



FIRST TREET MANUFACTURING MODARABA

Packaging Solutions Corrugation

Managed by: Treet Holdings Limited NTN : 2551646-9 Sales Tax No. 03-02-4819-105-55

HEAD OFFICE: 72-B Industrial Area Kot Lakhpat, Lahore - 54770, Pakistan.

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Mr. Wasim A. Sattar
Manager, Listing Department
Pakistan Stock Exchange Limited
Stock Exchange Building, Stock Exchange Road,
Karachi -74000

Dated: 08th September 2021

Subject: **Increase in the Paid-up Capital of First Treet Manufacturing Modaraba - Credit of 183,590,293 Certificates issued otherwise than right.**

Dear Sir,

Please refer to our announcement on PSX dated August 16, 2021 and your letter dated August 31, 2021 regarding issuance of 183,590,293 certificate of First Treet Manufacturing Modaraba to Treet Corporation Limited through other than right issue. We are hereby requesting you to please update paidup capital of First Treet Manufacturing Modaraba.

I am sending you the requisite information as enclosed below:

1. Certified True Copy of Resolution approved by the Board of Directors for issuance of shares Otherwise than Right.
2. Certified True Copy of Resolution obtained in General Meeting of shareholders for issuance of shares Otherwise than Right. (In case of Modaraba only Board approval required, as per rule 20A of Modaraba Regulations).
3. Copy of approval of SECP.
4. Cheque of PSX listing fee including SECP advisory fee amounting to Rs. 3,917,817/-(Challan of Tax deduction will be sent in due course of time).

Yours Obediently,

For First Treet Manufacturing Modaraba




Zunaira Dar
Head of Legal and Company Secretary

Copy to:

Azam Fwad Siddiqui
Deputy Manager Operations &
Customer Support Services
Central Depository Company of Pakistan Limited
CDC-House, 99-B, Block – B, S.M.C.H, Main Shahrah e Faisal, Karachi.

TREET GROUP OF COMPANIES

**CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE DIRECTORS OF
TREET HOLDINGS LIMITED "THE MANAGING COMPANY OF MODARABA" THROUGH
CIRCULATION DATED MAY 19, 2021.**

Pursuant to the Section 83(1)(b) of the Act and 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 Board Resolutions Dated April 09, 2021 and subject to compliance with all applicable laws and regulations, Board's approval is hereby granted for issuance of Modaraba Certificates of First Treet Manufacturing Modaraba ("FTMM") to Treet Corporation Limited by way of other than right against the remaining short term loans amounting to Rs. 1,835,902,934/-

FURTHER RESOLVED THAT due to strained liquidity position; the management of the Modaraba had decided to issue the Modaraba Certificates against the short term loan worth PKR. 6,879,902,934 (Rupees Six Billion Eight Hundred Seventy-Nine Million Nine Hundred Two Thousand Nine Hundred and Thirty-Four Only) in two tranches. After SECP Approval dated April 22, 2021 for the first tranche, certificates have been issued to Treet Corporation Limited against the loan of PKR. 5,044,000,000. Now, subject to approval of the Commission and members, issuance of 183,590,293 certificates against PKR. 1,835,902,934/- at the rate of Rs. 10/- Per Certificate, be and is hereby approved as provided above and the conditions attached thereto have been provided in the following:

Sr. No.	Requirements	Remarks
1.	The instant Proposal of the board to issue certificate without right offer as conversion of loan to equity is subject to approval of the Commission and members.	Yes
2.	Quantum of the issue both in terms of the number and percentage of paid up capital before and after the issue.	<u>These figures are in numbers:</u> Before: Authorize Capital: 7.00 billion Paid up Capital: 6.99 billion (99.99%) After: Proposed Authorize Capital: 9.0 billion Proposed Paid up Capital: 8.84 billion (98%)
3.	Issue price per certificate and justification for the same	Treet being the majority shareholder having direct shareholding of 96.38% and 2.79% through its subsidiary Treet Holdings Limited effectively owns 99.18% of shareholding of FTMM and therefore the certificate to be issued are proposed to be at Par Value (Rs. 10 / Certificate).

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Company Secretary
Treet Holdings Limited



4.	Consideration against which certificates are proposed to be issued i.e. cash or other than cash;	The shares are being issued by way of conversion of loan into equity.
5.	Name of person(s), their brief profile, existing shareholding, if any, in the company, to whom the certificates are proposed to be issued;	<u>Treet Corporation Limited</u> <u>Existing Shareholding</u> (96.38%) (Directly) (2.79%) (Indirectly) which are held by Treet Holding Limited (Wholly Owned Subsidiary of Treet Corporation Ltd. and Management Company of FTMM).
6.	Purpose of the issue;	<p>Purpose of issuance of shares is to convert the principal Debt of Rs. 6,879,902,934/- given to First Treet Manufacturing Modaraba (FTMM) till date into FTMM's Equity through issuance of Modaraba certificates of equivalent value @ 10/- per certificate. Out of the total loan mentioned above Rs. 5,044,000,000/- have been converted and the Modaraba Certificate have been issued accordingly; we are looking to sought approval from SECP (Modaraba Wing) for remaining principal amount of loan i.e. Rs. 1,835,902,934/-.</p> <p>Owing to currently strained financial position of FTMM and because of business losses, it will be in best interest of FTMM to convert the loan, a liability, into permanent equity to support the business operations of FTMM.</p>
7.	Justification for issue of the shares by way of other than right;	Justification of conversion of debt into equity without a rights issue is that since FTMM has a poor financial performance and has a limited capacity to settle the loan granted by Treet through its operating cash flow, the conversion of remaining amount of debt Rs. 1,835,902,934/- into equity will strength the capital structure, overall balance sheet composition of FTMM and will improve the profitability and financial viability of the FTMM.

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Company Secretary
Treet Holdings Limited

TREET GROUP OF COMPANIES

		<p>Furthermore, the conversion of FTMM's debt into equity will safe guard the investment made by Treet and its shareholders by way of loan advance to the FTMM.</p> <p>The conversion of loan into equity will also help to protect the interest of minority shareholders as this is going to positively impact the business operation and the break up per certificate will also become positive.</p> <p>The proposed new Modaraba Certificates shall rank pari passu in all respects with the existing ordinary certificates of the Modaraba.</p>
8.	Benefits of the issue to the company and its members;	<p>Since FTMM has a poor financial performance and has a limited capacity to settle the loan granted by Treet through its operating cash flow, the conversion of remaining amount of debt Rs. 1,835,902,934/- into equity will strength the capital structure, overall balance sheet composition of FTMM and will improve the profitability and financial viability of the FTMM.</p> <p>Furthermore, the conversion of FTMM's debt into equity will safe guard the investment made by Treet and its shareholders by way of loan advance to the FTMM.</p> <p>The conversion of loan into equity will also help to protect the interest of minority shareholders as this is going to positively impact the business operation and the break up per certificate will also become positive.</p>
9.	Breakup value per certificate as per the latest available audited and reviewed accounts;	Rs -5.08 (As per Audited Financials June 30 th , 2020)
10.	Consent of the person(s) to whom the certificates are to be issued is(are) obtained;	Yes. Treet Corporation Limited has already got approval of its board and shareholders for conversion of loan to equity.
11.	The proposed new certificates shall rank pari passu in all respects with the existing ordinary certificates of the company.	Yes

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TREET GROUP OF COMPANIES

 Company Secretary
 Treet Holdings Limited

12.	Average market price of the Certificate, in case of a listed company, during the last three months preceding the board's decision as well as the latest available market price; and	The average share price of certificate of FTMM during last 3 months preceding the board's decision is Rs. 18.64 and current certificate value is Rs. 17.00/- as at 12 th July 2021.
13.	Where certificates are proposed to be issued for consideration other than in cash, the value of non-cash assets or services or intangible assets shall be determined by a valuer:	Not Applicable

FURTHER RESOLVED THAT Pursuant to FTMM's previous Board Resolution Dated March 10, 2021 to make the conversion process complete in two tranches. The current Authorized Modaraba fund is Rs. 7.00 billion and the paid-up capital of the Modaraba is Rs. 6.99 billion. The first Tranche of Rs. 5.04 billion of debt have been converted into equity and the Modaraba Certificates have also been issued. Similarly in the next tranche of remaining debt of PKR. 1.84 billion; the approval will be sought from SECP to complete the conversion of total loan worth PKR. 6.88 billion into equity.

To give effect to the abovementioned conversion, the Company has already filed an application with SECP's Modaraba Division for increase in FTMM's Modaraba Fund from Rs. 7.0 Billion to Rs. 9.0 Billion.

Now, Board's approval is granted with appropriate justifications for submission of Application under Section 83(1)(b) of the Companies Act, 2017 and Regulation 5 of Companies (Further Issuance of Shares) Regulations, 2020.

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.

FURTHER RESOLVED THAT, the Chief Executive Officer and/or Chief Financial Officer and/or the Company Secretary are authorized to delegate all or any of their powers provided hereinabove to any person under authority letter.

That a certified true copy be given to the institutions concerned.

Yours faithfully,


 Zunaira Dar
 Head of Legal & Company Secretary




 Certified True Copy

Company Secretary
 Treet Holdings Limited

TREET GROUP OF COMPANIES



Securities and Exchange Commission of Pakistan
Specialized Companies Division
Policy, Regulation and Development Department
(Modaraba Wing)

No: SC/M/PRDD/FTMM/2021- 16

July 16, 2021

The Chief Executive,
Treet Holdings Limited,
Managers of First Treet Manufacturing Modaraba,
72-B, Kot Lakhpat Industrial Area,
Lahore.

SUBJECT: APPROVAL FOR ISSUANCE OF FURTHER MODARABA CERTIFICATES OF FIRST TREET MANUFACTURING MODARABA OTHER THAN RIGHT ISSUE

Dear Sir,

This is with reference to your application dated July 13, 2021 for issuance of modaraba certificates (other than Right Issue) of First Treet Manufacturing Modaraba in favor of Treet Corporation Limited at a Par Value of Rs. 10/- each.

2. In terms of the section 83(1)(b), read with section 505 (1)(c) of the Companies Act, 2017 and Regulation No. 5 of Companies (Further Issue of shares) Regulations, 2020, the competent authority has accorded approval for issuance of 183,590,293 Modaraba certificates (other than Right Issue) at par value of Rs. 10/- per certificate, valuing Rs.1.84 billion to Treet Corporation Limited against a portion of financing/loan extended by it to the Modaraba.

3. The Modaraba certificates shall rank *pari passu* with the existing certificates of First Treet Manufacturing Modaraba in all matters including bonus, right and cash dividend, as may be declared subsequent to the date of issue of new modaraba certificates.

4. The Modaraba Certificates shall be issued within thirty days of issue of this letter and Return of Allotment under rule 26 of the Modaraba Rules, 1981 shall be filed with the Registrar Modaraba within one month of the allotment. The modaraba certificates shall also be deposited in a blocked account with CDC as per requirements of circular No. 10 of 2006 dated June 16, 2006, under intimation to this office.

Best Regards,

Malik Asif Karim Awan
Assistant Director

August 10, 2021

The Company Secretary
Treet Holdings Limited
(Management Company of First Treet Manufacturing Modaraba)
72 B, Kot Lakhpat Industrial Area, Lahore

Dear Sirs

CERTIFICATE ON PAID UP CERTIFICATE CAPITAL

We have been requested to provide you with a certificate on the increase in paid-up certificate capital of your Modaraba.

Scope of Certificate

This certificate is being issued in accordance with the requirements of Central Depository Company of Pakistan (CDC) as provided in the form of "Procedures for Input of Paid Up Certificate Capital / Total Issue in CDS (Listed and Unlisted).

Management Responsibility

It is the management's responsibility to ensure compliance with the legal requirements in respect of increase in paid up certificate capital. The management's responsibilities include causing the maintenance of adequate accounting records and internal controls, compliance with laws and regulations, and prevention and detection of frauds and irregularities. This certification does not relieve the management of its responsibilities.

Auditors' Responsibility

Our responsibility is to confirm the increase in paid up certificate capital of the Modaraba after allotment of shares to its Parent Company on conversion of the loan provided by it in accordance with the 'Guidelines for issue of Certificates for Special Purposes by Practicing Chartered Accountant Firms' issued by the Institute of Chartered Accountants of Pakistan.

Our verification was limited to the following procedures:

1. Reviewed the approval of SECP for further issuance of paid up certificate capital without right issue to confirm the approved amount of loan of Parent company namely; Treet Corporation Limited (TCL) to be issued as certificate capital of the Modaraba.
2. Reviewed the approval of Registrar Modaraba for the increase in the authorized Modaraba fund (certificate capital) of the Modaraba from Rs. 7,000,000,000 to Rs. 9,000,000,000 and to alter the prospectus of the Modaraba to reflect this increase in authorized certificate capital.

3. Reviewed the approval of Assistant Director, SECP for the issuance of 183,590,293 Modaraba certificates of Rs. 10 each, other than right to its Parent Company (TCL) for the conversion of loan of the TCL into equity of the Modaraba in the sum of Rs. 1,835,902,930.
4. Reviewed certified true copy of Board resolution of the Management Company of the Modaraba (already filed with the Registrar Modaraba) for the increase in authorized certificate capital from Rs. 7,000,000,000 (700,000,000 certificates of Rs. 10 each) to Rs. 9,000,000,000 (900,000,000 certificates of Rs. 10 each) as required under rule 20(a) of the Modaraba Companies and Modaraba Rules, 1981 and for the issuance of 183,590,293 Modaraba certificates of Rs. 10 each, other than right to its Parent Company (TCL) for the conversion of loan of the TCL into equity of the Modaraba in the sum of Rs. 1,835,902,930.
5. Verified the submission of formal application with the Registrar Modaraba for the increase in the authorized fund of the Modaraba from Rs. 7,000,000,000 to Rs. 9,000,000,000 as required under rule 20(a) read with the Second Schedule of the Modaraba Companies and Modaraba Rules, 1981 and reviewed the application filed with the Assistant Director, Modaraba Division, SECP for the issuance of other than right Modaraba certificates along with requisite fee challan as required under section 83, read with the Seventh Schedule of the Companies Act, 2017.
6. Obtained the schedule of paid-up certificate capital of the Modaraba before and after the conversion of loan from the Parent Company and confirmed the amounts of existing paid up certificate capital from the audited financial statements of the Modaraba for the year June 30, 2020 in the sum of Rs. 1,955,999,940, confirmation letter of Central Depository Company dated May 20, 2021 as to the credit of certificates in favour of TCL amounting to Rs. 5,044,000,000 on account of further issue of certificate capital without right offer and return of allotments under rule 26 of the Modaraba Companies and Modaraba rules 1981 duly filed with the Registrar Modaraba in connection with the further issue of certificates without right offer. The certificate capital before and after the further issue of modaraba certificates is as follows:

Description	Number of certificates	Amount - Rs.
Existing paid up certificate capital	699,999,994	6,999,999,940
Increase in paid up certificate capital, by		
Conversion of debt to equity - loan component	183,590,293	1,835,902,930
Revised paid up certificate capital	883,590,287	8,835,902,870

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7. Matched the amount of increased paid-up certificate capital with the Modaraba's books of account.
8. Reviewed "Return of Allotment of Modaraba Certificates" under rule 26 of the Modaraba Companies and Modaraba Rules, 1981 to be filed with the Registrar Modaraba to confirm the increase in paid-up certificate capital.
9. Checked the correspondence exchanged between the management company and the CDC for authorizing it to upload data.
10. Confirmed that all the requirements with regards to allotment of Securities in the name of CDC have been fulfilled by the Management Company of the Modaraba.
11. Ensured that all the conditions, if any, imposed by the regulatory body have been fulfilled by the Management Company of the Modaraba in every respect.

Certificate

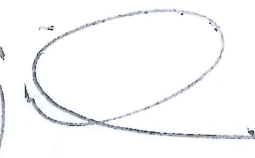
Based on the procedures mentioned above, we certify the following:

- that the Modaraba's paid up certificate capital after the allotment of certificates to its Parent Company on conversion of loan provided by it to the Modaraba amounts to Rs. 8,835,902,870 i.e. 883,590,287 certificates of Rs. 10 each.
- all the requirements with regards to allotment of Securities in the name of CDC have been fulfilled by the Management Company of the Modaraba.
- all the conditions, if any, imposed by the regulatory body have been fulfilled by the Management Company of the Modaraba in every respect.

Restriction on use and distribution

This certificate is being issued by us as the statutory auditor of the Modaraba, as required by CDC and on the specific request of the management company of the Modaraba and is not to be used for any other purpose. This certificate may be submitted to Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange only. Accordingly, this should not be distributed to any other party without prior written consent from us. This certificate is restricted to the facts stated herein.

Yours faithfully


KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

used for an



FIRST TREET MANUFACTURING MODARABA

Packaging Solutions Corrugation

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STATEMENT OF INCREASE IN PAID UP CERTIFICATE CAPITAL

Following is the change in paid up certificate capital pursuant to the conversion of debt into equity:

Description	Number of certificates	Amount – Rs.
Existing paid up certificate capital	699,999,994	6,999,999,940
Increase in paid up certificate capital, by Conversion of debt to equity – loan component	183,590,293	1,835,902,930
Revised paid up certificate capital	883,590,287	8,835,902,870


Chief Financial Officer


Company Secretary