

December 21, 2020

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

**MATERIAL INFORMATION**

Dear Sir,

In accordance with Section 96 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, we hereby notify that the Board of Directors of the Company have approved the conversion of short term loan given to First Treet Manufacturing Modaraba (FTMM) by Treet Corporation Limited into FTMM's equity. The board of directors have also approved that the debt conversion into equity will take place without a rights issue and is subject to approval of Securities and Exchange Commission of Pakistan.

Please find attached, the extract of Board Resolution dated 21<sup>st</sup> December 2020 passed by Board of Directors of the Company giving the requisite approval with appropriate justifications for submission of Application under Section 83 of the Companies Act, 2017 and Regulation 5 of Companies (Further Issuance of Shares) Regulations, 2020.

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

Yours Sincerely,

**For Treet Holdings Limited** (*The Management Company of First Treet Manufacturing Modaraba*)  
**Zunaira Dar**  
Company Secretary

TREET GROUP OF COMPANIES



**EXTRACTS OF RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF**  
**TREET HOLDINGS LIMITED (THE “COMPANY”) THROUGH CIRCULATION**  
**DATED DECEMBER 21, 2020**

First Treet Manufacturing Modaraba (FTMM), a Modaraba managed by the Company and the Treet Corporation Limited (Treet) entered into a loan agreement dated November 01, 2019 (the “Loan Agreement”) where under Treet has given a loan of up to Rs. 6.880 billion to FTMM till date. The Board of Directors of Treet had recommended the conversion of FTMM’s loan into equity without rights issue for approval of its Shareholders and the Shareholders of Treet in the Annual General Meeting held on October 31, 2020 had approved the conversion of Treet’s loan of Rs. 6.880 billion given to FTMM into FTMM’s equity, subject to the approval of Securities and Exchange Commission of Pakistan (SECP) pursuant to Section 83(1)(b) of the Companies Act, 2017. The Loan Agreement provided the option to Treet for conversion of its loan to equity by way of issuing new modaraba certificates. Treet has issued a notice dated September 28, 2020 to the Company for conversion of its loan to equity by issuing new modaraba certificates of FTMM to Treet.

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. 4.5 Billion to Rs. 9 Billion based on approval sought from the Board of Directors of the Company in its meeting held on October 05, 2020.

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

**RESOLVED THAT** conversion of short-term loans given by Treet Corporation Limited to its subsidiary 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, at the rate of Rs. 10/- (Rupees Ten Only) per Modaraba Certificate (i.e. par value), to Treet 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 approval of the Commission and members, be and is hereby approved 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	Yes

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	conversion of loan to equity is subject to approval of the Commission and members.	
2.	Quantum of the issue both in terms of the number and percentage of paid up capital before and after the issue.	<b><u>These figures are in numbers:</u></b> <b>Before:</b> Authorize Capital: 450 million Paid up Capital: 195.6 million (43.5%) <b>After:</b> Proposed Authorize Capital: 1,000 million Proposed Paid up Capital: 883.6 million (88.36%)
3.	Issue price per certificate and justification for the same	Treet being the majority shareholder having direct shareholding of 87.35% and 10.02% through its subsidiary Treet Holdings Limited effectively owns 97.37% of shareholding of FTMM and therefore the certificate to be issued are proposed to be at Par Value (Rs. 10 / Certificate).
4.	Consideration against which certificates are proposed to be issued i.e. cash or other than cash;	Cash
5.	Name of person(s), their brief profile, existing shareholding, if any, in the company, to whom the certificates are proposed to be issued;	<b><u>Treet Corporation Limited</u></b>  <u>Existing Shareholding</u> (87.35%) (Directly) (10.0%) (Indirectly) <b>which are held by</b> Treet Holding Limited (Wholly Owned Subsidiary of Treet Corporation Ltd. and Management Company of FTMM)
6.	Purpose of the issue;	Purpose of issuance of shares is to convert the principal Debt of Rs. 6.880 billion given to First Treet Manufacturing Modaraba (FTMM) till date into FTMM's Equity through issuance of modaraba certificates of equivalent value @ 10 per certificate. Owing to current 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.



7.	Justification for issue of the shares by way of other than right;	<p>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 Rs. 6.880 billion of debt into equity will strength the capital structure, overall balance sheet composition of FTMM and will reduce annualized cost of PKR 750 Million associated with Loan which 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> <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 Rs. 6.880 billion of debt into equity will strength the capital structure, overall balance sheet composition of FTMM and will reduce annualized cost of PKR 750 Million associated with Loan which 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>



		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
9.	Breakup value per certificate as per the latest available audited and reviewed accounts;	<b>Rs -5.08</b> (As per Audited Financials June 30 <sup>th</sup> , 2020)
10.	Consent of the person(s) to whom the certificates are to be issued is(are) obtained;	Yes. Treet has already got approval of its board and shareholders for conversion of loan to equity and has issued notice for the said conversion to the Company.
11.	The proposed new certificates shall rank pari passu in all respects with the existing ordinary certificates of the company.	Yes
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 from the date of AGM is Rs. <b>15.68</b> and current certificate value is Rs. <b>14.49</b> .
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**, 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 ere required) 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.

TREET GROUP OF COMPANIES



**Treet**  
**Holdings**  
**LIMITED**

NTN: 189285-7  
STN: 0309821200391

**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.

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

Yours's faithfully,

Zunaira Dar

Head of Legal & Company Secretary



**TREET GROUP OF COMPANIES**