	-	4,279	-	1,971
	Interest cost	54,242	30,313	51,650	29,095
	Benefits due but not paid (payables)	(19,529)	-	(16,082)	-
		439,595	388,484	416,710	370,558
	Re-measurements on obligation:				
	Actuarial losses on present value				
	- Changes in financial assumptions	(1,889)	1,656	(1,860)	1,500
	- Experience adjustments	23,385	25,052	15,190	17,497
		21,496	26,708	13,330	18,997
	Present value of defined benefit obligations as at 30 June	461,091	415,192	430,040	389,555
26.4	Movement in fair value of plan assets				
	Fair value of plan assets as at 01 July	181,248	188,507	141,991	165,461
	Contributions into the plan	(20,443)	24,930	38,115	14,229
	Benefits paid by the plan	(49,557)	(24,930)	(38,115)	(14,229)
	Interest income on plan assets	20,840	16,966	20,234	14,893
	Return on plan assets excluding interest income	(23,521)	(24,225)	(58,089)	(38,363)
	Benefits due but not paid	(19,529)	-	(16,082)	-
	Fair value of plan assets as at 30 June	89,038	181,248	88,054	141,991
26.5	Plan assets				
	Plan assets comprise:				
	Listed securities	62,968	59,968	66,093	56,406
	Deposits with banks	3,655	1,974	4,074	13,084
	Investment in mutual funds	5,155	55,514	-	34,820
	Government securities	36,000	36,000	33,000	33,000
	Others	789	27,792	969	4,681
	Less: Payables	(19,529)	-	(16,082)	-
		89,038	181,248	88,054	141,991

Plan assets of gratuity fund include ordinary shares and participation term certificates of the Company whose fair value as at 30 June 2020 is Rs. Nil (2019: Rs. 1.37 million) and Rs. Nil (2019: Rs. 1.62 million) respectively. The fund has sold ordinary shares and participation term certificates of the Company during the year.

Plan assets of superannuation fund include ordinary shares whose fair value as at 30 June 2020 is Rs. Nil (2019: Rs. 2.78 million). During the year, all share of the Company were sold out.

Before making any investment decision, an Asset-Liability matching study is performed by the Board of Trustees of the funds to evaluate the merits of strategic investments. Risk analysis of each category is done to analyze the impacts of the interest rate risk, currency risk and longevity risk.

		Gratuity		Superannuation	
		2020	2019	2020	2019
		(Rupees in thousand)		(Rupees in thousand)	
26.6	Consolidated Statement of Profit or loss includes the following in respect of retirement benefits:				
	Interest cost	54,242	30,313	51,650	29,095
	Current service cost	39,247	29,546	29,702	23,331
	Past service cost	-	4,279	-	1,971
	Interest income on plan assets	(20,840)	(16,966)	(20,234)	(14,893)
	Total, included in salaries and wages	72,649	47,172	61,118	39,504
26.7	Actual return on plan assets	(2,681)	(7,259)	(37,855)	(23,470)
26.8	Actuarial losses recognized directly in other comprehensive income				
	Cummulative amount at 01 July	(199,086)	(148,153)	(213,146)	(155,786)
	Losses recognized during the year	(45,016)	(50,933)	(71,419)	(57,360)
	Cumulative amount at 30 June	(244,102)	(199,086)	(284,565)	(213,146)

		2020	2019	2018	2017	2016
		-------------------(Rupees in thousand)-------------------				
26.9	Historical Information for Gratuity fund					
	Present value of defined benefit obligation	461,091	415,192	349,276	262,883	221,828
	Fair value of the plan assets	(89,038)	(181,248)	(188,507)	(147,466)	(140,365)
	Deficit	372,053	233,944	160,769	115,417	81,463
	Experience adjustments arising on plan liabilities	23,385	25,052	28,136	30,656	7,716
	Experience adjustments arising on plan assets	(23,521)	(24,225)	(12,807)	(6,585)	8,501

The Company expects to pay Rs. 53.65 million in contributions to gratuity fund in 2021.

	2020	2019	2018	2017	2016
	-------------------(Rupees in thousand)-------------------				
26.10 Historical Information for Superannuation fund					
Present value of defined benefit obligation	430,040	389,555	330,390	296,556	251,409
Fair value of plan assets	(88,054)	(141,991)	(165,461)	(167,440)	(149,945)
Deficit in the plan	341,986	247,564	164,929	129,116	101,464
Experience adjustments arising on plan liabilities	15,190	17,497	19,074	46,670	31,806
Experience adjustments arising on plan assets	(58,089)	(38,363)	(13,425)	6,624	(1,084)

The Company expects to pay Rs. 44.31 million in contributions to superannuation fund in 2021.

26.11 Significant actuarial assumptions used for valuation of these plans are as follows:

	2020		2019	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation fund per annum
Discount rate used for profit or loss charge	14.25%	14.25%	9.00%	9.00%
Discount rate used for year-end obligation	8.50%	8.50%	14.25%	14.25%
Expected rates of salary increase	7.50%	7.50%	13.25%	13.25%
Expected rates of return on plan assets	11.50%	8.50%	14.25%	14.25%

Mortality rate

The rates assumed were based on the SLIC 2001 - 2005.

26.12 Weighted average duration of the defined benefit obligation is 8 years for gratuity and 9 years for superannuation plans.

26.13 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2020 would have been as follows:

		Impact on present value of defined benefit obligation as at 30 June 2020			
		Gratuity		Superannuation	
	Change	Increase	Decrease	Increase	Decrease
		---------(Rupees in thousand)---------			
Discount rate	100 bps	(426,584)	501,070	(396,112)	469,464
Future salary increase	100 bps	501,070	(425,982)	469,464	(395,521)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

27 EMPLOYEE STOCK OPTION SCHEME

The Company has granted share options to its employees under the Treet Corporation Limited - Employee Stock Options Scheme, 2015 ("the scheme") as approved by the shareholders in their annual general meeting held on 31 October 2014 and the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SMD/CIW/ESOS/02/2014 dated 19 February 2015.

Under the Scheme, the Company may grant options to eligible employees selected by the Board Compensation Committee, from time to time, which shall not at any time exceed 15% of the paid up capital of the Company (as increased from time to time). The option entitles an employee to purchase shares at an exercise prices determined in accordance with the mechanism defined in the scheme at the date of grant. The aggregate number of shares for all options to be granted under the scheme to any single eligible employee shall not, at any time, exceed 3% of the paid up capital of the Company (as increased from time to time). Further the grant of options in anyone calendar year exceeding 3% of the paid up capital shall require approval of the shareholders. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options.

The options will have a vesting period of one year and an exercise period of one year from the date options are vested as laid down in the scheme. These options shall be exercisable after completion of vesting period i.e. one year from date of grant. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at an exercise price determined on the date of grant of options. Option price shall be payable by the employee on the exercise of options in full or part. The options will lapse after completion of two years of grant date if not exercised.

The details of the share options granted under the scheme together with the status as at 30 June 2020 is as follows:

	Granted in the year 2019	Granted in the year 2018 (*Modified October 2019)	Granted in the year 2017 (Modified October 2018)	Granted in the year 2016	Granted in the year 2015 (Modified October 2016)
		-------------------------(In thousand)-------------------------			
Original grant date	17 July 2019	30 July 2018	14 July 2017	16 July 2016	14 July 2015
Modified grant date	N/A	28 October 2019	26 October 2018	N/A	31 October 2016
Options issued	4,962	4,769	4,259	4,114	1,605
Options no longer in issue	N/A	N/A	-	-	-
Options vested	N/A	4,769	4,259	4,114	1,412
Options exercised	N/A	1,035	2,439	533	1,412
Shares issued under the scheme	N/A	1,035	2,439	533	1,605
Original exercise price per share	15.71	35.44	66.45	51.79	90.58
Market value per share at grant date	12.81	35.60	51.53	51.63	77.09
Option discount per share at grant date	N/A	0.16	NIL	NIL	NIL
Modified exercise price per share	N/A	15.71	20.00	N/A	51.79
Market value per share at modified grant date	N/A	15.06	25.36	N/A	47.08
Option discount per share at modified grant date	N/A	N/A	5.36	N/A	NIL
Options issued to key management personnel	1,138	2,416	2,003	3,224	1,367
Options exercised by key management personnel	N/A	598	1,334	426	1,367

*The shareholders of the Company in their Annual General Meeting held on 28 October 2019 through a special resolution approved re-pricing of 4,768,700 options already granted and pending for exercise under the Company's Employees Stock Option Scheme, from initial price of Rs. 35.44 per share to the revised price of Rs. 15.71 per share, without any change or modification in the vesting period, exercise period or any other specific terms and condition under which such options have been granted. The revised price of Rs. 15.71 per share was determined by the Board of Directors in their meeting held on 04 October 2019.

	Note	2020	2019
		(Rupees in thousand)	
28 Long term finances - secured			
Loan from financial instituitions	28.1	145,647	-
Less: current portion shown under current liabilities		(20,600)	-
		125,047	-
Deferred Income-government grant	28.2	4,647	-
Less: current portion of deferred income - government grant		(3,022)	-
		1,625	-
		126,672	-

28.1 Loan from financial institution includes:

	Note	2020	2019
Meezan Bank Limited - Diminshing Musharika	28.1.1	87,303	-
Habib Bank Limited - Term Finance Loan	28.1.2	58,344	-
		145,647	-

28.1.1 A long term loan of Rs. 91 million has been obtained from Meezan Bank Limited for tenor of 4 years with 1 year grace period of principal repayment which is secured by way of ranking hypothecation charge of Rs. 121 million (2019: Nil) on the entire present and future plant and machinery of the Company. Rate of markup on the above loan is at 3 months KIBOR plus 2% per annum with the floor of 7% and ceiling of 20%. It is repayable in twelve quarterly equal instalments (after grace period) of Rs. 7.20 million commencing from 11 September 2021. The facility available under the above arrangement amounted to Rs. 91 million of which the amount remained unutilized as at that date was Rs. 3.7 million (2019: Nil).

28.1.2 This represents long term loans of Rs. 257.60 million obtained from Habib Bank Limited under SBP Refinance Scheme for payment of wages and salaries, through restructuring of running finance limit. The loan is secured against first Joint Pari Passu hypothecation charge amounting to Rs. 343.80 million on the entire present and future plant and machinery of the Company. The loan is obtained at subsidized rate of 2% and is repayable in 8 quarterly instalments of Rs. 7.80 million each commencing from 01 January 2021. The facility available under the above arrangement amounted to Rs. 257.60 million of which the amount remained unutilized as at 30 June 2020 was Rs. 195 million (2019: Nil).

28.2 Government grant amounting to Rs. 4.65 million has been recorded during the year which is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant. In accordance with the terms of the grant, the Company is prohibited to lay-off the employees.

	Note	2020	2019
		(Rupees in thousand)	
29 DEFERRED TAXATION	29.1	(64,516)	(66,309)

29.1 Deferred tax liability arising in respect of the following items:

	2020	2019
Taxable temporary differences on:		
- Accelerated tax depreciation	(72,542)	(71,592)
- Surplus on revaluation of buildings	(46,873)	(49,517)
- Post acquisition profits of associates	(42,634)	(42,634)
	(162,049)	(163,743)
Deductible temporary differences on:		
- Unused tax losses	-	24,522
- Capital loss on short term investments	9,640	6,060
- Employee retirement benefits	87,587	66,551
- Impairment allowance on trade debts	306	301
	97,533	97,434
	(64,516)	(66,309)

29.1.1 Deferred tax asset on tax losses available for carry forward and other items have been recognized to the extent that the realization of related tax benefits through future taxable profits is probable. The Group has not recognized deferred tax asset in respect of FTMM amounting to Rs. 961.06 million (2019: Rs. 136.63 million) as the certainty of taxable profits in the foreseeable future is not assured.

29.1.2 Movement in deferred tax liability is as follows:

	2020	2019
Balance as at 01 July	(66,309)	(12,015)
Recognized in statement of profit or loss:		
- Accelerated tax depreciation	(1,394)	(12,517)
- Surplus on revaluation of buildings	1,779	2,341
- Capital loss on short term investments	3,580	472
- Unused tax losses	(24,515)	(33,491)
- Post acquisition reserves of associates	-	1,409
- Impairment allowance on trade debts	5	44
	(20,545)	(41,742)
Recognized in other comprehensive income / equity:		
- Net off against Re-measurement of employee retirement benefits recognized	22,338	18,829
- Effect of change in tax rate on account of surplus on revaluation of buildings	-	(50)
- Net off against the surplus on revaluation of building	-	(31,331)
Balance as at 30 June	(64,516)	(66,309)

		2020	2019
		(Rupees in thousand)	
30	LEASE LIABILITY AGAINST RIGHT OF USE ASSETS	54,511	-

The movement in this head of account is as follows:

	2020	2019
Effect of initial application of IFRS 16 - as at 01 July 2019	82,974	-
Payments made during the year	(12,483)	-
Balance as at 30 June 2020	70,491	-
Current portion of lease liability against right of use assets	(15,980)	-
	54,511	-

Reconciliation of present value of future minimum lease payments under the contract and finance cost are as follows:

	Minimum Lease Payments (MLP)		Present Value of MLP	
	2020	2019	2020	2019
	(Rupees in thousand)		(Rupees in thousand)	
Not later than one year	19,648	-	15,980	-
Later than one year but not later than five years	94,744	-	54,511	-
	114,392	-	70,491	-
Finance cost allocated to future periods	(43,901)	-	-	-
	70,491	-	70,491	-
Current portion shown under current liabilities	(15,980)	-	(15,980)	-
	54,511	-	54,511	-

The First Treet Manufacturing Modaraba had entered into lease arrangement with M/S. Khatoon Industries (Private) Limited (KIL) for its soap manufacturing facility on 01 July 2010 for a period of 10 years which expired on 30 June 2020. However, this arrangement has been renewed on 01 July 2020 for a lease term of 5 years. During the year, the Holding Company has adopted IFRS - 16 with effect from 01 July 2019 and taken into account this arrangement as finance lease after the consideration of substance of the arrangement, specific manufacturing facility for the First Treet Manufacturing Modaraba, lease term and renewal option from the adoption date. The present value of the lease liability has been determined without considering the renewal option after the lapse of 5 years as the lease term is not certain after that date.

In addition to the above, the First Treet Manufacturing Modaraba had another lease arrangement for a period of 5 years of a battery warehouse with a renewal option for another 5 years at the end of the lease term. This arrangement has also been accounted for in accordance with the IFRS - 16 with effect from 01 July 2019.

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

Contingencies - The Holding Company

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.

- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revenue dismissed the Company's appeal, however, the Company filed an application under section 21 of General Clauses Act, 1997 to rescind or amend the order. Further, without conceding the legitimate position of this issue as stated above, a rectification application on account of incorrect computation has also been filed for rectification of tax demand amounting to Rs. 10.29 million.

- For the assessment year 1999 to 2000, the taxation officer charged additional tax amounting to Rs. 3.27 million on the grounds that the Company failed to deposit the due tax as per the return filed. The Company, on the grounds that the amount due has already been deposited, filed a rectification application against levy of additional tax on the basis that the mistake is apparent from the record.

- For the tax year 2004, the Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on the issue of proration of profits between local and export sales and created a tax demand of Rs. 6.56 million which was subsequently reduced to Rs. 2.62 million vide order dated 30 June 2015. The Company filed an appeal before Commissioner Inland Revenue (CIR) (Appeals) who decided the matter against the Company. Against the order of CIR (appeals), the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2016, the Assistant Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 3.12 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

- For the tax year 2017, the Assistant Commissioner Inland Revenue passed an order under section 161 /205 of Income Tax Ordinance, 2001 and created a tax demand of Rs. 2.19 million. Against this order, the company filed appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication.

- For the tax year 2013, Additional Commissioner Inland Revenue passed an order under section 122(5A) of Income Tax Ordinance, 2001 and created a tax demand of Rs. 10.06 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) in this regard. After Commissioner Inland Revenue (Appeals) accepted almost all grounds taken before him by the Company, the tax department has filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.

- Department appeal is pending adjudication before the Appellate Tribunal Inland Revenue against the decision of Commissioner Inland Revenue (Appeals) for deleting the addition made under section 111(1)(a) of Income Tax Ordinance, 2001 to the extent of Rs. 20.16 million add back by the Additional Commissioner Inland Revenue through the order passed under section 122(5A) of Income Tax Ordinance, 2001 for the tax year 2009.

- For the tax year 2017, tax department passed an order u/s 122(5A) of Income tax Ordinance, 2001 on issues such as proration of profit between local and export sale, allocation of expenses between local and export sale, expenses allocable to dividend income etc. The Company filled an appeal before Commissioner Inland Revenue (Appeals) where he has given a favourable order where a revenue of Rs. 11.48 million was involved. Department has filled second appeal before Appellate Tribunal Inland Revenue. Company has also filled counter appeal which is pending adjudication.

- A sales tax demand amounting to Rs. 1.56 million has been created by Deputy Commissioner Inland Revenue for alleged default of compliance of section 8(1)(ca) of the Sales Tax Act, 1990. The Company filed an appeal with Commissioner Appeals against this order and obtained relief of Rs. 0.42 million. The Company filed an appeal before Appellate Tribunal Inland Revenue and expects a favorable outcome on the grounds that Honorable Lahore High Court has declared the provision of section 8(1)(ca) ultra-vires.

- For the tax period July 2013 to June 2014, a sales tax demand of Rs. 8.65 million has been created by Deputy Commissioner Inland Revenue after conducting audit under section 72B of the Sales Tax Act, 1990 mainly on the issue of inadmissibility of input sales tax under SRO 490(1)/2004. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

- For the tax period July 2013 to June 2018, a sales tax demand of Rs. 138.044 million was created by Assistant Commissioner Inland Revenue on the contention that the Company has claimed illegal/ inadmissible input sales tax adjustment on the strength of fake/ bogus invoices issued by the suspended/ blacklisted units in violation of section 8 of the Sales Tax Act, 1990 as well as on insurance services on stock in trade and plant and machinery and illegally adjusted input sales tax of irrelevant sectors in contravention of provisions of section 8 of the Act. The Company filed an appeal before Commissioner Inland Revenue (Appeals) against this order who has almost accepted all grounds and deleted sales tax demand of Rs. 138.044 million. The department has filed second appeal before the Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals), which is pending adjudication.

Based on the opinion of the Holding Company's legal counsel, management is expecting a favorable outcome of the above cases. Therefore no provision has been recognized in these consolidated financial statements.

<u>Contingencies - First Treet Manufacturing Modaraba</u>

- For the tax years 2011 and 2012, the Deputy Commissioner Inland Revenue (DCIR) passed orders under sections 161 and 205 of the Income Tax Ordinance, 2001 creating tax demands of Rs. 1.520 million and Rs. 41.364 million respectively. The Modaraba filed appeals against the orders passed by DCIR before Commissioner Inland Revenue CIR (Appeals - II) who decided the matters in favor of the Modaraba by deleting the tax demands. Tax department filed appeals since 07-04-2014 and 15-04-2014 against the decision of CIR (Appeals - II) before Appellate Tribunal Inland Revenue (ATIR) which are pending adjudication. The management and tax advisor of the Modaraba are of the view that favorable outcome is expected in the instant case as the Modaraba is fully compliant of withholding tax provisions.

- For the tax year 2017, the Inland Revenue Officer (IRO), E & C Unit-VII, Range-II, Zone-VI, CRTO, Lahore, passed orders under sections 161 and 205 of the Income Tax Ordinance, 2001 and arbitrarily created a tax demand of Rs. 1.807 million. The Modaraba filed appeals since 19-04-2018 against the order passed by IRO before Commissioner Inland Revenue (CIR) Appeals, Zone-II, Lahore which is pending adjudication. The management and tax advisor of the Modaraba are of the view that favorable outcome is expected in the instant case as the Modaraba is fully compliant of withholding tax provisions.

- For the tax period April 2016 to July 2017, the Assistant Commissioner Inland Revenue (ACIR), E & C Unit - 07, Zone-VI, CRTO, Lahore passed order under section 25 of the Sales Tax Act, 1990 creating a sales tax demand of Rs. 26.067 million along with penalty of Rs. 1.303 million mainly on the issue of inadmissibility of input sales tax and adjustment thereof against illegal claim. The Modaraba filed appeals since 28-07-2020 against the order passed by ACIR before Commissioner Inland Revenue CIR (Appeals), Zone-I, Lahore which is pending adjudication. The management and tax advisor of the Modaraba are of the view that the tax demand will be deleted by appellate authorities based a decision in favor of Registered Person (RP) on this issue by the Lahore High Court, Lahore.

Based on the opinion of tax advisor of the subsidiary company's legal counsel, management is expecting a favourable outcome of the above cases. Therefore, no provision in this regard has been recognised in these consolidated financial statements.

Contingencies - Treet Holdings Limited

- For the tax year 2009, the Deputy Commissioner Inland Revenue, Enforcement Unit-04 & 08, Zone-1, Large Tax Payer Unit, Lahore passed an order u/s 161/205 and arbitrarily created a tax demand of Rs. 34,645,571. Against this order, company filed appeal before the Commissioner Inland Revenue, Appeals-1, Lahore and the learned CIR Appeals-1 has accepted all the grounds taken before him except discount of Rs. 22,872,640 given to wholesalers and dealers having tax impact of Rs. 2,287,264. The company has filed second appeal before the ATIR on 10-01-2014 and expected a favorable outcome.

- Department appeal is pending adjudication before the ATIR, Lahore since 25-11-2013 against the CIR Appeats-1, Lahore decision for deleting the entire tax demand of Rs. 43,261,744, which was created by the Additional Commissioner Inland Revenue through the order passed u/s 122(5A) for the tax year 2011. A favorable outcome is also expected in the instant appeal, in line with the decision of CIR (Appeals), Lahore.

- Department appeal is pending adjudication before the ATIR, Lahore since 17-03-2014 against the CIR Appeals-1, Lahore decision for deleting the entire tax demand of Rs. 26,600,643 created by the Additional Commissioner Inland Revenue through the order passed u/s 221 for the tax year 2011. A favorable outcome is also expected in the instant appeal, in line with the decision of CIR Appeals-1, Lahore.

- For the tax year 2012, the Assistant Commissioner Inland Revenue, Enforcement-06, Zone- 1, Large Tax Payer Unit, Lahore passed an order u/s 161/205 and arbitrarily created a tax demand of Rs. 1,098,287. Against this order, company filed appeal before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore on 28-06-2018 which is pending adjudication at this point in time. A favourable outcome is expected in the appeal as the learned Deputy Commissioner has not properly examined and appreciated the proper compliance of withholding tax provisions being made by the company.

- For the tax year 2012, the Additional Commissioner Inland Revenue, Audit Zone-1, Large Taxpayers Unit, Lahore had passed an order u/s 122(5A) on different issues i.e. allocation of expenses between normal income and presumptive income, u/s 34(3) read with section 20, bad debts, exchange loss, payment of WWF & dividend income and created a tax demand of Rs. 1,297,952. Against this order, company filed appeal before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore on 09-08-2018 which is pending adjudication at this point in time.A favourable outcome is expected in the appeal as the learned Additional Commissioner has not properly examined the documents I records produced before him during the hearing of this case.

- For the tax year 2013, the Additional Commissioner Inland Revenue, Audit Zone-1, Large Taxpayers Unit, Lahore had passed an order u/s 122(5A) on different issues i.e. u/s 34(3) read with section 20, bad debts, capital gains on securities, exchange loss & sale / transfer of stock and created a tax demand of Rs. 17,283,616. Against this order, company filed appeal before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore on 09-08-2018 which is pending adjudication at this point in time. A favourable outcome is expected in the appeal as the learned Additional Commissioner has not properly examined the documents produced before him during the hearing of this case.

- For the tax year 2013, the Assistant Commissioner Inland Revenue, Enforcement-06, Zone- 1, Large Tax Payer Unit, Lahore passed an order u/s 161 /205 and arbitrarily created a tax demand of Rs. 1,126,896. Against this order, company filed appeal before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore on 05-12-2018 which is pending adjudication at this point in time. A favourable outcome is expected in the appeal as the Deputy Commissioner has not properly examined and appreciated the proper compliance of withholding tax provisions being made by the company.

- For the tax year 2014, the Deputy Commissioner Inland Revenue, Audit Unit-02, Zone-1, LTU, Lahore had passed an order u/s 122(1) read with section 122(5) of the Income Tax Ordinance, 2001 on different issues i.e disallowing expenses on account of trade discount, u/s 111 (1)(a), provision for doubtful debts, u/s 20(1), 21 (C), 21 (h), 21 (1), 21 (m) and 111 (1)(b) amounting to Rs. 17,298,280. No tax demand is involved as the additions made by the DCIR only reduced the b/f losses. Against this order, company filed appeal before the Commissioner Inland Revenue Appeals-II, Lahore on 03-07-2017 which is pending adjudication at this point in time. A favorable outcome is expected in the instant appeal.

- For the tax year 2014, the Assistant Commissioner Inland Revenue, Enforcement-06, Zone- 1, Large Tax Payer Unit, Lahore passed an order u/s 161 /205 and arbitrarily created a tax demand of Rs 1,350,675. Against this order, company filed appeal before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore on 01-02-2019 which is pending adjudication at this point in time. A favorable outcome is expected in the appeal as the Deputy Commissioner has not properly examined and appreciated the proper compliance of withholding tax provisions made by the company.

- For the tax period July 2010 to June 2011 a sale tax demand of Rs. 161,522,983 was created by DCIR, Audit-03, Zone-1, L TU, Lahore after conducting audit u/s 72B of the Sales Tax Act, 1990. Against this order, company filed appeal before the CIR Appeal-1, Lahore and the learned CIR Appeals-1 has almost accepted all the grounds taken before him but remanded the case back on the issues of violation of section 73 and sales tax not withheld. As a result of this appellate order tax demand of Rs. 161 million has been deleted The company has filed second appeal on 19-05-2014 before the ATIR on the issues remanded back by CIR(A). The Department has also filed second appeal before the ATIR, Lahore on 12-05-2014 against the order of CIR (Appeals), Lahore, pending adjudication at the terminal date. Both the counter appeals are pending adjudication at the terminal date. A favourable outcome is expected in the instant appeals.

- The DCIR, Audit-03, Zone1, LTU, Lahore has issued an order to recover Rs. 12,507,946 as inadmissible input sales tax which was adjusted in the electronic sales tax return as previously sales tax returns were being filed manually on the directions of Honorable Lahore High Court, Lahore in response to company's writ petition challenging the amendments made in Sales Tax Special Procedure Withholding Rules, 2007 vide SRO 505(1)/2013. The company has filed an appeal before CIR (Appeals-1), Lahore on 26-06-2015 which is pending adjudication at this point of time. A favorable outcome is expected as there is no default on part of company and the same issue has already been decided in favor of its parent company i.e. Treet Corporation Limited by the CIR-A vide its order dated 07-03- 2016.

Based on the opinion of the subsidiary company's legal counsel, management is expecting a favorable outcome of the above cases. Therefore no provision has been recognized in these consolidated financial statements.

31.2 Commitments

- Outstanding letters of credit as at 30 June 2020 amounted to Rs. 105.50 million (2019: Rs. 748.46 million).

- Outstanding capital commitments as at 30 June 2020 amounted to Rs. 27.05 million (2019: Rs. 115.28 million).

32 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2020	2019	2020	2019
	(Number of shares)		(Rupees in thousand)	
Ordinary shares of Rs. 10 each fully paid-up in cash	89,793,463	89,793,463	897,935	897,935
Ordinary shares of Rs. 10 each issued on conversion of PTCs	22,006,165	15,732,828	220,061	186,602
Ordinary shares of Rs. 10 each fully issued as bonus shares	52,420,143	52,420,143	524,201	524,201
Ordinary shares of Rs. 10 each issued against employee share option scheme	5,611,551	4,576,951	56,116	45,770
	169,831,322	165,450,942	1,698,313	1,654,508

		Note	2020	2019
			(Rupees in thousand)	
32.1	Reconciliation of number of shares			
	At 01 July		1,654,508	1,600,846
	Issued on conversion of PTCs	32.3	33,458	29,275
	Issued against employee share option scheme	32.4	10,347	24,387
	At 30 June		1,698,313	1,654,508

32.2 Loads Limited, an associated company, holds 8,741,438 (2019: 8,741,438) ordinary shares of Rs. 10 each representing 5.28% (2019: 5.28%) of the paid up capital of the Holding Company.

32.3 Under the terms of conversion as referred in note 25, the Company, during the period, issued 3.35 million (2019: 2.93 million) fully paid ordinary shares against conversion of Participation Term Certificate (PTCs) into ordinary shares. The issue was made in lieu of mandatory conversion of PTCs @ 0.08 shares per PTCs at a pre agreed price of Rs 51.38 per share resulting in premium of Rs. 138.43 million (2019: Rs. 143.87 million).

32.4 'Under the terms of the scheme as referred in note 27, the Company, during the year, issued Rs. 1.03 million (2019: Rs. 2.43 million) fully paid ordinary shares to eligible employees. The shares were issued at the exercise price of Rs. 15.71 (2019: Rs. 20) per share resulting in premium of Rs. 5.98 million (2019: Rs. 24.39 million).

33 RESERVES

	Note	2020	2019
Capital reserves	33.1	5,350,925	5,178,729
General reserves		267,134	276,922
		5,618,059	5,455,651

		Note	2020	2019
33.1	Capital reserves			
	Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
	Fair value reserves		20,394	(424)
	Fair value reserve on investment		-	(7,038)
	Share premium	33.1.1	4,817,961	4,673,621
	Statutory reserves	33.1.2	511,941	511,941
			5,350,925	5,178,729

33.1.1 This reserve can be utilized by the Group only for the purposes specified under section 81(2) of the Companies Act, 2017. The increase in reserve represents share premium at the rate of Rs. 49.14 (2019: Rs. 49.14) per share in respect of transactions referred in note 32.3 and 32.4.

33.1.2 This represents profit set aside in compliance with the requirements of Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan and is not available for distribution.

	Note	2020	2019
		(Rupees in thousand)	
34 SURPLUS ON REVALUATION OF LAND AND BUILDINGS -NET OF TAX			
Surplus attributed to:			
Land and buildings		4,929,683	4,671,125
Surplus on revaluation of property, plant and equipment as at 01 July		4,725,253	1,326,971
Surplus arising during the year		279,105	3,415,774
Surplus transferred to equity on account of incremental depreciation charged during the year - net of deferred tax	34.1	(20,547)	(10,474)
- Related deferred tax liability		(1,115)	(2,443)
Sale of land classified as held for sale		-	(4,575)
		257,443	3,398,282
Revaluation surplus as at 30 June		4,982,696	4,725,253
Related deferred tax liability:			
- On revaluation as at 01 July		(54,128)	(25,189)
- on surplus arising during the year		-	(31,331)
- on account of incremental depreciation charged during the year		1,115	2,442
- tax rate adjustment		-	(50)
		(53,013)	(54,128)
Surplus on revaluation of property, plant and equipment as at 30 June	34.2	4,929,683	4,671,125

34.1 Charge of incremental depreciation for the year net of tax attributable to:

	2020	2019
Owners of the Group	(20,488)	(10,446)
Non-controlling interests	(59)	(28)
	(20,547)	(10,474)

34.2 Balance as at 30 June attributable to:

	2020	2019
Owners of the Group	4,893,916	4,642,427
Non-controlling interests	35,767	28,698
	4,929,683	4,671,125

35 NON-CONTROLLING INTEREST

35.1 Group entities

The following table summarizes the information relating to the Group's subsidiaries that have Non Controlling Interest (NCI).

30 June 2020 Amount in Rupees	First Treet Manufacturing Modaraba	Renacon Pharma Limited	Treet Holdings Limited	Global Arts Limited	Treet HR Management	Treet Power Limited	Treet Battery Limited	Total
NCI percentage	2.67%	44.40%	0.36%	2.53%	0.36%	0.36%	0.36%	
Non current assets	8,539,887	739,399	522,344	2,104,226	30,000	-	-	
Current assets	3,029,607	333,677	186,529	13,151	85,089	948	1,126	
Non-current liabilities	63,783	-	-	-	-	-	-	
Current liabilities	12,494,020	538,755	129,230	123,075	29,794	4,732	51	
Net assets	(988,309)	534,321	579,643	1,994,302	85,295	(3,784)	1,075	
Carrying amount of NCI	(26,346)	237,259	2,072	50,512	307	(14)	4	263,794
Revenue - net	4,477,787	522,386	108,641	-	27,000	-	-	
(Loss) / profit after taxation	(3,049,218)	3,491	(56,600)	(383,824)	18,424	(82)	72	
Other comprehensive income	-	-	-	279,105	-	-	-	
Total comprehensive income / (loss)	(3,049,218)	3,491	(56,600)	(108,525)	18,424	(82)	72	
Total comprehensive income / (loss) allocated to NCI	(81,286)	1,550	(202)	(2,749)	66	-	-	(82,621)
Cash flows from operating activities	(840,416)	406,114	12,618	5,233	22,957	92	(11)	
Cash flows from investing activities	(224,443)	(30,246)	389	(5,430)	-	-	109	
Cash flows from financing activities	1,180,161	-	-	-	-	-	-	
Net increase / (decrease) in cash and cash equivalents	115,302	375,868	13,007	(197)	22,957	92	98	

30 June 2019 Amount in Rupees	First Treet Manufacturing Modaraba	Renacon Pharma Limited	Treet Holdings Limited	Global Arts Limited	Treet HR Management	Treet Power Limited	Treet Battery Limited	Total
NCI percentage	2.67%	44.40%	0.36%	2.53%	0.36%	0.36%	0.36%	
Non current assets	8,711,878	725,189	524,268	2,192,305	30,000	-	-	
Current assets	4,481,876	236,378	248,853	8,660	62,471	993	1,019	
Non-current liabilities	9,272	-	-	444	-	-	-	
Current liabilities	11,123,580	446,658	136,878	97,691	25,600	4,695	16	
Net assets	2,060,902	514,909	636,243	2,102,830	66,871	(3,702)	1,003	
Carrying amount of NCI	54,940	228,640	2,274	53,260	241	(13)	4	339,346
Revenue - net	4,569,400	417,077	273,580	-	28,536	-	-	
(Loss) / profit after taxation	(2,391,792)	20,721	(4,533)	(8,360)	19,688	(131)	3	
Other comprehensive income	366,043	19,562	1,331	404,480	-	-	-	
Total comprehensive income	(2,025,749)	40,283	(3,202)	396,120	19,688	(131)	3	
Total comprehensive income / (loss) allocated to NCI	(63,703)	17,887	(11)	10,033	71	-	-	(54,659)
Cash flows from operating activities	(2,929,040)	(99,459)	(18,394)	81,509	22,856	(115)	(4)	
Cash flows from investing activities	(283,096)	(549,704)	34,487	(109,505)	(30,000)	1	21	
Cash flows from financing activities	2,644,728	50,000	-	-	(35,000)	-	1,000	
Net increase / (decrease) in cash and cash equivalents	(567,408)	(599,163)	16,093	(27,996)	(42,144)	(114)	1,017	

	Note	2020	2019
		(Rupees in thousand)	
36 REVENUE - NET			
Blades and trading income	36.1	6,040,105	6,760,118
Soaps	36.2	770,174	900,303
Corrugated boxes	36.3	1,488,268	1,868,982
Bikes	36.4	104,216	263,974
Battery	36.5	2,186,429	1,760,070
Hemodialysis concentrates (Pharmaceutical products)	36.6	522,386	417,077
Services of THRM	36.7	-	1,536
		11,111,578	11,972,060

36.1 Blades and trading income

	2020	2019
Blades and razors		
Export sales	2,058,400	2,538,191
Less: Trade discount	(15,908)	(9,175)
	2,042,492	2,529,016
Local sales	4,735,262	5,034,908
Less: Sales tax	(735,760)	(794,195)
Trade discount	(116,177)	(104,910)
	3,883,325	4,135,803
Trading income		
Sale of batteries - gross	2,058	26,257
Less: Sales tax	(299)	(3,472)
Trade discount	(264)	(2,633)
	1,495	20,152
Trading income		
Sale of Chemical - gross	133,144	88,161
Less: Sales tax	(19,527)	(12,921)
Trade discount	(824)	(93)
	112,793	75,147
	6,040,105	6,760,118

36.2 Soaps

	2020	2019
Local Sales	927,475	1,093,066
Less: Sales tax	(156,625)	(192,155)
Trade discount	(676)	(608)
	(157,301)	(192,763)
	770,174	900,303

		2020	2019
		(Rupees in thousand)	
36.3	Corrugated boxes		
	Local Sales	1,731,771	2,173,367
	Less: Sales tax	(242,328)	(303,121)
	Trade discount	(1,175)	(1,264)
		(243,503)	(304,385)
		1,488,268	1,868,982
36.4	Bikes		
	Local Sales	123,640	317,369
	Less: Sales tax	(18,862)	(52,609)
	Trade discount	(562)	(786)
		(19,424)	(53,395)
		104,216	263,974
36.5	Battery		
	Local sales	3,067,822	2,101,686
	Export sales	50,489	81,736
	Less: Sales tax	(427,405)	(309,957)
	Trade discount	(504,477)	(113,395)
		(931,882)	(423,352)
		2,186,429	1,760,070
36.6	Hemodialysis concentrates (Pharmaceutical products)		
	Export sales	25,384	39,448
	Local sales	498,666	384,240
	Less: Trade discount	(1,664)	(6,611)
		497,002	377,629
		522,386	417,077
36.7	Services of THRM		
	Local sales	-	1,782
	Less: Sales tax	-	(246)
		-	1,536

36.8 Disaggregation of Revenue

In the following table, revenue from contracts with customers is disaggregated by primary geograhical markets, major products and service line and timing of revenue recognition.

	Blades and trading operations		Soap		Corrugated boxes		Bikes		Battery		Hemodialysis concentrates		Human resource services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
			--------	--------	--------	--------	Rupees in thousands	--------	--------	--------	--------					
Primary Geo-graphical Markets																
Asia	5,861,981	6,337,251	770,174	900,303	1,488,268	1,868,982	104,216	263,974	2,181,047	1,754,236	517,848	410,404	-	1,536	10,923,534	11,536,686
Africa	52,069	-	-	-	-	-	-	-	-	-	4,538	6,673	-	-	56,607	6,673
Europe	46,801	148,344	-	-	-	-	-	-	-	-	-	-	-	-	46,801	148,344
US	79,254	274,523	-	-	-	-	-	-	5,382	5,834	-	-	-	-	84,636	280,357
	6,040,105	6,760,118	770,174	900,303	1,488,268	1,868,982	104,216	263,974	2,186,429	1,760,070	522,386	417,077	-	1,536	11,111,578	11,972,060
Major Products / Service Lines																
Blades and trading operations	6,040,105	6,760,118	-	-	-	-	-	-	-	-	-	-	-	-	6,040,105	6,760,118
Soap	-	-	770,174	900,303	-	-	-	-	-	-	-	-	-	-	770,174	900,303
Corrugated boxes	-	-	-	-	1,488,268	1,868,982	-	-	-	-	-	-	-	-	1,488,268	1,868,982
Bikes	-	-	-	-	-	-	104,216	263,974	-	-	-	-	-	-	104,216	263,974
Battery	-	-	-	-	-	-	-	-	2,186,429	1,760,070	-	-	-	-	2,186,429	1,760,070
Hemodialysis concentrates	-	-	-	-	-	-	-	-	-	-	522,386	417,077	-	-	522,386	417,077
Human resource services	-	-	-	-	-	-	-	-	-	-	-	-	-	1,536	-	1,536
	6,040,105	6,760,118	770,174	900,303	1,488,268	1,868,982	104,216	263,974	2,186,429	1,760,070	522,386	417,077	-	1,536	11,111,578	11,972,060
Timing of revenue recognition																
Products transferred at a point in time	6,040,105	6,760,118	770,174	900,303	1,488,268	1,868,982	104,216	263,974	2,186,429	1,760,070	522,386	417,077	-	-	11,111,578	11,970,524
Services provided over the time	-	-	-	-	-	-	-	-	-	-	-	-	-	1,536	-	1,536
	6,040,105	6,760,118	770,174	900,303	1,488,268	1,868,982	104,216	263,974	2,186,429	1,760,070	522,386	417,077	-	1,536	11,111,578	11,972,060

	Note	2020	2019
		(Rupees in thousand)	
37 COST OF REVENUE			
Blades and trading operations	37.1	4,042,489	4,644,337
Soaps	37.2	695,618	783,293
Corrugated boxes	37.3	1,545,599	1,787,137
Bikes	37.4	118,387	279,703
Battery	37.5	3,029,323	2,905,161
Hemodialysis concentrates (Pharmaceutical products)	37.6	434,996	325,539
		9,866,412	10,725,170

37.1 Blades and trading operations

	Note	2020	2019
Raw and packing material consumed		2,196,185	2,356,368
Stores and spares consumed		56,021	164,714
Salaries, wages and other benefits	37.1.1	934,841	1,031,236
Fuel and power		311,395	268,893
Freight, octroi and handling		134,647	355,992
Repair and maintenance		21,984	22,632
Rent, rates and taxes		4,890	5,149
Insurance		45,891	76,210
Travelling and conveyance		10,604	24,453
Printing and stationery		15,548	22,340
Postage and telephone		4,948	8,005
Legal and professional charges		-	926
Entertainment		405	751
Staff training		88	949
Subscriptions		344	1,833
Depreciation on property, plant and equipment	6.1.2	218,306	185,930
Others		15,871	35,505
		3,971,968	4,561,886
Opening stock of work in process	14	51,552	65,068
Closing stock of work in process	14	(74,338)	(51,552)
Cost of goods manufactured		3,949,182	4,575,402
Opening stock of finished goods		179,675	148,377
Finished goods purchased for resale - batteries and chemicals	14	58,991	100,233
Closing stock of finished goods	14	(145,359)	(179,675)
		4,042,489	4,644,337

37.1.1 Salaries, wages and other benefits include Rs. 93.33 million (2019: Rs. 61.95 million) and Rs. 39.82 million (2019: Rs. 48.43 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2020	2019
			(Rupees in thousand)	
37.2	Soaps			
	Raw and packing material consumed		573,220	716,823
	Stores and spares consumed		1,791	4,204
	Salaries, wages and other benefits	37.2.1	46,166	31,449
	Fuel and power		10,393	15,939
	Freight and forwarding		13,584	-
	Travelling and conveyance		446	338
	Repair and maintenance		816	1,351
	Plant rental		-	12,260
	Insurance		740	1,697
	Depreciation on property, plant and equipment	6.1.2	3,752	2,809
	Depreciation on right of use asset	7.1	10,534	-
	Manufacturing charges		4,915	5,993
			666,357	792,863
	Opening stock of work-in-process	14	-	547
	Closing stock of work-in-process		(223)	-
	Cost of goods manufactured		666,134	793,410
	Opening stock of finished goods	14	53,097	42,980
	Closing stock of finished goods		(23,613)	(53,097)
			695,618	783,293

37.2.1 Salaries, wages and other benefits include Rs. 1.35 million (2019: Rs. 0.36 million) in respect of contribution to staff retirement benefit plans.

		Note	2020	2019
37.3	Corrugated boxes			
	Raw and packing material consumed		1,134,183	1,392,283
	Stores and spares consumed		36,493	58,884
	Salaries, wages and other benefits	37.3.1	176,550	216,433
	Fuel and power		68,323	67,410
	Freight and forwarding		69,654	-
	Repair and maintenance		9,022	14,008
	Rent rates and taxes		-	827
	Insurance		5,454	7,033
	Travelling and conveyance		2,670	4,401
	Depreciation on property, plant and equipment	6.1.2	23,731	19,062
	Other expenses		5,263	10,096
			1,531,343	1,790,437
	Opening stock of work in process		6,319	10,723
	Closing stock of work in process	14	(10,596)	(6,319)
	Cost of goods manufactured		1,527,066	1,794,841
	Opening stock of finished goods		42,148	34,444
	Closing stock of finished goods	14	(23,615)	(42,148)
			1,545,599	1,787,137

37.3.1 Salaries, wages and other benefits include Rs. 5.86 million (2019: Rs. 3.54 million) in respect of contribution to staff retirement benefit plans.

		Note	2020	2019
			(Rupees in thousand)	
37.4	Bikes			
	Raw and packing material consumed	37.4.1	93,922	254,156
	Carriage inward		137	457
	Salaries, wages and other benefits	37.4.2	14,815	15,128
	Repair and maintenance		143	611
	Printing and stationery		295	680
	Freight and Handling		2,284	6,392
	Travelling and conveyance		44	267
	Depreciation on property, plant and equipment	6.1.2	1,924	2,044
	Other expenses		1,094	1,358
			114,658	281,093
	Opening stock of work-in-process	14	-	-
	Closing stock of work-in-process		-	-
	Cost of goods manufactured		114,658	281,093
	Opening stock of finished goods	14	7,070	5,680
	Closing stock of finished goods		(3,341)	(7,070)
			118,387	279,703

37.4.1 This includes import of engines of motor bikes amounting to Rs. Nil (2019: Rs. 18.27 million).

37.4.2 Salaries, wages and other benefits includes Rs. 0.43 million (2019: Rs. 0.22 million) and Rs. 0.32 million (2019: Rs. 0.36 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2020	2019
37.5	Battery			
	Raw material and packing material consumed		1,619,679	1,974,592
	Stores and spares consumed		9,478	44,752
	Salaries, wages and other benefits	37.5.1	368,233	341,289
	Fuel and power		255,178	329,516
	Freight and forwarding		53,809	-
	Repair and maintenance		26,683	45,696
	Rent, Rates and taxes		1,106	947
	Insurance		28,286	23,224
	Traveling and conveyance		17,131	25,132
	Depreciation on property, plant and equipment	6.1.2	454,822	390,521
	Other manufacturing expenses		23,386	27,332
			2,857,791	3,203,001
	Elimination of trial production cost		-	-
			2,857,791	3,203,001
	Opening stock of work in process	14	587,427	242,745
	Closing stock of work in process		(418,361)	(587,427)
	Cost of goods manufactured		3,026,857	2,858,319
	Opening stock of finished goods	14	100,975	147,817
	Closing stock of finished goods		(98,509)	(100,975)
			3,029,323	2,905,161

37.5.1 Salaries, wages and other benefits include Rs.2.98 million (2019: Rs. 1.59 million) in respect of contribution to staff retirement benefit plans.

		Note	2020	2019
			(Rupees in thousand)	
37.6	Hemodialysis concentrates (Pharmaceutical products)			
	Raw and packing material consumed	37.6.1	335,229	261,327
	Salaries wages and other benefits	37.6.2	49,016	36,071
	Repair and maintenance		4,572	4,124
	Fuel and power		4,874	3,622
	Rent, Rates and taxes		280	94
	Printing and stationery		925	847
	Postage and telephone		1,618	926
	Legal and professional		29	1,463
	Entertainment		90	195
	Travelling		2,065	2,542
	Insurance		2,030	1,772
	Depreciation on property, plant and equipment	6.1.2	7,796	7,778
	Other manufacturing expenses		34,593	7,365
			443,117	328,126
	Opening stock of work in process	14	675	675
	Closing stock of work in process		(924)	(675)
	Cost of goods manufactured		442,868	328,126
	Opening stock of finished goods	14	7,887	5,300
	Closing stock of finished goods		(15,759)	(7,887)
			434,996	325,539

37.6.1 These includes imported items amounting to Rs. 225.52 million (2019: 108.73 million).

37.6.2 Salaries, wages and other benefits include Rs. 3.31 million (2019: Rs. 2.90 million) in respect of contribution to staff retirement benefit plans.

38 ADMINISTRATIVE EXPENSES

	Note	2020	2019
Salaries, wages and other benefits	38.1	215,344	289,457
Repairs and maintenance		2,148	3,513
Rent, rates and taxes		795	1,746
Traveling and conveyance		18,526	21,006
Entertainment		1,011	1,717
Insurance		-	2,306
Postage and telephone		1,643	1,593
Printing and stationery		1,851	2,946
Legal and professional charges	38.2	75,126	49,505
Donations	38.3 & 38.4	25,499	211,427
Computer expenses		8,909	8,939
Directors' fee		1,020	960
Subscription		371	983
Depreciation on property, plant and equipment	6.1.2	41,161	42,127
Amortization on intangible asset		8,948	8,376
Other expenses		4,749	18,907
		407,101	665,508

38.1 Salaries and other benefits include Rs. 12.79 million (2019: Rs. 9.52 million) and Rs. 18.55 million (2019: Rs. 13.41 million) in respect of defined benefit schemes and defined contribution schemes respectively.

	Note	2020	2019
		(Rupees in thousand)	
38.2 Legal and professional charges include the following in respect of auditors' remuneration:			
Audit fees of Holding Company		2,432	2,211
Audit fees of Subsidiary Companies		1,931	1,855
Half yearly reviews		712	670
Out of pocket expenses		533	471
Other services		3,371	3,153
		8,979	8,360
38.3 Donations include the payment to following institution in which the Director is interested:			
Gulab Devi Chest Hospital (GDCH) Ferozepur Road, Lahore. (Syed Shahid Ali, CEO is also Chairman of GDCH)		171	779
Society for Cultural Education		-	207,377
Institute for Arts & Culture		25,228	-
		25,399	208,156
38.4 Donations to following organizations exceeds Rs. 0.5 million:			
Cancer Care Hospital and Research Centre		-	2,500
		-	2,500

39 DISTRIBUTION COST

	Note	2020	2019
Salaries, wages and other benefits	39.1	443,616	443,117
Repair and maintenance	39.2	4,813	24,270
Electricity and gas		626	724
Export commission		-	4,452
Advertisement		295,730	567,637
Bad debts written off		-	5,839
Rent, rates and taxes		44,257	58,680
Traveling and conveyance		71,932	69,659
Printing and stationery		518	936
Postage and telephone		8,308	7,633
Depreciation on property, plant and equipment	6.1.2	18,826	17,664
Depreciation on right of use assets	7.1	5,118	-
Warranty claims and provisions		278,794	127,975
Legal and professional charges		477	189
Other expenses		53,811	37,100
		1,226,826	1,365,875

39.1 Salaries and other benefits include Rs. 15.75 million (2019: Rs. 8.71 million) and Rs. 12.27 million (2019: Rs. 16.22 million) in respect of defined benefit schemes and defined contribution schemes, respectively.

39.2 This includes Nil (2019: Rs. 18.70 million) on account of claims against batteries in respect of trading operations of the Group.

	Note	2020	2019
		(Rupees in thousand)	
40 FINANCE COST			
Mark-up on:			
Markup on short term borrowings		1,699,331	1,085,712
Markup on participation term certificates		-	171,889
Unwinding of lease liability against right of use assets		1,179	-
Bank charges		31,050	28,791
		1,731,560	1,286,392
41 OTHER OPERATING EXPENSES			
Realized exchange loss	41.1	15,806	56,098
Workers' profit participation fund	22.3	1,348	22,566
Interest on Workers' profit participation fund	22.3	523	142
Workers' welfare fund	22.4	1,528	1,295
Unrealized loss on short term investments at fair value through profit or loss		65,261	40,923
Unrealized exchange loss		911	417
Realized loss on disposal of short term investments at fair value through profit or loss		17,042	-
		102,419	121,441

41.1 This represents loss incurred due to actual currency fluctuations.

	Note	2020	2019
42 OTHER INCOME			
Income from financial assets			
Profit on bank deposits	42.1	15,660	21,171
Realized gain on short term investments at fair value through profit or loss		-	1,532
Unrealised exchange gain		2,054	-
Gain on hedging instrument		-	1,767
Dividend income	42.2	1,673	3,783
		19,387	28,253
Income from non-financial assets			
Profit on disposal of property, plant and equipment	6.1.4	20,259	19,813
Profit on disposal of held for sale land		-	18,865
Profit on disposal of investment property		-	105
Scrap sale		22,807	112,509
Export rebate		36,929	54,623
Reversal of excess impairment allowance	15.2	-	294
Others		4,295	8,853
		84,290	215,062
		103,677	243,315

42.1 The income from savings accounts relating to deposits placed under shariah based arrangement amounting to Rs. 2.18 million (2019: Rs. 4.95 million).

	Note	2020	2019
		(Rupees in thousand)	
42.2 Dividend income is received from the following:			
Shahtaj Textile Limited		10	2,345
Sunrays Textile Mills Limited		1,499	319
Techlogix International Limited		164	-
IGI Holdings Limited		-	1
Maqbool Textile Mills Limited		-	1,118
		1,673	3,783

43 TAXATION

	Note	2020	2019
Current			
- For the year		104,281	122,188
- For prior years		(15,051)	(2,027)
Deferred			
- For the year	29.1.2	20,545	41,742
		109,775	161,903
Associate	10.2.1	(8,864)	14,579
	43.1	100,911	176,482

43.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting loss

	2020	2019
Loss before taxation	(2,248,916)	(1,948,764)
Tax at 29% (2019: 29%)	(652,186)	(565,142)
Tax effect of:		
- Income under Final Tax Regime	(222,498)	(66,055)
- Tax credits	-	64,314
- Impact of tax related to associate	(8,864)	14,579
- Prior year tax	(16,082)	(2,981)
- Minimum tax adjustment	6,793	(16,903)
- Tax on undistributed profits	-	21,157
- Tax rate adjustment	-	5,577
- Permanent difference	4,937	-
- Unrecognised loss	644,361	693,579
- Not adjustable for tax purposes	344,450	28,357
	100,911	176,482

44 DISCONTINUED OPERATIONS

The Global Arts Limited was not previously classified as held for sale or as a discontinued operation. The comparative consolidated statement of profit or loss and other comprehenisve income has been represented to show the discontinued operation separately from continuing operations.

		2020	2019
		(Rupees in thousand)	
44.1	Results of discontinued operations		
	Revenue	-	-
	Expenses	(370,934)	(8,438)
	Results from operating activities	(370,934)	(8,438)
	Income tax	444	78
	Results from operating activities, net of tax	(370,490)	(8,360)
	Loss per share - basic and diluted	(2.05)	(0.05)
44.2	Cash flows used in discontinued operations		
	Net cash from operating activates	5,233	81,509
	Net cash used in investing activities	(5,430)	(109,505)
	Net cash flows for the year	(197)	(27,996)

45 LOSS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS

i-Loss attributable to ordinary share holders:

Loss for the year after taxation attributable to equity holders of the parent	Rupees in thousand	(2,637,696)	(2,070,587)

ii-Weighted-average number of ordinary shares:

Weighted average number of shares	Number in thousand	166,533	163,116
Loss per share	Rupees	(15.84)	(12.69)

45.1 No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised other than Participation Term Certificates. Conversion of participation term certificates into ordinary shares have anti-dilutive impact on the basic loss per share.

46 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the chief executive, executives directors, non-executive directors and executives of the Group is as follows:

	Chief Executive		Executive Directors		Non- Executive Directors		Executives	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)							
Managerial remuneration	41,891	36,073	23,597	22,785	-	-	407,428	181,092
Provident fund	-	-	1,545	1,519	-	-	12,784	8,439
Service fund	-	-	1,545	1,519	-	-	11,813	8,439
Housing fund	-	-	-	-	-	-	8,212	12,471
Superannuation fund - II	-	-	-	-	-	-	2,703	4,020
Benevolent fund	-	-	-	-	-	-	2,449	3,548
Bonus	-	-	-	16,226	-	-	-	92,153
Utilities	-	-	1,545	1,519	-	-	13,946	9,183
Medical	4,189	3,607	1,545	1,519	-	-	29,991	9,490
Fees	-	-	-	-	1,020	570	-	-
	46,080	39,680	29,777	45,087	1,020	570	489,326	328,835
Number of persons	1	1	2	2	5	5	64	39

46.1 The chief executive officer, directors and executives are provided with free use of Group maintained cars and telephone facility, according to their entitlement and are also granted options under the employees stock option scheme as referred in note 27.

46.2 The Company has contributed Rs. 24.63 million and Rs. 23.23 million in gratuity and superannuation fund, respectively for key management personnel.

47 NUMBER OF EMPLOYEES

The Group has employed following number of persons including permanent and contractual staff:

	2020	2019
	(Number of persons)	
- As at 30 June	2,791	3,051
- Average number of employees	2,921	2,975

48 Transactions with related parties

The related parties comprise associated companies, other related group companies, directors of the Group, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables note 17 and trade and other payables note 22 and remuneration of directors and key management personnel are disclosed in note 46. Other significant transactions with related parties are as follows:

	Relationship with the group	Relationship	Nature of transactions	2020	2019
				(Rupees in thousand)	
I	Related Parties				
	Packages Limited	Common directorship	Purchase of goods	157,254	195,374
			Sale of goods	159	109
	IGI General Insurance Limited	Common directorship	Purchase of services	61,725	119,945
			Advance for Services	1,220	-
	IGI Life Insurance Limited	Common directorship	Purchase of services	4,037	-
	Cutting Edge (Private) Limited	Common directorship	Purchase of services	1,939	2,587
	Liaquat National Hospital	Common directorship	Sale of goods	10,001	-
			Donations	100	-
	Loads Limited	Common directorship	Finance cost paid - PTC	-	7,582
			Expenses incurred	498	-
			Sale of goods	144	-
	Hi - Tech Alloy Wheels Limited	Common directorship	Services Rendered	-	1,782
	Elite Brands Limited	Common directorship	Sale of goods	492,836	458,964
			Discount on sales	20,934	66,620
			Security Deposits received	10,000	-
	Multiple AutoParts Industries (Pvt) Limited	Common directorship	Sale of goods	42	-
	Specialized AutoParts Industries (Pvt) Limited	Common directorship	Sale of goods	114	-
II	Post employment benefit plans				
	Superannuation fund		Contribution	54,727	37,412
	Gratuity fund		Contribution	58,234	43,563
	Provident fund		Contribution	37,589	33,786
	Service fund		Contribution	16,893	18,636
	Housing fund		Contribution	10,462	17,885
	Benevolent fund		Contribution	2,532	4,281
	Superannuation fund - II		Contribution	3,150	5,351

All transactions with related parties have been carried out on mutually agreed terms and conditions.

49 FINANCIAL RISK MANAGEMENT

49.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Group's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Group's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

49.2 Credit risk

Credit risk represents the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables. Out of the total financial assets of Rs. 1,465.89 million (2019: Rs. 1,676.85 million), the financial assets which are subject to credit risk amounted to Rs. 1,341.87 million (2019: Rs. 1,532.55 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Exports sales are either secured through letter of credit or a foreign bank guarantee is obtained. Majority of the local sales are made through distributors.

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The Group's policy is to enter into financial instrument contract by following internal guidelines such as approving counterparties and approving credits.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The management believes that it is not exposed to major concentration of credit risk.

(i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2020	2019
	(Rupees in thousand)	
Long term deposits	81,494	46,214
Trade debts	878,646	1,235,283
Loans, advances, deposits, prepayments and other receivables	34,503	36,360
Bank balances	352,920	214,694
	1,347,563	1,532,551

Trade debts at the reporting date represent domestic and foreign parties.

These include customers which are counter parties to trade debts. The Company recognises ECL for trade debts using the simplified approach as explained in note 5.8;

- Local parties	752,698	979,548
- Foreign parties	125,948	255,735
	878,646	1,235,283

The aging of trade debts at the reporting date is:

	2020		2019	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	------------------(Rupees in thousand)------------------			
Not past due	311,324	-	294,026	-
Less than 30 days	273,906	4,253	508,285	-
Past due 1 - 3 months	131,032	1,317	205,983	8,994
Above 3 months	232,898	64,944	262,770	26,787
Trade debts - gross	949,160	70,514	1,271,064	35,781

(ii) Credit quality of financial assets at bank

The credit quality of financial assets at bank that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating Short term	Rating Long term	Rating Agency	2020	2019
				(Rupees in thousand)	
MCB Islamic Bank Limited	A-1	A	PACRA	30,901	1,580
NIB Bank Limited	A-1+	AAA	PACRA	-	4,821
Faysal Bank Limited	A-1+	AA	PACRA	15,869	101,862
United Bank Limited	A-1+	AAA	JCR-VIS	28,573	19,391
Habib Bank Limited	A-1+	AAA	JCR-VIS	52,659	22,503
Askari Bank Limited	A-1+	AA+	PACRA	289	997
National Bank of Pakistan	A-1+	AAA	JCR-VIS	40,918	3,202
Bank of Punjab	A-1+	AA	PACRA	6,679	-
MCB Bank Limited	A-1+	AAA	PACRA	21,007	19,738
Silk Bank Limited	A-2	A-	JCR-VIS	1,769	1,686
Samba Bank Limited	A-1	AA	JCR-VIS	7	2
Bank Alfalah Limited	A-1+	AA+	PACRA	10,046	1,812
Bank Islami Pakistan Limited	A-1	A+	PACRA	13,905	610
Soneri Bank Limited	A-1+	AA-	PACRA	10,788	5,966
Sindh Bank Limited	A-1	A+	JCR-VIS	406	-
Dubai Islamic Bank Limited	A-1+	AA+	JCR-VIS	25,140	3,798
Allied Bank Limited	A-1+	AAA	PACRA	39,086	10,134
Albaraka Bank (Pakistan) Limited	A-1	A	PACRA	1,448	17
JS Bank Limited	A-1+	AA-	PACRA	25	1,359
Bank Al Habib Limited	A-1+	AA+	PACRA	7,110	6,092
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	1,452	1,799
Meezan Bank Limited	A-1+	AA	JCR-VIS	44,843	7,325
				352,920	214,694

49.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Group is not materially exposed to liquidity risk as substantially all obligations / commitments of the Group are short term in nature and are restricted to the extent of available liquidity. In addition, the Group has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2020				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial liabilities					
Short term borrowings	13,034,254	13,034,254	13,034,254	-	-
Lease liability against right of use assets	70,491	70,491	15,980	54,511	-
Trade and other payables	902,112	902,112	902,112	-	-
Unclaimed dividend	13,267	13,267	13,267	-	-
Accrued mark-up	489,995	489,995	489,995	-	-
Long term deposits	11,214	11,214	-	11,214	-
Long term finances - secured	145,647	150,294	23,622	126,672	-
Retention money	23,100	23,100	14,562	8,538	-
	14,690,080	14,694,727	14,493,792	200,935	-

	2019				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial liabilities					
Short term borrowings	13,066,427	13,066,427	13,066,427	-	-
Trade and other payables	1,096,471	1,096,471	1,096,471	-	-
Unclaimed dividend	13,274	13,274	13,274	-	-
Accrued mark-up	485,136	485,136	485,136	-	-
Long term deposits	1,214	1,214	-	1,214	-
Redeemable capital	178,166	178,166	178,166	-	-
Retention money	23,100	23,100	23,100	-	-
	14,863,788	14,863,788	14,862,574	1,214	-

49.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

49.4.1 Currency risk

The Group is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars, GBP Pounds and Euros and on foreign currency bank accounts. The Group's exposure to foreign currency risk for US Dollars, GBP Pounds and Euros is as follows.

	2020	2019
	(Rupees in thousand)	
Outstanding letters of credit & creditors (US dollars)	148,506	226,336
Outstanding letters of credit (Euros)	36,982	136,616
Outstanding letters of credit (Pounds)	-	3,046

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2020	2019	2020	2019
Rupees per USD	166.28	143.05	168.05	164.50
Rupees per Euros	187.80	164.28	188.61	186.99
Rupees per Pound	207.48	104.23	206.50	208.45

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the above mentioned currencies with all other variables held constant, pre-tax loss would have been higher/ lower by Rs. 14.85 million (2019: Rs. 22.63 million) and Rs. 3.70 million (2019: Rs. 13.66 million) and Rs. Nil (2019: Rs. 0.30 million) respectively, mainly as a result of net foreign exchange gain / loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the Group.

49.4.2 Interest rate risk

At the reporting date the interest rate profile of the Group's significant interest bearing financial instruments were as follows:

	2020	2019	2020	2019
	Effective rate (Percentage)		(Rupees in thousand)	
<u>*Financial assets*</u>				
Fixed rate instruments				
Bank balances - deposit accounts	6 - 11.25	4 .25- 10.50	198,951	146,717
<u>*Financial liabilities*</u>				
Floating rate instrument				
Short term borrowings	2.35 - 15.95	2.40 - 14.14	13,034,254	13,066,427

<u>*Fair value sensitivity analysis for fixed rate instruments*</u>

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

<u>*Cash flow sensitivity analysis for variable rate instruments*</u>

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% with all the other variables held constant, pre-tax loss for the year would have been higher/ lower by Rs. 185.72 million (2019: Rs 184.02 million), mainly as a result of higher/ lower interest expense on floating rate borrowings.

49.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Group's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Group diversifies its portfolio and continuously monitors developments in equity markets. In addition the Group actively monitors the key factors that affect stock price movement.

A 10% increase in share prices at the year end would have impacted the Group's profit in case of held for trading investments is as follows:

	2020	2019
	(Rupees in thousand)	
Effect on profit and loss	(24,468)	(43,535)
Effect on investments	(24,468)	(43,535)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit and loss, equity and assets of the Group.

49.5 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Group is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount						Fair value			
		Fair value through OCI	Fair value through profit or loss	Loan and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)									
30 June 2020											
Financial assets - measured at fair value											
Long term investments available for sale	10	8,167	-	-	-	-	8,167	-	-	8,167	8,167
Short term investments	16	-	244,678	-	-	-	244,678	244,678	-	-	244,678
		8,167	244,678	-	-	-	252,845	244,678	-	8,167	252,845
Financial assets - not measured at fair value											
Long term deposits	12	-	-	81,494	-	-	81,494	-	-	-	-
Trade debts	15	-	-	878,646	-	-	878,646	-	-	-	-
Loan to employees	11	-	-	6,722	-	-	6,722	-	-	-	-
Advances, prepayments and other receivables	17	-	-	43,416	-	-	43,416	-	-	-	-
Cash and bank balances	18	-	-	-	476,937	-	476,937	-	-	-	-
		-	-	1,010,278	476,937	-	1,487,215	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
Short term borrowings	21	-	-	-	-	13,034,254	13,034,254	-	-	-	-
Trade and other payables	22	-	-	-	-	902,112	902,112	-	-	-	-
Unclaimed dividend		-	-	-	-	13,267	13,267	-	-	-	-
Accrued mark-up	23	-	-	-	-	489,995	489,995	-	-	-	-
Long term deposits		-	-	-	-	11,214	11,214	-	-	-	-
Long term finances - secured	28	-	-	-	-	126,672	126,672	-	-	-	-
Redeemable capital	25	-	-	-	-	-	-	-	-	-	-
Retention money	20	-	-	-	-	14,562	14,562	-	-	-	-
		-	-	-	-	14,592,076	14,592,076	-	-	-	-

	Note	Carrying amount						Fair value			
		Fair value through OCI	Fair value through profit or loss	Loan and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)									
30 June 2019											
Financial assets - measured at fair value											
Long term available for sale investments	10	1,555	-	-	-	-	1,555	-	-	1,555	1,555
Short term investments	16	-	435,348	-	-	-	435,348	435,348	-	-	435,348
		1,555	435,348	-	-	-	436,903	435,348	-	1,555	436,903
Financial assets - not measured at fair value											
Long term deposits	12	-	-	46,214	-	-	46,214	-	-	-	-
Trade debts	15	-	-	1,235,283	-	-	1,235,283	-	-	-	-
Advances, prepayments and other receivables	17	-	-	36,360	-	-	36,360	-	-	-	-
Cash and bank balances	18	-	-	-	358,990	-	358,990	-	-	-	-
		-	-	1,317,857	358,990	-	1,676,847	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
Short term borrowings	21	-	-	-	-	13,066,427	13,066,427	-	-	-	-
Trade and other payables	22	-	-	-	-	1,096,471	1,096,471	-	-	-	-
Unclaimed dividend		-	-	-	-	13,274	13,274	-	-	-	-
Accrued mark-up	23	-	-	-	-	485,136	485,136	-	-	-	-
Long term deposits	24	-	-	-	-	1,214	1,214	-	-	-	-
Redeemable capital	25	-	-	-	-	178,166	178,166	-	-	-	-
Retention money	20	-	-	-	-	23,100	23,100	-	-	-	-
		-	-	-	-	14,863,788	14,863,788	-	-	-	-

49.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Group. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- Requirements for the reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation including insurance where this is effective

49.7 Capital risk management

The Group`s policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of our business. The Board of Directors monitor the return on capital employed, which the Group defines as operating income divided by total capital employed. The Board of Directors also monitor the level of profit attributed to ordinary shareholders.

The Group's objectives when managing capital are:

a) to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends attributed to shareholders, issue new shares, or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio of total debt (current and non-current borrowings) to debt plus equity.

The debt to equity ratios were as follows:

	2020	2019
	(Rupees in thousand)	
Total debt	13,213,465	13,267,693
Total equity and debt	21,104,927	23,414,016
Debt to equity ratio	63%	57%

The Group is not subject to externally imposed capital requirements.

50 OPERATING SEGMENTS

50.1 Geographical Information

Significant sales are made by the Group in the following countries:

	2020	2019
Pakistan	8,981,372	9,403,596
Saudi Arabia	431,374	514,322
United Arab Emirates	219,127	283,592
China	368,448	356,329
Bangladesh	100,716	246,110
Jordan	18,733	44,259
Singapore	193,876	234,951
Sri Lanka	65,628	111,107
Yemen	202,995	131,941
Brazil	50,219	-
Lebanon	164,384	148,344
Uzbekistan	20,948	129,147
Tajikistan	16,993	68,417
Other countries	276,766	299,945
	11,111,578	11,972,060

Sales are attributed to countries on the basis of the customers' location.

50.2 Business segments

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns, that are different from those of other business segments. As at 30 June 2020 the Group is engaged into following main business segments:

(i) Manufacture and sale of blades;
(ii) Manufacture and sale of soaps;
(iii) Manufacture and sale of corrugated boxes;
(iv) Assembling and sale of motor bikes;
(v) Manufacture and sale of battery;
(vi) Manufacturing and sale of hemodialysis concentrates (pharmaceutical products).

50.3	Note	Blades 2020	Blades 2019	Battery 2020	Battery 2019	Soaps 2020	Soaps 2019	Corrugated boxes 2020	Corrugated boxes 2019	Bikes 2020	Bikes 2019	Pharmaceutical Products 2020	Pharmaceutical Products 2019	Others 2020	Others 2019	Total 2020	Total 2019
		-----Rupees in thousand-----															
Revenue																	
- external customers		6,926,806	7,661,260	3,120,369	2,209,679	927,475	1,093,066	1,698,972	2,133,322	123,640	317,369	524,050	423,688	-	1,782	13,321,312	13,840,166
- inter segment		-	-	-	-	-	-	32,799	40,045	-	-	-	-	-	-	32,799	40,045
		6,926,806	7,661,260	3,120,369	2,209,679	927,475	1,093,066	1,731,771	2,173,367	123,640	317,369	524,050	423,688	-	1,782	13,354,111	13,880,211
Less : Sales tax		755,287	807,116	427,704	313,429	156,625	192,155	242,328	303,121	18,862	52,609	-	-	-	246	1,600,806	1,668,676
Trade discount		132,909	114,178	504,741	116,028	676	608	1,175	1,264	562	786	1,664	6,611	-	-	641,727	239,475
Trial run cost		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		888,196	921,294	932,445	429,457	157,301	192,763	243,503	304,385	19,424	53,395	1,664	6,611	-	246	2,242,533	1,908,151
Net revenue		6,038,610	6,739,966	2,187,924	1,780,222	770,174	900,303	1,488,268	1,868,982	104,216	263,974	522,386	417,077	-	1,536	11,111,578	11,972,060
Cost of revenue		4,042,489	4,644,337	3,029,322	2,905,161	695,618	783,293	1,545,599	1,787,137	118,387	279,703	434,996	325,539	-	-	9,866,411	10,725,170
Gross profit / (loss)		1,996,121	2,095,629	(841,398)	(1,124,939)	74,556	117,010	(57,331)	81,845	(14,171)	(15,729)	87,390	91,538	-	1,536	1,245,167	1,246,890
Inter company / inter segment - net sales		-	-	-	-	-	-	32,799	40,045	-	-	-	-	-	-	32,799	40,045
Inter company / inter segment - purchases		(16,418)	(24,902)	-	-	-	-	-	-	-	-	(16,381)	(15,143)	-	-	(32,799)	(40,045)
Gross profit / (loss) - segment wise		1,979,703	2,070,727	(841,398)	(1,124,939)	74,556	117,010	(24,532)	121,890	(14,171)	(15,729)	71,009	76,395	-	1,536	1,245,167	1,246,890
Administrative expenses	38																
Allocated		50,664	575,335	-	5,811	-	36,698	-	25,502	-	2,926	-	8,495	-	1,464	50,664	656,231
Unallocated		-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,277	9,277
Distribution cost	39	791,010	880,663	7,990	8,896	233,580	260,054	154,504	172,015	16,338	18,190	23,404	26,057	-	-	1,226,826	1,365,875
Segment results - Operating loss		1,138,029	614,729	(849,388)	(1,139,646)	(159,024)	(179,742)	(179,036)	(75,627)	(30,509)	(36,845)	47,605	41,842	-	72	(388,761)	(784,493)
Impairment loss on trade debts	15.2															(41,582)	(8,700)
Finance cost	40															(1,731,560)	(1,286,392)
Other operating expenses	41															(102,419)	(121,625)
Other income	42															103,677	243,499
																(2,160,645)	(1,957,711)
Share of profit of associate including dilution gain																(88,271)	8,947
Loss before taxation from continuing operation																(2,248,916)	(1,948,764)
Taxation																(100,911)	(176,482)
Loss after taxation from continuing operations																(2,349,827)	(2,125,246)
50.3.1 Segment assets	50.3.2.1	1,403,897	1,379,560	9,039,036	10,310,032	164,038	187,104	2,348,411	2,678,626	82,194	142,316	62,140	235,792	14,841	27,471	13,114,558	14,960,901
Unallocated assets																11,084,166	11,262,178
Total Assets																24,198,724	26,223,079
50.3.2 Segment liabilities	50.3.2.2	9,731,566	10,549,589	573,389	442,035	797,620	614,899	1,380,172	1,063,998	137,901	136,876	488,075	445,978	29,794	19,214	13,138,518	13,272,589
Unallocated liabilities																2,854,370	1,915,786
																15,992,888	15,188,375

50.3.2.1 Unallocated assets includes property, plant and equipment, investment property, long term investment, loans, advances, deposits, prepayments and other receivables, deferred taxation, short term investments, cash and bank, long term loans and advances and long term deposits. All non current assets of the Group as at the reporting date are located in Pakistan. The battery segment is expected to commence production in the next financial year for this reason there is no operational results.

50.3.2.2 Unallocated liabilities include deferred liabilities, redeemable capital, unclaimed dividend and long term deposits.

	Note	2020	2019
		(Rupees in thousand)	
51 CASH USED IN FROM OPERATIONS			
Loss before taxation		(2,619,850)	(1,948,764)
Adjustments for non cash items:			
Finance cost		1,731,571	1,286,392
Revaluation loss on building		350,262	-
Depreciation on property, plant and equipment		778,769	667,935
Depreciation on investment property		3,538	-
Depreciation on right of use asset	7	15,652	-
Unrealised exchange gain - net	41 & 42	(1,143)	417
Amortization on intangible asset	9.1	8,948	8,376
Provision for gratuity		72,649	47,172
Provision for superannuation		61,118	39,504
Provision for warranty		110,184	-
Profit on bank deposits		(16,121)	(21,171)
Impairment allowance on trade debts		41,582	8,700
Profit on sale of property, plant and equipment		(20,259)	(19,813)
Write down in value of stock in trade		20,091	-
Realized gain on disposal of long term investments - Techlogix		707	-
Profit on sale of investment property		-	(105)
Reversal of excess impairment allowance		-	(294)
Provision for WPPF and WWF		2,876	23,861
Unrealized loss on investment at fair value through profit or loss		65,261	40,923
Share of profit from associate		88271	(8,947)
(Derecognition) / Recognition of fair value charge of shares under ESOS		(9,788)	23,593
Dividend income		(1,673)	(3,783)
		3,302,405	2,092,760
Operating profit before working capital changes		682,555	143,996
Decrease / (Increase) in current assets:			
Stores and spares		(63,472)	(19,776)
Stock in trade		640,016	(1,006,313)
Trade debtors		311,116	(207,791)
Short term investment		125,409	(13,787)
Loans, advances, deposits, prepayments and other receivables		761,647	(356,181)
		1,774,416	(1,603,848)
(Decrease) / Increase in current liabilities:			
Trade and other payables		(83,869)	240153
Increase in long term deposits		10,000	-
		2,383,402	(1,219,699)

	Note	2020	2019
52 CASH AND CASH EQUIVALENT			
Cash and bank balances	18	476,937	358,990
Cash and bank balances for non-current assests held for sale	19	5,573	-
Short term running finance - secured	21	(10,606,477)	(10,324,039)
		(10,123,967)	(9,965,049)

53 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities							Equity					
	Redeemable capital	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Lease liability against right of use assets	Long term finance	Accrued markup	Share capital / premium	Employee Stock Option Compensation Reserve	Non Controlling Interest	Reserves	Unappropriated profit	Total
	-----(Rupees in thousand)-----												
As at 30 June 2019 - as previously reported	178,166	2,642,388	100,000	13,274	-	-	485,136	6,328,129	10,522	339,346	771,932	(1,606,263)	9,262,630
Changes from financing cash flows													
Proceeds from issue of shares under													
employee stock option scheme	-	-	-	-	-	-	-	16,255	-	-	-	-	16,255
Proceeds from borrowing	-	3,559,835	-	-	-	-	-	-	-	-	-	-	3,559,835
Repayment of borrowings	-	(3,913,691)	39,245	-	-	-	-	-	-	-	-	-	(3,874,446)
Payment of lease liability against right of use assets including prepayment	-	-	-	-	(23,420)	-	-	-	-	-	-	-	(23,420)
Long term loans - net	-	-	-	-	-	150,294	-	-	-	-	-	-	150,294
Redemption of redeemable capital	(6,276)	-	-	-	-	-	-	-	-	-	-	-	(6,276)
Finance cost paid	-	-	-	-	-	-	(1,725,522)	-	-	-	-	-	(1,725,522)
Cash received from Non Controlling Interest	-	-	-	(7)	-	-	-	-	-	-	-	-	(7)
Total changes from financing cash flows	(6,276)	(353,856)	39,245	(7)	(23,420)	150,294	(1,725,522)	16,255	-	-	-	-	(1,903,287)
Other changes including non- cash													
Conversion of PTCs into ordinary shares @ 0.08 share per PTC	(171,890)	-	-	-	-	-	-	171,890	-	-	-	-	-
Group's share of post acquisition change in net assets of associate													-
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	-	-	-	-	7,038	-	7,038
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus transferred to accumulated loss on account of sale of land classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(9,788)	(75,552)	-	(2,712,563)	(2,797,903)
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition by NCI without change in control	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance cost	-	-	-	-	-	-	1,730,381	-	-	-	-	-	1,730,381
Total liability related other changes	(171,890)	-	-	-	-	-	1,730,381	171,890	(9,788)	(75,552)	7,038	(2,712,563)	(1,060,484)
As at 30 June 2020	-	2,288,532	139,245	13,267	(23,420)	150,294	489,995	6,516,274	734	263,794	778,970	(4,318,826)	6,298,859

	Liabilities						Equity					
	Redeemable capital	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Accrued markup	Long term deposits	Share capital/ premium	Employee Stock Option Compensation Reserve	Non Controlling Interest	Reserves	Unappropriated profit	Total
	-----(Rupees in thousand)-----											
As at 30 June 2018 - as previously reported	357,583	2,340,121	390,000	13,335	298,001	1,214	6,093,140	-	357,734	778,970	532,119	11,162,217
Adjustment on initial application of IFRS - 9	-	-	-	-	-	-	-	-	-	(7,038)	7,038	-
<u>Adjusted balance as at 01 July 2018</u>	357,583	2,340,121	390,000	13,335	298,001	1,214	6,093,140	-	357,734	771,932	539,157	11,162,217
Cash flows												
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-	48,774	-	-	-	-	48,774
Proceeds from borrowing	-	2,462,388	-	-	-	-	-	-	-	-	-	2,462,388
Repayment of borrowings	-	(2,160,121)	(290,000)	-	-	-	-	-	-	-	-	(2,450,121)
Redemption of redeemable capital	(6,273)	-	-	-	-	-	-	-	-	-	-	(6,273)
Cash received from Non Controlling Interest	-	-	-	(61)	-	-	-	-	8,851	-	-	8,791
Total changes from financing cash flows	(6,273)	302,267	(290,000)	(61)	-	-	48,774	-	8,851	-	-	63,559
Non- cash changes												
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	(173,144)	-	-	-	-	-	173,144	-	-	-	-	-
Group's share of post acquisition change in net assets of associate	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	-	23,593	-	-	-	23,593
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	13,071	(13,071)	-	-	-	-
Surplus transferred to accumulated loss on account of sale of land classified as held for sale	-	-	-	-	-	-	-	-	-	-	4,575	4,575
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(25,965)	-	(2,151,273)	(2,177,238)
Acquisition of subsidiary with NCI	-	-	-	-	-	-	-	-	4	-	-	4
Acquisition by NCI without change in control	-	-	-	-	-	-	-	-	(1,278)	-	1,278	-
Finance cost paid	-	-	-	-	(1,099,257)	-	-	-	-	-	-	(1,099,257)
Finance cost	-	-	-	-	1,286,392	-	-	-	-	-	-	1,286,392
Total liability related other changes	(173,144)	-	-	-	187,135	-	186,215	10,522	(27,239)	-	(2,145,420)	(1,961,931)
As at 30 June 2019	178,166	2,642,388	100,000	13,274	485,136	1,214	6,328,129	10,522	339,346	771,932	(1,606,263)	9,263,845

	Production capacity		Actual production	
	2020	2019	2020	2019
54 PLANT CAPACITY AND PRODUCTION				
Blades - units in millions	2,230	2,140	1,590	2,066
Corrugated boxes - in metric tones	30,000	30,000	19,675	25,866
Bikes - in units	18,000	18,000	2,717	7,855
Soap - in metric tones	5,000	5,000	3,194	4,673
Batteries - numbers	1,200,000	1,200,000	429,961	277,640
Hemodialysis concentrates - in thousand session	2,124	2,124	2,046	2,124

Actual production was sufficient to meet the market demand. The variance of actual production from capacity is related to production mix and market conditions.

55 IMPACT OF COVID - 19

The Financial Year 2020, has witnessed an unprecedented pandemic of COVID 19 that has played havoc on the world's economy, and our economy has been no exception to it. As a result of lock down, our production remained closed for almost seven (7) weeks which resulted in loss of sales from blades and trading, soaps, battery and corrugation boxes of Rs. 882.43 million, Rs. 78.69 million, Rs. 251.72 million and Rs. 308.86 million respectively.

It pleases us to inform you that during the time of this crises, we neither retrenched our permanent nor any contractual employees. Furthermore, we also did not cut down any emoluments of both permanent and contractual employees. Later on the plant was operational following compliance of SOPs issued by the government.

56 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 05, 2020 by the Board of Directors of the Holding Company.

57 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on October 05, 2020 have proposed a final bonus dividend for the year ended 30 June 2020 of Rs.Nil (2019: Rs. Nil) per share, amounting to Rs. Nil (2019: Rs. Nil) for approval of the members at the Annual General Meeting to be held on October 31, 2020. These financial statements do not reflect this dividend.

58 GENERAL

Corresponding figures have been re-arranged and reclassified wherever necessary, for the purposes of comparison.

LAHORE October 05, 2020	Syed Shahid Ali Chief Executive Officer	Mohtashim Aftab Group Chief Financial Officer	Imran Azim Director

UN-CONSOLIDATED

FINANCIAL STATEMENTS

For the year ended 30 June 2020

Independent Auditor's Report

To the members of Treet Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Treet Corporation Limited ("the Company"), which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of the loss, the comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):

Sr. No.	Key audit matter(s)	How the matter was addressed in our audit
1	Revenue Refer to notes 5.19 and 32 to the unconsolidated financial statements The Company recognized revenue of Rs. 6,040.10 million from sale of goods to domestic as well as export customers during the year ended 30 June 2020. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of misstatement to meet expectations or targets.	Our audit procedures, amongst others, included the following: • obtaining an understanding of the process relating to revenue recognition and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Company's accounting policy for revenue recognition and compliance of the policy with applicable accounting standards; • comparing the sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documents; • comparing the sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans, bill of ladings and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; • inspecting on a sample basis, credit notes issued in near and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and • scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.

Sr. No.	Key audit matter(s)	How the matter was addressed in our audit
2	Valuation of Stock-in-trade Refer to notes 5.12 and 13 to the unconsolidated financial statements. As at 30 June 2020, the Company's carrying amount of stock-in-trade amounts to Rs. 995.75 million. We identified valuation of stock-in-trade as a key audit matter as it involves significant management judgement in determining the carrying value of stock in trade.	Our audit procedures, amongst others, included the following: • obtaining an understanding of internal controls over valuation of stock-in-trade and testing their design, implementation and operating effectiveness; • assessing the appropriateness of the Company's accounting policies for valuation of stock-in-trade and compliance of those policies with applicable accounting standards; • obtaining an understanding and assessing reasonableness of the management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in-progress and costs necessary to make the sales and their basis; and • comparing the NRV, on a sample basis, to the cost of stock-in-trade to assess whether any adjustments are required to value stock in trade in accordance with the accounting policy.
3	Recoverability of investment in subsidiaries Refer notes 5.8 and 9.1 to the unconsolidated financial statements. As at 30 June 2020, management conducted impairment test to assess the recoverability of the carrying value of its investment in subsidiaries and recognized impairment loss amounting to Rs. 1,002.26 million. This was performed using discounted cash flow model. We identified assessing the carrying value of investment in subsidiaries as a key audit matter because significant degree of management judgment is involved in assessing the recoverable amount.	Our audit procedures, amongst others, included the following: • discussing with the Company's management key assumptions used in valuation model and testing the mathematical accuracy of the model; • involving our internal valuation specialist to assist us in evaluating the assumptions and judgements adopted by management in its discounted cash flow analysis (i.e. growth rate, terminal values and the discount rate) used to derive the recoverable amount of the investment in subsidiary; and • comparing the recoverable amount with the cost of the investment to identify impairment.

Information other than the Unconsolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
d) zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Kamran Iqbal Yousafi.

KPMG Taseer Hadi & Co.
Chartered Accountants

LAHORE
Date: 07 October 2020

Unconsolidated Statement of Financial Position

As at 30 June 2020

	Note	2020	2019
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	6,071,624	6,125,918
Investment property	7	12,896	12,896
Intangible asset	8	18,474	21,704
Long term investments	9	3,603,635	6,204,687
Long term loans	10	1,028	1,973
Long term security deposits	11	22,894	23,644
		9,730,551	12,390,822
Current assets			
Stores and spares	12	243,650	193,513
Stock in trade	13	995,749	898,201
Trade debts	14	164,498	287,846
Short term investments	15	242,184	431,865
Loans, advances, deposits, prepayments and other receivables	16	8,555,582	7,507,794
Cash and bank balances	17	186,411	198,581
		10,388,074	9,517,800
Non-current assets held for sale	18	1,605,403	-
		11,993,477	9,517,800
Liabilities			
Current liabilities			
Short term borrowings	19	8,668,696	8,755,727
Current portion of long term liabilities	24	23,622	-
Trade and other payables	20	600,133	624,455
Unclaimed dividend		13,233	13,240
Accrued mark-up	21	219,201	390,371
Redeemable capital	22	-	178,166
Provision for taxation		80,632	95,945
		9,605,517	10,057,904
Net current assets / (liabilities)		2,387,960	(540,104)
Non-current liabilities			
Long term deposits	23	11,214	1,214
Long term finances - secured	24	125,047	-
Government grant	24	1,625	-
Deferred liabilities - employee retirement benefits	25	714,039	481,508
Deferred taxation	26	12,610	13,959
		864,535	496,681
Contingencies and commitments	28		
		11,253,976	11,354,037
Represented by:			
Authorized capital			
250,000,000 (2019: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
150,000,000 (2019: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000
		4,000,000	4,000,000
Issued, subscribed and paid up capital	29	1,698,313	1,654,508
Reserves	30	5,086,629	4,952,077
Fair value reserve on investment		-	(7,038)
Unappropriated profit		636,722	904,360
Surplus on revaluation of land and buildings - net of tax	31	3,832,312	3,850,130
		11,253,976	11,354,037

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

LAHORE October 05, 2020	Syed Shahid Ali Chief Executive Officer	Mohtashim Aftab Group Chief Financial Officer	Imran Azim Director

Unconsolidated Statement of Profit or Loss

For the year ended 30 June 2020

	Note	2020	2019
		(Rupees in thousand)	
Revenue - net	32	6,040,105	6,760,118
Cost of revenue	33	(4,057,489)	(4,542,466)
Gross profit		1,982,616	2,217,652
Administrative expenses	34	(314,910)	(581,147)
Distribution cost	35	(523,854)	(889,558)
		(838,764)	(1,470,705)
Operating profit		1,143,852	746,947
Finance cost	36	(1,113,628)	(973,198)
Other operating expenses	37	(1,096,145)	(82,715)
		(2,209,773)	(1,055,913)
Other income	38	961,198	732,108
(Loss) / profit before taxation		(104,723)	423,142
Taxation	39	(85,409)	(140,515)
(Loss) / profit after taxation		(190,132)	282,627
(Loss) / earnings per share - basic and diluted (Rupees)	40	(1.14)	1.73

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

LAHORE
October 05, 2020

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

Unconsolidated Statement of Comprehensive Income

For the year ended 30 June 2020

	2020	2019
	(Rupees in thousand)	
(Loss) / profit after taxation	(190,132)	282,627
Other comprehensive (loss) / income		
Items that will not be subsequently reclassified to statement of profit or loss:		
- Re-measurement of employee retirement benefits - net of tax	(95,274)	(89,464)
- Surplus on revaluation of freehold land and building - net of tax	-	2,593,027
Total comprehensive (loss) / income for the year	(285,406)	2,786,190

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

LAHORE	Syed Shahid Ali	Mohtashim Aftab	Imran Azim
October 05, 2020	Chief Executive Officer	Group Chief Financial Officer	Director

Unconsolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020	2019
		(Rupees in thousand)	
Cash generated from operations	41	1,351,078	640,540
Taxes paid		(69,323)	(65,818)
Finance cost paid		(1,284,798)	(860,493)
Receipts from / (payment to) gratuity fund		20,443	(24,930)
Payment to superannuation fund		(38,115)	(14,229)
Long term loans and deposits - net		1,695	(5,237)
		(1,370,098)	(970,707)
Net cash used in operating activities		(19,020)	(330,167)
<u>Cash flows from investing activities</u>			
Fixed capital expenditure		(239,196)	(703,843)
Proceeds from disposal of property, plant and equipment		37,030	35,242
Proceeds from disposal of long term investments		1,133	8,851
Short term investments - net		125,415	(13,756)
Profit received on bank deposits		7,560	5,941
Dividend received	38.2	1,673	-
Net cash used in investing activities		(66,385)	(667,565)
<u>Cash flows from financing activities</u>			
Proceeds from issue of share capital under ESOS		16,255	48,774
Long term loans - net	24	150,294	-
Short term borrowings - net		(353,856)	302,267
Loan from Chief Executive Officer - interest free, unsecured		39,245	(340,000)
Redemption of participation term certificates		(6,276)	(6,273)
Dividend paid		(7)	(61)
Net cash (used in)/generated from financing activities		(154,345)	4,707
Net decrease in cash and cash equivalents		(239,750)	(993,025)
Cash and cash equivalents at beginning of year		(5,864,758)	(4,871,733)
Cash and cash equivalents at end of year	42	(6,104,508)	(5,864,758)

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

LAHORE
October 05, 2020

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

Unconsolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Share Capital	Share Premium	Capital Reserve	Surplus on revaluation of land and buildings - net of tax	Employee Stock Option Compensation Reserve	Fair value reserve on investment	General Reserve	Un-appropriated Profit	Total
		Capital Reserves					Revenue Reserves		
	-----------------------------(Rupees in thousand)-----------------------------------								
Balance as at 30 June 2018	1,600,846	4,493,199	629	1,266,047	-	-	266,400	695,265	8,322,386
Adjustment on initial application of IFRS 9, net of tax	-	-	-	-	-	(7,038)	-	7,038	-
Adjusted balance at 01 July 2018	1,600,846	4,493,199	629	1,266,047	-	(7,038)	266,400	702,303	8,322,386
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	-	282,627	282,627
Other comprehensive income	-	-	-	2,593,027	-	-	-	(89,464)	2,503,563
	-	-	-	2,593,027	-	-	-	193,163	2,786,190
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	(8,894)	-	-	-	8,894	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	(50)	-	-	-	-	(50)
Transactions with owners of the Company, contributions and distributions									
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	29,275	143,869	-	-	-	-	-	-	173,144
Issuance of shares under employee stock option scheme	24,387	24,387	-	-	-	-	-	-	48,774
Recognition of fair value charge of shares under employee share option scheme (ESOS)	-	-	-	-	23,593	-	-	-	23,593
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	13,071	-	-	(13,071)	-	-	-	-
	53,662	181,327	-	-	10,522	-	-	-	245,511
Balance as at 30 June 2019	1,654,508	4,674,526	629	3,850,130	10,522	(7,038)	266,400	904,360	11,354,037
Total comprehensive loss for the year									
Loss for the year	-	-	-	-	-	-	-	(190,132)	(190,132)
Other comprehensive loss	-	-	-	-	-	-	-	(95,274)	(95,274)
	-	-	-	-	-	-	-	(285,406)	(285,406)
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	(17,818)	-	-	-	17,818	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	-	-	-	-	(50)	(50)
Transactions with owners of the Company, contributions and distributions									
Conversion of PTCs into ordinary shares @ 0.08 share per PTC	33,458	138,432	-	-	-	-	-	-	171,890
Issuance of shares under employee stock option scheme	10,347	5,908	-	-	-	-	-	-	16,255
Recognition of fair value charge of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	-	-	-
Reversal of expenses under ESOS	-	-	-	-	(9,788)	-	-	-	(9,788)
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	-	-	-
Transferred to statement of profit or loss	-	-	-	-	-	7,038	-	-	7,038
	43,805	144,340	-	-	(9,788)	7,038	-	-	185,395
Balance as at 30 June 2020	1,698,313	4,818,866	629	3,832,312	734	-	266,400	636,722	11,253,976

The annexed notes 1 to 52 form an integral part of these unconsolidated financial statements.

LAHORE	Syed Shahid Ali	Mohtashim Aftab	Imran Azim
October 05, 2020	Chief Executive Officer	Group Chief Financial Officer	Director

1 Status and nature of the business

1.1 Treet Corporation Limited ("the Company") was incorporated in Pakistan on 22 January 1977 as a public limited company under the Companies Act, 1913 (now Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of razors and razor blades along with other trading activities. The registered office of the Company is situated at 72-B, Industrial Area Kot Lakhpat, Lahore. The manufacturing facilities of the Company are located at 72-B Kot Lakhpat, Industrial Area, Lahore and at Hali Road, Hyderabad.

2 Basis of preparation

2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared and presented separately.

The Company has the following long term investments:

Name of Company	2020	2019
	(Direct holding percentage)	
<u>Subsidiaries</u>		
- Treet Holdings Limited	85.93	85.93
- First Treet Manufacturing Modaraba	87.35	87.35
- Global Arts Limited	88.76	88.76
- Renacon Pharma Limited	45.45	45.45
<u>Associate</u>		
- Loads Limited	12.49	12.49

2.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the provisions of the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and IFAS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.3 Basis of measurement

These unconsolidated financial statements have been prepared on the historical cost convention except for certain items of property, plant and equipment that are stated at revalued amounts, investment in listed securities and financial instruments that are stated at their fair values and recognition of employee retirement benefits that are stated at present value. The methods used to measure fair values are discussed further in their respective policy notes.

2.4 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless otherwise indicated.

3 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

		Note
-	Employee retirement benefits	5.2
-	Taxation	5.3
-	Depreciation method, residual values and useful lives of property, plant and equipment	5.4
-	Impairment	5.9
-	Provisions	5.17
-	Contingent liabilities	5.24

4 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

4.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

  - there is no substantive change to the other terms and conditions of the lease.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are effective from annual period beginning on or after 01 January 2020 and are not likely to have an impact on Company's unconsolidated financial statements.

5 Summary of significant accounting policies

The significant accounting policies adopted in preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented, except as described in note 5.1.

5.1 Changes in accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from the annual periods beginning on or after 01 July 2019. There are other new standards which are effective from 01 July 2019 but they do not have a material effect on the Company's unconsolidated financial statements. The detail of new significant accounting policy adopted and the nature and effect of the changes from previous accounting policy are set out below:

5.1.1 IFRS 16 - Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

Adoption of this standards has no material impact on the unconsolidated financial statements for the year ended on 30 June 2020.

5.2 Employee retirement benefits

Defined contribution plans

The Company has maintained five contributory schemes for the employees, as below:

i) A recognized contributory provident fund scheme namely "Treet Corporation Limited - Group Employees Provident Fund" is in operation covering all permanent employees. Equal monthly contributions are made both by the Company and employees in accordance with the rules of the scheme at 10% of the basic salary.

ii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employee Service Fund" is in operation which covers all permanent management employees. In accordance with the rules of the scheme, equal monthly contributions are made both by the Company and employees at 10% of basic salary from the date the employee gets permanent status. Additional contributions may be made by the Company for those employees who have at most 15 years of service remaining before reaching retirement age, however, employee can start their additional contribution above the threshold limit of 10% of the basic salary at any time.

iii) A recognized contributory fund scheme namely "Treet Corporation Limited - Group Employees Benevolent Fund" in operation for the benefit of employees if the employee opts for the scheme. The contributions to the fund are made at 10% of employees basic salary on monthly basis by both employee and the company. Periodic bonuses by the Company to all the employees in any year, not exceeding one month's basic salary of an employee, is credited to his personal account in the Fund at the sole discretion of the Company.

iv) An unrecognized contributory fund scheme namely “Treet Corporation Limited - Group Employees Superannuation Fund - II” is in operation for the benefit of employees if the employee opts for it. Equal monthly contributions are made both by the Company and employees in accordance with the rules of the scheme at 12% of the basic salary.

v) An unrecognized contributory fund scheme namely, "Treet Corporation Limited - Group Employees Housing Fund Scheme" is in operation covering permanent management employees with minimum five years of service with the Company and on option of the employee. Equal contributions are made monthly both by the Company and employees in accordance with the rules of the scheme at 20% of the basic pay.

Defined benefit plans

An approved funded gratuity scheme and a funded superannuation scheme are in operation for all employees with qualifying service periods of six months and ten years respectively. These are operated through "Treet Corporation Limited - Group Employees Gratuity Fund" and "Treet Corporation Limited - Group Employee Superannuation Fund" respectively. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the ‘Projected Unit Credit Method’ and latest actuarial valuation has been carried out at 30 June 2020. When calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Actual gains and losses arising from experience, adjustments and changes in actuarial assumptions are charged to equity through other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the statement of profit or loss. The main features of defined benefit schemes are mentioned in note 25.

Employee Stock Option Scheme

The Company operates an equity settled stock option scheme to be called ‘Treet Corporation Limited - Employees Stock Option Scheme 2015’. The Compensation Committee (“Committee”) of the Board of Directors (“Board”) evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Company’s shares at a pre-determined price on the date of grant of options. The main features of the scheme are mentioned in note 27.

The grant date fair value of equity settled share based payments to employees, determined as option discount as allowed by Public Companies (Employee Stock Option Scheme) Rules 2001, is recognized as employee compensation expense on a straight line basis over the vesting period with a consequent credit to equity as employee stock option compensation reserve. The deferred employee stock option cost is shown as a deduction from employee stock option compensation reserve. Option discount means the excess of market price of the share at the date of grant of an option under a Scheme over exercise price of the option.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in the statement of profit or loss, such employee compensation expense is reversed in the profit or loss account equal to the amortized portion with a corresponding effect to employee stock option compensation reserve equal to the un-amortized portion.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the statement of profit or loss is reversed with a corresponding reduction to employee stock option compensation reserve. When the options are exercised, employee stock option compensation reserve relating to these options is transferred to share capital and share premium. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium.

5.3 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax loses used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the proportion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is charged in the statement of profit or loss, except in the case of items charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.4 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment loss, if any, except for freehold land and buildings on freehold land. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less impairment loss, if any. Buildings on freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings, and the net amount is restated to the revalued amount of the buildings.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to the statement of profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred from 'surplus on revaluation of property, plant and equipment' to 'equity'. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred income tax.

Capitalization threshold

Following are the minimum threshold limits for capitalization of individual items:

Particulars	Rupees
Building on freehold land	500,000
Plant and machinery	150,000
Office equipments	50,000
Furniture and fixture	50,000
Others	25,000

Depreciation is charged to statement of profit or loss, unless it is included in the carrying amount of another asset, on straight line method whereby cost of an asset is written off over its estimated useful life given in note 6.1.

Depreciation on additions to property, plant and equipment is charged from the day on which an asset is available for use till the day the asset is fully depreciated or disposed off. Assets, which have been fully depreciated, are retained in the books at a nominal value of Rupee 1. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets revised carrying amount over its estimated useful life.

Depreciation methods, residual value and the useful life of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss as and when incurred.

On disposal or scrapping, the cost of the assets and the corresponding depreciation is adjusted and the resultant gain or loss is dealt with through the statement of profit or loss.

Capital work in progress

Capital work in progress is stated at cost, less any identified impairment loss. Capital work in progress represents expenditure on property, plant and equipment in the course of construction and installation. Transfers are made to relevant category of property, plant and equipment as and when assets are available for use.

5.5 Investment property

Property not held for own use or for the sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of land and are valued using the cost method and are stated at cost less any identified impairment loss.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense in the statement of profit or loss.

5.6 Intangible assets

Intangible assets represent the cost of computer software (ERP system) and are stated at cost less accumulated amortization and any identified impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the statement of profit or loss as incurred.

All intangibles are amortized over the period of five years on a straight line basis as referred in note 8 so as to write off the cost of an asset over its estimated useful life. Amortization on additions to intangible assets is charged from the day on which an asset is available for use till the day the asset is fully amortized or disposed off.

5.7 Non-current assets held for sale

Non-current assets are classified as assets held for sale if it is highly probable that their carrying amount will be recovered principally through sale rather than through continuing use. They are stated at lower of carrying amount and fair value less costs to sell.

Once classified as held for sale, intangible assets and property plant and equipment are no longer amortized or depreciated, and any equity accounted investee is no longer equity accounted.

5.8 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current. Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are required and re-evaluates this classification on regular basis.

Investment in subsidiaries and associates

Investments in subsidiaries and associates where the Company has control / significant influence are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Investments in subsidiaries and associates that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognized in the statement of profit or loss on investments in subsidiaries and associates are reversed through the statement of profit or loss.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27, 'Separate Financial Statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

5.9 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovery of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

5.10 Financial Instruments

5.10.1 Recognition and initial measurement

All financial assets or financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

5.10.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Any gain or loss on derecognition is recognized in statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

Debt Instrument - FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit or loss.

Equity Instrument - FVOCI

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to statement of profit or loss.

Fair value through profit or loss (FVTPL)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.

Financial assets – Business model assessment:

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

<u>Financial liabilities</u>

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

Financial liabilities comprise trade and other payables and short term borrowings.

5.10.3 Derecognition

<u>Financial assets</u>

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

<u>Financial liabilities</u>

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

5.11 Stores and spares

These are valued at the moving average cost except for items in transit, which are valued at invoice price and related expenses incurred up to the balance sheet date. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores and spares.

5.12 Stock in trade

Stock of raw materials, packing materials, work in process and finished goods is valued at lower of moving average cost and net realizable value, except for stock in transit which is valued at invoice price and related expenses. Cost in relation to work in process and finished goods includes direct production costs such as raw materials, consumables, labor and appropriate proportion of production overheads. Finished goods purchased for resale are valued at moving average cost of purchase and comprise of purchase price and other costs incurred in bringing the material to its present location and condition.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to be incurred to make the sale.

5.13 Trade debts, loans, deposits and other receivables

These are classified at amortized cost and are initially recognized when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery.

5.14 Cash and cash equivalents

Cash and cash equivalents are carried at amortized cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand, current and deposit account balances with banks and outstanding balance of running finance facilities availed by the Company.

5.15 Borrowings

Borrowings are recognized initially at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest rate method. Finance costs are accounted for on accrual basis and are reported under accrued markup to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

5.16 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether or not billed to the Company.

5.17 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A provision for warranties is recognized when the underlying products or services are sold, based on historical data and a weighting of possible outcomes against their associated probabilities.

5.18 Foreign currency translation

Foreign currency transactions are translated into Pakistan Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction. All monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in statement of profit or loss. All non-monetary assets and liabilities are translated in Pakistan Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

5.19 Revenue recognition

(i) Revenue from the sale of goods is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when goods are delivered to the customer.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of returns, rebates, discounts and other allowances.

(ii) Dividend income and entitlement of bonus shares are recognized when the right to receive is established.

(iii) Return on bank deposits, investments and interest on loans is accounted for on a time proportionate basis using the applicable rate of return / interest.

5.20 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

5.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in statement of profit or loss in the period in which they are incurred.

5.22 Research and development costs

Research and development costs are charged to statement of profit or loss as and when incurred.

5.23 Dividends

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved.

5.24 Contingent liabilities

A contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.25 Government grant

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

Loan at subsidized rate under SBP refinancing scheme for payment of wages and salaries is initially measured at the fair value i.e. the present value of the expected future cash flows discounted at a market-related interest rate. The difference between the amount received and the fair value is recognized as government grant.

			2020	2019
		Note	(Rupees in thousand)	
6	Property, plant and equipment			
	Operating fixed assets	6.1	5,347,868	5,315,007
	Capital work in progress	6.2	723,756	810,911
			6,071,624	6,125,918

6.1 Property, plant and equipment

	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2019	Additions/ (Deletions)	Revaluation surplus during the year	Cost as at 30 June 2020	Accumulated depreciation as at 01 July 2019	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2020	Book value as at 30 June 2020
	%	---(Rupees in thousand)---------------------------------------							
Owned									
Freehold land - note 6.1.1	-	3,714,435	-	-	3,714,435	-	-	-	3,714,435
Buildings on freehold land	5	713,549	51,436 -	-	764,985	163,280	45,766 -	209,046	555,939
Plant and machinery	10	1,860,353	217,537 -	-	2,077,890	1,094,767	145,163 -	1,239,930	837,960
Furniture and equipment	10-25	166,937	12,852 (683)	-	179,106	76,198	15,347 (392)	91,153	87,953
Vehicles	20	369,156	38,808 (47,650)	-	360,314	175,178	63,419 (29,864)	208,733	151,581
2020		6,824,430	320,633 (48,333)	-	7,096,730	1,509,423	269,695 (30,256)	1,748,862	5,347,868

	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2018	Additions/ (Deletions)	Revaluation surplus during the year	Cost as at 30 June 2019	Accumulated depreciation as at 01 July 2018	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at 30 June 2019	Book value as at 30 June 2019
	%	---(Rupees in thousand)---------------------------------------							
Owned									
Freehold land	-	1,227,805	-	2,486,630	3,714,435	-	-	-	3,714,435
Buildings on freehold land	5	495,758	89,879	127,912	713,549	126,589	36,691	163,280	550,269
Plant and machinery	10	1,684,339	176,564 (550)	-	1,860,353	970,757	124,560 (550)	1,094,767	765,586
Furniture and equipment	10 - 25	108,889	59,323 (1,275)	-	166,937	62,908	14,114 (824)	76,198	90,739
Vehicles	20	333,021	86,652 (50,517)	-	369,156	150,230	60,671 (35,723)	175,178	193,978
2019		3,849,812	412,418 (52,342)	2,614,542	6,824,430	1,310,484	236,036 (37,097)	1,509,423	5,315,007

6.1.1 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location	Usage of Immovable Property	Total area (acres)	Covered Area (Square Feet)
Main Haali / Link Road Hyderabad	Manufacturing facility	5.49 Acres	98,696
72-B Main Peco Road, Kot Lakhpat Lahore	Head Office & Manufacturing facility	14.06 Acres	231,440
Warehouse land, 14 km Multan Road, Lahore	Warehouse	1.5 Acres	10,752
05 Km off Ferozpur Road, Gajju Matta, Kacha Road, Lahore	Warehouse	10.76 Acres	82,913

	Note	2020	2019
		(Rupees in thousand)	
6.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of revenue	33	218,306	185,930
Administrative expenses	34	33,745	33,126
Distribution cost	35	17,644	16,980
		269,695	236,036
6.1.3 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have amounted to:			
Land		111,933	111,933
Buildings		289,414	262,397
		401,347	374,330

6.1.4 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit / (loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
	------ (Rupees in thousand) ------							
Furniture and equipment	683	392	291	302	11	Company Scheme	Employees	Various
Vehicles								
Suzuki Mehran	1,094	450	644	823	179	Company Scheme	Employee	Hafiz Faheem Javed
Honda Civic	3,106	393	2,713	2,872	159	Company Scheme	Employee	Waqar Ahmed Rana
Suzuki Mehran	625	83	542	625	83	Company Scheme	Employee	Danish Christopher
Car-Toyota Grande	2,931	243	2,688	2,662	(26)	Company Scheme	Employee	Rana Shakeel Shaukat
Honda City	1,875	810	1,065	1,198	133	Company Scheme	Employee	Akhlaq Ahmed
Suzuki Cultus	1,250	542	708	779	71	Company Scheme	Employee	Aamer Haseeb Qazi
Honda Civic	2,637	1,237	1,400	1,579	179	Company Scheme	Employee	Muhammad Javaid Aslam
Others	34,132	26,106	8,026	26,190	18,164	Company Scheme	Employees	Various
2020	48,333	30,256	18,077	37,030	18,953			
2019	52,342	37,097	15,245	35,242	19,997			

		Note	2020	2019
			(Rupees in thousand)	
6.2	Capital work in progress			
	Civil works		7,406	46,257
	Plant and machinery	6.2.1	698,072	727,213
	Advances for capital expenditure - considered good	6.2.2	18,278	37,441
			723,756	810,911

6.2.1 These represent plant and machinery in the course of development and installation.

6.2.2 These are interest free and in the normal course of business for machinery and equipment.

7 Investment property

	2020	2019
Cost as at 01 July	12,896	19,384
Additions during the year	-	-
Disposals during the year	-	(6,488)
Cost as at 30 June	12,896	12,896

These represent the following pieces of land:

- 14 Kanals and 5 Marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore, having fair value of Rs. 13.50 million. The value of investment property was determined by approved external, independent property valuer i.e. Al Siddique Real Estate and Builders.

8 Intangible asset

Intangible asset represents computer software (ERP system)

8.1 Oracle computer software and implementation

	Note	2020	2019
<u>Cost</u>			
As at 01 July		41,882	41,882
Addition during the year		5,718	-
<u>Accumulated amortisation</u>			
As at 01 July		(20,178)	(11,802)
Amortisation for the year	34	(8,948)	(8,376)
Balance as at 30 June		18,474	21,704
Rate of amortisation		20%	20%

9 Long term investments

	Note	2020	2019
In equity instruments of subsidiaries - at cost	9.1	3,432,939	6,040,603
In equity instruments of associate - at cost	9.2	162,529	162,529
Fair value through OCI	9.3	8,167	1,555
		3,603,635	6,204,687

		Note	2020	2019
			(Rupees in thousand)	
9.1	In equity instruments of subsidiaries - at cost			
	Treet Holdings Limited - unquoted			
	61,101,712 (2019: 61,101,712) fully paid ordinary shares of Rs. 10 each	9.1.1	611,017	611,017
	Equity held: 85.93 % (2019: 85.93 %)			
	Chief Executive Officer - Syed Shahid Ali			
	Less: Accumulated impairment allowance	9.1.1.1	(96,704)	-
			514,313	611,017
	First Treet Manufacturing Modaraba - quoted			
	170,851,700 (2019: 170,851,700) fully paid certificates of Rs. 10 each	9.1.2	3,417,441	3,417,441
	Equity held: 87.35% (2019: 87.35%)			
	Chief Executive Officer - Syed Shahid Ali			
	Less: Accumulated impairment allowance	9.1.2.1	(905,557)	-
			2,511,884	3,417,441
	Global Arts Limited - unquoted			
	160,540,320 (2019: 160,540,320) fully paid ordinary shares of Rs. 10 each	9.1.3	-	1,605,403
	Equity held: 88.76% (2019: 88.76%)			
	Chief Executive Officer - Syed Shahid Ali			
	Renacon Pharma Limited - unquoted			
	28,342,800 (2019: 28,342,800) fully paid ordinary shares of Rs. 10 each	9.1.4	406,742	406,742
	Equity held: 45.45% (2019: 45.45%)			
	Chief Executive Officer - Dr. Salman Shakoh			
			3,432,939	6,040,603

9.1.1 The Company directly owns 85.93% (2019: 85.93%) equity interest in Treet Holdings Limited (THL) while the remaining 14.07% (2019: 14.07%) equity interest is indirectly owned through the Company's subsidiary, Global Arts Limited.

9.1.1.1	Accumulated impairement allowance	Note	2020	2019
	Opening balance		-	-
	Charge during the year	9.1.1.2	96,704	-
	Closing balance		96,704	-

9.1.1.2 The recoverable amount of investment has been tested for impairment as at 30 June 2020 based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a growth rate of 5%. The cash flows are discounted using a discount rate of 15.41% which is sensitive to discount rate and local inflation rates. Based on this calculation, the Company`s investment has been impaired by Rs. 96.70 million.

9.1.2 The Company directly owns 87.35% (2019: 87.35%) equity interest in First Treet Manufacturing Modaraba (FTMM) and 10.02% (2019: 10.02%) equity interest is indirectly owned through the Company's subsidiary, Treet Holdings Limited.

On 21 January 2019, the Board of the Directors of the Modarba Management Company has decided in their meeting to spin off the battery segment into a new company named as Treet Battery Limited. Currently, regulatory and legal approvals are being sought from Financial Institutions and Regulators.

9.1.2.1 Accumulated impairement allowance

	Note	2020	2019
		(Rupees in thousand)	
Opening balance		-	-
Charge during the year	9.1.2.2	905,557	-
Closing balance		905,557	-

9.1.2.2 The recoverable amount of investment has been tested for impairment as at 30 June 2020 based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a growth rate of 5%. The cash flows are discounted using a discount rate of 13.57% which is sensitive to discount rate and local inflation rates. Based on this calculation, the Company`s investment has been impaired by Rs. 905.56 million.

9.1.3 Global Arts Limited - unquoted

	2020	2019
Investment at cost	1,605,403	1,605,403
Transferred to non-current assets held for sale	(1,605,403)	-
	-	1,605,403

The Company directly owns 88.76% (2019: 88.76%) equity interest in Global Arts Limited ("GAL") while the remaining 11.24% (2019: 11.24%) equity interest is indirectly owned through the Company's subsidiaries, Treet Holdings Limited (wholly owned) and Renacon Pharma Limited ("RPL"). During the year management changed its intention and investment has been classified as non-current asset held for sale as disclosed in note 18.

9.1.4 Renacon Pharma Limited ("RPL") is a pharmaceutical manufacturing company incorporated on 07 July 2009. The Company directly owns 45.45% (2019: 45.45%) equity interest in RPL and 10.39% (2019: 10.39%) equity interest is indirectly owned through the Company's subsidiary, Global Arts Limited ("GAL").

9.2 In equity instruments of associate - at cost

	Note	2020	2019
<u>Loads Limited - quoted</u>			
18,895,057 (2019: 18,895,057) fully paid ordinary shares of Rs. 10 each	9.2.1	162,529	162,529
Equity held: 12.49% (2019: 12.49%)			
Chief Executive Officer - Munir K. Bana			
		162,529	162,529

9.2.1 The Company's investment in Loads Limited is less than 20% but it is considered to be an associate in accordance with the requirements of IAS - 28 "Investments in Associates" because the Company has significant influence over its financial and operating policies through representation on the Board. The market value at reporting date is Rs. 13.90 per share.

	Note	2020	2019
		(Rupees in thousand)	
9.3 Fair value through OCI			
Techlogix International Limited - unquoted			
711,435 (2019: 748,879) fully paid ordinary shares of par value of USD 0.190761. Equity held: 0.67% (2019: 0.71%)			
Investment classified as fair value through other comprehensive income		8,167	1,555
	9.3.1	8,167	1,555

9.3.1 Techlogix International Limited ("Techlogix") is a Bermuda registered Company with the beneficial owners, Salman Akhtar and Kewan Khawaja of United States of America. Techlogix is engaged in providing specialized technical consultancy and software development services to national and international clients. The Company intends to hold this investment of USD 112 (2019: USD 112) over the long term and realise its returns. During the year, the company received a return amounting to Rs. 0.16 Million (2019: Rs. Nil).

9.3.2 The decrease in equity interest is due to sale of 37,444 shares during the period at Rs. 30.27 per share resulting in realised gain of Rs. 0.71 million

9.4 These investments were made before the promulgation of the Companies Act, 2017 and the requirements of repealed Companies Ordinance, 1984 were duly complied with at the time of investment.

10 Long term loans

	Note	2020	2019
Loans to employees - secured, considered good	10.1	6,722	15,484
Less : current portion of loan to employees - secured, considered good	16	(5,694)	(13,511)
		1,028	1,973

10.1 These are interest free loans to the Company's employees for construction of house and purchase of cycles, which are repayable in monthly installments over a period of 12 to 24 months and are secured against employee retirement benefits. These include an amount of Rs. 4.36 million (2019: Rs. 12.99 million) receivable from the executives of the Company. No loan has been given to directors or chief executive of the Company.

10.2 Reconciliation of the carrying amount of loans to executives:

	2020	2019
Balance as at 01 July	12,994	12,283
Disbursements during the year	7,474	20,682
Repayments during the year	(16,109)	(19,971)
Balance as at 30 June	4,359	12,994

10.3 The maximum amount due from the executives at the end of any month during the year was Rs. 3.14 million (2019: Rs. 3.44 million).

	Note	2020	2019
		(Rupees in thousand)	
11 Long term security deposits			
Long term security deposits	11.1	22,894	23,644

11.1 This represents deposits against utilities.

	Note	2020	2019
12 Stores and spares			
Stores		107,155	79,871
Spares		136,495	113,642
	12.1	243,650	193,513

12.1 It includes stores and spares in transit amounting to Rs. 7.03 million (2019: Rs. 8.02 million).

	Note	2020	2019
13 Stock in trade			
Raw and packing material	13.1	776,052	666,974
Work in process		74,338	51,552
Finished goods	13.2	145,359	179,675
		995,749	898,201

13.1 It includes raw material in transit amounting to Rs. 167.2 million (2019: Rs. 135.97 million).

13.2 The amount charged to statement of profit or loss on account of write down of finished goods to net realizable value amounts to Rs. 1.25 million (2019: Rs.0.91 million). It also includes finished goods - chemicals in transit amounting to Rs. Nil (2019: Rs. 7.36 million).

	Note	2020	2019
14 Trade debts			
Foreign debtors			
- secured - considered good		71,347	90,198
- unsecured - considered good		54,601	165,537
	14.1	125,948	255,735
Local debtors			
- unsecured - considered good	14.2	38,550	32,111
		164,498	287,846
Considered doubtful	14.3	1,785	1,785
		166,283	289,631
Less: Impairment allowance		(1,785)	(1,785)
		164,498	287,846

14.1 Detail of trade debts on account of export sales:

	Confirmed LCs		Contracts	
	2020	2019	2020	2019
	(Rupees in thousand)		(Rupees in thousand)	
Country				
Singapore	49,855	61,692	-	-
Bangladesh	6,896	6,324	-	-
Malaysia	7,792	-	-	-
United Arab Emirates	6,804	16,328	8,318	12,953
Saudi Arabia	-	-	16,170	65,736
Uzbekistan	-	-	-	16,072
Brazil	-	-	18,344	-
Korea	-	-	-	3,629
South Korea	-	-	600	6,480
Sri Lanka	-	-	-	21,365
Taiwan	-	5,854	-	-
Jordon	-	-	-	2,052
Tunisia	-	-	6,711	14,264
United States of America	-	-	-	3,292
Iran	-	-	4,458	-
China	-	-	-	19,694
	71,347	90,198	54,601	165,537

14.2 It include receivable from following related parties:

	Note	2020	2019
		(Rupees in thousand)	
Elite Brands Limited	14.2.1	18,829	16,993
Renacon Pharma Limited	14.2.2	80	80
Packages Ltd		-	45
Liaqat National Hospital	14.2.3	8	23
		18,917	17,141

14.2.1 This represents receivable in the normal course of business and is due by less than 30 days. The maximum amount outstanding at the end of any month was Rs. 44.3 million.

14.2.2 This represents receivable in the normal course of business and is due by more than 365 days. The maximum amount outstanding at the end of any month was Rs. 0.08 million.

14.2.3 This represents receivable in the normal course of business and is due by less than 30 days. The maximum amount outstanding at the end of any month was Rs. 0.03 million.

14.3 The movement in allowance for impairment with respect to trade debts for the year is as follows:

	2020	2019
Balance as at 01 July	1,785	1,785
Charge for the year	-	-
Balance as at 30 June	1,785	1,785

15 Short term investments

	Note	2020	2019
		(Rupees in thousand)	
Investments at fair value through profit or loss			
Listed equity securities	15.1	242,184	431,865

15.1 Details of investments in listed equity securities / mutual funds are stated below:

		Share / certificates		Carrying value		Market value	
		2020	2019	2020	2019	2020	2019
		Number	Number	---(Rupees in thousand)---			
Sector /Companies							
a)	Banks						
	Silk Bank Limited	228,864,500	256,072,500	329,210	348,050	192,246	302,166
b)	Textile						
	Sunrays Textiles Mills Limited	27,263	27,200	6,135	4,566	9,114	6,135
	Shahtaj Textile Limited	-	868,400	164,818	69,463	-	84,113
	Maqbool Textiles Mills Limited	894,500	894,500	36,451	37,828	37,561	36,451
	Kohinoor Spinning Mills Limited	-	-	-	-	-	-
c)	Mutual Funds						
	JS investments	30,462	30,462	3,263	3,145	3,263	3,000
d)	Miscellaneous						
	Transmission Engineering Industries Limited	133,000	133,000	-	-	-	-
				539,877	463,052	242,184	431,865

	Note	2020	2019
		(Rupees in thousand)	
16 Loans, advances, deposits, prepayments and other receivables			
Current portion of loan to employees - secured, considered good	10	5,694	13,511
Advances to employees - secured, considered good	16.1	13,187	27,805
Advances to suppliers - unsecured, considered good		30,696	39,048
Margin deposits against letters of credits		3,784	6,971
Prepayments	16.2	6,518	24,607
Advances to associated undertakings - unsecured, considered good:			
Loads Limited	16.3	5,949	5,426
Balances with statutory authorities:			
Export rebate		56,015	82,218
Collector of customs - custom duty		22,147	5,722
Advance income tax		472,811	484,398
Sales tax receivable		-	37,403
		550,973	609,741
Receivable from broker against sale of investments		-	6,669
Receivable from subsidiary company - First Treet Manufacturing Modaraba , unsecured - considered good	16.4 & 9.1.2	7,410,105	6,497,909
Other receivable - unsecured, considered good			
Related parties:			
Renacon Pharma Limited		253,446	303
Global Arts Limited		117,112	91,341
Treet Holdings Limited		112,384	115,125
Treet HR Management		21,152	16,152
Treet Power Limited		4,555	4,555
	16.5	508,649	227,476
Employees Housing Fund		12,546	23,662
Superannuation Fund		-	2,590
Service Fund		-	239
Gratuity Fund		-	19,576
		521,195	273,543
Others		7,481	2,564
		8,555,582	7,507,794

16.1 These are interest free advances to employees in respect of salary, medical and travelling expenses and are secured against employees retirement benefits. These include an aggregate amount of Rs. 4.38 million (2019: Rs. 5.09 million) receivable from executives of the Company. No amount is advanced to CEO or directors of the Company.

16.2 Prepayments includes amount paid to IGI Insurance Limited (associated undertaking) of Rs. 5.25 million (2019: Rs. 16.26 million) and other prepaid rentals for buildings mainly rented for security guards' accomodation.

16.3 These represent advances for purchase of goods or services under normal business trade as per the agreed terms and are interest free.

16.4 It includes Rs. 5,817.65 million (2019: 5,652.03 million) advanced to First Treet Manufacturing Modarba ("FTMM") for the on going Battery Project out of the short term running finance facilities availed by the Company. Markup is calculated at average borrowing rate of the Company. It also includes receivable on account of reimbursement of expenses, sharing of common expenses and purchase of goods under normal business trade as per the agreed terms and are interest free.

16.5 These represent amounts receivable from related parties for working capital management. Markup is calculated at average borrowing rate of the Company. It also include receivable on account of reimbursment of expenses, sharing of common expenses and purchase of goods and under normal business trade as per agreed terms and are interest free.

16.6 Aging of balances

	Less than 3 months	3 to 6 months	Greater than 6 months	2020	2019
	----------------------	(Rupees in thousand)	----------------------		
First Treet Manufacturing Modaraba	(152,228)	384,519	7,177,814	7,410,105	6,497,909
Renacon Pharma Limited	209,012	14,265	30,169	253,446	303
Global Arts Limited	14,471	4,300	98,341	117,112	91,341
Treet Holdings Limited	35,578	3,027	73,779	112,384	115,125
Treet HR Management	5,000	-	16,152	21,152	16,152
Treet Power Limited	-	-	4,555	4,555	4,555

16.7 Maximum outstanding balance with reference to month end balances:

	In the month of	In the month of	2020	2019
			(Rupees in thousand)	
First Treet Manufacturing Modaraba	Feb-20	Jun-19	7,631,838	6,497,909
Renacon Pharma Limited	Jun-20	Jun-19	253,446	303
Global Arts Limited	Jun-20	Jun-19	117,112	91,341
Treet Holdings Limited	Nov-19	Jun-19	115,659	115,125
Treet HR Management	Jun-20	Jun-19	21,152	16,152
Treet Power Limited	Jul-17	Jul-17	4,555	4,555

17 Cash and bank balances

		2020	2019
Cash in hand		40,583	40,356
Cash at bank - local currency			
- Current accounts	17.1	71,647	31,339
- Saving accounts	17.2	74,181	126,886
		145,828	158,225
		186,411	198,581

17.1 These include bank accounts of Rs. 61.13 million (2019: Rs. 1.85 million) maintained under Shariah compliant arrangements.

17.2 These carry mark-up at the rates ranging from 6% to 11.25% per annum (2019: 4.25% to 10.50% per annum).

These include deposits amounting to Rs. 2.86 million (2019: Rs. 0.60 million) under Shariah compliant arrangements, which carries profit rate ranging from 4% to 10% per annum (2019: 4.25% to 10.50% per annum).

		Note	2020	2019
			(Rupees in thousand)	
18	Non-current assets held for sale		1,605,403	-

Board of Directors of Treet Corporation Limited in their meeting held on 26 February 2020 decided to sale education project which constitutes Global Arts Limited, Institute of Art and Culture and Society for Cultural Education. Consequently, long term investment in Global Arts Limited has been classified as non-current assets held for sale and measured at lower of carrying value or fair value less cost to sell.

19 Short term borrowings

	Note	2020	2019
Short term running finance - secured	19.2	6,290,919	6,063,339
Export refinance - secured	19.2	1,141,240	877,388
Short term advance - secured	19.3	1,147,292	1,765,000
Loan from Chief Executive - Interest free, unsecured	19.4	89,245	50,000
	19.5	8,668,696	8,755,727

19.1 Particulars of borrowings

	2020	2019
Interest / markup based financing	6,595,871	8,188,509
Islamic mode of financing	1,983,580	517,218
Interest free	89,245	50,000
	8,668,696	8,755,727

19.2 The Company has arranged facilities for short term finances to meet working capital requirements from various banks under mark-up arrangement / shariah arrangements to the extent of Rs. 8,656 million (2019: Rs. 8,825 million). The running finance facilities carried mark-up at the rates ranging from 7.99% to 15.95% per annum (2019: 7.43% to 14.14% per annum). Running finance amounting to Rs. 5,917 million (2019: Rs. 4,350 million) can interchangeably be utilized as export running finance. These carried mark-up at the rate from 2.35% to 3.00% per annum (2019: 2.35% to 2.50% per annum).

19.3 Running finance amounting to Rs. 4,750 million (2019: Rs. 2,650 million) can interchangeably be utilized as short term advance. Short term advance markup rate is negotiated on case to case basis with the institute and carried mark up at rate from 7.99% to 15.95% per annum (2019: 7.09% to 13.02% per annum).

19.4 This represents interest free loan obtained from Chief Executive Officer of the Company for working capital requirements and is repayable on demand.

19.5 All short term borrowings of the Company are secured by way of joint first pari passu hypothecation charge of Rs. 10,704 million (2019: Rs. 10,704 million) on the entire present and future current assets of the Company. Export running finances are also covered through lien on documents.

19.6 The facilities for opening letters of credits and guarantees as at 30 June 2020 amounts to Rs. 5,250 million (2019: Rs. 4,150 million) of which unutilized amount as at year end amounted to Rs 5,156 million (2019: Rs. 2,985 million). Non- fund based facilities aggregating to Rs 5,250 million (2019: Rs. 2,350 million) out of which Rs 500 million can interchangeably be earmarked for utilization by subsidiary company, First Treet Manufacturing Modarba, through cross corporate guarantee of the Company.

19.7 As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions including dividend restrictions as imposed by the providers of finance.

20 Trade and other payables

	Note	2020	2019
		(Rupees in thousand)	
Trade creditors:			
Related parties	20.1	17,506	1,068
Others		103,374	14,122
		120,880	15,190
Other creditors:			
Related parties	20.2	5,943	6,171
Others		175,893	187,831
		181,836	194,002
Accrued liabilities		65,394	257,237
Contract liability		90,964	41,914
Employees deposits - secured		77,909	70,408
Withholding sales tax payable		644	1,904
Workers profit participation fund	20.3	13,364	13,364
Security deposit		-	15,000
Sales tax payable		8,513	-
Other payables		26,285	15,423
Payable to employee retirement benefit funds:			
- Service fund		4,094	-
- Superannuation fund (SF-II)		368	-
- Employees provident fund	20.4	9,882	13
		14,344	13
		600,133	624,455

	2020	2019
	(Rupees in thousand)	
20.1 Related parties		
Associated Undertakings		
Packages Limited	15,395	697
IGI General Insurance Limited	435	334
IGI Insurance Limited	12	12
Liaquat National Hospital	85	25
Gulab Devi Chest Hospital	33	-
Treet Holdings Limited	902	-
Cutting Edge (Private) Limited	644	-
	17,506	1,068

These are interest free in the normal course of business.

	2020	2019
20.2 Related parties		
Associated Undertakings		
Packages Limited	2,243	5,510
Subsidiary company		
First Treet Manufacturing Modaraba	3,630	661
Renacon Pharma Limited	70	-
	5,943	6,171

These are interest free in the normal course of business

	2020	2019
20.3 Workers profit participation fund		
Balance as at 01 July	(13,364)	7,793
Charge for the year	-	(21,157)
	(13,364)	(13,364)
Payments during the year	-	-
Balance as at 30 June	(13,364)	(13,364)

20.4 In respect of contributory retirement funds other than provident fund, the Company is not compliant with the requirement of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

21 Accrued mark-up

	2020	2019
Accrued mark-up / return on:		
Participation term certificates	-	171,889
Short term borrowings	219,201	218,482
	219,201	390,371

22 Redeemable capital

The Company issued 41,822,250 Participation Term Certificates ("PTCs") of Rs. 30 each on 04 Oct 2012 to existing shareholders in the ratio of 1 PTC for every 1 ordinary share held amounting to Rs. 1,255 million. The PTCs were listed on Pakistan Stock Exchange. The term of PTC's was seven years. The principal amount of PTCs is reduced through redemption (in cash and through mandatory share conversion) each year. The principal redemption through cash is Rs. 0.15 per PTC per annum from year 2013 to year 2019 and principal redemption through share conversion is 0.07 share per PTC per annum (pre-agreed price of Rs. 59.14 per share) from year 2013 to year 2018 and 0.08 share per PTC (pre-agreed price of Rs. 51.38 per share) for year 2019. Shares issued through conversion were ranked parri passu with existing shares. During the year, PTC's have been fully redeemed and the Company has issued 3.35 million ordinary shares to the PTC holders as per redemption/ conversion scheme.

23 Long term deposits

These represent interest free deposits received from freight forwarding agencies and other contractors repayable after performance of contracts.

		Note	2020	2019
			(Rupees in thousand)	
24	Long term finances - secured			
	Loan from financial instituitions	24.1	145,647	-
	Less: current portion shown under current liabilities		(20,600)	-
			125,047	-
	Deferred Income-government grant	24.2	4,647	-
	Less: current portion of deferred income - government grant		(3,022)	-
			1,625	-
			126,672	-

24.1 Loan from financial institution includes:

	Note	2020	2019
Meezan Bank Limited - *Diminshing Musharika*	24.1.1	87,303	-
Habib Bank Limited - *Term Finance Loan*	24.1.2	58,344	-
		145,647	-

24.1.1 A long term loan of Rs. 91 million has been obtained from Meezan Bank Limited for tenor of 4 years with 1 year grace period of principal repayment which is secured by way of ranking hypothecation charge of Rs. 121 million (2019: Nil) on the entire present and future plant and machinery of the Company. Rate of markup on the above loan is at 3 months KIBOR plus 2% per annum with the floor of 7% and ceiling of 20%. It is repayable in twelve quarterly equal instalments (after grace period) of Rs. 7.20 million commencing from 11 September 2021. The facility available under the above arrangement amounted to Rs. 91 million of which the amount remained unutilized as at that date was Rs. 3.7 million (2019: Nil).

24.1.2 This represents long term loans of Rs. 257.60 million obtained from Habib Bank Limited for financing salaries and wages under SBP Refinance Scheme for payment of wages and salaries, through restructuring of running finance limit. The loan is secured against first Joint Pari Passu hypothecation charge amounting to Rs. 343.80 million on the entire present and future plant and machinery of the Company. The loan is obtained at subsidized rate of 2% and is repayable in 8 quarterly installments of Rs. 7.80 million each commencing from 01 January 2021. The facility available under the above arrangement amounted to Rs. 257.60 million of which the amount remained unutilized as at 30 June 2020 was Rs. 195 million (2019: Nil).

24.2 Government grant amounting to Rs. 4.65 million has been recorded during the year which is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant. In accordance with the terms of the grant, the Company is prohibited to lay-off the employees.

	Note	2020	2019
		(Rupees in thousand)	
25 Deferred Liabilities - Employee retirement benefits			
Gratuity fund		372,053	233,944
Superannuation fund		341,986	247,564
	25.1	714,039	481,508

25.1 Net retirement benefit obligation

	Gratuity		Superannuation	
	2020	2019	2020	2019
	---------(Rupees in thousand)---------			
Amounts recognized in the balance				
Present value of defined benefit obligation	461,091	415,192	430,040	389,555
Fair value of plan assets	(89,038)	(181,248)	(88,054)	(141,991)
Net retirement benefit obligation	372,053	233,944	341,986	247,564

25.2 Movement in net obligation

	Gratuity 2020	Gratuity 2019	Superannuation 2020	Superannuation 2019
Net liability as at 01 July	233,944	160,769	247,564	164,929
Charge to statement of profit or loss				
Treet Corporation Limited	58,234	42,062	54,727	37,412
Treet HR Management (Private) Limited	14,415	5,110	6,391	2,092
	72,649	47,172	61,118	39,504
Re-measurements chargeable in statement of comprehensive income				
Treet Corporation Limited	36,084	48,386	63,951	54,492
Treet HR Management (Private) Limited	8,932	2,547	7,468	2,868
	45,016	50,933	71,419	57,360
Contribution made by the Company	20,443	(24,930)	(38,115)	(14,229)
Net liability as at 30 June	372,053	233,944	341,986	247,564

		Gratuity		Superannuation	
		2020	2019	2020	2019
		---------(Rupees in thousand)---------			
25.3	Movement in the liability for funded defined benefit obligations				
	Liability for defined benefit obligations as at 01 July	415,192	349,276	389,555	330,390
	Benefits paid by the plan	(49,557)	(24,930)	(38,115)	(14,229)
	Current service costs	39,247	29,546	29,702	23,331
	Past service cost	-	4,279	-	1,971
	Interest cost	54,242	30,313	51,650	29,095
	Benefits due but not paid (payables)	(19,529)	-	(16,082)	-
		439,595	388,484	416,710	370,558
	Re-measurments on obligation:				
	Actuarial losses on present value				
	- Changes in demographic assumptions	-	-	-	-
	- Changes in financial assumptions	(1,889)	1,656	(1,860)	1,500
	- Experience adjustments	23,385	25,052	15,190	17,497
		21,496	26,708	13,330	18,997
	Present value of defined benefit obligations as at 30 June	461,091	415,192	430,040	389,555
25.4	Movement in fair value of plan assets				
	Fair value of plan assets as at 01 July	181,248	188,507	141,991	165,461
	Contributions into the plan	(20,443)	24,930	38,115	14,229
	Benefits paid by the plan	(49,557)	(24,930)	(38,115)	(14,229)
	Interest income on plan assets	20,840	16,966	20,234	14,893
	Benefits due but not paid	(19,529)	-	(16,082)	-
	Return on plan assets excluding interest income	(23,521)	(24,225)	(58,089)	(38,363)
	Fair value of plan assets as at 30 June	89,038	181,248	88,054	141,991
25.5	Plan assets				
	<u>Plan assets comprise:</u>				
	Listed securities	62,968	59,968	66,093	56,406
	Deposits with banks	3,655	1,974	4,074	13,084
	Investment in mutual funds	5,155	55,514	-	34,820
	Government securities	36,000	36,000	33,000	33,000
	Others	789	27,792	969	4,681
	Less: Payables	(19,529)	-	(16,082)	-
		89,038	181,248	88,054	141,991

Plan assets of gratuity fund include ordinary shares and participation term certificates of the Company whose fair value as at 30 June 2020 is Rs. Nil (2019: Rs. 1.37 million) and Rs.Nil (2019: Rs. 1.62 million) respectively. The fund has sold ordinary shares and participation term certificates of the Company during the year.

Plan assets of superannuation fund include ordinary shares whose fair value as at 30 June 2020 is Rs. Nil (2019: Rs. 2.78 million). During the year, all share of the Company were sold out.

Before making any investment decision, an Asset-Liability matching study is performed by the Board of Trustees of the funds to evaluate the merits of strategic investments. Risk analysis of each category is done to analyze the impacts of the interest rate risk, currency risk and longevity risk.

25.6 Profit and loss account includes the following in respect of retirement benefits:

	Gratuity		Superannuation	
	2020	2019	2020	2019
	---------(Rupees in thousand)---------			
Interest cost	54,242	30,313	51,650	29,095
Current service cost	39,247	29,546	29,702	23,331
Past service cost	-	4,279	-	1,971
Interest income on plan assets	(20,840)	(16,966)	(20,234)	(14,893)
Total, included in salaries and wages	72,649	47,172	61,118	39,504
25.7 Actual return on plan assets	(2,681)	(7,259)	(37,855)	(23,470)

25.8 Actuarial losses recognized directly in other comprehensive income

	Gratuity 2020	Gratuity 2019	Superannuation 2020	Superannuation 2019
Cumulative amount at 01 July	(199,086)	(148,153)	(213,146)	(155,786)
Losses recognized during the year	(45,016)	(50,933)	(71,419)	(57,360)
Cumulative amount at 30 June	(244,102)	(199,086)	(284,565)	(213,146)

25.9 Historical Information for Gratuity fund

	2020	2019	2018	2017	2016
	-----------------------(Rupees in thousand)---------------------				
Present value of defined benefit obligation	461,091	415,192	349,276	262,883	221,828
Fair value of the plan assets	(89,038)	(181,248)	(188,507)	(147,466)	(140,365)
Deficit	372,053	233,944	160,769	115,417	81,463
Experience adjustments arising on plan liabilities	23,385	25,052	28,136	30,656	7,716
Experience adjustments arising on plan assets	(23,521)	(24,225)	(12,807)	(6,585)	8,501

The Company expects to pay Rs. 53.65 million in contributions to gratuity fund in 2021.

		2020	2019	2018	2017	2016
		------------------------(Rupees in thousand)----------------------				
25.10	Historical Information for Superannuation fund					
	Present value of defined benefit obligation	430,040	389,555	330,390	296,556	251,409
	Fair value of plan assets	(88,054)	(141,991)	(165,461)	(167,440)	(149,945)
	Deficit	341,986	247,564	164,929	129,116	101,464
	Experience adjustments arising on plan liabilities	15,190	17,497	19,074	46,670	31,806
	Experience adjustments arising on plan assets	(58,089)	(38,363)	(13,425)	6,624	(1,084)

The Company expects to pay Rs. 44.31 million in contributions to superannuation fund in 2021.

25.11 Significant actuarial assumptions used for valuation of these plans are as follows:

	2020		2019	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation per annum
Discount rate used for profit and loss charge	14.25%	14.25%	9.00%	9.00%
Discount rate used for year-end obligation	8.50%	8.50%	14.25%	14.25%
Expected rates of salary increase	7.50%	7.50%	13.25%	13.25%
Expected rates of return on plan assets	11.50%	8.50%	14.25%	14.25%

Mortality rate

The rates assumed were based on the SLIC 2001 - 2005.

25.12 Weighted average duration of the defined benefit obligation is 8 years for gratuity and 9 years for superannuation plans.

25.13 Actuarial assumptions sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the impact on the present value of the defined benefit obligation as at 30 June 2020 would have been as follows:

		Impact on present value of defined benefit obligation as at 30 June 2020			
		Gratuity		Superannuation	
	Change	Increase	Decrease	Increase	Decrease
		---------(Rupees in thousand)---------			
Discount rate	100 bps	(426,584)	501,070	(396,112)	469,464
Future salary increase	100 bps	501,070	(425,982)	469,464	(395,521)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

		Note	2020	2019
			(Rupees in thousand)	
26	Deferred taxation		(12,610)	(13,959)

26.1 Deferred tax liability arises in respect of following temporary differences:

	2020	2019
Taxable temporary differences on:	(72,542)	(71,148)
- Accelerated tax depreciation	(37,601)	(40,245)
- Surplus on revaluation of buildings	(110,143)	(111,393)
Deductible temporary differences on:		
- Unused tax losses	-	24,522
- Capital loss on short term investments	9,640	6,060
- Employee retirement benefits	87,587	66,551
- Provision for doubtful debts	306	301
	97,533	97,434
	(12,610)	(13,959)

26.1.2 Movement in deferred tax asset / (liability) is as follows:

	2020	2019
Balance as at 01 July	(13,959)	32,530
Recognized in statement of profit or loss:		
- Accelerated tax depreciation	(1,394)	(12,575)
- Surplus on revaluation of buildings	1,779	1,797
- Capital loss on short term investments	3,580	472
- Unused tax losses	(24,522)	(33,491)
- Provision for doubtful debts	5	44
	(20,552)	(43,753)
Recognized in statement of comprehensive income / equity:		
- Net off against re-measurement of employee retirement benefits recognized	21,036	18,829
- Effect of change in tax rate on account of surplus on revaluation of buildings	50	(50)
- Net off against the surplus on revaluation of building	815	(21,515)
Balance as at 30 June	(12,610)	(13,959)

27 Employee Stock Option Scheme

The Company has granted share options to its employees under the Treet Corporation Limited - Employee Stock Options Scheme, 2015 ("the scheme") as approved by the shareholders in their annual general meeting held on 31 October 2014 and the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SMD/CIW/ESOS/02/2014 dated 19 February 2015.

Under the Scheme, the Company may grant options to eligible employees selected by the Board Compensation Committee, from time to time, which shall not at any time exceed 15% of the paid up capital of the Company (as increased from time to time). The option entitles an employee to purchase shares at an exercise prices determined in accordance with the mechanism defined in the scheme at the date of grant. The aggregate number of shares for all options to be granted under the scheme to any single eligible employee shall not, at any time, exceed 3% of the paid up capital of the Company (as increased from time to time). Further the grant of options in anyone calendar year exceeding 3% of the paid up capital shall require approval of the shareholders. The options carry neither right to dividends nor voting rights till shares are issued to employees on exercise of options.

The options will have a vesting period of one year and an exercise period of one year from the date options are vested as laid down in the scheme. These options shall be exercisable after completion of vesting period i.e. one year from date of grant. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at an exercise price determined on the date of grant of options. Option price shall be payable by the employee on the exercise of options in full or part. The options will lapse after completion of two years of grant date if not exercised.

The details of the share options granted under the scheme together with the status as at 30 June 2020 is as follows:

	Granted in the year 2019	Granted in the year 2018 (*Modified October 2019)	Granted in the year 2017 (*Modified October 2018)	Granted in the year 2016	Granted in the year 2015 (*Modified October 2016)
	(Rupees in thousand)				
Original grant date	17 July 2019	30 July 2018	14 July 2017	16 July 2016	14 July 2015
Modified grant date	N/A	28 October 2019	26 October 2019	N/A	31 October 2016
Options issued	4,962	4,769	4,259	4,114	1,605
Options no longer in issue	N/A	N/A	-	-	-
Options vested	N/A	4,769	4,259	4,114	1,412
Options exercised	N/A	1,035	2,439	533	1,412
Shares issued under the scheme	N/A	1,035	2,439	533	1,605
Original exercise price per share	15.71	35.44	66.45	51.79	90.58
Market value per share at grant date	12.81	35.60	51.53	51.63	77.09
Option discount per share at grant date	N/A	0.16	NIL	NIL	NIL
Modified exercise price per share	N/A	15.71	20.00	N/A	51.79
Market value per share at modified grant date	N/A	15.06	25.36	N/A	47.08
Option discount per share at modified grant date	N/A	N/A	5.36	N/A	NIL
Options issued to key management personnel	1,138	2,416	2,003	3,224	1,367
Options exercised by key management personnel	N/A	598	1,334	426	1,367

*The shareholders of the Company in their Annual General Meeting held on 28 October 2019 through a special resolution approved re-pricing of 4,768,700 options already granted and pending for exercise under the Company's Employees Stock Option Scheme, from initial price of Rs. 35.44 per share to the revised price of Rs. 15.71 per share, without any change or modification in the vesting period, exercise period or any other specific terms and condition under which such options have been granted. The revised price of Rs. 15.71 per share was determined by the Board of Directors in their meeting held on 04 October 2019.

28 Contingencies and commitments

28.1 Contingencies

- A tax demand amounting to Rs. 14.80 million had been created by Additional Commissioner Inland Revenue under section 12(9A) of the repealed Income Tax Ordinance, 1979 for assessment year 2000-2001. The tax demand was adjusted against income tax refunds of the Company for the tax year 2006. The Company has filed an appeal before Appellate Tribunal Inland Revenue.

- A tax demand amounting to Rs. 16.05 million had been raised by the tax department against the Company on the issue of proration of profits between local and export sales for the tax year 2003 and 2006. In 2010, Appellate Tribunal Inland Revenue dismissed the Company's appeal, however, the Company filed an application under section 21 of General Clauses Act, 1997 to rescind or amend the order. Further, without conceding the legitimate position of this issue as stated above, a rectification application on account of incorrect computation has also been filed resulting in rectification amounting to Rs. 10.29 million.

- For the assessment year 1999 to 2000, the taxation officer charged additional tax amounting to Rs. 3.27 million on the grounds that the Company failed to deposit the due tax as per the return filed. The Company, on the grounds that the amount due has already been deposited, filed a rectification application against levy of additional tax on the basis that the mistake is apparent from the record.

- For the tax year 2004, the Additional Commissioner Inland Revenue passed an order under section 122(5A) of the Income Tax Ordinance, 2001 on the issue of proration of profits between local and export sales and created a tax demand of Rs. 6.56 million which was subsequently reduced to Rs. 2.62 million vide order dated 30 June 2015. The Company filed an appeal before Commissioner Inland Revenue (CIR) (Appeals) who decided the matter against the Company. Against the order of CIR (appeals), the Company filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.

- For the tax year 2016, the Assistant Commissioner Inland Revenue passed an order under section 161/205 of the Income Tax Ordinance, 2001 and created a tax demand of Rs. 3.12 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication.

- For the tax year 2017, the Assistant Commissioner Inland Revenue passed an order under section 161 /205 of Income Tax Ordinance, 2001 and created a tax demand of Rs. 2.19 million. Against this order, the company filed appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication.

- For the tax year 2013, Additional Commissioner Inland Revenue passed an order under section 122(5A) of Income Tax Ordinance, 2001 and created a tax demand of Rs. 10.06 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) in this regard. After Commissioner Inland Revenue (Appeals) accepted almost all grounds taken before him by the Company, the tax department has filed an appeal before Appellate Tribunal Inland Revenue which is pending adjudication.

- Department appeal is pending adjudication before the Appellate Tribunal Inland Revenue against the decision of Commissioner Inland Revenue (Appeals) for deleting the addition made under section 111(1)(a) of Income Tax Ordinance, 2001 to the extent of Rs. 20.16 million add back by the Additional Commissioner Inland Revenue through the order passed under section 122(5A) of Income Tax Ordinance, 2001 for the tax year 2009.

- For the tax year 2017, tax department passed an order u/s 122(5A) of Income tax Ordinance, 2001 on issues such as proration of profit between local and export sale, allocation of expenses between local and export sale, expenses allocable to dividend income etc. The Company filled an appeal before Commissioner Inland Revenue (Appeals) where he has given a favourable order where a revenue of Rs. 11.48 million was involved. Department has filled second appeal before Appellate Tribunal Inland Revenue. Company has also filled counter appeal which is pending adjudication.

- A sales tax demand amounting to Rs. 1.56 million has been created by Deputy Commissioner Inland Revenue for alleged default of compliance of section 8(1)(CA) of the Sales Tax Act, 1990. The Company filed an appeal with Commissioner Appeals against this order and obtained relief of Rs. 0.42 million. The Company filed an appeal before Appellate Tribunal Inland Revenue and expects a favorable outcome on the grounds that Honorable Lahore High Court has declared the provision of section 8(1)(CA) ultra-vires.

- For the tax period July 2013 to June 2014, a sales tax demand of Rs. 8.65 million has been created by Deputy Commissioner Inland Revenue after conducting audit under section 72B of the Sales Tax Act, 1990 mainly on the issue of inadmissibility of input sales tax under SRO 490(1)/2004. The Company filed an appeal with Commissioner Inland Revenue (Appeals) against this order which is pending adjudication.

- For the tax period July 2013 to June 2018, a sales tax demand of Rs. 138.04 million along with default surcharge and penalty was created by Additional Commissioner Inland Revenue on the contention that the Company has been claiming illegal/ inadmissible input sales tax adjustment on the strength of fake/ bogus invoices issued by the suspended/ blacklisted units in violation of section 8 of the Sales Tax Act, 1990 as well as insurance services on stock in trade and plant and machinery and illegally adjusted input sales tax of irrelevant sectors in contravention of provisions of section 8 of the Act. The Company filed an appeal before Commissioner Inland Revenue (Appeals) against this order who has almost accepted all grounds and deleted sales tax demand of Rs. 138.04 million. The department has filed second appeal before the ATIR, Lahore against the order of CIR (Appeals), pending adjudication at the terminal date.

Based on the opinion of the Company's legal counsel, management is expecting a favorable outcome of the above cases. Therefore no provision has been recognized in these unconsolidated financial statements.

28.2 Commitments

- Outstanding letters of credit as at 30 June 2020 amounted to Rs. 95.52 million (2019: Rs. 244.19 million).

29 Issued, subscribed and paid-up capital

2020	2019		Note	2020	2019
(Number of shares)				(Rupees in thousand)	
89,793,463	89,793,463	Ordinary shares of Rs. 10 each fully paid-up in cash		897,935	897,935
22,006,165	18,660,385	Ordinary shares of Rs. 10 each issued on conversion of PTCs		220,061	186,602
52,420,143	52,420,143	Ordinary shares of Rs. 10 each fully issued as bonus shares		524,201	524,201
5,611,551	4,576,951	Ordinary shares of Rs. 10 each issued against employee share option scheme		56,116	45,770
169,831,322	165,450,942			1,698,313	1,654,508

29.1 Reconciliation of number of shares

	Note	2020	2019
At 01 July		1,654,508	1,600,846
Issued on conversion of PTCs	29.4	33,458	29,275
Issued against bonus shares		-	-
Issued against employee share option scheme	29.5	10,347	24,387
At 30 June		1,698,313	1,654,508

29.2 Syed Shahid Ali (Chief Executive Officer) holds 56,141,899 (2019: 54,596,569) and Syed Sheharyar Ali (Executive Director) holds 12,258,643 (2019: 12,227,915) ordinary shares of Rs. 10 each representing 33.06% (2019: 33%) and 7.22% (2019: 7.39%) of the paid up capital of the Company respectively.

29.3 Loads Limited, an associated company, holds 8,887,958 (2019: 8,741,438) ordinary shares of Rs. 10 each representing 5.23% (2019: 5.28%) of the paid up capital of the Company.

29.4 Under the terms of conversion as referred in note 22, the Company, during the period, issued 3.35 million (2019: 2.93 million) fully paid ordinary shares against conversion of Participation Term Certificate (PTCs) into ordinary shares. The issue was made in lieu of mandatory conversion of PTCs @ 0.08 shares per PTCs at a pre agreed price of Rs 51.38 per share resulting in premium of Rs. 138.43 million. (2019: Rs. 143.87 million).

29.5 Under the terms of the scheme as referred in note 27, the Company, during the year, issued 1.03 million (2019: 2.43 million) fully paid ordinary shares to eligible employees. The shares were issued at the exercise price of Rs. 15.71 (2019: Rs. 20) per share resulting in premium of Rs. 5.98 (2019: Rs. 24.39) million.

		Note	2020	2019
			(Rupees in thousand)	
30	Reserves			
	Capital reserves	30.1	4,819,495	4,675,155
	General reserves		266,400	266,400
			5,085,895	4,941,555

		Note	2020	2019
30.1	Capital reserves			
	Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
	Share premium	30.1.1	4,818,866	4,674,526
			4,819,495	4,675,155

30.1.1 This reserve can be utilized by the Company only for the purposes specified under section 81(2) of the Companies Act, 2017. The increase in reserve represents share premium at the rate of Rs. 49.14 (2019: Rs. 49.14) per share and Rs. 10 per share in respect of transactions referred in note 29.4 and 29.5 respectively.

31 Surplus on revaluation of land and buildings - net of tax

	2020	2019
Revaluation surplus as at 01 July	3,850,130	1,286,524
Surplus arising during the year	-	2,614,542
- Transferred to unappropriated profit as a result of incremental depreciation charged - net of deferred tax	(17,818)	(8,894)
- related deferred tax liability	-	(1,797)
	(17,818)	2,603,851
Revaluation surplus as at 30 June	3,832,312	3,890,375
Less: Related deferred tax liability on revaluation surplus as at 01 July	-	(20,477)
- on account of surplus arising during the year	-	(21,515)
- on account of incremental depreciation charged	-	1,797
- tax rate adjustment	-	(50)
	-	(40,245)
Revaluation surplus as at 30 June - net	3,832,312	3,850,130

31.1 Land and buildings were revalued on 30 June 2019 by M/s Medallion (Pvt) Limited (PBA approved valuators, inspectors and engineers) resulting in surplus of Rs. 2,614.54 million. Land was revalued on the basis of current market value and buildings have been revalued on the basis of replacement value. The forced sale value of freehold land was Rs. 3157.27 million and Rs. 599.34 million respectively.

	2020	2019
	(Rupees in thousand)	
32 Revenue - net		
Blades and Razors		
Export sales	2,058,400	2,538,191
Less: Trade discount	(15,908)	(9,175)
	2,042,492	2,529,016
Local sales - gross	4,735,262	5,034,908
Less: Sales tax	(735,760)	(794,195)
Less: Trade discount	(116,177)	(104,910)
	3,883,325	4,135,803
Trading income - Batteries		
Sale of batteries - gross	2,058	26,257
Less: Sales tax	(299)	(3,472)
Less: Trade discount	(264)	(2,633)
	1,495	20,152
Trading income - Chemicals		
Sale of Chemicals - gross	133,144	88,161
Less: Sales tax	(19,527)	(12,921)
Less: Trade discount	(824)	(93)
	112,793	75,147
Revenue from contracts with customers - net	6,040,105	6,760,118

32.1 Disaggregation of Revenue

In the following table, revenue from contracts with customers is disaggregated by primary geograhical markets, major products and service line and timing of revenue recognition.

	Blades & Razors		Batteries		Chemicals		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	----------	----------	----------	Rupees in thousands	----------	----------	----------	----------
Primary Geographical Markets								
Asia	5,747,693	6,497,728	1,495	20,152	112,793	75,147	5,861,981	6,593,027
Europe	46,801	39,209	-	-	-	-	46,801	39,209
North America	76,125	22,497	-	-	-	-	76,125	22,497
Africa	52,069	74,050	-	-	-	-	52,069	74,050
South America	3,051	29,136	-	-	-	-	3,051	29,136
Australia	78	2,199	-	-	-	-	78	2,199
	5,925,817	6,664,819	1,495	20,152	112,793	75,147	6,040,105	6,760,118
Major Products/Service Lines								
Blades and razors	5,925,817	6,664,819	-	-	-	-	5,925,817	6,664,819
Batteries	-	-	1,495	20,152	-	-	1,495	20,152
Chemicals	-	-	-	-	112,793	75,147	112,793	75,147
	5,925,817	6,664,819	1,495	20,152	112,793	75,147	6,040,105	6,760,118
Timing of revenue recognition								
Products transferred at a point in time	5,925,817	6,664,819	1,495	20,152	112,793	75,147	6,040,105	6,760,118

		Note	2020	2019
			(Rupees in thousand)	
33	Cost of goods sold			
	Raw and packing materials consumed		2,196,185	2,381,192
	Stores and spares consumed		56,021	164,714
	Salaries, wages and other benefits	33.1	949,841	1,046,236
	Fuel and power		311,395	268,893
	Freight, octroi and handling		134,647	214,297
	Repairs and maintenance		21,984	22,632
	Rent, rates and taxes		4,890	5,149
	Insurance		45,891	76,210
	Travelling and conveyance		10,604	24,453
	Printing and stationery		15,548	22,340
	Postage and telephone		4,948	8,005
	Legal and professional charges		-	926
	Entertainment		405	751
	Staff training		88	949
	Subscriptions		344	1,833
	Depreciation on property, plant and equipment	6.1.2	218,306	185,930
	Other expenses		15,871	35,505
			3,986,968	4,460,015
	Opening stock of work in process		51,552	65,068
	Closing stock of work in process	13	(74,338)	(51,552)
	Cost of goods manufactured		3,964,182	4,473,531
	Opening stock of finished goods		179,675	148,377
	Finished goods purchased for resale - batteries and chemicals		58,991	100,233
	Closing stock of finished goods	13	(145,359)	(179,675)
			4,057,489	4,542,466

33.1 Salaries, wages and other benefits include Rs. 93.33 million (2019: Rs. 61.95 million) and Rs. 39.82 million (2019: Rs. 48.43 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2020	2019
34	Administrative expenses			
	Salaries, wages and other benefits	34.1	186,678	260,557
	Repairs and maintenance		2,085	2,466
	Rent, rates and taxes		585	395
	Travelling and conveyance		12,709	11,148
	Entertainment		1,011	1,694
	Postage and telephone		1,456	1,393
	Printing and stationery		1,332	2,205
	Legal and professional charges	34.2	28,930	29,313
	Donations	34.3 & 34.4	25,499	211,427
	Computer expenses		8,908	6,829
	Directors' fee	43	660	570
	Subscription		371	403
	Depreciation on property, plant and equipment	6.1.2	33,745	33,126
	Amortization on intangible asset	8.1	8,948	8,376
	Others		1,993	11,245
			314,910	581,147

34.1 Salaries and other benefits include Rs. 11.81 million (2019: Rs. 9.06 million) and Rs. 18.53 million (2019: Rs. 13.32 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2020	2019
			(Rupees in thousand)	
34.2	Legal and professional charges include the following in respect of auditors' remuneration:			
	Statutory audit		2,432	2,211
	Half yearly review		462	420
	Certification charges		165	184
	Out of pocket expenses		202	150
			3,261	2,965
34.3	Donations include the payment to following institution in which the director is interested:			
	Gulab Devi Chest Hospital (GDCH) Ferozepur Road, Lahore. (Syed Shahid Ali, CEO is also Chairman of GDCH)		171	779
	Society for Cultural Education		-	207,377
	Institute for Arts & Culture		25,228	-
			25,399	208,156
34.4	Donations to following organizations exceeds Rs. 0.5 million:			
	Cancer Care Hospital and Research Centre		-	2,500
			-	2,500

35 Distribution cost

	Note	2020	2019
Salaries, wages and other benefits	35.1	313,250	300,787
Repairs and maintenance	35.2	2,597	21,115
Advertising		126,946	469,326
Service charges		-	4,452
Rent, rates and taxes		9,900	14,879
Travelling and conveyance		35,378	40,109
Postage and telephone		4,937	5,645
Depreciation on property, plant and equipment	6.1.2	17,644	16,980
Printing and stationery		466	672
Legal and professional charges		104	362
Write off		-	10
Others expenses	35.3	12,632	15,221
		523,854	889,558

35.1 Salaries and other benefits include Rs. 14.22 million (2019: Rs. 7.94 million) and Rs. 12.27 million (2019: Rs. 15.59 million) in respect of defined benefit schemes and defined contribution schemes respectively.

35.2 This includes Rs. Nil (2019: Rs. 18.70 million) on account of claims against batteries sold.

35.3 It includes Rs. Nil (2019: Rs. 6.88 million) on account of expenses related to battery operations.

		Note	2020	2019
			(Rupees in thousand)	
36	Finance cost			
	Markup on short term borrowings		1,088,855	777,684
	Markup on participation term certificates		-	171,889
	Bank charges		24,773	23,625
			1,113,628	973,198
37	Other operating expenses			
	Impairment allowance on investment in FTMM	9.1.2.1	905,557	-
	Impairment allowance on investment in THL	9.1.1.1	96,704	-
	Exchange loss		11,665	20,744
	Unrealized loss on short term investments at fair value through profit or loss		64,266	40,397
	Realized loss on short term investments at fair value through profit or loss		17,042	-
	Unrealized exchange loss		911	417
	Workers' profit participation fund	20.3	-	21,157
			1,096,145	82,715

	Note	2020	2019
		(Rupees in thousand)	

38 Other income

	Note	2020	2019
Income from financial assets			
Profit on bank deposits	38.1	7,560	5,941
Realized gain on short term investments at fair value through profit or loss		-	1,532
Gain on hedge instrument		-	1,767
Unrealized exchange gain		2,048	-
Dividend income	38.2	1,673	3,782
Charges to Subsidiary company - FTMM		800,306	580,896
Mark-up income - THL		12,364	-
Mark-up income - RPL		9,515	-
Mark-up income - GAL		13,470	-
		846,936	593,918
Income from non financial assets			
Profit on disposal of property, plant and equipment		18,953	19,997
Profit on disposal of investment property		-	105
Realized gain on disposal of long term investments - FTMM		-	1,391
Realized gain on disposal of long term investments - Techlogix	9.3	707	-
Scrap sale		20,362	25,558
Export rebate		36,929	54,623
Service Charges			
- First Treet Manufacturing Modaraba		35,000	35,000
- Treet Holdings Limited		1,000	1,000
Others		1,311	516
		114,262	138,190
		961,198	732,108

38.1 The income from savings bank accounts relating to deposits placed under shariah based arrangements amounting to Rs. 0.24 million (2019: Rs. 0.08 million).

38.2 Dividend income is received from the following:

	2020	2019
Shahtaj Textile Limited	10	2,345
Sunrays Textile	1499	319
Maqbool Textile Mills Limited	-	1,118
Techlogix International Limited	164	-
	1,673	3,782

	Note	2020	2019
		(Rupees in thousand)	
39 Taxation			
Current			
- For the year		80,946	95,945
- For prior years		(16,082)	817
Deferred			
- For the year	26.1.2	20,545	43,753
	39.1	85,409	140,515

39.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2020	2019
(Loss) / profit before taxation	(104,723)	423,142
Tax at 29% (2019: 29%)	(30,370)	122,711
Tax effect of:		
- Income under FTR	(222,498)	(64,668)
- Tax credits	-	(8,828)
- Prior year tax	(16,082)	817
- Minimum tax adjustment	5,312	(25,573)
- Tax on undistributed profits	-	21,157
- Tax rate adjustment	-	5,577
- Permanent difference - donations to unapproved institutions	4,937	64,314
- Not adjustable for tax purposes	344,110	25,008
	85,409	140,515

		2020	2019
40 (Loss) / earnings per share - basic and diluted			
i)-(Loss) / profit attributable to ordinary share holders:			
(Loss) / profit for the year after taxation	Rupees in thousand	(190,132)	282,627
ii)-Weighted-average number of ordinary shares:			
Weighted average number of shares	Number in thousand	166,533	163,116
(Loss) / earnings per share	Rupees	(1.14)	1.73

40.1 No figure for diluted (loss) / earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised other than Participation Term Certificates. Conversion of participation term certificates into ordinary shares have anti-dilutive impact on the basic (loss) / earnings per share.

		Note	2020	2019
			(Rupees in thousand)	
41	Cash gererated from operations			
	(Loss) / profit before taxation		(104,723)	423,142
	Adjustments for non cash items:			
	Impairment allowance on investment in FTMM	9.1.2.1	905,557	-
	Impairment allowance on investment in THL	9.1.1.1	96,704	-
	Finance cost	36	1,113,628	973,198
	Depreciation on property, plant and equipment	6.1.2	269,695	236,036
	Provision for gratuity		58,234	42,062
	Provision for superannuation		54,727	37,412
	Amortization on intangible asset		8,948	8,376
	Profit on bank deposits		(7,560)	(5,941)
	Profit on disposal of property, plant and equipment	38	(18,953)	(19,997)
	Profit on disposal of investment property	38	-	(105)
	Realized gain on disposal of long term investments - FTMM	38	-	(1,391)
	Realized gain on disposal of long term investments - Techlogix	38	(707)	-
	Provision for Workers' Profit Participation Fund	37	-	21,157
	Unrealized loss on investment at fair value through profit or loss	37	64,266	40,397
	Unrealized exchange loss	37	911	417
	Charges to Subsidiary company - FTMM	38	(800,306)	(580,896)
	(Derecognition) / Recognition of fair value charge of shares under ESOS		(9,788)	23,593
	Dividend income	38.2	(1,673)	-
			1,733,683	774,318
	Operating profit before working capital changes		1,628,960	1,197,460
	Effect on cashflow due to working capital changes			
	Decrease / (increase) in current assets:			
	Stores and spares		(50,137)	(296,308)
	Stock in trade		(97,548)	-
	Trade debtors		123,348	(6,712)
	Loans, advances, deposits, prepayments and other receivables		(239,223)	(176,036)
			(263,560)	(479,056)
	(Decrease) / increase in current liabilities:			
	Trade and other payables		(24,322)	(77,864)
			1,341,078	640,540
	Increase in long term deposits		10,000	-
			1,351,078	640,540
42	Cash and cash equivalents			
	Cash and bank balances	17	186,411	198,581
	Short term running finance - secured	19.2	(6,290,919)	(6,063,339)
			(6,104,508)	(5,864,758)

43 Remuneration of chief executive, directors and executives

The aggregate amount charged in the unconsolidated financial statements for the year for remuneration, including certain benefits to the chief executive, executive directors, non-executive directors and executives of the Company is as follows:

	Chief Executive		Executive Directors		Non- Executive Directors		Executives	
	2020	2019	2020	2019	2020	2019	2020	2019
	----------------(Rupees in thousand)----------------							
Managerial remuneration	41,891	36,073	23,597	22,785	-	-	188,647	181,092
Provident fund	-	-	1,545	1,519	-	-	9,080	8,439
Service fund	-	-	1,545	1,519	-	-	8,109	8,439
Housing fund	-	-		-	-	-	7,226	12,471
Superannuation fund - II	-	-	-	-	-	-	2,407	4,020
Benevolent fund	-	-	-	-	-	-	2,125	3,548
Bonus	-	-	-	16,226	-	-	-	92,153
Utilities	-	-	1,545	1,519	-	-	10,083	9,183
Medical	4,189	3,607	1,545	1,519	-	-	10,417	9,490
Fees	-	-	-	-	660	570	-	-
	46,080	39,680	29,777	45,087	660	570	238,094	328,835
Number of persons	1	1	2	2	5	5	34	39

43.1 The chief executive officer, directors and executives are provided with free use of Company maintained cars and telephone facility, according to their entitlement and are also granted options under the employees stock option scheme as referred in note 27.

43.2 The Company has contributed Rs.20.85 million and Rs.20.96 million in gratuity and superannuation fund, respectively for key management personnel.

44 Number of employees

The Company has employed following number of persons including permanent and contractual staff:

	2020	2019
	(Number of persons)	
As at 30 June:	2,209	2,208
Average number of employees:	2,209	2,216

45 Transactions with related parties

The related parties comprise subsidiaries, associated companies, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under loans, advances, deposits, prepayments and other receivables note 16 and trade and other payables note 20 and remuneration of directors and key management personnel are disclosed in note 43. Other significant transactions with related parties are as follows:

45.1	Transactions with related parties	Relationship	Nature of transactions	2020	2019
				(Rupees in thousand)	
I	Subsidiaries				
	Treet HR Management (Private) Limited	Subsidiary Co. (0% direct holding) (100% indirect holding)	Purchase of services	15,000	15,000
			Advance for services	5,000	16,152
	Treet Holdings Limited	Subsidiary Co. (85.93% Equity held)	Expenses incurred	21,836	18,630
			Funds transferred - net	36,942	81,471
			Purchase of bikes	5,046	9,606
			Interest Income	12,364	-
	First Treet Manufacturing Modaraba	Subsidiary Co. (87.35% Equity held)	Expenses incurred	313,840	148,866
			Funds transferred - net	201,949	1,398,433
			Purchase of goods	16,418	24,902
			Charges incurred	800,306	580,896
	Global Arts Limited	Subsidiary Co.	Short term advance	12,300	91,400
			Interest Income	13,470	-
	Society for Cultural Education	Subsidiary	Donation	-	207,377
	Renacon Pharma Limited	Subsidiary Co. (45.45% direct holding) (10.39% indirect holding)	Purchase of goods	70	-
			Expenses incurred	243,628	162,222
			Interest Income	9,515	-
II	Related parties				
	Packages Limited	Common directorship	Purchase of goods	101,012	97,018
			Purchase of stores and spares	189	1,225
			Sale of goods - gross	159	109
			Discount on sales	-	16
	IGI Insurance Limited	Common directorship	Purchase of services	21,270	72,322
			Advance of services	1,220	-
	IGI Life Insurance Limited	Common directorship	Purchase of services	4,037	-
	Cutting Edge (Private) Limited	Common directorship	Purchase of services	1,939	2,587
	Loads Limited	Common directorship	Finance cost paid - PTC	-	7,582
			Expenses incurred	498	-
	Elite Brands Limited	Common directorship	Sale of goods - gross	448,164	458,964
			Discount on sales	20,934	66,620
			Security Deposits received	10,000	-
	Liaqat National Hospital	Common directorship	Sale of goods	66	-
			Donations	100	-
III	Post employment benefit plans				
	Superannuation fund		Contribution	54,727	37,412
	Gratuity fund		Contribution	58,234	41,541
	Provident fund		Contribution	37,589	32,891
	Service fund		Contribution	16,893	16,926
	Housing fund		Contribution	10,462	17,885
	Benevolent fund		Contribution	2,532	4,281
	Superannuation fund - II		Contribution	3,150	5,351

All transactions with related parties have been carried out on mutually agreed terms and conditions.

46 Financial risk management

46.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

The Company's exposure to financial risk, the way these risks affect the financial position and performance and the manner in which such risks are managed is as follows:

46.2 Credit risk

Credit risk represents the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables. Out of the total financial assets of Rs. 8,315.89 million (2019: Rs. 7,774.41 million), the financial assets which are subject to credit risk amounted to Rs. 8,275.31 million (2019: Rs. 7,298.66 million).

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Export sales are either secured through letter of credit or a foreign bank guarantee is obtained. Majority of the local sales are made through distributors.

The Company provides unsecured loans and advances to inter-companies. The Company monitors the ability of the inter-companies to repay the loans and advances on an individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided to intercompanies are not secured by any collateral or supported by any other credit enhancements.

Generally, the Company considers loans and advances to inter-companies have low credit risk. The Company assumes that there is a significant increase in credit risk when an inter-company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the inter-companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the inter-companies are not able to pay when demanded. The Company considers an inter-company's loan or advance to be credit impaired when:

- The inter-company is unlikely to repay its loan or advance to the Company in full;
- The inter-company is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. As the Company is the major manufacturer of blades, it believes that it is not exposed to major concentration of credit risk.

46.2.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date is:

	2020	2019
	(Rupees in thousand)	
Long term security deposits	22,894	23,644
Trade debts	164,498	287,846
Loans, advances and other receivables	7,963,611	6,827,427
Bank balances	145,828	158,225
	8,296,831	7,297,142

Trade debts at the reporting date represent domestic and foreign parties.

These include customers which are counter parties to trade debts. The Company recognises ECL for trade debts using the simplified approach as explained in note 5.13;

- Local parties	38,550	32,111
- Foreign parties	125,948	255,735
	164,498	287,846

The aging of trade debts at the reporting date is:

	2020		2019	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	(Rupees in thousand)			
Less than 30 days	119,704	-	238,889	-
Past due 1 - 3 months	43,973	-	44,256	-
Above one year	821	1,785	4,701	1,785
	164,498	1,785	287,846	1,785

Based on past experience the management believes that no impairment allowance is necessary in respect of unimpaired trade receivables that are past due as most of receivables have been recovered subsequent to the year end and for other receivables there are reasonable grounds to believe that the amounts will be recovered in short course of time.

46.2.2 Credit quality of financial assets at bank

The credit quality of financial assets at bank that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating	2020	2019
Banks	Short term	Long term	Agency	(Rupees in thousand)	
MCIB Bank Limited	A-1	A	PACRA	30,901	1,210
NIB Bank Limited	A1+	AAA	PACRA	-	4,821
Faysal Bank Limited	A-1+	AA	PACRA	7,141	97,026
United Bank Limited	A-1+	AAA	JCR-VIS	18,981	10,516
Habib Bank Limited	A-1+	AAA	JCR-VIS	36,014	21,435
Askari Bank Limited	A-1+	AA+	PACRA	49	49
National Bank of Pakistan	A-1+	AAA	JCR-VIS	5,005	1,388
Bank of Punjab	A-1+	AA	PACRA	6,679	-
MCB Bank Limited	A-1+	AAA	PACRA	8,341	18,156
Silk Bank Limited	A-2	A-	JCR-VIS	1,769	1,686
Samba Bank Limited	A-1	AA	JCR-VIS	7	2
Bank Alfalah Limited	A-1+	AA+	PACRA	5,127	-
Bank Islami Pakistan Limited	A-1	A+	PACRA	12,942	641
Soneri Bank Limited	A-1+	AA-	PACRA	8,995	-
Sindh Bank Limited	A-1	A+	JCR-VIS	406	371
Dubai Islamic Bank Limited	A-1+	AA+	JCR-VIS	2,846	596
Allied Bank Limited	A-1+	AAA	PACRA	11	-
Albaraka Bank (Pakistan) Limited	A-1	A	PACRA	614	328
				145,828	158,225

46.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained running finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

The following are the contractual maturities of the financial liabilities, including estimated interest payments:

	2020				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	(Rupees in thousand)				
Financial liabilities					
Trade and other payables	417,252	417,252	417,252	-	-
Long term deposits	11,214	11,214	-	11,214	-
Long term finances - secured	145,647	150,294	23,622	126,672	-
Short term borrowings	8,668,696	8,668,696	8,668,696	-	-
Redeemable capital	-	-	-	-	-
Accrued mark-up	219,201	219,201	219,201	-	-
	9,462,010	9,466,657	9,328,771	137,886	-

	2019				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
	(Rupees in thousand)				
Financial liabilities					
Trade and other payables	496,865	496,865	496,865	-	-
Long term deposits	1,214	1,214	-	1,214	-
Long term finances - secured	-	-	-	-	-
Short term borrowings	8,755,727	8,755,727	8,755,727	-	-
Redeemable capital	178,166	178,166	178,166	-	-
Accrued mark-up	390,371	390,371	390,371	-	-
	9,822,343	9,822,343	9,821,129	1,214	-

46.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

46.4.1 Currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares and export of goods mainly denominated in US Dollars and Euros and on foreign currency bank accounts. The Company's exposure to currency risk is as follows:

	2020	2019
	(Rupees in thousand)	
Outstanding letters of credit (US dollars)	91,653	147,753
Outstanding letters of credit (Euros)	3,867	93,398
Outstanding letters of credit (Pounds)	-	3,046

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2020	2019	2020	2019
Rupees per USD	166.28	143.05	168.05	164.50
Rupees per Euro	187.80	164.28	188.61	186.99
Rupees per Pound	207.48	104.23	206.50	208.45

At reporting date, if the Pakistani Rupees has fluctuated by 10% against the US Dollar, Euro and pound with all other variables held constant, pre-tax loss would have been higher / lower by Rs. 9.16 million (2019: Rs. 14.78 million), Rs. 0.4 million (2019: Rs. 9.34 million) and Rs. Nil (2019: Rs. 0.31 million) respectively, mainly as a result of net foreign exchange gain/ loss on translation of foreign exchange denominated financial instruments.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit or loss for the year and assets / liabilities of the Company.

46.4.2 Interest rate risk

At the reporting date the interest rate profile of the Company's significant interest bearing financial instruments were as follows:

	2020	2019	2020	2019
	Effective rate (Percentage)		(Rupees in thousand)	
Financial assets				
Fixed rate instruments:				
Bank balances - saving accounts	6 - 11.25	4.25 - 10.50	74,181	126,886
Financial liabilities				
Floating rate instruments:				
Short term borrowings	2.35 - 15.95	2.40 - 14.14	8,668,696	8,755,727

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on short term borrowings, at the year end rate, fluctuate by 1% higher / lower with all the other variables held constant, pre-tax loss for the year would have been lower / higher by Rs. 119 million (2019: Rs. 94.04 million), mainly as a result of higher / lower interest expense on floating rate borrowings.

46.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the Company diversifies its portfolio and continuously monitors developments in equity markets. In addition the Company actively monitors the key factors that affect stock price movement.

A 10% increase in share prices at the year end would have increased the Company's profit in case of held for trading investments as follows:

	2020	2019
	(Rupees in thousand)	
Effect on profit and loss	(24,218)	(43,187)
Effect on investments	(24,218)	(43,187)

The sensitivity analysis prepared is not necessarily indicative of the effects on profit or loss, equity and assets of the Company.

46.5 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount						Fair value			
		Fair value through OCI	Fair value through profit/loss	Trade and other receivables	Cash and cash equivalents	Other	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousands									
30 June 2020											
Financial assets - measured at fair value											
Long term investments	9	8,167	-	-	-	-	8,167	-	-	8,167	8,167
Short Term Investments	15	-	242,184	-	-	-	242,184	242,184	-	-	242,184
		8,167	242,184	-	-	-	250,351	242,184	-	8,167	250,351
Financial assets - not measured at fair value											
Long term security deposits	11	-	-	22,894	-	-	22,894	-	-	-	-
Trade debts	14	-	-	164,498	-	-	164,498	-	-	-	-
Advances, prepayments and other receivables	16	-	-	7,963,611	-	-	7,963,611	-	-	-	-
Cash and bank balances	17	-	-	-	186,411	-	186,411	-	-	-	-
		-	-	8,151,003	186,411	-	8,337,414	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
Short term borrowings	19	-	-	-	-	8,668,696	8,668,696	-	-	-	-
Trade and other payables	20	-	-	-	-	417,252	417,252	-	-	-	-
Accrued mark-up	21	-	-	-	-	219,201	219,201	-	-	-	-
Redeemable capital	22	-	-	-	-	-	-	-	-	-	-
Long term deposits	23	-	-	-	-	11,214	11,214	-	-	-	-
Long term finances - secured	24	-	-	-	-	126,672	126,672	-	-	-	-
		-	-	-	-	9,443,035	9,443,035	-	-	-	-

		Carrying amount						Fair value			
	Note	Fair value through OCI	Fair value through profit/loss	Trade and other receivables	Cash and cash equivalents	Other	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousands									
30 June 2019											
Financial assets - measured at fair value											
Long term investments	9	1,555	-	-	-	-	1,555	-	-	1,555	1,555
Short Term Investments	15	-	431,865	-	-	-	431,865	431,865	-	-	431,865
		1,555	431,865	-	-	-	433,420	431,865	-	1,555	433,420
Financial assets - not measured at fair value											
Long term security deposits	11	-	-	23,644	-	-	23,644	-	-	-	-
Trade debts	14	-	-	287,846	-	-	287,846	-	-	-	-
Advances, prepayments and other receivables	16	-	-	6,827,427	-	-	6,827,427	-	-	-	-
Cash and bank balances	17	-	-	-	198,581	-	198,581	-	-	-	-
		-	-	7,138,917	198,581	-	7,337,498	-	-	-	-
Financial liabilities - measured at fair value		-	-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value											
Short term borrowings	19	-	-	-	-	8,755,727	8,755,727	-	-	-	-
Trade and other payables	20	-	-	-	-	496,865	496,865	-	-	-	-
Accrued mark-up	21	-	-	-	-	390,371	390,371	-	-	-	-
Redeemable capital	22	-	-	-	-	178,166	178,166	-	-	-	-
Long term deposits	23	-	-	-	-	1,214	1,214	-	-	-	-
Long term finances - secured	24	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	9,822,343	9,822,343	-	-	-	-

46.6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within the Company. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation including insurance where this is effective

46.7 Capital risk management

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio calculated as total debt (current and non-current borrowings) to debt plus equity.

The debt to equity ratios were as follows:

	2020	2019
	(Rupees in thousand)	
Total debt	8,818,990	8,933,893
Total equity and debt	20,072,966	20,287,930
Debt to equity ratio	44%	44%

47 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities					Equity				
	Redeem-able capital	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Accrued markup	Share capital/ premium	Employee Stock Op-tion Com-pensation Reserve	Reserves	Unappropri-ated profit	Total
	----------	----------	----------	----------	----------	(Rupees in thousand)	----------	----------	----------	----------
<u>As at 30 June 2019</u>	178,166	2,642,388	50,000	13,240	390,371	6,329,034	10,522	259,991	904,360	10,778,072
<u>Changes from financing cash flows</u>										
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	16,255	-	-	-	16,255
Proceeds from borrowing	-	3,559,835	39,245	-	-	-	-	-	-	3,599,080
Repayment of borrowings	-	(3,913,691)	-	-	-	-	-	-	-	(3,913,691)
Redemption of redeemable capital	(6,276)	-	-	-	-	-	-	-	-	(6,276)
Dividend paid	-	-	-	(7)	-	-	-	-	-	(7)
Total changes from financing cash flows	(6,276)	(353,856)	39,245	(7)	-	16,255	-	-	-	(304,639)
<u>Other changes including non- cash</u>										
Conversion of PTCs into ordinary shares @ 0.08 share per PTC	(171,890)	-	-	-	-	171,890	-	-	-	-
Issue of ordinary shares as bonus @ 10%	-	-	-	-	-	-	-	-	-	-
Derecognition of fair value charge of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	(9,788)	-	-	-
Transferred to statement of profit or loss	-	-	-	-	-	-	-	7,038	-	-
Changes in borrowings	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(267,638)	(267,638)
Finance cost paid	-	-	-	-	(1,284,798)	-	-	-	-	(1,284,798)
Finance cost	-	-	-	-	1,113,628	-	-	-	-	1,113,628
Total liability related other changes	(171,890)	-	-	-	(171,170)	171,890	(9,788)	7,038	(267,638)	(438,808)
As at 30 June 2020	-	2,288,532	89,245	13,233	219,201	6,517,179	734	267,029	636,722	10,034,625

	Liabilities					Equity				
	Redeemable capital	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Accrued markup	Share capital/ premium	Employee Stock Option Compensa-tion Reserve	Reserves	Unappropriat-ed profit	Total
	--------------------	--------------------	--------------------	--------------------	(Rupees in thousand)	--------------------	--------------------	--------------------	--------------------	
<u>As at 30 June 2018</u>	357,583	2,340,121	390,000	13,301	277,666	6,094,045	-	259,991	702,303	10,435,010
<u>Changes from financing cash flows</u>										
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	48,774	-	-	-	48,774
Proceeds from borrowing	-	2,462,388	-	-	-	-	-	-	-	2,462,388
Repayment of borrowings	-	(2,160,121)	(340,000)	-	-	-	-	-	-	(2,500,121)
Redemption of redeemable capital	(6,273)	-	-	-	-	-	-	-	-	(6,273)
Dividend paid	-	-	-	(61)	-	-	-	-	-	(61)
Total changes from financing cash flows	(6,273)	302,267	(340,000)	(61)	-	48,774	-	-	-	4,707
<u>Other changes including non-cash</u>										
Conversion of PTCs into ordinary shares @ 0.07 share per PTC	(173,144)	-	-	-	-	173,144	-	-	-	-
Issue of ordinary shares as bonus @ 10%	-	-	-	-	-	-	-	-	-	-
Recognition of fair value charge of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	23,593	-	-	23,593
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	13,071	(13,071)	-	-	-
Changes in borrowings	-	-	-	-	-	-		-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	202,057	202,057
Finance cost paid	-	-	-	-	(860,493)	-	-	-	-	(860,493)
Finance cost	-	-	-	-	973,198	-	-	-	-	973,198
Total liability related other changes	(173,144)	-	-	-	112,705	186,215	10,522	-	202,057	338,355
As at 30 June 2019	178,166	2,642,388	50,000	13,240	390,371	6,329,034	10,522	259,991	904,360	10,778,072

	Production capacity		Actual production	
	2020	2019	2020	2019
	(Units in millions)		(Units in millions)	
48 Plant capacity and production				
Hyderabad plant	880	840	587	814
Lahore plant	1,350	1,300	1,003	1,252
	2,230	2,140	1,590	2,066

The variance of actual production from capacity is primarily on account of the product mix.

49 Impact of COVID - 19

The Financial Year 2020, has witnessed an unprecedented pandemic of COVID 19 that has played havoc on the world's economy, and our economy has been no exception to it. As a result of lock down, our production remained closed for almost seven (7) weeks which resulted in loss of sales of Rs. 882.43 millions.

It pleases us to inform you that during the time of this crises, we neither retrenched our permanent nor any contractual employees. Furthermore, we also did not cut down any emoluments of both permanent and contractual employees. Later on the plant was operational following compliance of SOPs issued by the government.

50 Date of authorization for issue

These unconsolidated financial statements were authorized for issue on October 05, 2020 by the Board of Directors of the Company.

51 Events after balance sheet date

The Board of Directors in their meeting held on October 05, 2020 have proposed a final cash dividend for the year ended 30 June 2020 of Rs. Nil (2019: Rs. Nil) per share, amounting to Rs. Nil (2019: Rs. Nil) for members' approval at the Annual General Meeting to be held on October 31,2020. These unconsolidated financial statements do not reflect this dividend.

On 01 July 2020, Board of the Directors of the Company has decided to convert the advance given to First Treet Manufacturing Modarba into equity as disclosed in note 16. The decision is subject to regulatory approvals and members' approval under section 199 of Companies Act, 2017.

52 General

Corresponding figures have been re-arranged or reclassified whenever necessary, for the purpose of comparison.

LAHORE October 05, 2020	Syed Shahid Ali Chief Executive Officer	Mohtashim Aftab Group Chief Financial Officer	Imran Azim Director

SOCIETY FOR CULTURAL EDUCATION

FINANCIAL STATEMENTS

For the year ended 30 June 2020

Statement of Financial Position

as at June 30, 2020

	Note	Society	Institute of Arts and Culture	CONSOLIDATED	
		2020	2020	2020	2019
		---------------------- Rupees in '000s ----------------------			
ASSETS					
CURRENT ASSETS					
Consumable stores		93	1,513	1,606	314
Advances, prepayments and other receivables	3	12,433	178	390	1,400
Tax refund due from Government	4	1,042	1,508	2,550	2,318
Cash and bank balances	5	72	37,604	37,676	32,106
TOTAL ASSETS		13,640	40,803	42,222	36,138
FUNDS AND LIABILITIES					
ACCUMULATED FUNDS					
General fund					
Opening balance		(1,598)	19,709	18,111	2,183
Add: (Deficit) / Surplus for the year		-	(66,665)	(66,665)	15,928
		(1,598)	(46,956)	(48,554)	18,111
Endowment fund	6	15,000	-	15,000	15,000
		13,402	(46,956)	(33,554)	33,111
CURRENT LIABILITIES					
Trade and other payables	7	238	87,759	75,776	3,027
CONTINGENCIES AND COMMITMENTS	8	-	-	-	-
TOTAL FUND AND LIABILITIES		13,640	40,803	42,222	36,138

The annexed notes 1 to 13 form an integral part of these financial statements.

LAHORE	Syed Shahid Ali	Mohtashim Aftab	Imran Azim
October 05, 2020	Chief Executive Officer	Group Chief Financial Officer	Director

Statement of Income and Expenditure

For the year ended 30 June 2020

	Society	Institute of Arts and Culture	CONSOLIDATED	
	2020	2020	2020	2019
	---------------------- Rupees in '000s ----------------------			
INCOME				
Donation by Treet Corporation Limited	-	25,658	25,658	207,177
Fee income	-	139,025	139,025	77,951
Profit on bank deposits	-	3,748	3,748	2,840
Other income	-	23	23	681
	-	168,454	168,454	288,649
OPERATING EXPENSES				
Salaries, allowances and benefits	-	177,015	177,015	192,198
Stores consumed	-	107	107	1,305
Repairs and maintenance	-	14,817	14,817	13,597
Printing and stationery	-	2,907	2,907	7,849
Fuel and power	-	11,382	11,382	11,459
Advertisement	-	362	362	21,893
Meeting and conferences	-	176	176	-
Scholarships and financial assistance	-	14,100	14,100	9,538
	-	(220,866)	(220,866)	(257,839)
ADMINISTRATIVE AND GENERAL EXPENSES				
Rent, rates and taxes	-	2,034	2,034	524
Loading, unloading and cartage	-	252	252	355
Travelling and conveyance	-	2,777	2,777	3,437
Legal and professional charges	-	1,651	1,651	76
Telephone and postage	-	2,852	2,852	1,353
Entertainment expense	-	456	456	1,521
Computer expenses	-	757	757	1,718
Fee and subscription charges	-	1,909	1,909	27
Insurance	-	999	999	5,651
Auditor's remuneration	-	294	294	55
Other expenses	-	265	265	163
Bank charges	-	7	7	2
	-	(14,253)	(14,253)	(14,882)
(DEFICIT) / SURPLUS FOR THE YEAR	-	(66,665)	(66,665)	15,928
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE (DEFICIT) / SURPLUS FOR THE YEAR	-	(66,665)	(66,665)	15,928

The annexed notes 1 to 13 form an integral part of these financial statements.

LAHORE
October 05, 2020

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

Statement of Changes in Accumulated funds

For the year ended 30 June 2020

	Society			Institute of Arts and Culture	CONSOLIDATED		
	General Fund	Endowment Fund	Accumulated Fund	General Fund	General Fund	Endowment Fund	Accumulated Fund
		Rupees in '000s		Rupees in '000s		Rupees in '000s	
Balance as at July 1, 2018	2,183	15,000	17,183	-	2,183	15,000	17,183
Total comprehensive surplus for the year	(3,781)	-	(3,781)	19,709	15,928	-	15,928
Balance as at June 30, 2019	(1,598)	15,000	13,402	19,709	18,111	15,000	33,111
Total comprehensive deficit for the year	-	-	-	(66,665)	(66,665)	-	(66,665)
Balance as at June 30, 2020	(1,598)	15,000	13,402	(46,956)	(48,554)	15,000	(33,554)

The annexed notes 1 to 13 form an integral part of these financial statements.

LAHORE	Syed Shahid Ali	Mohtashim Aftab	Imran Azim
October 05, 2020	Chief Executive Officer	Group Chief Financial Officer	Director

Statement of Cash flows
For the year ended 30 June 2020

	Society	Institute of Arts and Culture	CONSOLIDATED	
	2020	2020	2020	2019
	Rupees in '000s			
CASH FLOW FROM OPERATING ACTIVITIES				
(Deficit) / Surplus for the year before working capital changes	-	(66,665)	(66,665)	15,928
Net Changes in operating assets and liabilities:				
Consumable stores	-	(1,292)	(1,292)	(259)
Advances, prepayments and other receivables	(61)	1,010	1,010	(161)
Trade and other payables	17	72,793	72,749	(515)
	(44)	72,511	72,467	(935)
Cash inflows from operating activities	(44)	5,846	5,802	14,993
Income tax paid	61	(293)	(232)	(1,467)
Net cash inflows from operating activities	17	5,553	5,570	13,526
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash flows from investing activities	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash flows from financing activities	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	17	5,553	5,570	13,526
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	55	32,051	32,106	18,580
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	72	37,604	37,676	32,106

The annexed notes 1 to 13 form an integral part of these financial statements.

LAHORE October 05, 2020	Syed Shahid Ali Chief Executive Officer	Mohtashim Aftab Group Chief Financial Officer	Imran Azim Director

1 SOCIETY AND ITS OPERATIONS

1.1 The society for cultural education was registered in Pakistan on April 06, 2015 as a society, under the Societies Registration Act, 1860. The Society was established, to construct, run, maintain and manage schools, professional schools and colleges, universities, coaching classes, offices, libraries, information centres and other institutions for imparting moral, academic and technical education to children and adults and to promote and encourage the study of all arts, sciences, culture, history and general knowledge. The Society is principally engaged in providing culture and arts education. The registered office of the society is located at 72-B, Industrial Area, Kot-Lakhpat, Lahore and the principal place of carrying out commercial activities of the society is located at 7 KM , Thokar Niaz Baig , Main Raiwind , Lahore. The name of ultimate parent Organization of the Society is Messrs Treet Corporation Limited.

1.2 At the initiative of the "Society for Cultural Education", Majlis e Shoora (Parliament) of Pakistan has passed an Act no. XXXI of 2018 on May 04, 2018 to establish an "Institute for Art and Culture" (the "Institute") under the administration of the Society to meet its objectives. The Institute commenced its operations after July 01, 2018. Accordingly, the financial statements of the Institute are also presented separately as well as consolidated with those of Society's in these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standard for Small and Medium Sized-Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) and Accounting Standard for Not for Profit Organizations (NPOs) issued by Institute of Chartered Accountants of Pakistan.

2.2 Basis of measurment

These financial statements have been prepared under the historical cost convention without taking into account the effects of inflation and current values.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupee (Rs. / Rupees) which is the Society's functional currency.

2.4 Taxation

The income and donations of as well as contributions by members to the society is exempt from taxation under section 2(36) of the Income Tax Ordinance, 2001 being a charitable and non-profitable educational institution. The society is registered with the Federal Board of Revenue.

2.5 Consumable stores

These are carried in the statement of financial position at the weighted average cost method.

2.6 Cash and cash equivalents

Cash equivalents are carried in the statement of financial position at cost for the purposes of statement of cash flows. Cash equivalents comprise of cash in hand and bank balances in current accounts.

2.7 Advances / receivables

These are valued at cost which is the fair value of the consideration to be received in future less any estimate of balances doubtful of recovery based on review of outstanding balances at the financial position date. Balances considered bad are written off as and when identified.

2.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received / hired, whether or not billed to the Society.

2.9 Provisions

A provision is recognized in the financial position when the Society has a legal and constructive obligation as a result of past events; it is probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. However, provisions are reviewed at each financial position date and adjusted to reflect the current best estimate. If it is no longer probable that outflow of resources will be required to settle the obligation, the provisions are reversed.

2.10 Commitments and Contingencies

Capital commitments and contingencies, unless those are actual liabilities, are not incorporated in the books of account.

2.11 Basic Financial Instruments

Financial assets and financial liabilities are initially measured at fair value, except for certain non-arm's length transactions.

These are subsequently measured at amortized cost, except for investment in equity instruments. Investments in equity instruments that are quoted in an active market shall be measured at fair value and investments in equity instruments that do not have active market shall be carried out at cost less impairment, if any.

Financial assets measured at amortized cost include advances adjustable in cash, other receivables and cash & bank balances. Financial liabilities measured at amortized cost include trade and other payables.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of income and expenditure for the period in which it arises.

2.12 Related party transactions

All transactions arising in the normal course of business, are conducted at arm's length at normal commercial rate on the same terms and conditions as third party transactions using valuation modes as admissible, except in rarely extreme circumstances where, subject to approval of the Board of Directors, it is in the interest of the Society to do so.

2.13 Revenue recognition

Revenue from fee and profit from bank deposits are recognised on accrual basis
Donations are recognised on receipt basis.

		Note	Society	Institute of Arts and Culture	CONSOLIDATED	
			2020	2020	2020	2019
			Rupees in '000s			
3	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES					
	Advance to suppliers		74	178	252	234
	Advance to staff against expenses		138	-	138	138
	Semester fee receivable			-	-	29
	Inter-organization account		12,221	-	-	-
	Prepaid Insurance		-	-	-	999
			12,433	178	390	1,400
4	TAX REFUNDS DUE FROM GOVERNMENT					
	Income tax refundable		1,042	1,508	2,550	2,318
5	CASH AND BANK BALANCES					
	Cash in hand		55	906	961	1,051
	Cash at bank:					
	in saving accounts	5.1	17	36,698	36,715	31,055
			72	37,604	37,676	32,106

5.1 'These bank accounts are placed under interest / markup arrangements and carry profit rates ranging from 6.40% - 11.46% (2019: 4.5% - 10.25%) per annum.

		Society 2020	Institute of Arts and Culture 2020	Consolidated 2020	Consolidated 2019
6	ENDOWMENT FUND	15,000	-	15,000	15,000

The amounts of Endowment Fund has been provided by Messrs Treet Corporation Limited, an ultimate group parent company to comply with the requirements of Higher Education Commission (HEC) for a new degree awarding institution established by the Society in the name of "Institute for Art and Culture" through an Act No. XXXI of 2018 passed by the Majlis e Shoora (Parliament) of Pakistan dated May 24, 2018.

	Note	Society	Institute of Arts and Culture	CONSOLIDATED	
		2020	2020	2020	2019
		---------------------- Rupees in '000s			----------------------

7 TRADE AND OTHER PAYABLES

	Note	Society 2020	Institute of Arts and Culture 2020	Consolidated 2020	Consolidated 2019
Accrued liabilities		-	19,605	19,605	167
Creditors for services		99	5,311	5,410	1,907
IAC Reseach project		-	9,664	9,664	-
Income tax deducted at source payable		-	4,174	4,174	890
Withholding sales tax payable		22	45	67	28
Due to related parties					
Treet Corporation Limited - parent company		-	34,713	34,713	-
Global Arts Limited - associated company		-	1,885	1,885	-
		-	36,598	36,598	-
Inter-organization account	7.1	-	12,221	-	-
Other payables		117	141	258	35
		238	87,759	75,776	3,027

7.1 INTER ORGANIZATION ACCOUNT

The inter-organization accounts i.e. payable to the Society and receivable from the Institute in the sum of Rs. 12.221 million (2019: Rs. 12.160 million) have been offset in the consolidated column of these financial statements.

8 CONTINGENCIES AND COMMITMENTS

8.1 There was no contingent liability of the society at the terminal date. (2019: NIL)

8.2 There was no capital commitment of the society at the terminal date. (2019: NIL)

9 FINANCIAL INSTRUMENTS - by category

The Society manages its operations mainly through donation from Treet Corporation Limited and working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Society's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	Society 2020	Institute of Arts and Culture 2020	Consolidated 2020	Consolidated 2019
Financial assets:				
Cash and bank balances	72	37,604	37,676	32,106
Financial liabilities:				
Accrued liabilities	-	19,605	19,605	167
Creditors for services	99	5,311	5,410	1,907
Due to related parties	-	36,598	36,598	-
Other Payables	117	141	258	35
	216	61,655	61,871	2,109

10 TRANSACTION WITH RELATED PARTIES

The related parties comprise of group parent company, associates and key management personnel. The Society in the normal course of business carries out transactions with various related parties. The outstanding balances and transactions carried out with these parties during the year have been disclosed in the relevant notes to these financial statements. There were no significant transactions carried out with related parties that require disclosure in these financial statements except donations and key management personnel's remunerations disclosed hereunder.

	Society	Institute of Arts and Culture	CONSOLIDATED	
	2020	2020	2020	2019
	---------------------- Rupees in '000s ----------------------			
Treet Corporation Limited (Group parent company)				
Donation	-	25,658	25,658	207,177
Expenses borne by the associate on behalf of the society	-	34,713	34,713	-
Global Arts Limited (associated company)				
Expenses borne by the associate on behalf of the society	-	1,885	1,885	-
Key management personnel's remuneration	-	78,707	78,707	142,796

11 NUMBER OF EMPLOYEES

Number of contractual employees at year end	-	107	107	127
Average number of contractual employees during the year	-	115	115	120

12 DATE OF AUTHORIZATION

The Executive Council has authorized the financial statements for issuance on October 05, 2020.

13 GENERAL

13.1 Treet Corporation Limited has constitutional right to nominate 70% of the members of the executive council of the Society.

13.2 Corresponding figures have been rearranged where necessary to facilitate comparison. However, no major reclassification has been made in these financial statements.

13.3 Figures in these financial statements have been rounded off to the nearest thousand of rupees.

LAHORE
October 05, 2020

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

INVESTORS'
INFORMATION

PATTERN OF SHAREHOLDING

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
1,295	1	100	45,016
1,266	101	500	406,041
1,133	501	1,000	878,155
2,544	1,001	5,000	6,180,568
657	5,001	10,000	4,850,880
297	10,001	15,000	3,688,446
170	15,001	20,000	3,021,125
121	20,001	25,000	2,770,074
74	25,001	30,000	2,065,757
57	30,001	35,000	1,854,187
31	35,001	40,000	1,190,718
30	40,001	45,000	1,285,048
42	45,001	50,000	2,062,959
31	50,001	55,000	1,657,524
17	55,001	60,000	986,991
11	60,001	65,000	674,240
15	65,001	70,000	1,020,908
8	70,001	75,000	580,635
9	75,001	80,000	697,255
5	80,001	85,000	413,350
6	85,001	90,000	533,195
6	90,001	95,000	555,264
19	95,001	100,000	1,887,481
7	100,001	105,000	722,450
7	105,001	110,000	1,760,331
5	110,001	115,000	562,898
4	115,001	120,000	472,692
2	120,001	125,000	243,790
4	125,001	130,000	511,210

	Shareholdings		
No. of Shareholders	From	To	Total Shares Held
2	130,001	135,000	267,377
1	140,001	145,000	143,500
4	145,001	150,000	600,000
1	150,001	155,000	153,200
1	155,001	160,000	160,000
2	160,001	165,000	323,088
2	165,001	170,000	335,503
2	170,001	175,000	347,600
1	190,001	195,000	191,500
3	200,001	205,000	610,331
1	205,001	210,000	209,134
1	215,001	220,000	219,000
2	220,001	225,000	441,302
2	240,001	245,000	489,000
3	245,001	250,000	750,000
1	250,001	255,000	250,313
1	255,001	260,000	257,000
2	265,001	270,000	532,192
5	270,001	275,000	1,362,454
1	275,001	280,000	275,075
1	280,001	285,000	283,334
1	295,001	300,000	300,000
1	310,001	315,000	314,000
2	320,001	325,000	645,694
1	325,001	330,000	330,000
1	345,001	350,000	350,000
1	355,001	360,000	355,453
1	360,001	365,000	361,500
1	370,001	375,000	373,628

	Shareholdings		
No. of Shareholders	**From**	**To**	**Total Shares Held**
1	375,001	380,000	378,325
1	460,001	465,000	463,750
1	485,001	490,000	4 86,550
1	495,001	500,000	5 00,000
1	535,001	540,000	5 38,500
1	1,290,001	1,295,000	1 ,292,500
1	1,335,001	1,340,000	1 ,336,000
1	1,700,001	1,705,000	1 ,703,108
1	1,800,001	1,805,000	1 ,805,000
1	2,690,001	2,695,000	2 ,691,947
1	4,055,001	4,060,000	4 ,059,687
1	4,400,001	4,405,000	4 ,404,450
1	4,795,001	4,800,000	4 ,796,746
1	8,885,001	8,890,000	8 ,887,958
1	11,960,00 1	11,965,000	1 1,963,714
1	12,080,00 1	12,085,000	1 1,084,043
1	52,875,00 1	52,880,000	5 2 ,879,952
7,946			169,831,322

SHAREHOLDERS
INFORMATION

		CDC* Share-holders	CDC* Shares Held	Physical Share-holders	Physical Shares Held	Total Share-holders	Total No. of Shares Held	%
Mr. Syed Shahid Ali	Director	2	53,449,952	1	2,691,947	3	56,141,899	33%
Mr. Syed Sheharyar Ali	Director	2	12,258,643	-	-	2	12,258,643	7%
Dr. Mrs. Niloufer Mahdi	Director	1	4,796,746	1	677,156	2	5,473,902	3%
Mr. Saulat Said	Director	2	13,359	-	-	2	13,359	0%
Mr. Imran Azim	Director - Nominee NIT	-		-	-	-	-	0.00%
Mr. Munir Karim Bana	Director - Nominee Loads Limited	1	250,313	-	-	1	250,313	0.15%
Dr. Salman Faridi	Director	1	110	-	-	1	110	0.00%
Mr. Shafique Anjum	Director	1	47,630	-	27,555	2	75,185	0.04%
Loads Limited	Associated Company	1	8,887,958	1	-	1	8,887,958	5.23%
IGI Insurance Limited	Associated Company	-		-	-	-	0	0.00%
NIT & ICP		2	11,964,195	-	-	2	11,964,195	7.04%
Foreign Company		2	293,500	-	-	2	293,500	0.17%
Bank, DFI, Insurance		7	7,901,361	-	-	7	7,901,361	4.65%
Joint Stock Companies		79	5958459	5	11147	84	5,969,606	3.52%
Mutual & Pension Funds		4	373,172	-	-	4	373,172	0.22%
Federal Board of Revenue	Government Holding	1	274,134	-	-	1	274,134	0.16%
Modaraba		3	179,667	-	-	3	179,667	0.11%
Others		14	914,687	-	-	14	914,687	0.54%
Individual		6271	56806240	1544	2053391	7815	58,859,631	34.66%
		6,394	164,370,126	1,552	5,461,196	7,946	169,831,322	100%

*based on no. of accounts in CDC / folios

Shareholders Holding 5% Shares or More

Sr. No.	Name of Shareholder	Shares
1	MR. SYED SHAHID ALI	56141899
2	MR. SYED SHEHARYAR ALI (CDC)	12258643
3	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	11963714
4	LOADS LIMITED (CDC)	8887958

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN, that the Annual General Meeting ("**AGM**") of the shareholders of Treet Corporation Limited (the "**Company**") will be held on Saturday, October 31st, 2020 at 11:00 A.M. through **video link** from the company's registered office at 72-B Indistrial Area, Kot Lakhpat, Lahore to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Extraordinary General Meeting held on July 01, 2020.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2020, together with the Directors' and Auditors' Reports thereon.

3. To appoint External Auditors of the Company for the year ending June 30, 2021 and to fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS:

4. **To consider and if thought fit, pass the following Special Resolution with or without modification(s), addition(s) and/or deletion(s) in respect of granting stock options to the employees of subsidiary companies from the remaining option pool:**

   RESOLVED THAT, pursuant to the recommendation of the the Compensation Committee/Human Resource and Remuneration Committee under the Companies Employees Stock Option Scheme, 2015 and the approval of the Board of Directors, the approval of the shareholders of the Company be and is hereby accorded for grant of 1,889,700 Options to the 188 employees of subsidiary companies as mentioned in the statement of material facts below as annexure-A (in the manner and to the extent mentioned against such employee names in the statement of material facts) at the option price of Rs. 24.34 per share, in accordance with Section 83 of the Companies Act, 2017 (the "**Act**") read with Chapter VI, Regulation 7 of the Companies (Further Issue of Shares) Regulations, 2020 (the "**Regulations**");

   FURTHER RESOLVED THAT, the Chief Executive Officer and/or Company Secretary be and are hereby jointly and severally authorized to sign option certificates and to take all necessary steps to comply with the preceding resolution and fulfil all legal requirements for issuance of shares against the Employees Stock Option Scheme (hereinafter referred as "**ESOS**") including making an application to the Securities and Exchange Commission of Pakistan ("**SECP**") pursuant to Section 83 of the Act.

5. **To consider and if thought fit to pass the following Special Resolution with or without modification(s), addition(s) or deletion(s) in respect of rectifying the option price of 4,962,000 Options already granted:**

   RESOLVED THAT, the approval of the shareholders of the Company be and is hereby accorded for the rectification of the option price in respect to 4,962,000 option that have already been granted but were wrongly calculated and approved at the Annual General Meeting of the Company, dated October 28, 2019 for 242 employees of subsidiary companies at Rs. 15.71/- (Rupees Fifteen and Seventy-One Paisas Only) in respect of the Employees Stock Option Scheme (hereinafter referred as "**ESOS**"), approved by the Securities and Exchange Commission of Pakistan ("**SECP**"), the rectified option price for the said granted options is to be amended to Rs. 16.09/- (Rupees Sixteen and Nine Paisas Only) per share, without any change or modification in the vesting period/schedule, exercise period and/or any other specific terms and conditions under which the said granted options have been granted;

   FURTHER RESOLVED THAT, the Chief Executive Officer and/or Company Secretary be and are hereby jointly and severally authorized on behalf of the Company to do all such things, deeds and acts and to execute and deliver all such instruments, documents, directions and writings and perform such other things as may be necessary, desirable or useful for the purpose of giving effect to the preceding resolution, including but not limited to amending the ESOS, making any filings with the SECP or any other relevant regulatory authorities.

6. **To consider and if thought fit, pass the following Special Resolution under Section 199 of the Companies Act, 2017 (the "Act"), for the sale of shares in an associated company under Section 199 of the Act, with or without modification(s), additions and/or deletion(s):**

   RESOLVED THAT, the approval of the shareholders of the Company be and is hereby accorded under Section 208 of the Companies Act, 2017 (the "**Act**"), for the Company to enter into a contract/arrangement with Renacon Pharma Limited ("**RPL**") (the "Transaction") for the purchase of RPL's shareholding in Global Arts Limited ("**GAL**") (the "Investment");

   FURTHER RESOLVED THAT, the Investment, being an investment in an associated company, be approved in accordance with Section 199 of the Act, subject to compliance with all applicable laws and regulations, for an amount of Rs. **117,947,186** (Rupee One hundred seventeen million Nine hundred forty-seven thousand one hundred and eighty-six only);

   FURTHER RESOLVED THAT, the said resolution shall be valid for one year starting from the date of approval by shareholders and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly and severally empowered and authorized to undertake the decision of said Investment as and when required and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

7. **To consider and if thought fit, pass the following Special Resolution under Section 208 of the Companies Act, 2017 (the "Act") for a related party transaction, in which the related parties have a majority common directorship, and for the sale of shares in an associated company under Section 199 of the Act, with or without modification(s), additions and/or deletion(s):**

   RESOLVED THAT, the approval of the shareholders of the Company be and is hereby accorded under Section 208 of the Companies Act, 2017 (the "**Act**"), for the Company to enter into a contract/arrangement with Treet Holdings Limited ("**THL**") (the "Transaction") for the purchase of THL's shareholding in Global Arts Limited ("GAL") (the "Investment");

   FURTHER RESOLVED THAT, the Investment, being an investment in an associated company, be approved in accordance with Section 199 of the Act, subject to compliance with all applicable laws and regulations, for an amount of Rs. 101,001,400 (Rupee One hundred One million one thousand and Four hundred only);

   FURTHER RESOLVED THAT, the said resolutions shall be valid for one year starting from the date of approval by shareholders and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly and severally empowered and authorized to undertake the decision of said Transaction and Investment as and when required and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

8. **To consider and if thought fit, pass the following Special Resolution under Section 208 of the Companies Act, 2017 for a Related Party Transaction, in which the related parties have a majority common directorship, for the sale of**

shares in an associated company under Section 199 of the Act, with or without modification(s), additions and/or deletion(s):

RESOLVED THAT, the approval of the shareholders of the Company be and is hereby accorded under Section 208 of the Companies Act, 2017 (the "**Act**"), for the Company to enter into a contract/arrangement with Global Arts Limited ("**GAL**") (the "Transaction"), for the purchase of GAL's shareholding in Renacon Pharma Limited ("**RPL**") (the "**Investment**");

FURTHER RESOLVED THAT, the Investment, being an investment in an associated company, be approved in accordance with Section 199 of the Act, subject to compliance with all applicable laws and regulations, for an amount of Rs. **75,470,914** (Rupee Seventy-five million Four hundred Seventy thousand Nine hundred and fourteen only);

FURTHER RESOLVED THAT, the said resolutions shall be valid for one year starting from the date of approval by shareholders and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly and severally empowered and authorized to undertake the decision of said Transaction and Investment as and when required and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

9. **To consider and if thought fit, pass the following Special Resolution under Section 208 of the Companies Act, 2017 (the "Act") for a Related Party Transaction, in which the related parties have a majority common directorship, for the sale of shares in an associated company under Section 199 of the Act, with or without modification(s), additions and/or deletion(s):**

   RESOLVED THAT, the approval of the shareholders of the Company be and is hereby accorded under Section 208 of the Companies Act, 2017 (the "**Act**"), for the Company to enter into a contract/arrangement with Global Arts Limited("**GAL**") (the "**Transaction**"), for the purchase of GAL's shareholding in Treet Holdings Limited ("**THL**") (the "**Investment**"), being a Related Party Transaction wherein the Company and GAL have a majority of the interested directors;

   FURTHER RESOLVED THAT, the Investment, being an investment in an associated company, be approved in accordance with Section 199 of the Act, subject to compliance with all applicable laws and regulations, for an amount of Rs. **64,148,000** (Rupee Sixty-four million one hundred and forty-eight thousand only);

   FURTHER RESOLVED THAT, the said resolutions shall be valid for one year starting from the date of approval by shareholders and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly and severally empowered and authorized to undertake the decision of said Transaction and Investment as and when required and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

10. **To consider and if thought fit, pass the following Special Resolution under Section 183(3) of the Companies Act, 2017, subject to the passing of preceding four (4) agenda items, with or without modification(s), addition(s) and/or deletion(s):**

    RESOLVED THAT, approval of the shareholders of the Company be and is hereby authorized, in accordance with Section 199 of the Companies Act (the "**Act**"), read with proviso (f) of S.R.O 1239(I)/2017, dated December 6, 2017, read along with Section 183(3) of the Act, to disinvest 100% (One Hundred Percent) of the issued and paid up, share capital of Global Arts Limited

("**GAL**"), being a wholly owned subsidiary (subsequent to passing of the preceding four (4) agenda items) of the Company, by way of sale of shares of GAL, for an minimum amount of Rs. **1,808,796,110**/- (Rupees One Billion Eight Hundred Eight Million Seven Hundred Ninety-Six Thousand One Hundred and Ten Only);

FURTHER RESOLVED THAT, the said resolution shall be valid for one year starting from the date of approval by the shareholders, and that the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly and severally empowered and authorized to undertake the decision of the said investment as and when required and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

11. **To consider and if thought fit, pass the following Special Resolution under Section 199 of the Companies Act, 2017, with or without modification(s), addition(s) and/or deletion(s):**

RESOLVED THAT, pursuant to Section 199 of the Companies Act, 2017 approval was sought from shareholders of the Company on October 28, 2019 for an amount up to an extent of Rs. 7.650 Billion to be utilised by the First Treet Manufacturing Modaraba (FTMM), out of which Rs. 6.880 Billion has been utilised as at June 30, 2020 and therefore the approval and/or ratification from the shareholders of the Company be and is hereby given for the amount Rs. 6.880 Billion which has been utilised by FTMM in the form of working capital as at June 30, 2020.

FURTHER RESOLVED THAT, the approval of the shareholders be and is hereby granted in terms of Section 199 of the Companies Act, 2017 and all other applicable laws, to renew the unutilized portion of the working capital loan of up to Rs. 850 Million provided to FTMM for a further one year period as per the terms and conditions disclosed to the shareholders.

FURTHER RESOLVED THAT, pursuant to Section 199 of the Companies Act, 2017 approval was sought from shareholders of the Company on October 28, 2019 for an amount up to an extent of Rs. 500 Million to be utilised by the Renacon Pharma Limited (RPL), out of which Rs. 254 Million has been utilised as at June 30, 2020 and therefore the approval and/or ratification from the shareholders of the Company be and is hereby given for the amount Rs. 254 million which has been utilised by RPL as at June 30, 2020.

FURTHER RESOLVED THAT, the approval of the shareholders be and is hereby granted in terms of Section 199 of the Companies Act, 2017 and all other applicable laws, to renew the unutilized portion loan of up to Rs. 246 provided to RPL for a further one-year period as per the terms and conditions disclosed to the shareholders.

FURTHER RESOLVED THAT, pursuant to Section 199 of the Companies Act, 2017 an amount up to an extent of Rs. 111.5 Million has been utilised by the Treet Holdings Limited (THL) as at June 30, 2020 be and is hereby approved and/or ratified from the shareholders of the Company.

FURTHER RESOLVED THAT, pursuant to Section 199 of the Companies Act, 2017 an amount up to an extent of Rs. 117.112 Million has been utilised by the Global Arts Limited (GAL) as at June 30, 2020 be and is hereby approved and/or ratified from the shareholders of the Company.

FURTHER RESOLVED THAT, the said resolutions shall be valid for one year starting from the date of approval by shareholders and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly and severally empowered and authorized to undertake the decision of said investment as and when required and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

12. **To consider and if thought fit, pass the following Special Resolution under Section 199 of the Companies Act, 2017, with or without modification(s), addition(s) and/or deletion(s):**

    RESOLVED THAT, that approval of the shareholders of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 (the "**Act**") and Regulation No. 5(5) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (the "**Regulations**") and subject to the compliance with all statutory and legal requirements, to give cross corporate guarantee and/or to ear mark un-funded financial facilities for opening letter of credits and guarantees to the banks financial institutions on behalf of its various subsidiaries, namely First Treet Manufacturing Modaraba ("**FTMM**"), Renacon Pharma Limited ("**RPL**"), Treet Holdings Limited ("**THL**") and Treet Battery Limited ("**TBL**");

    FURTHER RESOLVED THAT, the rate of return for the cross corporate guarantees and/or ear marked un-funded facilities to, (i) FTMM; (ii) RPL; THL; and TBL shall be Rs. 0.20% per annum;

    FURTHER RESOLVED THAT, the said resolutions shall be valid for one year starting from the date of approval by shareholders and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly and severally empowered and authorized to undertake the decision of said investment as and when required and to take all steps and actions necessary, incidental and ancillary including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of implementing the aforesaid resolution.

13. **To consider and if thought fit, pass the following Special Resolution under Section 199 of the Companies Act, 2017, with or without modification(s), addition(s) and/or deletion(s):**

    RESOLVED THAT, approval of the shareholders of the Company be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 (the "**Act**") and Regulation 5 of the Companies (Further Issue of Shares) Regulation 2020 (the "**Regulations**") and subject to compliance with all applicable laws and regulations, for conversion of short term loans given to First Treet Manufacturing Modaraba ("**FTMM**") into FTMM's equity (i.e. debt conversion into equity), by way of issuance and allotment of 687,990,293 Modaraba Certificates of FTMM, representing 77.86% of the Modaraba Certificates of FTMM, at the rate of Rs. 10/- (Rupees Ten Only) per Modaraba Certificate (i.e. par value), to the Company with or without rights issue, corresponding to the short term loan value of Rs. 6,879,902,934 (Rupees Six Billion Eight Hundred Seventy-Nine Million Nine Hundred Two Thousand Nine Hundred and Thirty-Four Only), as of June 30, 2020, subject to the approval of the Securities and Exchange Commission of Pakistan ("SECP") under Section 83(1)(b) of the Act;

    FURTHER RESOLVED THAT, the Chief Executive Officer and/or Chief Financial Officer and/or the Company Secretary be and are hereby jointly and severally authorized to take any and all necessary steps and actions for implementing the above resolutions, including, without limitation, to seek any and all consents and approvals, to execute and are required to file all necessary applications including the application under Section 83(1)(b) of the Act, documents, statutory returns, declarations and undertakings and to appear and make representations before any regulatory or other authority, as may be necessary or conducive for or in connection with any of the foregoing matters and to sign, issue and dispatch all such documents and notices and do all such acts as may be necessary for carrying out the aforesaid purposes and giving full effect to the above resolution.

14. **To ratify and approve arm's length transactions carried out with associated companies in the normal course of business in accordance with Section 208 of the Companies Act 2017:**

    RESOLVED THAT, the related party transactions carried out in the normal course of business with associated companies as disclosed in respective notes to the Audited Financial Statements for the year ended June 30, 2020 and also attached with statement of material facts as annexure-B be and are hereby ratified, approved and confirmed;

    FURTHER RESOLVED THAT, the Chief Executive officer of the Company be and is hereby authorized to approve all related party transactions carried out in the normal course of business with associated companies during the year ended June 30, 2020 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all documents/ indentures as may be requited on behalf of the Company.

15. **To authorize the Board of Directors of the Company to approve transactions with related parties for the financial year ending June 30, 2021 by passing the following special resolution with or without modifications:**

    RESOLVED THAT, the Board of the Company be and is hereby authorized to approve the transactions to be conducted with related parties on case to case basis for the financial year ending June 30, 2021;

    FURTHER RESOLVED THAT, these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/ approval.

16. **To transact any other business with the permission of the Chair.**

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business as required under Section 134(3) of the Companies Act, 2017)

By Order of the Board

Lahore

Date: October 09, 2020

(Zunaira Dar)
Company Secretary

Notes:

- **CLOSURE OF SHARE TRANSFER BOOKS**

The share transfer Books of the Company will remain closed from October 25, 2020 to October 31, 2020 (both days inclusive) for the purpose of attending Annual General Meeting. Transfers received in order at the office of our Share Registrar M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore at the close of business on October 24, 2020 will be considered in time to attend the AGM.

- **PARTICIPATION IN THE ANNUAL GENERAL MEETING**

Coronavirus Contingency Planning for Annual General Meeting of Treet Corporation Limited 31 October 2020.

In view of the recent outbreak of COVID-19 (Corona virus), the steps taken by Government to avoid large public gathering at one place and the circular No. EMD/MISC/82/2012 notified by Securities and Exchange Commission of Pakistan (SECP) dated March 17, 2020 required companies to modify their usual planning for annual general meeting for well-being of the shareholders to avoid large gatherings by provision of video link facilities.
The company will follow the best practices and comply with the instructions of Government of Punjab and SECP to ensure protective measures for wellbeing of the shareholders. In the event that there are any further instruction or notifications from the SECP and/or the Pakistan Stock Exchange of any change for the AGM, the company will announce the same at the Pakistan Stock Exchange through PUCARS system.

Accordingly, considering the restriction imposed by the Government on public gathers and SECP`s directives, there will be no venue to the meeting and all participants will attend through video link.
The Members are requested to attend and participate in the AGM through video link facility. To attend through video link, Members can download the app/software through https://zoom.us/download and login via video-link to participate in the AGM proceedings.

Shareholders are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of AGM at zunaira.dar@treetgroup.com by providing the following details:

Name of Shareholderd	CNIC No	Folio NO	Cell No	Email Address

In order to be effective, duly completed and signed proxy forms available at companies website (www.treetonline.com) must be emailed at zunaira.dar@treetgroup.com & our share registrar corplink786@gmail.com corporate@corplink.com.pk at least 2 working days before the time of the meeting.

Form of proxy should be witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the forms.

(i) For Attending the Meeting

(a) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration detail is uploaded as per the Regulations, shall authenticate their identity by showing his/ her original National Identity Card ("CNIC") or original passport at the time of attending the meeting.

(b) In case of corporate entity, Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

(ii) For Appointing Proxies

(a) In case of individuals, the account holder or sub-account holder is and/or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

(b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(d) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.

(e) In case of corporate entities, board of directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

- **CONSENT FOR VIDEO CONFERENCE**

Pursuant to SECP's Circular No 10 dated May, 21 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard please fill the following and submit to registered address of the Company at least 10 days before the date of AGM.

I/We _____of ______, being member(s) of Treet Corporation Limited holder _______ Ordinary share(s) as per Register Folio No. ______hereby opt for video conference facility at _____.

STATEMENTS OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENRAL MEETING.

Pursuant to the Employees Stock Option Scheme, 2015 as approved by Securities and Exchange Commission of Pakistan, the Board of Directors of the Company in their meeting held on September 30, 2020 granted options to the eligible employees of the Company including 1,889,700 Options to the 188 Employees of Subsidiary Companies mentioned in the Annexure A (in the manner and to the extent mentioned against such employees name in Annexure A) at option price of Rs. 24.34 per share, in accordance with Section 83 of the Companies Act, 2017 read with Chapter VI, Regulation 7 of the Companies (Further Issue of Shares) Regulations, 2020.

As per requirements of applicable law, sanction of shareholders is required for issuance of stock options to employees of subsidiary companies.

AGENDA ITEM 4

Information to be disclosed pursuant to Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (the "**Regulations**").

Summary of the Options granted for the financial year 2019-2020 is as follows:

	No. of Options	No. of Employees
Total No. of Options Granted	5,084,400	286
No. of Options Granted to the Company's Employees	3,194,700	98
No. of Options Granted to the Subsidiary's Employees	1,889,700	188

None of the Directors is concerned or interested in the said Resolution.

AGENDA ITEMS 6, 7, 8 & 9

Information to be disclosed pursuant to Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (the "**Regulations**").

	Purchase of Global Arts Limited's Shareholding from Renacon Pharma Limited	Purchase of Global Arts Limited's Shareholding from Treet Holdings Limited	Purchase of Renacon Pharma Limited's Shareholding from Global Arts Limited	Purchase of Treet Holdings Limited's Shareholding from Global Arts Limited
name of the associated company or associated undertaking and basis of relationship	Global Arts Limited (GAL). The Company owns 88.76% of Global Arts Limited		Renacon Pharma Limited (RPL). The Company owns 45.47% shareholding of RPL	Treet Holdings Limited (THL). The Company owns 85.93% shareholding of THL
Earnings per share for the last three years	2017: (0.01) 2018: (0.04) 2019: (0.05)		2017: (0.59) 2018: (0.32) 2019: (0.30)	2017: (0.54) 2018: (0.69) 2019: (0.01)
Breakup value per share, based on latest audited financial statements	Rs. 11.52 per share		Rs. 11.65 per share	Rs. 6.41 per share
financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	Accounts of subsidiary companies are available at www.treetonline.com however, Profit & Loss Account and Balance Sheet as on June 30, 2020 is attached herewith			
Maximum amount of investment to be made	Rs. 117.948 million	Rs. 101.002 million	Rs. 75.471 million	Rs. 64.148 million
Purpose, benefits likely to accrue to the investing company and its members from such investments and period of investment	The purpose of the investment is to acquire majority shares in Global Arts Limited to ultimately divest all shares held by the Company.		The purpose of the investment is to acquire all shares held be Global Arts Limited.	The purpose of the investment to become the 100% owner of the subsidiary company and become the ultimate holding company.
Sources of funds to be utilized for investment.	From business Cashflows of the company	From business Cashflows of the company	From business Cashflows of the company	From business Cashflows of the company
Salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	Share Purchase Agreement has been executed between Renacon Pharma Limited (Seller) and Treet Corporation Limited (Buyer), for the purchase the shares of Global Arts Limited.	Share Purchase Agreement has been executed between Treet Holding Limited (Seller) and Treet Corporation Limited (Buyer), for the purchase the shares of Global Arts Limited.	Share Purchase Agreement has been executed between Global Arts Limited (Seller) and Treet Corporation Limited (Buyer), for the purchase the shares of Renacon Pharma Limited.	Share Purchase Agreement has been executed between Global Arts Limited (Seller) and Treet Corporation Limited (Buyer), for the purchase the shares of Treet Holding Limited.

Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Common Directorship: • Syed Shaharyar Ali • Dr. Salman Faridi • Syed Shahid Ali	Common Directorship: • Dr. Mrs. Niloufer Qasim Mehdi • M. Shafique Anjum • Dr. Salman Faridi • Syed Shaharyar Ali • Syed Shahid Ali • Imran Azim • Saulat Said • Munir K. Bana	Common Directorship: • Dr. Mrs. Niloufer Qasim Mehdi • M. Shafique Anjum • Syed Shaharyar Ali • Syed Shahid Ali • Imran Azim • Saulat Said • Munir K. Bana	Common Directorship: • Dr. Mrs. Niloufer Qasim Mehdi • M. Shafique Anjum • Syed Shaharyar Ali • Syed Shahid Ali • Imran Azim • Saulat Said • Munir K. Bana
In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information or justification for any impairment or write offs	The Company has investment of Rs. 1,605,405,500 in the associated company. The profit after tax for the last three years are given below: 2019: Rs. -8,360,000 2018: Rs. -6,966,000 2017: Rs. 1,014,000		The Company has investment of Rs. 283,556,000 in the associated company. The profit after tax for the last three years are given below: 2019: Rs. 20,721,000 2018: Rs. 19,854,000 2017: Rs. 36,305,000	The Company has investment of Rs. 611,017,080 in the associated company. The profit after tax for the last three years are given below: 2019: Rs. -4,533,000 2018: Rs. -49,207,000 2017: Rs. -38,601,000
Any other important details necessary for the members to understand the transaction; and	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Maximum price at which securities will be acquired	11.52 per share	10.00 per share	11.65 per share	6.41 per share
In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Maximum number of securities to be acquired	10,238,471 shares	10,100,140 shares	6,478,190 shares	10,003,000 shares
Number of securities and	After the investment, the Company will have 100% shareholding in GAL.		After the investment, the Company will	After the investment, the Company will have
In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Maximum number of securities to be acquired	10,238,471 shares	10,100,140 shares	6,478,190 shares	10,003,000 shares
Number of securities and percentage thereof held before and after the proposed investment	After the investment, the Company will have 100% shareholding in GAL.		After the investment, the Company will have 55.86% shareholding in RPL.	After the investment, the Company will have 100% shareholding in THL.
Fair value determined for investment in unlisted securities	Rs. 11.52 per share	Rs. 11.52 per share	Rs. 11.65 per share	Rs. 6.41 per share

Current and preceding 12 weeks weighted average market price where investment is proposed to be made in listed securities	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Interest of Investee Company, its Sponsors and Directors in the Company:

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Audited Financial Statements of Investee Companies:

As required by Regulation 4(3) of the Regulations, following Financial statements of Treet Holdings Limited, Global Arts Limited and Renacon Pharma Limited shall be made available for inspection by the members at the meeting; namely

Annual Audited Accounts for the year ended June 30, 2019
Annual Audited Accounts for the year ended June 30, 2018
Annual Audited Accounts for the year ended June 30, 2017

Due Diligence Undertaking of Directors:

The Directors of the Company hereby certify to the Members that the Directors have, as required by Regulation 3(3) of the Regulations, carried out the requisite due diligence of Global Arts Limited, Treet Holdings Limited and Renacon Pharma Limited for the investment in the companies. The recommendations of the said due diligence report are duly signed under the authority of the Directors will be made available for inspection by the members at the meeting.

AGENDA ITEM 10

	Sale of Global Art Limited
name of the associated company or associated undertaking and basis of relationship	Global Arts Limited (GAL) Wholly owned Subsidiary
Earnings per share for the last three years	2017- 0.01 2018- (0.04) 2019- (0.05)
Breakup value per share, based on latest audited financial statements	Rs. 11.52 per share
financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	Accounts of subsidiary companies are available at www.treetonline.com however Profit & Loss Account and Balance Sheet as on June 30, 2020 is attached herewith
Maximum amount of disinvestment to be made	RS. 1,840 million
Purpose, benefits likely to accrue to the investing company and its members from such investments and period of investment	To Dispose-off shareholding of subsidiary company to in effect sell Institute of Arts and Culture
Sources of funds to be utilized for investment	Not Applicable
salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed disinvestment;	Wholly owned subsidiary (Subsequent to passing of Agenda No.6-9), Therefore agreement not required
direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Common Directorship: • Shafique Anjum • Syed Shaharyar Ali • Syed Shahid Ali • Imran Azim • Saulat Said • Munir K Bana • Dr. Niloufer Qasim Mehdi

In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information or justification for any impairment or write offs	The Company has investment of Rs. 1,605,405,500 in the associated company. The profit after tax for the last three years are given below: 2019: Rs. -8,360,000 2018: Rs. -6,966,000 2017: Rs. 1,014,000
any other important details necessary for the members to understand the transaction; and	Not Applicable
Minimum price at which securities will be Disposed	At Par @ 10 per share
In case the sale price is lower than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
Maximum number of securities to be Disposed	180,879,661 shares
Number of securities and percentage thereof held before and after the proposed disinvestment	Before: 100% After: 0%
Current and preceding 12 weeks weighted average market price where disinvestment is proposed to be disposed of listed securities	Not Applicable
Fair value determined for disinvestment of unlisted securities	Rs. 11.52 per share

INFORMATION REQUIRED IN ACCORDANCE WITH SECTION B (5) (3) OF SRO 423 (I)/2018

The following information is required to be provided in case of sale or disposal of subsidiary of the Company:

Name of Subsidiary	Global Arts Limited
Cost and book value of the investment in subsidiary	Rs. 1,824.354million
Total market value of subsidiary based on value of the shares of the subsidiary company In case of non-listed subsidiary; value determined by a registered valuer, who is eligible to carry out such valuation along with name of valuer	Rs. 2,084 million
Net worth of subsidiary, as per latest audited financial statements and subsequent interim financial statements, if available	Rs. 2,084 billion
Total consideration for disposal of investment in subsidiary, basis of determination of the consideration and its utilization	Consideration is to be utilized for reduction of borrowing of the Company.
Quantitative and qualitative benefits expected to accrue to members	Reduction in borrowing of the Company will result in reduction of finance cost by Rs. 300 million per annum and according increase in the Company's profitability.

AGENDA ITEMS 11 & 12

Information to be disclosed pursuant to Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (the "**Regulations**").

	Advance/Loans to First Treet Manufacturing Modaraba	Advance/Loan to Renacon Pharma Limited	Corporate Guarantee/ Earmarking of its Un-Funded Facilities
name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	First Treet Manufacturing Modaraba (FTMM) has set up battery (lead acid) project in Faisalabad; The Company owns 87.35% of certificates of FTMM and holds 100% of the shares of Treet Holdings Limited, being the modaraba company managing FTMM which holds 10.02% in FTMM.	Advance/Loan to Renacon Pharma Limited Renacon Pharma Limited (RPL) is setting up hemodialysis concentrates plant in Faisalabad; RPL is 55.86% subsidiary of Treet Corporation Limited	First Treet Manufacturing Modaraba Renacon Pharma Limited Treet Battery Limited Treet Holdings Limited

Earnings per share for the last three years	2017: (1.05) 2018: (1.83) 2019: (12.23)	2017: (0.59) 2018: (0.32) 2019: (0.30)	Not Applicable
Breakup value per share, based on latest audited financial statements	RS. -5.08 per certificate	RS. 11.65 per share	Not Applicable
financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	FTMM is listed Modaraba. Detailed accounts are available at **https://ftmm.com.pk/investor-information/financial-reports/.** However, Profit & Loss Account and Balance Sheet as on June 30, 2020 is attached herewith	Accounts of Renacon are available at **www.treetonline.com** however, Profit & Loss Account and Balance Sheet as on June 30, 2020 is attached herewith	Detailed accounts are available at **www.treetonline.com** However, Profit & Loss Account and Balance Sheet as on June 30, 2020 is attached herewith
a description of the project and its history since conceptualization;	First Treet Manufacturing Modaraba ("FTMM" or the "Modaraba") is a multipurpose, perpetual and multidimensional Modaraba and is managed by Treet Holdings Limited and is engaged in the manufacture and sale of corrugated boxes, soaps and batteries. Information memorandum is available at **www.ftmm.com.pk** and also available in the Financial Statements (for 2019-2020) of the Company	Renacon Pharma Limited ("Renacon" or the "Company") is a prominent Hemodialysis Concentrates manufacturer in Pakistan. The Company obtained its manufacturing license in 1998 and subsequently replaced majority market of the old Acetate solution with its newer Bicarbonate Concentrate solution within 5 years of introduction. Information memorandum is available at **www.treetonline.com** and also available in the Financial Statements (for 2019-2020) of the Company	Not Applicable
starting date and expected date of completion;	Not Applicable	By the end of June 30, 2021	Not Applicable
time by which such project shall become commercially operational;	Not Applicable	By the end of June 30, 2021	Not Applicable
expected return on total capital employed in the project; and	Not Applicable	Information memorandum is available at **www.treetonline.com** for detail of project and its returns	Not Applicable
funds invested of to be invested by the promoters distinguishing between cash and non-cash amounts:	Not Applicable	Not Applicable	Not Applicable
Total amount of loans or advances;	Up to an extent of Rs. 7,650 Million	Up to an extent of Rs. 254 Million	Not Applicable
purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;	To meet the working capital requirements of Corrugation, soap and Battery Divisions of the Modaraba.	To meet the Capital Expenditure requirements of RPL Total project size is Rs. 1,500 million. This is in addition to the existing project in Lahore [which is already in operation]	To meet the letter of credit/guarantee requirements of above subsidiaries

in case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	Approval of Rs. 7,650 million was taken from shareholders in annual general meeting held on October 28, 2019. Renewal of unutilized/remaining amount is being sought from shareholders to keep the borrowing levels upto Rs. 7,650 million.	Approval of Rs. 500 million is taken from shareholders in annual general meeting held on October 28, 2019. Renewal of approval from shareholders is being sought to reduce this borrowing levels to Rs. 254 million.	Not Applicable
average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the relevant period;	Average borrowing Cost is KIBOR [1month or 3month or Six Months) + Spread [30bps to 200bps]	Average borrowing Cost is KIBOR [1month or 3month or Six Months) + Spread [30bps to 200bps]	Not Applicable
rate of interest, mark up, profit, fees or commission etc. to be charged;	Equivalent cost (average rate) to be charged to the borrowing subsidiary	Equivalent cost (average rate) to be charged to the borrowing subsidiary	Not Applicable
sources of funds from where loans or advances will be given;	Not Applicable	Not Applicable	Not Applicable
where loans or advances are being granted using borrowed funds,	Not Applicable	Not Applicable	Not Applicable
justification for granting loan or advance out of borrowed funds;	Not Applicable	Not Applicable	Not Applicable
detail of guarantees / assets pledged for obtaining such funds, if any; and	Not Applicable	Not Applicable	Floating Charge over Current Assets [current and future] of the Company through supplemental charge [letter of hypothecation].
repayment schedules of borrowing of the investing company;	Not Applicable	Not Applicable	Not Applicable
particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	Not Applicable	Not Applicable	Not Applicable
if the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	Not Applicable	Not Applicable	Not Applicable
repayment schedule and terms of loans or advances to be given to the investee company;	Not Applicable	Not Applicable	Not Applicable
salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	Not Applicable	Not Applicable	Not Applicable

direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	All directors are common	Syed Shahid Ali, Syed Sheharyar Ali and Dr. Salman Faridi are directors in the Company	Common Directorship
any other important details necessary for the members to understand the transaction; and	Not Applicable	Not Applicable	Not Applicable
in case of investment in a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information is required, namely,	Not Applicable	Not Applicable	Not Applicable

Interest of Investee Company, its Sponsors and Directors in the Company:

The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Audited Financial Statements of Investee Companies:

As required by Regulation 4(3) of the Regulations, following Financial statements of First Treet Manufacturing Modaraba, Renacon Pharma Limited, Treet Battery Limited and Treet Holdings Limited shall be made available for inspection by the members at the meeting,
namely:

Annual Audited Accounts for the year ended June 30, 2019
Annual Audited Accounts for the year ended June 30, 2018
Annual Audited Accounts for the year ended June 30, 2017

Due Diligence Undertaking of Directors:

The Directors of the Company hereby certify to the Members that the Directors have, as required by Regulation 3(3) of the Regulations, carried out the requisite due diligence of Frist Treet Manufacturing Modaraba and Renacon Pharma Limited for the investment in both companies. The recommendations of the said due diligence report are duly signed under the authority of the Directors will be made available for inspection by the members at the meeting;

AGENDA ITEM 13

i. The Board has proposed that the short term loan of First Treet Manufacturing Modaraba (FTMM) be converted into equity. Ordinary shares shall be issued to Treet Corporation Limited (TCL) with or without Right issue as per the detail provided in the notice of general meeting.

ii. FTMM is mainly involved in manufacturing of Corrugated Boxes, Soap and Batteries. Company is listed on Pakistan Stock exchange (PSX) and the trade symbol is "FTMM".

Major shareholders of the Company are Treet Corporation Limited holds 87.35%, a company incorporated under repealed Companies Ordinance, 1979 (Currently Companies Act, 2017), and Treet Holdings Limited (THL) holds 10.02% certificates of the Modaraba. This makes the company part of The Treet Group which is one of the largest conglomerates of Pakistan and has stakes in Consumer goods (Blades & razors) of Pakistan.

iii. TCL has till date granted a subordinated loan of RS. 6.880 billion (Six billion eight hundred and eighty million). Keeping in view the limited financial resources of FTMM, the management of TCL has taken the decision to retain its investment in the Company by converting the subordinated shareholder loan amounting RS. 6.880 billion (Six billion eight hundred and eighty million) into Ordinary Shares of the corresponding value of the Company (the "Debt to Equity Conversion"). The shares will, subject to the approval of the SECP, be issued with or without a rights issue under Section 83(1)(b) of the Companies Act, 2017 because the purpose of the issue is to convert TCL Subordinated Shareholder Loan into equity (so as to allow TCL to retain its investment in the Company) and, therefore, these shares will not be offered to the other shareholders of the Company. It is expected that the proposed conversion of debt of RS. 6.880 billion (Six billion eight hundred and eighty million) will help improve the financial condition of the Company.

iv. As stated in paragraph (iii) above, the shares are being issued with or without a rights issue because TCL intends to convert its outstanding debt to equity and, therefore, the shares issued by the Company cannot be offered to the other shareholders.

v. The shares will be issued to TCL at par value of Rs. 10/- (Rupees Ten Only) per share. The justification for issuing shares at par value is that given the limited cash resources of the Company a decision has been taken by TCL to retain its investment in the Company by converting its debt of Rs. 6.880 billion (Six billion eight hundred and eighty Million Only), as at June 30, 2020, into Ordinary Shares of the corresponding value of the Company, to be issued at par value, i.e., RS. 10/- per share. The shares will be issued with or without a rights issue under Section 83(1)(b) of the Companies Act, 2017 because the purpose of the issue is to convert TCL Loan into equity and, therefore, these shares will not be offered to the other shareholders of the Company. The break-up value of shares of the Company is RS. -5.08 per share.

Breakup Value of Shares	Rs. -5.08 per share
Market Value of Shares	Full Year average M.V Rs.\ / share\

vi. The Subordinated Shareholder Loan was utilized by the Company to meet its operational and cash flow requirements.

vii. Existing number of shares held by TCL in FTMM and also percentage of TCL shareholding in FTMM.

No. of Shares Held By TCL	170,851,700 shares
% of TCL Shareholding	87.35%

viii. Total number of Shares and shareholding percentage of TCL after the Debt to Equity Conversion.

No. of Shares Held By TCL	858,841,993
% of TCL Shareholding	97.20%

ix. The Debt to Equity Conversion shall take place after TCL expressly instructs the Modaraba in writing.

x. The Modaraba confirms that shares issued to TCL as a result of the Debt to Equity Conversion shall rank pari passu in all respects with the existing shares of the Modaraba.

xi. The Debt to Equity Conversion is subject to approval of the SECP.

AGENDA ITEM 14

Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to Clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The Company carries out transactions with its related parties on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Audit Committee of the Company, which is chaired by an independent director of the company. Upon the recommendation of the Audit Committee, such transactions are placed before the board of directors for approval.

AGENDA ITEM 15

The Company shall be conducting transactions with its related parties during the year ending June 30, 2020-2021 on an arm's length basis as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship in the subsidiary / associated companies. In order to promote transparent business practices, the shareholders desire to authorize the Board of Directors to approve transactions with the related parties from time-to-time on case to case basis for the year ending June 30, 2020-2021, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification. The Directors are interested in the resolution only to the extent of their common directorships in such related parties.

ANNEXURE-A

List of Employees of Subsidiary Company's

Sr. No.	Date of grant	Financial year	Date of expiry	Name of entitled employee - employee code	No. of options to be granted
1	05/Oct/2020	2019-2020	05/Oct/2022	Asad Asghar - 1073	3,600
2	05/Oct/2020	2019-2020	05/Oct/2022	Rehan Rasheed - 1077	5,000
3	05/Oct/2020	2019-2020	05/Oct/2022	Qassar Abbas - 1091	9,000
4	05/Oct/2020	2019-2020	05/Oct/2022	Mohammad Mansha - 1095	4,500
5	05/Oct/2020	2019-2020	05/Oct/2022	Hafiz Shahid Mahmood - 1096	3,800
6	05/Oct/2020	2019-2020	05/Oct/2022	Mohammad Waseem Dar - 1105	2,500
7	05/Oct/2020	2019-2020	05/Oct/2022	Kamran Kalim - 1123	5,800
8	05/Oct/2020	2019-2020	05/Oct/2022	Zaheer Ahmed - 1126	7,600
9	05/Oct/2020	2019-2020	05/Oct/2022	Saleem Fazal - 1158	10,200
10	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Hanif Awan - 1204	4,000
11	05/Oct/2020	2019-2020	05/Oct/2022	Mohammad Idrees Hanjra - 1234	3,600
12	05/Oct/2020	2019-2020	05/Oct/2022	Sajjad Haider Khan - 1269	37,400
13	05/Oct/2020	2019-2020	05/Oct/2022	Sohail Habib - 1314	65,800
14	05/Oct/2020	2019-2020	05/Oct/2022	Israr-Ul Haq - 1329	42,900
15	05/Oct/2020	2019-2020	05/Oct/2022	Abu Asfar-Ullah Alam - 1330	24,600
16	05/Oct/2020	2019-2020	05/Oct/2022	Imran Munawar - 1352	14,800
17	05/Oct/2020	2019-2020	05/Oct/2022	Shakeel Ahmed - 1355	21,900
18	05/Oct/2020	2019-2020	05/Oct/2022	Imran Aziz - 1360	97,800
19	05/Oct/2020	2019-2020	05/Oct/2022	Imran Ahmed Toor - 2098	10,000
20	05/Oct/2020	2019-2020	05/Oct/2022	Nisar Ul Haq - 2144	12,700
21	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Amir Anis - 2154	3,200
22	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Adeel Amjad - 2383	8,900
23	05/Oct/2020	2019-2020	05/Oct/2022	Umar Farooq - 2384	14,000
24	05/Oct/2020	2019-2020	05/Oct/2022	Asghar Ali - 2564	5,300
25	05/Oct/2020	2019-2020	05/Oct/2022	Sajjad Ahmed Fakhri - 5001	25,800
26	05/Oct/2020	2019-2020	05/Oct/2022	Ghazanfar Ali - 5006	5,600
27	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Shamrose Khan - 5015	11,900

28	05/Oct/2020	2019-2020	05/Oct/2022	Rehan Tariq Ghory - 5016	14,800
29	05/Oct/2020	2019-2020	05/Oct/2022	Nasar Hayat - 5018	16,500
30	05/Oct/2020	2019-2020	05/Oct/2022	Aslam Tufail - 5019	5,600
31	05/Oct/2020	2019-2020	05/Oct/2022	Pervez Terloka - 5020	5,000
32	05/Oct/2020	2019-2020	05/Oct/2022	Uzma Sheikh - 5035	7,600
33	05/Oct/2020	2019-2020	05/Oct/2022	Hammad Ahmed - 5060	12,100
34	05/Oct/2020	2019-2020	05/Oct/2022	Zafar Iqbal - 5119	6,300
35	05/Oct/2020	2019-2020	05/Oct/2022	Kamran Ahmed - 5171	6,400
36	05/Oct/2020	2019-2020	05/Oct/2022	Ahmad Ali - 5220	5,100
37	05/Oct/2020	2019-2020	05/Oct/2022	Mobeen Akhtar - 5279	37,200
38	05/Oct/2020	2019-2020	05/Oct/2022	Azam Tariq Ghori - 5297	30,800
39	05/Oct/2020	2019-2020	05/Oct/2022	Farhan Mehmodd - 5301	3,700
40	05/Oct/2020	2019-2020	05/Oct/2022	Ahmed Ali - 5324	3,800
41	05/Oct/2020	2019-2020	05/Oct/2022	Talat Maqsood - 5325	3,700
42	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Latif - 5371	3,800
43	05/Oct/2020	2019-2020	05/Oct/2022	Adnan Khan Jalwana - 5380	15,000
44	05/Oct/2020	2019-2020	05/Oct/2022	Syed Basharat Ahmed - 5382	10,300
45	05/Oct/2020	2019-2020	05/Oct/2022	Mahmood Aslam - 5388	9,000
46	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Ali Raza - 5402	8,000
47	05/Oct/2020	2019-2020	05/Oct/2022	Azhar Iqbal - 5517	4,800
48	05/Oct/2020	2019-2020	05/Oct/2022	Tariq Mahmood - 5520	6,900
49	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Hussain - 5522	6,300
50	05/Oct/2020	2019-2020	05/Oct/2022	M.Azam Hassan Khan Niazi - 5566	4,400
51	05/Oct/2020	2019-2020	05/Oct/2022	Sohail Khalid - 5581	5,900
52	05/Oct/2020	2019-2020	05/Oct/2022	Kashif Saleem - 5593	4,100
53	05/Oct/2020	2019-2020	05/Oct/2022	Zia Ur Rehman - 5598	4,300
54	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Sohaib Usman - 5604	5,900
55	05/Oct/2020	2019-2020	05/Oct/2022	Wajahat Raza - 5636	2,300
56	05/Oct/2020	2019-2020	05/Oct/2022	Waqas Khalid Khan - 5637	8,500
57	05/Oct/2020	2019-2020	05/Oct/2022	Asma Iqbal - 5754	3,700
58	05/Oct/2020	2019-2020	05/Oct/2022	Zaheer Ahmad - 5772	5,300
59	05/Oct/2020	2019-2020	05/Oct/2022	Ali Waqas - 5890	3,500
60	05/Oct/2020	2019-2020	05/Oct/2022	Aijaz Uddin - 5892	4,400
61	05/Oct/2020	2019-2020	05/Oct/2022	Misbah Khan - 5913	3,100
62	05/Oct/2020	2019-2020	05/Oct/2022	Sajid Anwar - 5924	3,600
63	05/Oct/2020	2019-2020	05/Oct/2022	Khurram Shehzad - 5928	2,400
64	05/Oct/2020	2019-2020	05/Oct/2022	Umar Ali Javed - 5961	5,300
65	05/Oct/2020	2019-2020	05/Oct/2022	Abdul Qudoos - 5962	5,800
66	05/Oct/2020	2019-2020	05/Oct/2022	Shabana Ashraf - 6060	3,200
67	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Shoaib Ishaque - 6064	17,100
68	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Arif - 6114	8,700
69	05/Oct/2020	2019-2020	05/Oct/2022	Asghar Mushtaq - 6128	6,400
70	05/Oct/2020	2019-2020	05/Oct/2022	Ch.Kamran Hafeez - 6141	3,400
71	05/Oct/2020	2019-2020	05/Oct/2022	Rohail Ilyas - 6152	5,300

72	05/Oct/2020	2019-2020	05/Oct/2022	Shahid Mehmood - 6153	2,500
73	05/Oct/2020	2019-2020	05/Oct/2022	Ali Raza - 6154	17,900
74	05/Oct/2020	2019-2020	05/Oct/2022	Syed Waseem Tahir - 6171	3,300
75	05/Oct/2020	2019-2020	05/Oct/2022	Zeeshan Masood - 6174	1,800
76	05/Oct/2020	2019-2020	05/Oct/2022	Syed Ahmad - 6226	2,700
77	05/Oct/2020	2019-2020	05/Oct/2022	Shujaat Hussain - 6228	2,300
78	05/Oct/2020	2019-2020	05/Oct/2022	Syed Muhammad Salman - 6232	13,600
79	05/Oct/2020	2019-2020	05/Oct/2022	Farhaan Abid Rao - 6245	12,600
80	05/Oct/2020	2019-2020	05/Oct/2022	Nauman Akbar - 6280	2,500
81	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Irfan Akram - 6281	4,300
82	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Ishaq - 6282	4,400
83	05/Oct/2020	2019-2020	05/Oct/2022	Malik Nisar Ahmad - 6292	2,500
84	05/Oct/2020	2019-2020	05/Oct/2022	M. Ali Imran Pirzada - 6303	3,900
85	05/Oct/2020	2019-2020	05/Oct/2022	Sheikh Tamoor Saeed - 6343	4,700
86	05/Oct/2020	2019-2020	05/Oct/2022	Hamad Mehmood - 6352	18,800
87	05/Oct/2020	2019-2020	05/Oct/2022	Qanbar Abbas - 6360	2,900
88	05/Oct/2020	2019-2020	05/Oct/2022	Masood Ul Hassan - 6381	22,000
89	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Ahmad - 6390	9,500
90	05/Oct/2020	2019-2020	05/Oct/2022	Jamal Arshad - 6393	8,300
91	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Sajid - 6403	7,800
92	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Usman Ghani - 6404	14,400
93	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Luqman - 6415	3,700
94	05/Oct/2020	2019-2020	05/Oct/2022	Amjad Zaman - 6433	3,600
95	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Asad Razzaq - 6438	3,000
96	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Tarique Sultan - 6464	2,300
97	05/Oct/2020	2019-2020	05/Oct/2022	Shahid Shafique - 6467	3,600
98	05/Oct/2020	2019-2020	05/Oct/2022	Usman Riaz - 6480	5,200
99	05/Oct/2020	2019-2020	05/Oct/2022	Zil E Samra - 6494	2,400
100	05/Oct/2020	2019-2020	05/Oct/2022	M. Ahmad Masoom Butt - 6505	7,000
101	05/Oct/2020	2019-2020	05/Oct/2022	M.Mohsin Durrani - 6512	3,500
102	05/Oct/2020	2019-2020	05/Oct/2022	Fahad Farooq - 6522	2,900
103	05/Oct/2020	2019-2020	05/Oct/2022	Faraz Hussain Mirza - 6524	45,100
104	05/Oct/2020	2019-2020	05/Oct/2022	Usman Butt - 6565	3,500
105	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Zubair - 6566	14,200
106	05/Oct/2020	2019-2020	05/Oct/2022	Farid Rasheed - 6583	54,900
107	05/Oct/2020	2019-2020	05/Oct/2022	Khawaja Azhar Hussain - 6593	6,000
108	05/Oct/2020	2019-2020	05/Oct/2022	Farhan Athar - 6603	45,100
109	05/Oct/2020	2019-2020	05/Oct/2022	Syed Qamar Abbas Zaidi - 6604	10,800
110	05/Oct/2020	2019-2020	05/Oct/2022	Ali Aslam - 6606	162,100
111	05/Oct/2020	2019-2020	05/Oct/2022	Hafiz Muhammad Asif - 6622	2,500
112	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Jahanzeb Leghari - 6642	4,600
113	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Ahsan Khawaja - 6645	9,100
114	05/Oct/2020	2019-2020	05/Oct/2022	Rana Ziab Hassan - 6650	9,800
115	05/Oct/2020	2019-2020	05/Oct/2022	Shahzada Kamran - 6652	10,400

116	05/Oct/2020	2019-2020	05/Oct/2022	Ali Akram Khan - 6657	4,600
117	05/Oct/2020	2019-2020	05/Oct/2022	Asad Ali - 6662	7,300
118	05/Oct/2020	2019-2020	05/Oct/2022	Muneeb Najam - 6674	10,000
119	05/Oct/2020	2019-2020	05/Oct/2022	Naveed Akhtar - 6675	4,300
120	05/Oct/2020	2019-2020	05/Oct/2022	Sheikh Taimoor Nasir - 6689	7,800
121	05/Oct/2020	2019-2020	05/Oct/2022	Kanwal Asghar - 6693	7,400
122	05/Oct/2020	2019-2020	05/Oct/2022	Muneer Ahmad - 6699	3,000
123	05/Oct/2020	2019-2020	05/Oct/2022	Irfan Habib - 6707	7,500
124	05/Oct/2020	2019-2020	05/Oct/2022	Farooq Furjad Ahmad - 6717	9,700
125	05/Oct/2020	2019-2020	05/Oct/2022	Imran Zafar - 6725	15,400
126	05/Oct/2020	2019-2020	05/Oct/2022	Abid Ali - 6731	2,500
127	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Wasim Ijaz - 6733	2,100
128	05/Oct/2020	2019-2020	05/Oct/2022	Mumtaz Hassan - 6736	5,400
129	05/Oct/2020	2019-2020	05/Oct/2022	Nuaman Hussan - 6743	3,400
130	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Waseem - 6746	2,900
131	05/Oct/2020	2019-2020	05/Oct/2022	Waseem Ahmad - 6813	9,100
132	05/Oct/2020	2019-2020	05/Oct/2022	Qasim Mansoor - 9983	1,800
133	05/Oct/2020	2019-2020	05/Oct/2022	Uzair Hassan - 9997	8,100
134	05/Oct/2020	2019-2020	05/Oct/2022	Zaid Aslam - 9998	9,300
135	05/Oct/2020	2019-2020	05/Oct/2022	Rehan Iqbal - 9999	16,400
136	05/Oct/2020	2019-2020	05/Oct/2022	Attiq Ur Rehman - 10078	3,000
137	05/Oct/2020	2019-2020	05/Oct/2022	Imran Ali - 10094	4,300
138	05/Oct/2020	2019-2020	05/Oct/2022	Salman Ahmed Rabbani - 10142	11,400
139	05/Oct/2020	2019-2020	05/Oct/2022	Malik Muhammad Muslim - 10148	1,600
140	05/Oct/2020	2019-2020	05/Oct/2022	Asma Shamim - 10211	2,100
141	05/Oct/2020	2019-2020	05/Oct/2022	Adil Jahangir - 10252	4,000
142	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Hamza - 10265	2,400
143	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Shoaib Mahmood - 10360	13,000
144	05/Oct/2020	2019-2020	05/Oct/2022	M.Naseem Akhtar - 10375	4,100
145	05/Oct/2020	2019-2020	05/Oct/2022	Zubair Bin Saeed - 10395	7,600
146	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Kamran Akbar - 10398	4,400
147	05/Oct/2020	2019-2020	05/Oct/2022	Sohail Asghar - 10407	2,600
148	05/Oct/2020	2019-2020	05/Oct/2022	Sameer Malik - 10414	5,000
149	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Ahtsham - 10566	2,900
150	05/Oct/2020	2019-2020	05/Oct/2022	Shahzad Gill - 10587	2,500
151	05/Oct/2020	2019-2020	05/Oct/2022	Jehanzaib Qamar - 10593	4,300
152	05/Oct/2020	2019-2020	05/Oct/2022	Aadil Jabbar - 10600	2,100
153	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Arshad Abbasi - 10674	1,800
154	05/Oct/2020	2019-2020	05/Oct/2022	Ahmed Nasir - 10805	6,700
155	05/Oct/2020	2019-2020	05/Oct/2022	Sajid Ali - 10817	11,400
156	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Ali Khan - 10864	15,400
157	05/Oct/2020	2019-2020	05/Oct/2022	Harris Najeeb Dar - 10895	19,000
158	05/Oct/2020	2019-2020	05/Oct/2022	Abeer Akif - 10910	6,800
159	05/Oct/2020	2019-2020	05/Oct/2022	Zain Ul Abadin - 10952	4,300

160	05/Oct/2020	2019-2020	05/Oct/2022	Mairaj Mustafa - 10953	4,300
161	05/Oct/2020	2019-2020	05/Oct/2022	Taha Ahmed Khan Sherwani - 10971	5,000
162	05/Oct/2020	2019-2020	05/Oct/2022	Usman Saleem - 11044	9,500
163	05/Oct/2020	2019-2020	05/Oct/2022	Saad Saadat - 11045	4,400
164	05/Oct/2020	2019-2020	05/Oct/2022	Imtiaz Ahmed - 11153	6,900
165	05/Oct/2020	2019-2020	05/Oct/2022	Azm Zubair - 11199	8,900
166	05/Oct/2020	2019-2020	05/Oct/2022	Atif Nasrullah - 11200	6,300
167	05/Oct/2020	2019-2020	05/Oct/2022	Arslan Mahmood Khan - 11201	6,300
168	05/Oct/2020	2019-2020	05/Oct/2022	Bilal Ashar - 11240	5,200
169	05/Oct/2020	2019-2020	05/Oct/2022	Kashif Iqbal - 11241	4,300
170	05/Oct/2020	2019-2020	05/Oct/2022	Waqas Ahmed - 11383	3,100
171	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Farid Azhar - 11403	13,900
172	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Fayyaz - 11654	3,700
173	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Husnain - 11681	2,200
174	05/Oct/2020	2019-2020	05/Oct/2022	Hammad Javed Khan - 11710	43,600
175	05/Oct/2020	2019-2020	05/Oct/2022	Sarmad Raheel - 11750	3,900
176	05/Oct/2020	2019-2020	05/Oct/2022	Aqeel Anwar Shahzad Meyo - 11799	3,800
177	05/Oct/2020	2019-2020	05/Oct/2022	Abdul Rehman Arshad - 11883	2,300
178	05/Oct/2020	2019-2020	05/Oct/2022	Ghulam Mustafa - 11904	5,000
179	05/Oct/2020	2019-2020	05/Oct/2022	Syed Waqar Danish - 11920	4,900
180	05/Oct/2020	2019-2020	05/Oct/2022	Syed Ahsan Ali - 11998	7,200
181	05/Oct/2020	2019-2020	05/Oct/2022	Muhammad Israr Khan Niazi - 12003	5,500
182	05/Oct/2020	2019-2020	05/Oct/2022	Mahmood Siddiqui - 12012	4,300
183	05/Oct/2020	2019-2020	05/Oct/2022	Hassan Ahmed - 12036	11,100
184	05/Oct/2020	2019-2020	05/Oct/2022	Saifullah Khan - 12063	4,600
185	05/Oct/2020	2019-2020	05/Oct/2022	Naveed Safdar - 12088	9,900
186	05/Oct/2020	2019-2020	05/Oct/2022	Mian Faizan Mahmood - 12135	17,900
187	05/Oct/2020	2019-2020	05/Oct/2022	Zunaira Dar - 12173	19,000
188	05/Oct/2020	2019-2020	05/Oct/2022	Syed Awais Ali - 12177	2,500

ANNEXURE-B

Transactions with related parties
For the year ended June 30, 2020

Description	Relationship	Nature of transactions	2020	2019
				(Rupees in thousand)
Subsidiaries				
Treet HR Management (Private) Limited	Subsidiary Co.	Purchase of services	15,000	15,000
		Advance for services	5,000	16,152
Treet Holdings Limited	Subsidiary Co.	Expenses incurred	21,836	18,630
		Funds transferred - net	36,942	81,471
		Purchase of bikes	5,046	9,606

Description	Relationship	Nature of transactions	2020	2019
				(Rupees in thousand)
		Interest Income	12,364	-
First Treet Manufacturing Modaraba	Subsidiary Co.	Expenses incurred	313,840	1,48,866
		Funds transferred - net	201,949	1,398,433
		Purchase of goods	16,418	24,902
		Interest Income	12364	-
Global Arts Limited	Subsidiary Co.	Short term advance	12,300	91,400
		Interest Income	13,470	-
Society for Cultural Education	Subsidiary	Donation	-	207,377
Institute for Arts & Culture	Subsidiary	Donation	25,228	-
Renacon Pharma Limited	Subsidiary Co.	Purchase of goods	70	-
		Expenses incurred	243,628	162,222
		Interest Income	9,515	-
Related parties				
Packages Limited	Common directorship	Purchase of goods	101,012	97,018
		Purchase of stores and spares	189	1,225
		Sale of goods - gross	159	159
		Discount on sales	-	16
IGI Insurance Limited	Common directorship	Purchase of services	21,270	72,322
		Advance for Services	1,220	-
IGI Life Insurance Limited	Common directorship	Purchase of services	4,037	2,587
Cutting Edge (Private) Limited	Common directorship	Purchase of services	1,939	2,587
Loads Limited	Common directorship	Finance cost paid - PTC	-	7,582
		Expenses incurred	498	-
Elite Brands Limited	Common directorship	Sale of goods - gross	448,164	458,964
		Discount on sales	20,934	66,620
		Security Deposits received	10,000	-
Liaquat National Hospital	Common directorship	Sale of goods	66	-
		Donations	100	-
Post employments benefits plans				
Superannuation fund		Contribution	54,727	37,412
Gratuity fund		Contribution	58,234	41,541
Provident fund		Contribution	37,589	32,891
Service fund		Contribution	16,893	16,926
Housing fund		Contribution	10,462	17,885
Benevolent fund		Contribution	2532	4,281
Superannuation fund - II		Contribution	3,150	5,351

All transactions with related parties have been carried out on mutually agreed terms and conditions.

FORM
OF PROXY

I/We ____

Limited, holder of ____________ Ordinary shares as per Register Folio No. ____________

____________ Ordinary Shares as per Share Register Folio No. ____________

For beneficial owners as per CDC List	
CDC Participant I.D. No. ____________	Sub Account No. ____________
CNIC No.	Passport No. ____________

hereby appoint Mr./Mrs./Miss. ____________ of ____________ person or failing him/her Miss/ Mrs/ Mr. ____________

of ____________ another person on my / our proxy to attend and vote for me / us and my /our behalf at Annual General Meeting of the Company to be held on Saturday, October 31st ,2020 at 11:00A.M. and at every adjournment thereof, if any.

Please affix Rupees Five Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

Signed this ________ day of October 2020

Signature of Shareholder ____________

Signature of Proxy ____________

1. WITNESS	2. WITNESS
Signature: ____________	Signature: ____________
Name: ____________	Name: ____________
Address: ____________	Address: ____________
____________	____________
CNIC No.	CNIC No.
or Passport No. ____________	or Passport No. ____________

1. This Proxy Form. duly completed and signed, must be received at above mentioned address the Registered Office of the Company, not less than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

3. For CDC Account Holders / Corporate Entities In addition to the above the following requirements have to be met

i. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy forms.

ii. The proxy shall produce his original CNIC or original passport at the time of the meeting

iii. In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

TREET GROUP

HEAD OFFICE

72-B, Industrial Area Kot Lakhpat,
Lahore - 54770, Pakistan

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