TREET CORPORATION LIMITED

ANNUAL REPORT 2021

SYMBOL OF TRUST

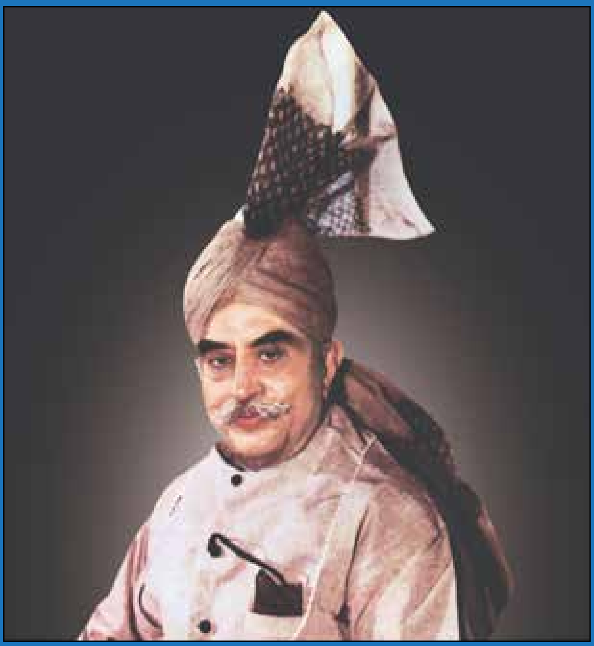
OUR DIVERSIFIED BUSINESS PORTFOLIO

BLADES | RAZORS | BATTERIES | CORRUGATED BOXES | SOAPS | PHARMACEUTICAL PRODUCTS | BIKES

COVER STORY

The T sign, as we call it, has become a "SYMBOL OF TRUST" over decades. It has unique meaning for every stakeholder including the end consumer of our products, our customer, strategic partners and specially our valued shareholders.

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

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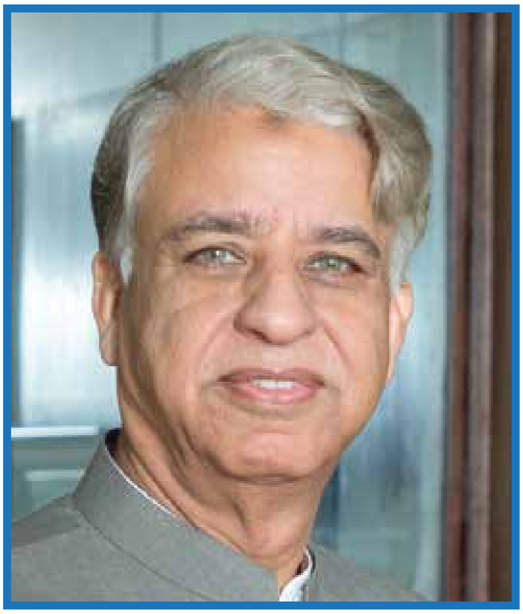


Dear Shareholders,

I am pleased to present the company's annual report for the year ended June 30, 2021 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 kept top of mind. As Chairman 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 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 2020-2021, 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. As a result of this evaluation, it was decided that the Board would identify specific objectives to measure its performance periodically.

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 2021-2022.

Imran Azim
Chairman/Non-Executive Director

MESSAGE FROM GROUP CEO

Dear Shareholders,

The Financial Year 2020-21 has again been an exceptionally challenging year for everyone. The outbreak of COVID-19 has not only severely impacted the economy, both locally and globally, but also the lives of each and every one of us. Treet Corporation Limited (Treet) has been no exception; however, with adequate administrative measures coupled with cost control and the efforts of the entire Treet family, we were able to achieve a top line growth of 25.39% as compared to the last financial year.

With an aim of unburdening Treet's books with debts and in order to bring it to a sustainable level, during the year under review, as per our plan, we have divested Global Arts Limited. Consequently, we have managed to reduce bank borrowings. Furthermore, our utmost efforts are devoted to make our businesses profitable and ensure adequate shareholder's return.

From the quality perspective, we witnessed the international approval of the ISO 9001 standard certification for our blades and razors facilities.

To meet the increased demand of ourrazor products, we have undertaken a capacity enhancement project which is expected to be completed soon.

Despite the challenges faced, we ensured continuous reflection on our core principles and followed our Code of Conduct to uphold the best practices of the Company.

We anticipate progressive growth in 2021-22 in the overall business as we consistently innovate and improve our products, processes and productivity to provide customers in Pakistan and all over the globe with world class products, solutions and services.

I would like to take the opportunity to thank all our customers, shareholders, retailers, distributors, suppliers, stakeholders and partners for the trust they have placed in our products. Your confidence in our brands has always been a source of inspiration.

Finally, I wish to express my heartfelt appreciation and gratitude to my team members for their commitment, professionalism and for showing perseverance during these extremely uncertain and testing times.

Stay safe and healthy!

Syed Shahid Ali
Chief Executive Officer

MESSAGE FROM
GROUP CSO AND EXECUTIVE DIRECTOR

The outburst of the Covid-19 pandemic has made one thing clear: "change" is expected. With it, it can bring many challenges, both professionally and personally. This past year has definitely been one full of change for Treet Group, but through change we see growth, opportunity and new beginnings.

In 2020-21, with the goal of discharging Treet's debts and to make Treet financially viable, we have, in accordance with our Business Plan and Strategy, divested Global Arts Limited (wholly owned subsidiary) and with the proceeds of its sale, we were able to reduce bank borrowings of Treet. Resultantly, the overall financial health of Treet has considerably improved.

In the year under review, we have produced large numbers of blades and razors on maximum capacity due to the high demand of our products. With the aim of meeting consumer demands, our capacity enhancement project for our core business is underway and is likely to be completed in the coming months, which will result in a substantial increase in our sales and profit.

After our corporate restructuring last year, we have identified strengths, weaknesses, opportunities, and threats which have been factored in whilst determining our strategic direction in the upcoming years. Focus will be given to enhancing production, marketing and sales, developing resources, effective processes and strong leadership.

I want to thank my entire team which has worked tirelessly to make Treet a revenue generating attractive investment opportunity for the general public.

Syed Sheharyar Ali
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

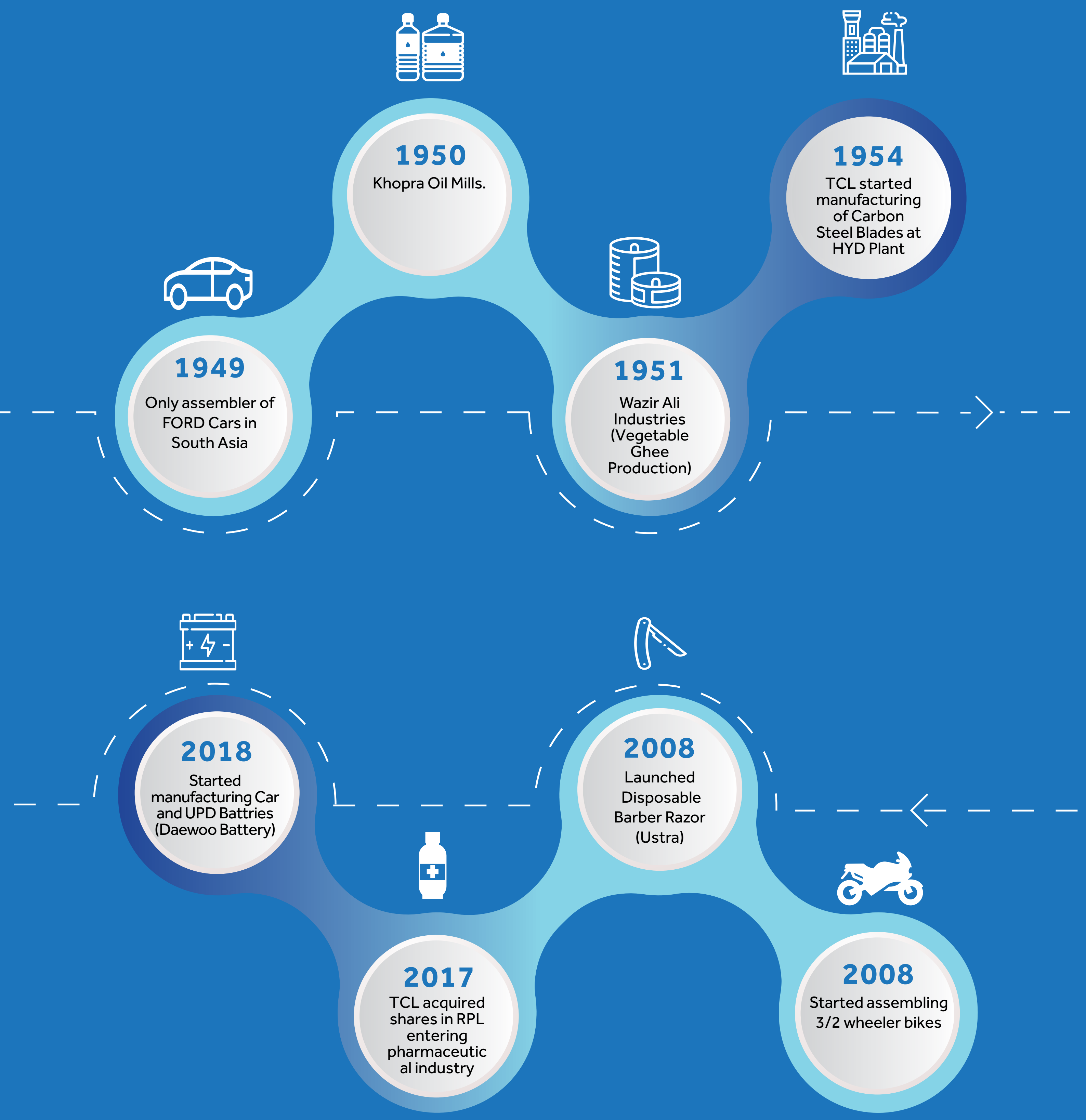
Our mission is to solidify our national leadership position in our core business and drive growth through offering a diversified product portfolio with the principles of ensuring value for money for our consumers, increased shareholder's value for our investors and nurture mutually beneficial business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

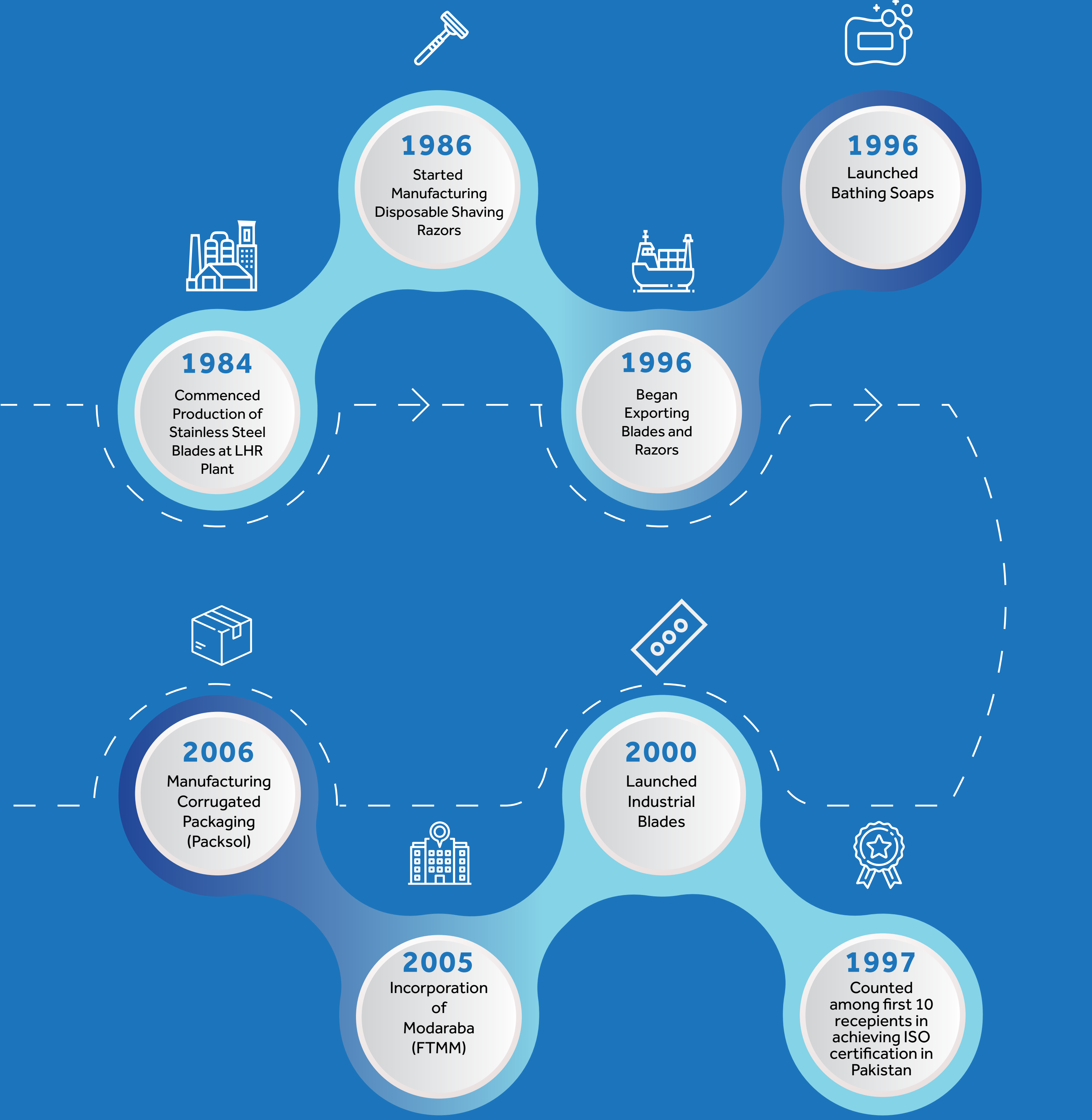
OUR LEADERSHIP BEHAVIOURS

Our leadership behaviours add the next defining component to the culture we want to build in Treet. They set the standard for how we lead in our company. They challenge, inspire and elevate our leaders who endeavour to live by them every day. Leaders play an essential part in creating that culture of collaboration and community that will help lead our people from good to great performance. We have outlined nine leadership behaviours under 'Performance Leadership', 'Organizational Leadership' and 'Personal Leadership'.

Performance leadership		
Creates customer value	Drives operational excellence	Leads change
Organizational leadership		
Builds connections	Inspires others	Develops teams
Personal leadership		
Sets the example	Develops self	Engages others

DECADES-LONG JOURNEY





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
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)

BOARD OF DIRECTORS

Mr. Imran Azim
Chairman

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 and 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. 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 and holds senior positions on several hospitals.

His portfolio includes:

- Packages Limited
- IGI Insurance Limited
- Treet Power Limited
- First Treet Manufacturing Modaraba
- Global Arts 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

Mr. Syed Sheharyar Ali
Group Cso and Executive Director

After returning from Saint Louis University, USA in 2001, Syed Sheharyar Ali became one of the youngest directors of Treet Corporation Limited. Currently at the age of 39, he manages a diversified portfolio consisting of manufacturing, healthcare, information technology, automobiles, 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

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

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

Ms. Sidra Fatima Sheikh
(Independent Director)

After completing her BSC Economics from The London School of Economics and Political Science, CPE/PGDL and LPC from BPP Law School, London, Sidra Fatima Sheikh trained with The Oberman Partnership Solicitors (now Kerman & Co), London and was enrolled as a Solicitor of the Supreme Court of England & Wales in 2001. She is a partner at The Sheikh Partnership law firm since 2004 and serves on the managing committee of Gulab Devi Hospital and Al-Aleem Medical College. She has recently been enrolled as an advocate of the Supreme Court of Pakistan.

BOARD
APPOINTEES

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

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

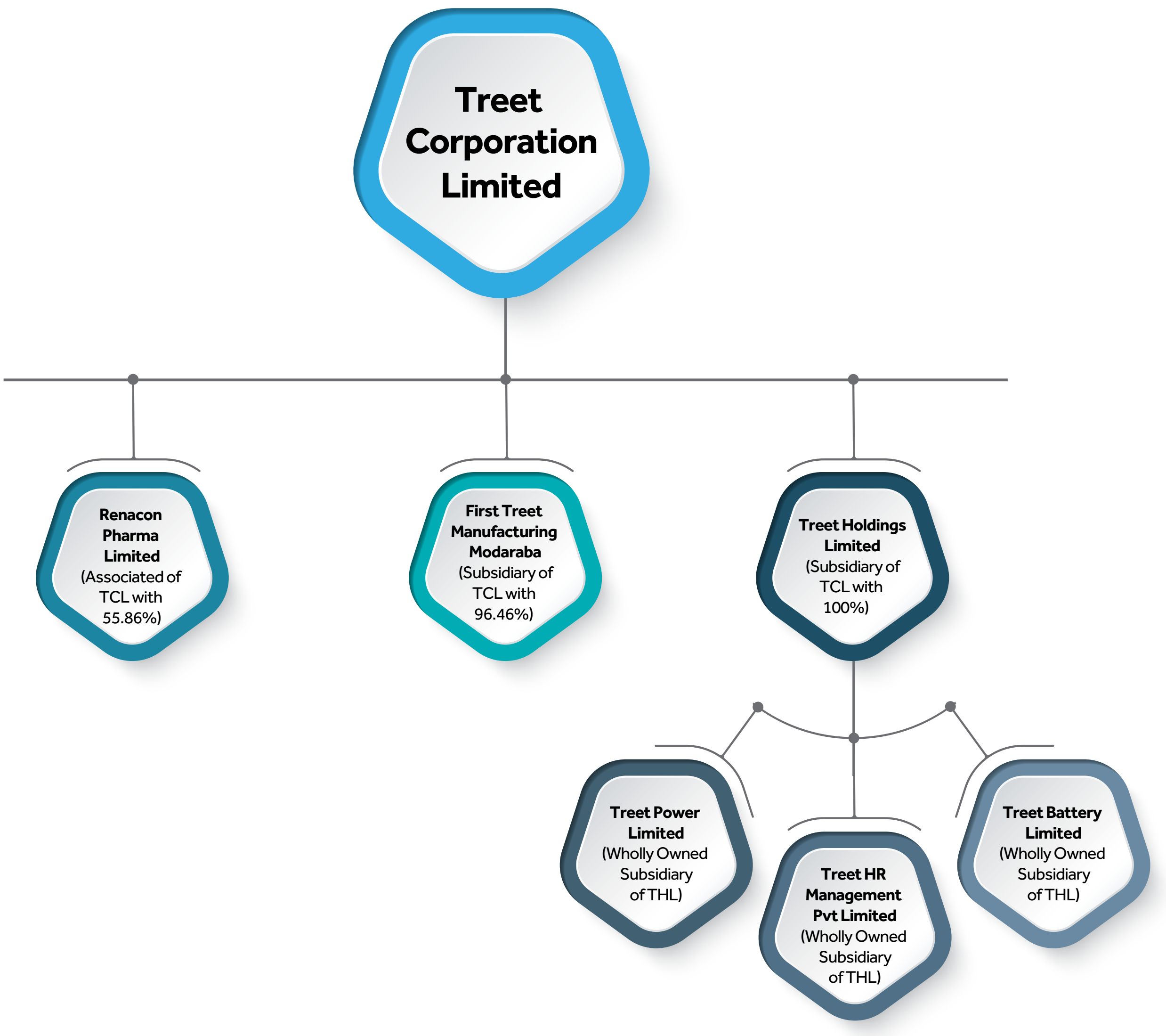
Safety

- 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

GROUP OVERVIEW
ORGANOGRAM & COMPANY DETAILS

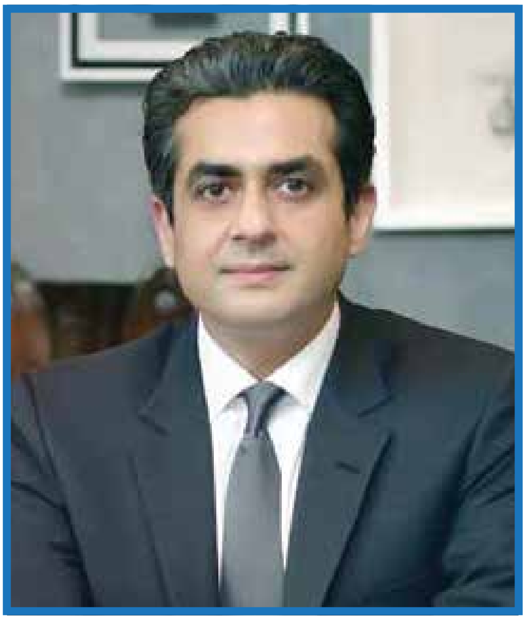


Companies	Symbol	Shares held by							
		Treet	THL	TPL	THRM	FTMM	RPL	Directors	Outsider
Treet Holdings Limited	THL	100%							
Treet Power Limited	TPL		100%						
Treet HR Management (Private) Limited	THRM		100%						
First Treet Manufacturing Modaraba	FTMM	96.38%	2.8%					0.003%	0.8%
Renacon Pharma Limited	RPL	55.86%						38.47%	5.67%
Treet Battery Limited	TBL		100%						

BUSINESS UPDATES

For the year ended 30 June 2021

BUSINESS UPDATES
BATTERY DIVISION



SYED SHEHARYAR ALI
Group CSO and
Executive Director

Daewoo Battery continues its successful ascent as a hallmark of quality in both automotive and back-up battery segments in Pakistan. It has established its niche as one of the most premium battery brands with respect to reliability and end-user confidence. Reflective of the same, the steep volume growth in 2020-21 comes at the back of market share gain, satisfied returning user and new innovation. Total Battery Sale for the financial year 2020-21, grew by 39% against last year. This constitutes a CAGR of 24% volume growth since the start of sales operations in 2018, while net sales revenue grew by 64% representing a strong upward trajectory.

Fiscal year 2020-21 saw a bounce back of auto sector after initial COVID-19 impact, delivering ~60% YOY increase in Car/SUV sales as reported by PAMA. Many new OEMs have entered the Pakistani car market this year, reflecting a strong confidence in growth of the automotive sector. Daewoo Battery is already successfully supplying Maintenance-free automotive battery to two major OEMs, while discussion is already in progress with multiple other new market entrants. Alongside OEM-driven incremental growth, our Sealed Maintenance Free (SMF) battery enjoys great success in the used car segment, latter being the major volume growth driver. Users are gradually switching from conventional design to hassle-free ready to use SMF batteries, a technology pioneered by Treet Group in Pakistan. SMF Daewoo Battery grew by 30% in 2020-21 against the previous year.

Alongside automotive battery, our Deep cycle back-up (EB) battery also raised the bar on volume growth. Our EB products grew by an overall 57% against the previous year. Despite higher electricity generation capacity, load-shedding continues to affect both urban and rural areas. With costs of solar paraphernalia coming down and electricity costs soaring up, consumer feels incentivized to switch to a hybrid energy system at homes, shops and also industry. This represents an evolving growth potential for Deep cycle battery. With Solar demand rising up, and apparently, load-shedding to continue in the foreseeable future, EB battery is expected to experience continued growth in coming years.

While company enjoys a strong volume growth in existing portfolio, it is well aware of the importance of continued innovation to tap into potential opportunities. Apropos, a new battery series by the name of DHV (Daewoo Heavy Vehicle) battery has been introduced in March '21. This is a dual-use battery in the traditional segment to compete in the existing conventional market portfolio. DHV can be used as either back-up storage or in heavy vehicle as SLI battery. A total of 5 different capacity models have been introduced as an initial offering.

> “Sale for financial year 2020-21 grew by 39%”

COVID-19 has changed the previous norms of everyday life. It has disrupted supply chains across the globe and posed never-seen-before challenges to the way we do business. Across the globe, businesses continue to suffer due to logistics constraints in off-shore material supplies. The company has also faced challenges in securing timely supplies, enduring forced costly airlifts of raw materials at times and hampered potential to meet market demand. It continues to be a challenge, as we learn along and review new norms. Lead price has seen drastic volatility in both international and local market, impacting the overall local industry. The prices continue to rise on the back of un-processed lead in key secondary lead conversion markets due to COVID-19 related challenges. Despite these unprecedented challenges, Company's losses have been comparatively brought downward in 2020-21 by 54%. As a part of our strategy to turn around the business with focus on spin off the battery segment from Modaraba into a new company, followed by raising fund through capital market to repay the bank borrowings. Furthermore, we have successfully brought in cost effectiveness through reduction in fixed cost and price rationalization. These measures will have significant positive impact on our margins.

Operationally, there has been significant improvements in working capital by WIP inventory reduction through Plant reliability enhancement. TPM (Total Productive Management) philosophy has been introduced in manufacturing to adopt a loss-based efficiency improvement approach across all performance areas. Process wastages and rejections have been brought down and recycling opportunities have been incorporated. Plant successfully cleared ISO9001 and ISO140001 surveillance audits this year.

In trade, sales team made significant strides in increasing the trade network across the country with major focus now on tier-2 & tier-3 cities and towns. The confidence of auto trade market in Daewoo brand is consistently increasing as reflected by the sales growth. The end user has shared its trust in Product quality, especially extended warranty period as a good value for money.

The company is fully committed to continue to build upon its strengths of operating a state of the art plant & technology, responsible governance, sustainable resource development and producing high end products at competitive price to continue wining in the market place. As a part of our growth and innovation strategy, we are also focusing on the latest development in the battery segment, and are in discussion with international player of lithium ion battery manufacturing.

BUSINESS UPDATES
BLADE & RAZOR-PRODUCTION

MUHAMMAD SHAFIQUE ANJUM
Chief Operating Officer
Treet Corporation Limited

Treet Corporation Limited (TCL) is a well-known and trusted name in the personal hygiene industry, engaged in manufacturing and selling of double edge shaving blades and disposable razors in Pakistan since 1954. Its Lahore and Hyderabad plants are operating under the supervision of professional management and competent teams to produce quality products for the customers.

Hyderabad plant produces carbon steel double edge blades under various brand names. Approximately, 70% of its production is consumed locally whereas remaining quantity is exported.

Lahore plant is engaged in the manufacturing of variety of double edge stainless and carbon steel blades and disposable razors. Around 65% production of Lahore plant is sold in the domestic market whereas remaining quantity is exported around the globe in 6 continents of the world.

Current installed production capacity of both the plants is 2.23 billion blades and razors with Lahore and Hyderabad's proportion of 60.5 % and 39.5 % respectively. In terms of value, contribution of Lahore and Hyderabad plants in total revenue of the division is around 79 % and 21 % respectively.

Performance of Blade and Razor Division during the year 2020-21

Initially, the full year budget for blades and razors for the year 2020-21 was set cautiously due to continuation of Covid-19 pandemic and its devastating effects noted during the previous year. The production targets were reviewed and the full year production forecast was revised upward in October 2020 and production processes were geared-up to accelerate the production pace accordingly. Maintenance of the plants was carried out as per plan/schedule for smooth operation,

> "Annual forecast for FY 2020-21 of 2,062 million blades and razors was not only achieved but surpassed by producing 2,094 million blades and razors!"

consistent product quality and controlled rejections. Quality tools and checks were applied on the shop floor as per laid-down quality procedure/plan. Confirmation of ISO 9001 Certification of both the plants was done by SGS after successful Surveillance Audits. Work on production expansion projects was carried out in parallel for their completion in due time. Covid-19 SOPs were applied and followed on the shop floor throughout the year. Up till now, more than 83% of our colleagues have been fully vaccinated whereas 100% got 1st vaccination dose against COVID- 19.

I am pleased to share with you that the revised annual forecast for FY 2020-21 of 2,062 million blades and razors was not only achieved but surpassed by producing 2,094 million blades and razors despite slow start. TCL-Hyderabad achieved highest ever production during the year. The figure would have been even better if few production days were not lost due to steel strip shortage and extended Eid holidays. Other key performance indicators were as follows;

- Overall capacity utilization of the plants was 93.90%,
- DE Blade yields were more than 93 %
- Market quality complaints were only 4 in number
- Customer satisfaction index (barbers) was 100%
- Major electrical or mechanical breakdowns and accidents were reported NIL

Major challenges and key initiatives to cope with the challenges

Following were the major challenges faced during the year 2021;

- Market demand of hygiene razor was about 25% more than its normal production capacity and was a challenge to meet. It is one of our high priced, fast moving products which contributes significantly towards overall revenue of the division. The relevant production was shifted to 24/7 mode for extra production. Apart from this, production of low-price products was reduced in consultation with Sales and Marketing Division to create cushion for additional production of hygiene razor. To resolve the issue on long term basis, capacity enhancement project of hygiene razor was initiated which is underway at the moment.
- It was a challenge to control Covid-19 spread on the shop floor for continuity of the operations and achievement of set production targets. Application of Covid-19 SOPs in true letter and spirit was not an easy task.

Continuous counselling, monitoring and follow-up of the employees made it possible to a greater extent.

Key improvement initiatives for next year

- Development of a Razor Assembly Machine to increase automation extent of razor assembly process of disposable razors.
- Design and development of a lady razor for increased range of products.

Year 2021-22 has started with Covid-19 pandemic still prevalent globally despite greater awareness and rapid vaccination pace. The Annual Budget of 2,095 million blades and razors has been set for both the plants for the said year. Every possible measure would be undertaken to achieve the target.

We hope and pray that in the ensuing year economic activities will normalize and provide stable business environment locally and internationally for smooth business operations.

BUSINESS UPDATES
BLADE, RAZOR & SOAP - SALES & MARKETING

SHAHID ZIA
Chief Operating Officer
Sales, Marketing & Soap Operations

Pakistan's already fragile economy remained under stress due to the Covid-19 pandemic in the year 2020-21. Though Pakistan fought it well, uncertainty within the country and globally prevailed throughout the year due to lockdowns, fewer working hours, travel restrictions, and cargo embargo imposed from time to time to control the spread of the pandemic. Beside all these odds, Treet Sales & Marketing Division, which looks after Local Sales, Exports and Soap Operations, performed extremely well under uncertain market conditions.

For FY 2020/21, we achieved sales of Rs. 5.79 Billion in the local market which shows a growth of 22% over the preceding year. The growth in sales both value and volume was a result of sheer hard work and dedication of our sales force coupled with our rich experience and vast reach. Treet is among those companies in Pakistan having a very strong network of 400+ distributors in 380+ towns. Nationally, we are covering 111K+ outlets (60% rural and 40% urban) directly through our distributors and field force. In addition to that, approximately, 125K+ outlets (70% rural and 30% urban) are indirectly being covered through wholesalers.

Our disposable razors segment volume grew to 201.54 Million Razors in the local market depicting a growth of 30% over the preceding year. The increase in volume growth is a clear depiction of consumers' confidence in our disposable razors segment particularly Treet Hygiene Razor (THR) whose volume increased by 36% over the preceding year. Treet Hygiene Razor remained our highest selling razor brand followed by TEC II. We expect continued volume growth momentum in the Disposable Razors category in the ensuing years.

> "Treet has a strong network of 400+ distributors in 380+ towns, covering 111k+ outlets (60% rural and 40% urban)"

Local market demand for Double Edge Blades remained stable throughout the year. Our blades segment managed to hold approximately 85% of the overall local market demand. We registered sale of 1.03 Billion blades for the year which is 15% above the last year, and translates into Rs. 2.78 Billion turnover in double edge category. It is extremely promising to bring this to record that we posted highest ever sales in FY 2020/21. This was only possible due to the extraordinary efforts put in by our sales force who took this challenge and surpassed their targeted sales.

On international front, our export sales bounced back in the year 2020-21 despite very tough conditions prevailing all over the globe due to the Covid-19 pandemic. It was only possible due to sheer determination, rich experience and better planning of our export team that managed to retain the regular export orders and made Treet products indispensable in many foreign markets. Throughout the year 2020-21, our export department stayed true to their pledge by generating a sale of above 17 Million US$. Despite many odds, export's performance in the year 2020-21 remained healthy. We are hopeful that our export team will carry forward the same pace and momentum in the next financial years.

Soap Division

Soap remained an area of concern for us throughout the year, due to the exorbitant increase in palm oil prices. This forced us to pass on the impact by increasing our soap's retail prices. It resulted in a decline in soap sales volumes as our targeted customers were already hit hard by inflation and could not absorb it. We had hoped to capitalize further in the year 2020-21, but palm oil prices, the foremost raw material for soap production, skyrocketed. Palm prices showed a continuous upwards trend and almost doubled in 10 months of the year. Due to the above-mentioned phenomenal increase in palm oil prices we could only achieve soap sales of 2,700 tons in the year 2020-21. However, the focus has been on vigilantly monitoring the input costs to minimize losses and act timely to bring the sales back to their original position once the palm oil prices go down again.

With the better acceptance of COVID-19 vaccination in the masses even in the rural area of the country, and governments across the globe are determined to get the people vaccinated, we are very hopeful that business/trade conditions will improve locally and internationally.

With extremely challenging market conditions and expected minimized COVID-19 spread in 2021-22, we are very much optimistic that our sales teams both local and export will set new records in sales. ,

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

05

Production Capacity

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

04

Production Facilities

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

06

Product Range

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

BUSINESS UPDATES
CORRUGATION DIVISION

IMRAN AZIZ
Chief Operating Officer
Corrugation Division

Industrial Overview:
Packaging is the mainstay of any country's industrial outfit and corrugated board recyclable cartons has its place as a hallmark of green packaging in today's ever more environmentally conscience economies. It constitutes approximately 40% of the total and the most single paper type, consumed globally.

Paper per capita consumption ranges from as high as 200 kg/person/year in the developed countries to as low as 8 kg/person/year in a country like ours. With the growing economy in our region, one can imagine the potential of this business in future.

It is estimated that Pakistan's installed capacity of brown paper is well over 1 million metric tons a year with growing off-take catching up this number. In the past, an estimated 50% was from the unchecked fragmented segment which is now changing and more companies are coming in the tax bracket and some winding down, yielding opportunities for companies like ours to benefit from.

Sino-Russian investment is likely to attract more affiliates to join CPEC and related economic ventures that will take the country's industries to new horizons and hence growing need for this irreplaceable packaging system, for many decades to come.

Packsol:
Packaging Solutions is FSSC-22000 and ISO-9001:2015 compliant and certified. The company meets all the relevant international and local quality standards and enjoys full confidence of its clients. Therefore, Packsol is among the top 10% of the production units in the organized sector with a market share of around 3% - due to limited production capacity.

> "Packsol is among the top 10% of the production units in the organized sector"

PS has a stark edge over most of its competitors for having an experience of more than a decade serving the corporate sector successfully. Some of the large corporations are more than 70% relying on us to fulfil their packaging needs, reflects the confidence they have on PS. Our business is spread in various categories including Food & Beverages, Dairy, Sports, Home Appliances, Textile, Garments etc.
Some of the key customers are:

Pepsico	Engro	Lotte	Shell	PSO	Nippon
CBL	IFFCO	Rupali	Waves	Awan	Pak Kuwait

At this juncture, PS awaits upgradation of the existing fully depreciated equipment for efficiency and capacity enhancement to take full advantage of its well established repute and the market growing trends. A new collective approach has revived the industry and offers a great opportunity for the ones resolute and ready to sink their teeth into this business.

Some of the salient factors that contributed towards improved performance:

- Customer base was broadened through target market diversification with stratagem to avoid bad debts in the ailing industries. Moreover, prices were also rationalized in tandem with the increased costs (raw material, salaries etc).
- PS enjoys expertise it built while running its own paper mill in the past and hence successfully utilized them in joint collaboration with trusted paper mills to produce low grammage paper - made to fit precisely the strength requirement.
- PS has a fully depreciated old plant and hence faces ever growing challenges to compete with the competitors who have upgraded their hardware in the last couple of years. Improvised solutions by highly competent PS team covered up this gap considerably by shifting to locally designed alternatives which were not only cost effective but improved performance of various units as well.
- Effective utilization of staff making this head as cost effective as possible.

This added to bottom line and since latter half of the last fiscal year, the business is nose up.

With well established customer base and competent team showing promising signs, it is about time to upgrade the hardware and increase capacity to take full advantage of the potential this unit has.

BUSINESS UPDATES
RENACON PHARMA DIVISION

DR.SALMAN SHAKOH
Managing Director
Pharmaceutical Division

BACKGROUND
Renacon Pharma Ltd. is a research-based pharmaceutical company and is a pioneer in manufacturing of all possible types and formulations of high-quality powder & solution forms of "Hemodialysis Concentrates", including R&D-based newer ones. The company started its operations in 1997 in Pakistan and is a market leader with about 70% of market share. Apart from our main product, Hemodialysis Concentrates, we are also engaged in the manufacturing and marketing of auto-mixers, hemodialysis disinfectants, hemodialysis cartridges, "BiBags", recharging 'salt tablets' for water softeners, etc. Moreover, certain other products like dialyzers, bloodlines, catheters, etc. imported from overseas with our brand names are part of the products portfolio keeping in view establishing our brands related to future production of the same by Renacon. Customized RO water treatment plants are also being exported by us. Within the last three financial years Renacon's average turnover increased by 10% per annum while company has taken over the Rockwell, USA, business in the four biggest centers of Karachi. In order to maintain high standards of quality product, continuous R&D is being carried out along with adherence to all government regulations.

CERTIFICATIONS

Renacon Pharma has GMP certificate from "Drug Regulatory Authority" (DRAP) apart from ISO13485, ISO9001, CE1639 certifications through SGS, EU, since 2007 enabling free sale in EU as approved by MHRA, UK, while process of FDA (USA) certification of products has been initiated which will enable us to export our products to USA market freely. It is expected that the approval will be granted by the time Renacon's new plant in FIEDMC start its commercial operations.

"It is heartening to mention that our exports have increased by 117% in FY 2020/21"

CAPACITY ENHANCEMENT PROJECT

With the current limited plant production capacity compared to the demand of our products both locally and internationally, we have stretched our production to double by running extra shifts in order to meet the requirement of our customers.

Our new production facility which is under construction at FIEDMC, Faisalabad, will increase our production capacity up to ten folds, and our production standards will conform to European & FDA (USA) requirements. This will cause a major uplift in our export business and we will be able to export our products to many renowned international companies in dialysis business worldwide and also to distributors in the developed countries. It is expected that our new production facility will be in operation by the end of FY 2021/22.

GLOBAL PRESENCE

In the recent "Global Market Reports" (2017-21) published by multiple reputed international companies Renacon Pharma's business has been placed and analyzed among top 15-20 global companies producing Hemodialysis Concentrates world over. Company website is in English, Russian, French & Spanish to cater the markets of Africa, Americas & Baltic/CIS states. www.renaconpharma.com

RENACON PHARMA's products are being exported to several countries with excellent feedback despite of limitations in production capacity in the present plant. Owing to our limitations in production, it is heartening to mention that our exports have increased by 117% in FY 2020/21 compared to previous years. Export orders vary as regards to importers, magnitude and products from time to time. Currently, we have export orders from various countries around the globe. Internationally, our products are successfully competing other global brands from China, Turkey, India and Malaysia, who are our major competitors, both in terms of quality and pricing. Owing to well-reputed quality, internationally established brand name and goodwill, currently we are in process of registration/communication in a multitude of countries for further exploring new export markets, and responses from prospective customer is very encouraging.

The important factors leading to success in the international hemodialysis industry in future is going to be high quality-to-cost ratio and mass production. Managing these factors has become a major challenge for the multinational companies in developed countries due to high costs of production. This situation has led to greater perspectives for Renacon Pharma which will have an edge due to mass production at lower cost owing to automation in new FIEDMC plant while delivering international quality standards. Growth rate of Hemodialysis industry in developed countries is about 6% while in developing countries is about 15%, while the later are already grossly deprived of dialysis facilities.

DIRECTOR`S REPORT

We are pleased to present the Directors' Report together with the Financial Statements (Audited) for the year ended June 30, 2021.

The overall performance of the Company in FY 2021 has posted a noteworthy improvement across all key parameters including sales, production, profitability and liquidity. Despite slowdown in the economy due to turbulent economic conditions and the outbreak of COVID-19 virus, the Company powered through in the face of adversity, managed to perform better and was able to yield better results. Key reasons for the improved performance during the year are, growth in sales volume, better cost management and reduction in debt which resulted in lower financial cost. Among many other milestones achieved during the year, one of the most important was the repayment of our borrowing to banks (approximately 29%) from the proceeds of sale of 100% ownership/shareholding of one of our subsidiaries – Global Arts Limited. Going forward, due to growing demand of the Company's products, strong distribution network and continuous improvements in our sale and marketing strategy, better cost management and enhanced production capacity, we expect further improvement in sales volume, profitability and liquidity management.

COVID 19 IMPACT

After the financial turmoil which occurred due to COVID 19, in the last financial year, this Financial Year 2021, started seeing some positivity in the overall business environment. The world has witnessed unprecedented economic recession which has profoundly impacted the financial health of every sector of the economy. At Treet, the initial impact of the COVID–19 made a dent on our business operations, but later on, by the grace of Almighty Allah and through hard work and dedication of the entire TREET family, we not only sailed through the rough tides, but made a very enduring impact in achieving our goals and targets. Now, with the development of COVID–19 vaccine(s), and implementation of SOPs by the Government(s) to reduce the impact of this pandemic, the major economies have started restoring to normal. The Company's operational activities have also now returned back to normal business activities. As a result, our blade production picked up to its normal levels, and full year plant utilization remained close to 94%. However, the impact of COVID -19 pandemic restricted our raw material supplies which continues to be big challenge due to the limited availability of material and labor to our foreign suppliers. Furthermore, the restricted availability of shipping containers and vessels had also pushed the logistics cost astoundingly.

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 subsidiaries/associated company(s): Treet Holdings Limited (THL) and First Treet Manufacturing Modaraba (FTMM), against the value in use, which has been calculated based on present value of the projected future cashflows of THL and fair value assessment of the shares of FTMM. As a result, a provision of Rs. 138.7 million has been recorded in Treet's books for THL, while Rs. 246.5 million of provisions has been reversed in case of investment in FTMM. For details, please refer to notes 9.1.1.2 and 9.1.2.2 to the accounts.

(Rupees in million)

	Financial Year June , 2021		Financial Year June , 2020		% Change	
	Treet	Consolidated	Treet	Consolidated	Treet	Consolidated
Sales (net)	7,574	14,195	6,040	11,112	25.40%	27.74%
Gross Profit	2,547	2,547	1,983	1310	28.44%	94.43%
Operating Profit/(Loss)	1,101	401	1,169	(366)	-5.82%	209.56%
Profit/(Loss) before Tax from continuing operations	1,990	524	(105)	(2,184)	1995.24%	123.99%
Profit/(Loss) after Tax from continuing operations	1,539	(51)	(190)	(2,285)	910.00%	97.77%
Net Profit/(Loss) after taxation	1,539	548	(190)	(2,655)	910.00%	120.64%
EPS (in Rupees) - basic	8.93	3.24	(1.14)	(15.46)	883.33%	120.96%
EPS (in Rupees) – diluted	8.86	3.22	(1.14)	(15.46)	877.19%	120.83%

BUSINESS REVIEW – TREET CORPORATION LIMITED (TCL)

During the year under review, TCL reported Net Sales of PKR 7,574 million compared to PKR 6,040 million, registering a remarkable increase of 25.4% YOY basis. The topline accounts for 66.81% of local sales whereas 33.19% comprises of export sales. Export sales of the company grew by 23.06% whereas domestic sales took a jump of 26.58% compared to previous year. Due to better and efficient cost management, Gross profit at Rs. 2,547 million shows an increase of 28.44% compared previous year (Gross profit FY 2020 Rs. 1,983 million). The administration, operating and distribution expenses have grown up significantly mainly due to rise in salaries, wages and other employee benefits. The operating profit stood at Rs. 1,101 million showing a decline of 5.82% over the last year (Rs. 1,169 million FY 2020). Other income at Rs. 1,996 million, played a pivotal role in improving the profitability of the company as it includes Capital Gain of PKR 795Mn on sale of 100% ownership/shareholding of its subsidiary i.e. Global Arts Limited.

The financial cost has posted a significant decrease of 37.53%, from PKR 1,114 million to PKR 696 million, mainly due to the repayment of banks loans and lower KIBOR rates during the reporting period. The PAT stands at PKR 1,539 million (FY20: PKR -190 million) posting an unprecedented growth of 910%.

The Company has managed to reduce its short-term borrowing by approximately 29% by repaying the banks through the sales proceeds of Global Arts Limited. Apart from this, the Company has also converted its debt to its subsidiary FTMM amounting to Rs. 5.04 billion into equity. These measures have significantly improved the gearing ratio.

BUSINESS REVIEW – GROUP RESULTS

For FY 2021, the Group's turnover was Rs. 14,195 million, registering an increase of 27.74%, as compared to previous year (Rs. 11,112 Million: FY 2020). The increase is primarily due to higher volumes in blades, battery and pharma business and is slightly offset by reduced volumes in soap business.

For the Financial year under review, Gross Profit registered an increase of 94.43% at Rs. 2,547 million over the corresponding period last year. This is mainly due to higher volumes - mostly in all business segments and better cost controlling measures, which resulted in better absorption of fixed overheads.

Operating profit for FY 2021 is Rs. 401 million compared to an operating loss of Rs. 366 million in previous financial year. Profit after tax is Rs. 548 million which has improved by 120.64% compared to last year same period. This level of profit has delivered an

EPS of Rs. 3.24 per share compared to a negative EPS of Rs. 15.46 per share last year same period.

Segment wise sales is as follows:

(Rupees in millions)

Segment	Sales		
	Financial Year June , 2021	Financial Year June , 2020	+/- %
Blades and trading income	7,574	6,040	25.40%
Soap	745	770	-3.25%
Corrugation	1,740	1,488	16.94%
Pharmaceutical	544	523	4.02%
Bike	30	105	-71.43%
Battery	3,562	2,186	62.95%
Total	14,195	11,112	27.74%

DIVIDENDS

In view of financial performance of the Company, the Board of Directors have recommended to pay the final cash dividend of PKR 1 per share (2020: Nil).

FINANCIAL PLAN

As per the debt retirement plan of the group, the conversion of the remaining debt to FTMM will be converted into equity. The Company is also in the process of converting its short term borrowing into long term of approximately Rs. 3 billion. Once it is done, this will improve the current ratio of the company.

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, financial institutions have conveyed their No objection and we are in process of obtaining regulatory and legal approvals from the Regulators.

CAPACITY ENHANCEMENT PROJECTS

- Hygiene Razor is one of our fast growing products and its 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. The project is underway and is expected to be completed during FY 2021-22.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

The Company is committed to maintain high standards of corporate governance without any exception the Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by SECP and formed as part of Pakistan Stock Exchange Listing Regulations. The Statement of Compliance with the Code of Corporate Governance is as under:

The Directors of the Company confirm 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 have been consistently applied by the Company in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan and the requirements of the Companies Act, 2017, 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.

Statements regarding the following are annexed or disclosed in the notes to the accounts:

(i) Pattern of Shareholding
(ii) Trading in shares of the Company by its Directors, CEO, CFO and Company Secretary.
(iii) Employee stock option scheme

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to giving back to the Society and therefore with the Company has given PKR 40.29 million in the form of donations and charity to a number of organizations; including but not limited Gulab Devi Chest Hospital and Society for Cultural Education.

HEALTH, ENVIROMENT AND SAFTEY

Reflecting our commitment to a cleaner world, the Company aims to develop products and manufacturing processes which are friendly to the environment.

The Company has developed a Health, Safety and Environment Policy minimize its environmental impact, as is economically and practically possible. The Company ensures that all its present and future activities are conducted safely without endangering the health of its employees, its customers and the public. Furthermore, the Company is committed to ensuring that all its activities comply with national environmental, health and safety regulations.

DIRECTOR`S
REPORT

MEETINGS OF THE BOARD OF DIRECTORS:

During the year, the Board of Directors of the company have met 08 times and the attendance at each of these meetings is as follows:

Name	Designation	1-Jul-20	25-Aug-20	5-Oct-20	27-Oct-20	25-Feb-21	27-Apr-21	31-May-21	29-Jun-21	2020-21
Mr. Imran Azim	Chairman/Non-Executive Director	P	P	P	P	P	P	P	P	`8/8
Ms. Sidra Fatima Sheikh	Independent Director	P	P	P	P	P	P	P	P	`8/8
Dr. Salman Faridi	Independent Director	P	P	P	P	P	P	P	P	`8/8
Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	P	P	P	P	`8/8
M. Shafique Anjum	Executive Director	P	P	A	P	P	P	P	P	`7/8
Syed Shahid Ali	Executive Director	A	P	P	P	P	P	P	P	`7/8
Syed Sheharyar Ali	Executive Director	P	P	P	P	P	P	P	P	`8/8

P	Present in the Meeting
A	Leave of Absence

AUDIT COMMITTEE:

During the year, the Audit Committee of the Board have met 05 times and the attendance at each of these meetings is as follows.

Name	Designation	5-Oct-20	27-Oct-20	25-Feb-21	27-Apr-21	29-Jun-21	2020-21
Dr. Salman Faridi	Chairman/Independent Director	P	P	P	P	P	`5/5
Mr. Imran Azim	Non-Executive Director	P	P	P	P	P	`5/5
Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	P	`5/5

P	Present in the Meeting
A	Leave of Absence

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

The fee of the non-executive and independent directors for attending the Board and Committee Meeting(s) of the Company is determined by the Board from time to time.

EXTERNAL AUDITOR

The Board of Directors have decided to replace the existing external auditors (M/S KPMG Taseer Hadi & Co.) and have therefore recommended the appointment of M/s Yousaf Adil Chartered Accountants for the financial year 2021-2022, to the Shareholders, in the upcoming Annual General Meeting. The Board of Directors thank M/s KPMG Taseer Hadi & Co. for their valuable contribution during their engagement with Treet.

MODIFICATIONS IN AUDIT REPORT BY EXTERNAL AUDITORS

Auditors have included an emphasis of matter paragraph in the audit report on Consolidated Financial Statements which refers to restatement in consolidated Financial Statements. Disclosure in Consolidated Financial Statements sufficiently explains the nature of restatement and their related impact.

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.

Syed Shahid Ali
Chief Executive Officer

Imran Azim
Chairman/Non-Executive Director

LAHORE 26 OCTOBER 2021

آڈٹ کمیٹی

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

نام	عہدہ	05اکتوبر 2020	27اکتوبر 2020ء	25فروری 2021ء	27اپریل 2021ء	29جون 2021ء	-2020 2021
ڈاکٹر سلمان فریدی	چیئر مین/خودمختار ڈائریکٹر	P	P	P	P	P	5/5
مسٹر عمران عظیم	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	5/5
مسٹر منیر کریم بانا	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	5/5

P اجلاس میں حاضر

A اجلاس سے غیر حاضر

نان ایگزیکٹوڈائریکٹرز کی معاوضہ پالیسی

کمپنی کے بورڈ اور کمیٹی اجلاسوں میں شرکت کے لئے نان ایگزیکٹو اور خودمختار ڈائریکٹرز کی فیس کا تعین بورڈ کرتا ہے۔

ایکسٹرنل آڈیٹر

بورڈ آف ڈائریکٹرز نے موجودہ ایکسٹرنل آڈیٹر میسرز KPMG تاثیر ہادی اینڈ کو۔ چارٹرڈ اکاؤنٹنٹ کو تبدیل کرنے کا فیصلہ کیا ہے۔اس لیے آئندہ سالانہ اجلاس میں حصص یافتگان کے لیے مالی سال 2021-2022 کے لیے میسرز یوسف عادل اینڈ کو چارٹرڈ اکاؤنٹنٹ کی تقرری کی سفارش کی ہے۔ بورڈ آف ڈائریکٹرز نے میسرز KPMG تاثیر ہادی اینڈ کو۔ چارٹرڈ اکاؤنٹنٹ کی گرانقدر شراکت کا شکریہ ادا کرتا ہے۔

اظہار تشکر

ہم اپنے معزز صارفین کی ہماری مصنوعات پر اعتماد کا تہہ دل سے شکریہ ادا کرتے ہیں اور اپنی مصنوعات میں مسلسل بہتری لا کر انہیں بہترین معیار فراہم کرنے کا اعادہ کرتے ہیں۔ہم اپنے تمام ساتھیوں، انتظامیہ اور فیکٹری کے عملہ کا بھی شکریہ ادا کرنا چاہتے ہیں جو اپنی کام میں دلجمعی سے کام کرتے ہیں اور اپنی کوششوں سے کمپنی کی کامیابی میں کردار ادا کرتے ہیں۔ہم اپنے سٹیک ہولڈرز کی جانب سے ہماری کمپنی پر اعتماد کے بھی شکر گزار ہیں اور انہیں یقین دلاتے ہیں کہ ہم کمپنی میں ان کے سرمایہ کا بہترین متبادل فراہم کرنے کے لئے پرعزم ہیں۔

سید شاہد علی

ڈائریکٹر

مورخہ 26 اکتوبر 2021

لاہور

ٹریٹ کارپوریشن لمیٹڈ

(i) شیئر ہولڈنگ کی وضع

(ii) ڈائریکٹرز، CEO، CFO اور کمپنی سیکریٹری کی جانب سے کمپنی کے حصص میں تجارت

بورڈ آف ڈائریکٹرز کے اجلاس

سال بھر میں کمپنی کے بورڈ آف ڈائریکٹرز کے 08 اجلاس منعقد ہوئے ان اجلاسوں میں ہر ایک کی حاضری مندرجہ ذیل ہے:

نام	عہدہ	یکم جولائی 2020	25 اگست 2020ء	05 اکتوبر 2020ء	27 اکتوبر 2020ء	25 فروری 2021ء	27 اپریل 2021ء	31 مئی 2021ء	29 جون 2021ء	2020ء-2021ء
مسٹر عمران عظیم	چیئرمین / نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	P	P	8/8
مس سدرہ فاطمہ شیخ	خودمختار ڈائریکٹر	P	P	P	P	P	P	P	P	8/8
ڈاکٹر سلمان فریدی	خودمختار ڈائریکٹر	P	P	P	P	P	P	P	P	8/8
مسٹر منیر کریم بانا	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	P	P	8/8
مسٹر شفیق انجم	ایگزیکٹو ڈائریکٹر	P	P	A	P	P	P	P	P	7/8
سید شاہد علی	ایگزیکٹو ڈائریکٹر	A	P	P	P	P	P	P	P	7/8
سید شہریار علی	ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	P	P	8/8

P اجلاس میں حاضر

A اجلاس سے غیر حاضر

منافع منقسمہ

کمپنی کی مالیاتی کارکردگی کی روشنی میں بورڈ آف ڈائریکٹرز نے ایک روپیہ فی حصص (2020: صفر) حتمی نقد منافع منقسمہ ادا کرنے کی سفارش کی ہے۔

مالیاتی منصوبہ

گروپ کے قرض ریٹائرمنٹ پلان کے تحت FTMM کا بقیہ قرضہ ایکویٹی میں تبدیل کیا جائے گا۔ کمپنی تقریباً 3 ارب کے قلیل مدتی قرضوں کو طویل مدتی قرضوں میں تبدیل کرنے کے عمل میں ہے۔ یہ عمل مکمل ہونے پر کمپنی کے حالیہ تناسب میں بہتری آجائے گی۔

ذیلی کمپنی (فرسٹ ٹریٹ مینوفیکچرنگ مضاربہ) سے بیٹری کے شعبہ کو علیحدہ کمپنی (ٹریٹ بیٹری لمیٹڈ) میں منتقلی کا عمل جاری ہے۔ انضمام کے منصوبے پر بھی عمل جاری ہے۔ فی الوقت مالیاتی اداروں نے کوئی اعتراض نہیں کیا ہے اور ہم ریگولیٹرز سے لازمی اور قانونی منظوری حاصل کر رہے ہیں۔

صلاحیت میں اضافے کا منصوبہ

- ہائی جین ریزر ہماری تیزی سے ترقی کرنے والی مصنوعات میں سے ایک ہے اور منڈی میں اس کی طلب میں تیزی سے اضافہ ہو رہا ہے۔ اس فیکٹر کو مد نظر رکھتے ہوئے پیداوار میں اضافے کے منصوبہ کا تخمینہ لگایا جا رہا ہے جس سے ہائی جین ریزرز کی پیداوار میں 24 ملین ریزرز سالانہ اضافہ ہوگا۔ منصوبہ زیرغور ہے اور مالیاتی سال 22-2021 کے دوران مکمل ہونے کی توقع ہے۔

کاروباری و مالیاتی رپورٹنگ فریم ورک

کمپنی بغیر کسی اعتراض/ رعایت کے کارپوریٹ گورننس کے اعلیٰ معیار کو برقرار رکھنے کے لئے پرعزم ہے۔ ڈائریکٹرز ازراہِ مسرت بیان کرتے ہیں کہ کمپنی SECP کی معیار کے مطابق کوڈ آف کارپوریٹ گورننس کے قواعد اور پاکستان سٹاک ایکسچینج کے لسٹنگ ضوابط کی تعمیل کرتی ہے۔ کوڈ آف کارپوریٹ گورننس کا تعمیلی بیان حسب ذیل ہے:

کمپنی کے ڈائریکٹرز تصدیق کرتے ہیں کہ:

- انتظامیہ کی تیار کردہ مالیاتی اسٹیٹمنٹس کمپنی کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی درست عکاسی کرتی ہیں۔
- کمپنی کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں کمپنی نے مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا ہے اور اکاؤنٹنگ تخمینہ جات موزوں اور معقول فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- ان مالیاتی اسٹیٹمنٹس کی تیار میں پاکستان میں نافذ العمل بین الاقوامی مالیاتی رپورٹنگ معیارات اور کمپنیز ایکٹ 2017ء کے قواعد پر عمل کیا گیا ہے اور ان میں کسی بھی ترک کو مناسب انداز میں ظاہر کیا گیا ہے۔
- داخلی نظم وضبط کا ایک مربوط سسٹم موجود ہے اور اس میں مزید نکھار لایا گیا ہے اور سال بھر میں اس کا موثر اطلاق کیا گیا ہے۔
- گروپ اور کمپنی کی مالیاتی حالت کو مدنظر رکھتے ہوئے، ہمیں کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی شک نہیں۔
- کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ابہام نہیں ہے جیسا کہ لسٹنگ ضوابط میں بیان کیا گیا ہے۔

مندرجہ ذیل سے متعلق بیان اکاؤنٹس کے نوٹس میں منسلک اور ظاہر کیا گیا ہے۔

ٹریٹ کارپوریشن لمیٹڈ

رپورٹنگ کی مدت کے دوران بینکوں کو قرضوں کی واپسی اور کم KIBOR شرح کے باعث مالیاتی لاگت میں بھی 1,114 ملین روپے سے 696 ملین روپے یعنی 37.53 فی صد کی نمایاں کمی واقع ہوئی۔ پی اے ٹی بھی 1,539 ملین روپے رہی (مالیاتی سال 2020: 190 ملین روپے) جو 910 فی صد کی مثالی نمو ظاہر کرتی ہے۔

کمپنی گلوبل آرٹس لمیٹڈ کی 100 فی صد ملکیت/شیئر ہولڈنگ کی فروخت سے حاصل آمدنی (تقریباً 29 فی صد) سے بینکوں کے قرضوں کی ادائیگی کر کے قلیل مدتی قرضوں میں کمی لانے کے قابل ہوئی ہے۔ علاوہ ازیں، کمپنی نے اپنے 5.04 بلین روپے کے قرضے اپنی ذیلی کمپنی FTMM کو بطور ایکویٹی منتقل کر دیئے ہیں۔ ان اقدامات سے نمایاں طور پر گیئرنگ شرح میں بہتری آئی ہے۔

کاروباری جائزہ۔ گروپ نتائج

مالیاتی سال 2021ء کے لئے گروپ کی کل آمدنی 14,195 ملین روپے رہی جو گذشتہ برس کی اسی مدت کے مقابلے میں 27.74 فی صد زائد ہے (مالیاتی سال 2020: 11,122 ملین روپے)۔ یہ اضافہ بلیڈز، بیٹری اور فارما بزنس کے زیادہ حجم اور صابن کے حجم میں معمولی کمی کے باعث سامنے آیا۔

زیر جائزہ مالیاتی سال کے دوران مجموعی منافع 96.16 فی صد تک بڑھا جو گذشتہ برس کی اسی مدت میں 2,556 ملین روپے تھا۔ یہ عموماً تقریباً تمام کاروباری شعبوں میں اور لاگت کو کنٹرول کرنے کے مربوط اقدامات کے باعث زیادہ حجم کی وجہ سے سامنے آیا جس کے نتیجے میں مستقل اخراجات کو پورا کرنے میں مدد ملی۔

مالیاتی سال 2021ء کے لئے آپریٹنگ منافع گذشتہ برس کی اسی مدت میں 366 ملین روپے کے مقابلے میں 401 ملین روپے رہا۔ نفع علاوہ ٹیکس 548 ملین روپے رہا جس میں گذشتہ برس کے مقابلہ میں 120.64 فی صد بہتری آئی۔ اس نفع کے باعث گذشتہ برس کی اسی مدت میں 15.46 فی حصص خسارے کے مقابلہ میں 3.24 ملین روپے آمدنی فی حصص ریکارڈ ہوئی۔

ہر شعبہ کی سیلز حسب ذیل ہے:

(ملین روپوں میں)

شعبے	فروخت		
	مالیاتی سال جون 2021ء	مالیاتی سال جون 2020ء	فی صد اضافہ/کمی
بلیڈ اور تجارتی آمدنی	7,574	6,040	25.40%
صابن	745	770	-3.25%
کوروگیشن	1,740	1,488	16.94%
فارماسیوٹیکل	544	523	4.02%
بائیک	30	105	-71.43%
بیٹری	3,562	2,186	62.95%
میزان	14,195	11,112	27.74%

متقابل مالیاتی نتائج کا خلاصہ

(ملین روپوں میں)

	مالیاتی سال جون، 2021ء		مالیاتی سال جون، 2020ء		فی صد تبدیلی	
	ٹریڈ	مجموعی	ٹریڈ	مجموعی	ٹریڈ	مجموعی
فروخت (خالص)	7,574	14,195	6,040	11,112	24.40	27.74
مجموعی منافع	2,547	2,556	1,983	1310	28.44	94.11
آپریٹنگ نفع/(نقصان)	1,101	401	1,169	(336)	-5.82	209.56
جاری آپریشنز سے بمعہ ٹیکس نفع/(نقصان)	1,990	524	(105)	(2,184)	1995.24	123.99
جاری آپریشنز سے علاوہ ٹیکس نفع/(نقصان)	1,539	(51)	(190)	(2,285)	910.00	97.77
خالص نفع/(نقصان) علاوہ ٹیکسیشن	1,539	548	(190)	(2,655)	910.00	120.64
فی حصص آمدنی (روپے)-بنیادی	8.93	3.24	(1.14)	(15.46)	883.33	120.96
فی حصص آمدنی (روپے)-ڈائی لیوٹڈ	8.86	3.22	(1.14)	(15.46)	877.19	120.83

کاروباری جائزہ-ٹریٹ کارپوریشن لمیٹڈ (TCL)

زیر جائزہ سال کے ددوران TCL نے سالانہ کی بنیاد پر 25.4 فی صد اضافہ کے ساتھ گذشتہ برس میں 6,040 ملین روپے کے مقابلہ میں 7,574 ملین روپے
خالص سیلز درج کی۔ ٹاپ لائن اکاؤنٹ کے لئے مقامی سطح پر فروخت کا 66.81 فی صد جب کہ برآمدی فروخت کا 33.19 فی صد رہا۔ لاگت پر بہتر اور مؤثر
کنٹرول کے باعث مجموعی منافع 2.547 ملین روپے رہا جو گذشتہ برس کے مقابلہ میں 28.44 فی صد کا اضافہ ظاہر کرتا ہے (مالیاتی سال 2020ء کے لئے مجموعی
منافع 1,983 ملین روپے)۔ انتظامی، آپریٹنگ اور ڈسٹری بیوشن اخراجات تنخواہوں، اجرت اور ملازمین کی دیگر مراعات میں اضافہ کے باعث نمایاں طور پر بہتر
ہوئے۔ آپریٹنگ منافع 1,101 ملین روپے رہا جس میں گذشتہ برس کے مقابلے میں 5.82 فی صد کمی واقع ہوئی (مالیاتی سال 2020: 1,169 ملین روپے)
۔1,996 ملین روپے کی دیگر آمدنی نے کمپنی کو منافع بخش بنانے میں اہم کردار ادا کیا کیونکہ اس میں ذیلی کمپنی گلوب آرٹس لمیٹڈ کی 100 فی صد ملکیت/شیئر
ہولڈنگ کی فروخت سے حاصل 795 ملین روپے کی کیپٹل آمدنی شامل ہے۔

ٹریٹ کارپوریشن لمیٹڈ

30 جون 2021ء کو اختتام پذیر سال کے لئے ہم ڈائریکٹرز رپورٹ بمعہ مالیاتی اسٹیٹمنٹس (پڑتال شدہ) ازراہِ مسرت پیش کرتے ہیں۔

مالیاتی سال 2021ء کے دوران تمام اہم شعبوں یعنی سیلز، پیداوار، نفع اور لیکویڈٹی میں کمپنی کی مجموعی کارکردگی میں نمایاں بہتری ہوئی۔ غیر مستحکم معاشی حالات اور کرونا وائرس کے حملہ کے باعث کمپنی میں سست روی کے باوجود کمپنی نے بدترین صورت حال پر قابو پایا اور بہتر کارکردگی دکھانے اور بہتر نتائج حاصل کرنے میں کامیاب ہوئی۔ سال بھر میں بہتر کارکردگی کی بنیادی وجہ سیلز کے حجم میں اضافہ، لاگت پر کنٹرول اور قرضوں میں کمی ہے جس کی وجہ سے مالیاتی لاگت میں کمی واقع ہوئی۔ سال بھر میں کئی سنگ میل عبور کرنے کے علاوہ اپنی ذیلی کمپنی گلوبل آرٹس لمیٹڈ کی 100 فی صد ملکیت/شیئر ہولڈنگ کی فروخت سے حاصل آمدنی (تقریباً 29 فی صد) سے بینکوں کے قرضوں کی ادائیگی سب سے بڑی کامیابی تھی۔ علاوہ ازیں، کمپنی مصنوعات کی طلب میں اضافہ، مربوط تقسیمی نیٹ ورک اور ہماری فروخت اور مارکیٹنگ حکمت عملی میں مسلسل بہتری، لاگت کے مناسب انتظام اور پیداواری صلاحیت میں اضافہ کے باعث ہم فروخت کے حجم، منافع اور لیکویڈٹی انتظام میں مزید بہتری کے لئے پر امید ہیں۔

کرونا وائرس کے اثرات

گذشتہ مالیاتی سال میں کرونا وائرس کے باعث مالیاتی عدم استحکام کے بعد مالیاتی سال 2021ء کا آغاز مجموعی کاروباری ماحول میں مثبت رجحان سے ہوا۔ دنیا کو بے مثال معاشی عدم استحکام کا سامنا کرنا پڑا جس نے معیشت کے تمام شعبوں کی مالیاتی حالت پر منفی اثرات مرتب کئے۔ ٹریٹ میں کرونا وائرس کے ابتدائی حملے کے دوران ہمارے کاروباری آپریشنز بری طرح متاثر ہوئے لیکن بعد میں اللہ تعالیٰ کے فضل و کرم اور ٹریٹ فیملی کی ان تھک محنت اور جوش و جذبہ نے نہ صرف مشکل حالات کا بہادری سے سامنا کیا بلکہ اپنی منازل اور اہداف حاصل کرنے میں اہم کردار ادا کیا۔ اس وبا کے اثرات کو کم کرنے کے لئے کرونا ویکسین کی تیاری اور حکومتی SOPs پر عمل درآمد سے بڑی معیشتیں بحالی کی جانب گامزن ہیں۔ کمپنی کی آپریشنل سرگرمیاں بھی اب معمول پر آ گئی ہیں۔ نتیجتاً، ہمارے بلیڈ کی پیداوار بھی معمول پر آ گئی ہیں اور سال بھر میں پلانٹ کا استعمال 94 فی صد کے قریب پہنچ چکا ہے۔ تاہم، کرونا وائرس کی عالمگیر وبا کے اثرات نے ہماری خام مال کی ترسیل کو بھی محدود کر دیا ہے اور خام مال اور مزدوروں کی محدود دستیابی کے باعث اپنے غیر ملکی سپلائرز کو ترسیل بھی بڑا چیلنج بنتا جا رہا ہے۔ مزید برآں، شپنگ کنٹینرز اور ویسلز کی محدود دستیابی نے لاجسٹکس لاگت میں بھی بے پناہ اضافہ کر دیا ہے۔

نقائص پر اخراجات - بین الاقوامی اکاؤنٹنگ سٹینڈرڈ (IAS)36

انتظامیہ نے 36 IAS کے تحت ذیلی/الحاق شدہ کمپنی میں سرمایہ داری کی کیرینگ اماؤنٹ پر نقائص کی ٹیسٹنگ کا عمل کیا ہے: ٹریٹ ہولڈنگز لمیٹڈ (THL) اور فرسٹ ٹریٹ مینوفیکچرنگ مضاربہ (FTMM) زیر استعمال قیمت کی بابت جس کا THL کے ممکنہ کیش فلو کی حالیہ قدر اور FTMM کے حصص کی عمومی قدر کے جائزہ پر تعین کیا گیا ہے۔ نتیجے کے طور پر THL کے لئے ٹریٹ کی کتابوں میں 138.7 ملین روپے کی رقم ریکارڈ ہوئی جب کہ 246.5 ملین روپے کی رقم FTMM میں سرمایہ داری کی صورت میں واپس ہوئی۔ مزید تفصیلات کے لئے براہ کرام کھاتوں کے نوٹس 9.1.1.2 اور 9.1.2.2 ملاحظہ کریں۔

COMPANY
INFORMATION

Board of Directors

Mr. Imran Azim
Non-Executive Director/Chairman)

Mr. Syed Shahid Ali
(Chief Executive Officer)

Mr. Syed Sheharyar Ali
(Executive Director)

Mr. Muhammad Shafique Anjum
(Executive Director)

Dr. Salman Faridi
(Independent Director)

Ms. Sidra Fatima Sheikh
(Independent Director)

Mr. Munir Karim Bana
(Non-Executive Director)

Chief Executive Officer

Mr. Syed Shahid Ali

Company Secretary & Head of Legal

Ms. Zunaira Dar

Chief Financial Officer

Mr. Mohammad Mohtashim Aftab

Auditors

KMPG Taseer Hadi & Co.
Chartered Accountants Lahore

Legal Advisors

Chima & Ibrahim Advocates and Corporate Counsel

Legal Advisors

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

Bankers

Al-Baraka Bank Pakistan Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Askari Bank Limited
MCB Bank Limited
Habib Bank Limited
MCB Bank Limited
Samba Bank Limited
United Bank Limited
JS Bank Limited
Habib Metropolitan Bank Limited
Bank Islami Pakistan Limited
Allied Bank Limited
Bank Alfalah Limited
Bank of Punjab
Silk Bank Limited
MCB Islamic Bank Limited
Bank Al Habib Limited
Faysal Bank Limited
Dubai Islamic Bank Pakistan 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 and statutory, regulatory and other compliance requirements applicable to companies listed on the stock exchange, 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 is 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

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven (7) as per the following:

    a) Male: 6

    b) Female: 1

2. The composition of the Board is as follows:

Category	Name
i. Independent Director	Dr. Salman Farid
ii. Non – Executive Directors	Mr. Imran Azim Mr. Munir Karim Bana
iii. Executive Directors	Mr. Syed Shahid Ali Mr. Syed Sheharyar Ali Mr. Muhammad Shafique Anjum
iv. Female / Independent Director	Ms. Sidra Fatima Sheikh

Determination of number of Independent Directors comes to 2.33 (rounded to 2) which is based on seven elected Directors. The fraction of one-third number is not rounded up, as the two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third Independent Director is not warranted.

The Board has a total number of seven (7) directors with three (3) executive directors. For a Board comprising of seven directors, one-third equates to 2.33. Three executive directors have been appointed - the fraction has been rounded up as the Board believes that the present composition of the board has the right balance, and a mix of knowledge, expertise and skills to maximize performance".

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 his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.

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

9. No Directors' Training was undertaken during the year. Majority of the Directors of the Company are exempted from the requirement of Directors' Training program. The below mentioned Director's have procured the relevant exemption certificate(s) from the Securities and Exchange Commission of Pakistan (SECP):

    (i) Syed Shahid Ali Shah
    (ii) Muhammad Shafique Anjum
    (iii) Munir Karim Bana

Furthermore, Syed Sheharyar Ali, Mr. Imran Azim and Dr. Salman Faridi are also exempted on the basis of their qualification and experience. The Company is in the process of procuring their respective exemption certificate(s) from SECP.

10. No new appointments have been made during the year for the Chief Financial Officer (CFO), the Company Secretary and the Head of Internal Audit. However, all such appointments including their remuneration and terms and conditions of

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

employment were duly approved by the Board and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

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

    b) Human Resource & Remuneration Committee
    Ms. Sidra Fatima Sheikh (Chairperson)
    Mr. Imran Azim (Member)
    Mr. Syed Shahid Ali (Member)

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

14. The frequency of meetings of the committees were as per following:

    a) Audit Committee (4 Quarterly)

    b) Human Resource & Remuneration Committee (1 Annual Meeting)

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

16. 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 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.

17. 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.

18. We confirm that all other requirements of Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.

Syed Shahid Ali
Chief Executive Officer

HUMAN RESOURCE
MANAGEMENT

Your Comapny has granted following options to the employees of the Company (including employees of the subsidiary Companies)

Treet Corporation Limited - Employees Stock Option Scheme (ESOS)

Financial Year	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
	-----------------------------------(Rupees in thousand)-----------------------------------					
Date of Grant	14/Jul/15	16/Jul/16	14/Jul/17	30/Jul/18	17/Jul/19	5/Oct/20
Date of Entitlement	1/Jul/15	1/Jul/16	1/Jul/17	1/Jul/18	1/Jul/19	1/Jul/20
Share Price (Option Price) from	14/Apr/15	16/Apr/16	14/Apr/17	30/Apr/18	17/Apr/19	25/Jun/20
Share Price (Option Price) to	13/Jul/15	15/Jul/16	13/Jul/17	29/Jul/18	16/Jul/19	23/Sep/20
Weighted Average Price i.e. Exercise Price in Rs. per Share	90.58	51.79	66.45	35.44	15.71	24.35
Revised Price i.e. "Exercise Price in Rs. per Share (Revised)	51.79	Not Revised	20.00	15.71	16.09	Not Revised
Minimum Vesting Period : from	15/Jul/15	17/Jul/16	15/Jul/17	31/Jul/18	18/Jul/19	6/Oct/20
Minimum Vesting Period : to	14/Jul/16	17/Jul/17	15/Jul/18	31/Jul/19	17/Jul/20	6/Oct/21
Exercise (Option) Period : from	15/Jul/16	18/Jul/17	16/Jul/18	1/Aug/19	18/Jul/20	7/Oct/21
Exercise (Option) Period : to	14/Jul/17	17/Jul/18	15/Jul/19	30/Jul/20	17/Jul/21	6/Oct/22
Grant of Option as a % of Shares Outstanding	2.97%	2.99%	3.00%	2.98%	3.00%	2.99%
Share Outstanding (at the Date of Grant)	53,950,701	137,804,309	142,143,666	160,084,685	165,450,942	169,831,322
No. of Options Granted	1,604,800	4,114,100	4,259,400	4,768,700	4,962,000	5,084,100
No. of Options Exercised	1,411,800	533,451	2,438,700	2,017,600	4,020,000	-
No. of Options Declined / Lapsed but subsequently Offered	193,000	-	-	-	-	-
No. of Options Lapsed / Declined - [and subsequently NOT offered]	-	3,580,649	1,820,700	2,751,100	942,000	-
No. of Shares Issued (pur-suant to exercise of options granted & offered)	1,604,800	533,451	2,438,700	2,017,600	4,020,000	-
Status	Closed	Closed	Closed	Closed	Closed	Exercisable
No. of Employees	210	202	271	298	242	286
Minimum Lock Period	Nil	Nil	Nil	Nil	Nil	Nil

No. of Shares Outstanding (A)		latest	174,834,322
Option Pool	15%	of A	26,225,148
Grant of Option	2014-2015		1,604,800
Grant of Option	2015-2016		4,114,100
Grant of Option	2016-2017		4,259,400
Grant of Option	2017-2018		4,768,700
Grant of Option	2018-2019		4,962,000
Grant of Option	2019-2020		5,084,100
Option Granted			24,793,100
Balance Available in Option Pool			1,432,048

Summary	
No. of Options Vested	24,793,100
No. of Options Exercised	10,421,551
No. of Options Declined / Lapsed but subsequently Offered	193,000
No. of Options Lapsed / Declined - [and subsequently NOT offered]	9,094,449
No. of Shares Issued (pur-suant to exercise of options granted & offered)	10,614,551

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 for the year ended 30 June 2021 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 2021.

Lahore

Date: 29 October 2021

KPMG Taseer Hadi & Co.
Chartered Accountants

UN-CONSOLIDATED

FINANCIAL STATEMENTS

For the year ended 30 June 2021

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 unconsolidated statement of financial position as at 30 June 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated 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 unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 2021 and of the profit and other comprehensive income, 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 5.20 and 33 to the unconsolidated financial statements. The Company recognized revenue of Rs. 7,573.54 million from the sale of goods to domestic as well as export customers during the year ended 30 June 2021. 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 a risk that revenue is recognized without transferring the control.	Our audit procedures included the following: • Obtaining an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Company's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; • comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documents; • comparing, on a sample basis, specific revenue transactions recorded just before the financial year end date to determine whether the revenue had been recognized in the appropriate accounting period; and • scanning for any manual journal entries relating to revenue recognized during the year 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	Recoverability of long-term investments Refer notes 5.9 and 9 to the unconsolidated financial statements. As at 30 June 2021, the carrying value of the Company's long-term investments was Rs. 10,533.70 million. The management conducted impairment test to assess the recoverability of the carrying value of the Company's long-term investments and recognized a further impairment loss of Rs. 138.72 million and reversal of impairment loss of Rs. 246.53 million. We have identified assessing the carrying value of long-term investments as a key audit matter due to the significance of this balance to the unconsolidated financial statements as well as significance of management's judgements in determining 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; • checking the recoverable amount of listed investments using externally quoted market prices; • comparing the recoverable amount of investments with their carrying values to identify the additional impairment loss or reversal as the case may be; and • reviewing the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.
3	Revaluation of certain classes of property, plant and equipment Refer to notes 3.10, 5.1, 5.4, 6.1 and 32 to the unconsolidated financial statements. During the year the Company has changed its accounting policy and voluntarily adopted revaluation model for subsequent measurement of plant and machinery which was previously carried at cost model. As at 30 June 2021, the Company revalued its certain items of property, plant and equipment (i.e. freehold land, building on freehold land and plant and machinery) based on the valuation carried out by an independent external expert engaged by the management. Consequent to revaluation, additional surplus - net of deferred tax amounting to Rs. 1,523.71 million has been recognized in the unconsolidated financial statements and the balance of revaluation surplus - net of deferred tax at the year-end stood at Rs. 5,332.25 million. We have identified valuation of certain items of property, plant and equipment as key audit matter due to the significance of this balance to the unconsolidated financial statements, as well as the significance of management's judgements in determining its valuation.	Our audit procedures included the following: • obtaining and inspecting the valuation reports prepared by external management's expert; • involving a valuation specialist engaged by us to assist in evaluating the methodology used by the management's expert in determining the revalued amount and to assist us in evaluating the reasonableness of key estimates and assumptions adopted in the valuation reports, on a sample basis, by the management's expert; • checking that the revaluation surplus has been recorded in the unconsolidated financial statements as per applicable accounting and reporting standards; and • reviewing the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

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 2021 but does not include the unconsolidated financial statements and our auditor's reports 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.

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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

LAHORE
Date: 29 October 2021

KPMG Taseer Hadi & Co.
Chartered Accountants

Unconsolidated Statement of Financial Position
As at 30 June 2021

TREET CORPORATION LIMITED

	Note	2021	2020	2019
			(Rupees in thousand)	
Assets			(Restated)	(Restated)
Non-current assets				
Property, plant and equipment	6	7,715,239	6,071,624	6,125,918
Investment property	7	12,896	12,896	12,896
Intangible asset	8	30,156	18,474	21,704
Long term investments	9	10,533,701	3,603,635	6,204,687
Long term loans	10	5,108	1,028	1,973
Long term security deposits		19,414	22,894	23,644
Deferred taxation	27	-	93,723	92,374
Long term deposit	11	270,000	-	-
		18,586,514	9,824,274	12,483,196
Current assets				
Stores and spares	12	256,208	243,650	193,513
Stock in trade	13	1,474,422	995,749	898,201
Trade debts	14	157,207	164,498	287,846
Short term investments	15	334,695	242,184	431,865
Loans, advances, deposits, prepayments and other receivables	16	2,040,292	8,449,249	7,401,461
Cash and bank balances	17	645,781	186,411	198,581
		4,908,605	10,281,741	9,411,467
Non-current assets held for sale	18	313,617	1,605,403	-
		5,222,222	11,887,144	9,411,467
Liabilities				
Current liabilities				
Short term borrowings	19	6,171,512	8,668,696	8,755,727
Current portion of redeemable capital		-	-	178,166
Current portion of long term finances	24	136,151	20,600	-
Current portion of government grant	25	6,843	3,022	-
Trade and other payables	20	1,440,282	600,133	624,455
Unclaimed dividend		13,228	13,233	13,240
Accrued mark-up	21	163,271	219,201	390,371
Current portion of liability against right of use asset	22	6,321	-	-
Provision for taxation		343,448	80,632	95,945
		8,281,056	9,605,517	10,057,904
Net current (liabilities) / assets		(3,058,834)	2,281,627	(646,437)
Non-current liabilities				
Long term deposits	23	3,464	11,214	1,214
Long term finances - secured	24	114,645	125,047	-
Government grant	25	504	1,626	-
Deferred liabilities - employee retirement benefits	26	882,981	714,039	481,508
Deferred taxation	27	206,775	-	-
Liability against right of use asset	22	20,502	-	-
		1,228,871	851,926	482,722
		14,298,809	11,253,975	11,354,037
Contingencies and commitments	29			
Represented by:				
Authorized capital				
250,000,000 (2020: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000	2,500,000
150,000,000 (2020: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000	1,500,000
		4,000,000	4,000,000	4,000,000
Issued, subscribed and paid up capital	30	1,748,343	1,698,313	1,654,508
Reserves	31	5,116,724	5,086,629	4,952,077
Fair value reserve on investment		-	-	(7,038)
Unappropriated profit		2,101,491	636,721	904,360
Surplus on revaluation of property, plant and equipment - net of tax	32	5,332,251	3,832,312	3,850,130
		14,298,809	11,253,975	11,354,037

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

LAHORE
26th October 2021

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 2021

	Note	2021	2020
		(Rupees in thousand)	
Revenue - net	33	7,573,543	6,040,105
Cost of revenue	34	(5,026,643)	(4,057,489)
Gross profit		2,546,900	1,982,616
Administrative expenses	35	(588,795)	(289,411)
Distribution cost	36	(857,116)	(523,854)
		(1,445,911)	(813,265)
Operating profit		1,100,989	1,169,351
Finance cost	37	(695,699)	(1,113,628)
Other operating expenses	38	(411,263)	(1,121,645)
		(1,106,962)	(2,235,273)
Other income	39	1,996,034	961,198
Profit / (loss) before taxation		1,990,061	(104,724)
Taxation	40	(451,366)	(85,409)
Profit / (loss) after taxation		1,538,695	(190,133)
Earnings / (loss) per share			
Basic earnings / (loss) per share (Rupees)	41	8.93	(1.14)
Diluted earnings / (loss) per share (Rupees)	41	8.86	(1.14)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

LAHORE
26th October 2021

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 2021

	2021	2020
	(Rupees in thousand)	
Profit / (loss) after taxation	1,538,695	(190,133)
Other comprehensive income		
Items that will not be subsequently reclassified to statement of profit or loss:		
- Re-measurement of employee retirement benefits - net of tax	(85,637)	(95,274)
- Surplus on revaluation of property, plant and equipment - net of tax	1,523,710	-
	1,438,073	(95,274)
Total comprehensive income / (loss) for the year	2,976,768	(285,407)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

LAHORE
26th October 2021

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 2021

		Capital Reserves					Revenue Reserves		
	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
	-----------------------------(Rupees in thousand)-----------------------------------								
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 income for the year									
Loss for the year	-	-	-	-	-	-	-	(190,133)	(190,133)
Other comprehensive loss	-	-	-	-	-	-	-	(95,274)	(95,274)
	-	-	-	-	-	-	-	(285,407)	(285,407)
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
Reversal of expenses under ESOS	-	-	-	-	(9,788)	-			(9,788)
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	636,721	11,253,975
Total comprehensive loss for the year									
Profit for the year	-	-	-	-	-	-	-	1,538,695	1,538,695
Other comprehensive loss	-	-	-	1,523,710	-	-	-	(85,637)	1,438,073
	-	-	-	1,523,710	-	-	-	1,453,058	2,976,768
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	(11,712)	-	-	-	11,712	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	(12,059)	-	-	-	-	(12,059)
Transactions with owners of the Company, contributions and distributions									
Issuance of shares under employee stock option scheme	50,030	30,095	-	-	-	-	-	-	80,125
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	734	-	-	(734)	-	-	-	-
	50,030	30,829	-	-	(734)	-	-	-	80,125
Balance as at 30 June 2021	1,748,343	4,849,695	629	5,332,251	-	-	266,400	2,101,491	14,298,809

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

LAHORE
26th October 2021

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

Unconsolidated Statement of Cash Flows
For the year ended 30 June 2021

TREET CORPORATION LIMITED

	Note	2021	2020
		(Rupees in thousand)	
Cash generated from operations	42	1,781,554	1,360,321
Income tax paid		(84,788)	(69,323)
Finance cost paid		(748,782)	(1,284,798)
Contributions to defined benefit plans		(97,668)	(17,672)
Long term loans and deposits - net		(8,863)	1,695
		(940,101)	(1,370,098)
Net cash generated from / (used in) operating activities		841,453	(9,777)
Cash flows from investing activities			
Fixed capital expenditure		(178,937)	(239,196)
Proceeds from disposal of property, plant and equipment		33,206	37,030
Proceeds from disposal of long term investments		2,439,658	1,133
Purchase of long term investments during the year		(483,465)	-
Proceeds from disposal of short term investments		376,975	116,171
Profit received on bank deposits		7,857	7,560
Dividend received	39.2	9,681	1,673
Net cash generated from / (used in) investing activities		2,204,975	(75,629)
Cash flows from financing activities			
Proceeds from issue of share capital under ESOS		80,125	16,255
Receipts from long term finances - net		107,848	150,295
Principal portion of lease rentals paid during the year		(7,842)	-
Repayments of short term borrowings - net		(425,701)	(353,856)
Loan from Chief Executive Officer - interest free, unsecured		(89,245)	39,245
Redemption of participation term certificates		-	(6,276)
Dividend paid		(5)	(7)
Net cash used in financing activities		(334,820)	(154,344)
Net increase / (decrease) in cash and cash equivalents		2,711,608	(239,750)
Cash and cash equivalents at beginning of year		(6,104,508)	(5,864,758)
Cash and cash equivalents at end of year	43	(3,392,900)	(6,104,508)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

LAHORE
26th October 2021

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
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 associate 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 investments in subsidiaries and associate:

Name of Company	2021	2020
	(Direct holding percentage)	
Subsidiaries		
- Treet Holdings Limited	100	85.93
- First Treet Manufacturing Modaraba	96.38	87.35
- Global Arts Limited	-	88.76
- Renacon Pharma Limited	55.86	45.45
Associate		
- 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 which are stated at revalued amounts, investment in listed securities which are stated at their fair values and recognition of employee retirement benefits which are stated at present value. The methods used to measure fair values/present 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, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value 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 used or where judgments were exercised in application of accounting policies are as follows:

3.1 Property, plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment annually by considering expected pattern of economic benefit that the Company expects to derive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.2 Stores and spares

The Company reviews the stores and spares for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

3.3 Stock-in-trade

The Company reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.4 Expected credit loss (ECL) against trade debts, deposits, advances and other receivables

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets original effective interest rate.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. 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 including forward-looking information.

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 amortised cost are deducted from the gross carrying amount of the assets.

Impairment on financial assets other than trade debts has been measured on 12 - months expected loss basis and reflects the short maturities of the exposure.

3.5 Employee benefits

The Company operates approved funded gratuity and superannuation scheme covering all its full time permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity and superannuation schemes are managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity and superannuation cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

3.6 Recoverable amount of non financial assets / cash generating unit and impairment

The management of the Company reviews carrying amounts of its non financial assets and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

3.7 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

3.8 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

3.9 Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

3.10 Revaluation of property, plant and equipment

Revaluation of certain classes of property, plant and equipment is carried out by an independent professional valuer. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to current depreciated replacement values.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3.11 Lease term

The Company applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

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 2021:

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

  Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;

  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

- The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

  For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) 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.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

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 2022; 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) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. 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 periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises 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 annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs 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 above improvements are likely to have no significant impact on the Company's unconsolidated financial statements.

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 improvements are likely to have no significant impact on the 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 in these financial statements, except as described in note 5.1.

5.1 Changes in accounting policies

During the year, the Board of Directors of the Company, in their meeting dated 29 June 2021 has voluntarily adopted revaluation model for subsequent measurement of plant and machinery which was previously carried at cost model. The change has been accounted for as a change in accounting policy, effective from 30 June 2021, and applied prospectively as per requirements of "International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, the change in accounting policy has no effect on prior years. The revaluation of plant and machinery is carried out by an independent valuer, as explained in note 32.1 to these unconsolidated financial statements, as at 30 June 2021. The management takes the view that revaluation model provides reliable and more relevant information rather than cost model because it is based on up-to-date market values.

There is no impact of the change in accounting policy on the statement of profit and loss, the statement of cash flows and earning per share of the Company, however, the impacts on the statement of financial position and the statement of comprehensive income are as follows:

	Increase / (Decrease) 30-Jun-21
Statement of financial position	
Non-current assets	
Property, Plant & Equipment	1,061,758
Non-current liabilities	
Deferred tax liability	197,832
Equity	
Surplus on revaluation of plant & machinery - net of tax	863,926

Statement of comprehensive income	Increase / (Decrease) 30-Jun-21
Surplus on revaluation of plant & machinery - net of tax	863,926

5.2 Employee benefits

Defined contribution plans

The Company has maintained two 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 by the Company at 10% of basic salary from the date the employee gets permanent status however it is optional for employees to contribute in service fund. Additional contributions may be made by the Company for those employees who have at most 15 years of service remaining before reaching retirement age. Employee can start their additional contribution above the threshold limit of 10% of the basic salary at any time.

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 2021. 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 26 to these unconsolidated financial statements.

<u>Employee Stock Option Scheme</u>

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 28 to these unconsolidated financial statements.

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

<u>Current</u>

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 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 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, buildings on freehold land and plant and machinery. Freehold land is stated at revalued amount determined based on valuation 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 determined based on valuation carried out by independent valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Previously, plant and machinery was carried at cost less accumulated depreciation and impairment loss, however during the year, the Board of Directors of the Company in their meeting dated 29 June 2021 approved the change in accounting policy and now, plant and machinery is stated at revalued amount, which is determined based on valuation carried out by independent valuer as at 30 June 2021. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the related asset, and the net amount is restated to the revalued amount.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decrease that offset previous increase of the same assets are charged against this surplus, all other decrease's 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.

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 as disclosed in note 6.1 to these unconsolidated financial statements.

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 asset's 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 that is accounted for using the cost method and is 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. Such non-current assets or disposal groups are valued at lower of cost and fair value less cost 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.

The gain or loss on disposal of non-current assets held for sale 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.

5.8 Leases

The Company is the lessee.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At initial recognition, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss account if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

5.9 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 are subsequently reversed, 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.

5.10 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.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. 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 including forward-looking information.

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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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.

5.11 Financial Instruments

5.11.1 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.

5.11.2 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, long term loans, trade debts, term deposits and other receivable.

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. However, the Company has no such instrument at the reporting date.

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.

Equity instrument at fair value through other comprehensive income comprises of long term investment in Techlogix International Limited.

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 at fair value through profit or loss comprise of short term investment in listed equity securities and long term receivables.

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).

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 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, short term borrowings, long term financing, current portion of long term liabilities, long term deposits, accrued markup and unclaimed dividend.

5.11.3 Derecognition

Financial assets

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.

Financial liabilities

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.

5.12 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.

5.13 Stock in trade

Stock of raw materials, packing materials, work in process and finished goods is valued at lower of moving weighted 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.

5.14 Trade debts, loans, deposits and other receivables

These are stated 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.

5.15 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, term deposit receipt and outstanding balance of running finance facilities availed by the Company.

5.16 Mark-up bearing 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.

5.17 Trade and other payables

Trade and other payables 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.

5.18 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.

5.19 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.

5.20 Revenue recognition

Revenue from contracts with customers is recognised, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods excluding sales taxes and trade discounts. Specific revenue and other income recognition policies are as follows:

5.20.1 Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which on the basis of current agreement with majority of the customers, is when the goods are delivered to customers and in very few cases when goods are handed over to the customers i.e. ex-factory, in case of local sales. Further in case of export sale, control is transferred when goods are loaded on vessels.

5.20.2 Dividends

Dividend income is recognized when the Company's right to receive the dividend is established.

5.20.3 Interest income

Interest income is recognised as it accrues under the effective interest method.

5.21 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.

5.22 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.

5.23 Research and development costs

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

5.24 Dividend to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit and as a liability in the Company's unconsolidated statement of financial position in the year in which the dividends are approved by the Board of Directors or the Company's shareholders as the case may be.

5.25 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.

5.26 Government grant

The Company follows deferral method of accounting for government grant related to subsidized long term financing. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in statement of profit or loss account, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

5.27 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.28 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

5.29 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

	Note	2021	2020
		(Rupees in thousand)	
6 Property, plant and equipment			
Operating fixed assets	6.1	7,239,406	5,347,868
Capital work in progress	6.2	475,833	723,756
		7,715,239	6,071,624

6.1 Operating fixed assets

	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2020	Additions/ (Deletions)	Surplus on revaluation during the year	Elimination due to revaluation	Cost as at 30 June 2021	Accumulated depreciation as at 01 July 2020	Elimination due to revaluation	Depreciation charge / (deletions) for the year	Accumulated depreciation as at 30 June 2021	Book value as at 30 June 2021
	%	----------------	----------------	----------------	----------------	-(Rupees in thousand)-	----------------	----------------	----------------	----------------	----------------
Owned											
Freehold land - note 6.1.1	-	3,714,435	-	561,065	-	4,275,500	-	-	-	-	4,275,500
Buildings on free hold land - note 6.1.1	5	601,705	49,484	121,325	(76,723)	695,791	45,766	(76,723)	30,957	-	695,791
Right of use asset - building	15-35	-	32,865	-	-	32,865	-	-	7,673	7,673	25,192
Plant and machinery	10	2,077,890	234,764	1,061,758	(1,398,780)	1,975,632	1,239,930	(1,398,780)	158,850	-	1,975,632
Furniture and equipment	10-25	179,106	18,900 (1,226)	-	-	196,780	91,153	-	15,945 (845)	106,253	90,527
Vehicles	20	360,314	97,476 (49,787)	-	-	408,003	208,733	-	55,126 (32,620)	231,239	176,764
2021		6,933,450	433,489 (51,013)	1,744,148	(1,475,503)	7,584,571	1,585,582	(1,475,503)	268,551 (33,465)	345,165	7,239,406

	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2019	Additions/ (Deletions)	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	-	3,714,435	-	3,714,435	-	-	-	3,714,435
Buildings on freehold land	5	550,269	51,436	601,705	-	45,766	45,766	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		6,661,150	320,633 (48,333)	6,933,450	1,346,143	269,695 (30,256)	1,585,582	5,347,868

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	239,057
72-B Main Peco Road, Kot Lakhpat Lahore	Head Office & Manufacturing facility	11.62 Acres	506,167
Warehouse land, 14 km Multan Road, Lahore	Warehouse	1.5 Acres	65,340
05 Km off Ferozpur Road, Gajju Matta, Kacha Road, Lahore	Warehouse	10.29 Acres	448,232

	Note	2021	2020
		(Rupees in thousand)	
6.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of revenue	34	215,186	218,306
Administrative expenses	35	24,576	33,745
Distribution cost	36	28,789	17,644
		268,551	269,695
6.1.3 Had there been no revaluation, the net book value of specific classes of operating fixed assets would have been as follows:			
Land		111,933	111,933
Buildings		321,449	289,414
Plant and machinery		913,874	837,960
		1,347,256	1,239,307
6.1.4 The latest valuation of Company's assets was carried as at 30 June 2021 and the forced sale value as at that date is as follows:			
Land		3,634,175	
Buildings		591,424	
Plant and machinery		1,580,507	
		5,806,106	

6.1.5 All assets of the Company as at 30 June 2021 are located in Pakistan and are in the name of the Company.

6.1.6 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
	------- (Rupees in thousand) -------							
Furniture and equipment	1,226	845	381	570	189	Company Policy	Employees	Various
Vehicles								
Honda Civic	3,667	794	2,873	2,936	63	Company Policy	Employee	Talha Ali Khan Rao
Mercedes E250	2,774	1,015	1,759	1,913	154	Company Policy	Employee	Amir Zia
Suzuki Cultus	1,638	437	1,201	1,638	437	Company Policy	Employee	M. Ali Jibran
Toyota Corolla Xli	1,967	1,080	887	-	(887)	Company Policy	Employee	Nadeem Hassan
Toyota Corolla Xli	1,842	1,073	769	971	202	Company Policy	Employee	Zafar Iqbal
Toyota Corolla Xli	1,825	1,058	767	985	218	Company Policy	Employee	Jameel Malik
Toyota Corolla XLI	1,973	1,320	653	1,004	351	Company Policy	Employee (KMP)	Imran Khan
Toyota Corolla XLI	1,971	1,970	1	581	580	Company Policy	Employee (KMP)	Nasir Mehmood
Others	32,130	23,873	8,257	22,608	14,351	Company Policy	Employees	Employees
2021	51,013	33,465	17,548	33,206	15,658			
2020	48,333	30,256	18,077	37,030	18,953			

		Note	2021	2020
			(Rupees in thousand)	
6.2	Capital work in progress			
	Civil works		-	7,406
	Plant and machinery		414,161	662,223
	Plant and machinery - in transit		30,452	-
	Furniture and equipment		2,495	9,491
	Vehicles		185	2,185
	Intangible assets		-	24,174
	Advances for capital expenditure		28,540	18,277
			475,833	723,756
6.2.1	Movement in capital work-in-progress - at cost			
	As at 01 July		723,756	810,911
	Additions during the year		131,675	288,251
	Less: Transfers to operating fixed assets		(360,838)	(357,346)
	Less: Charged off during the year		(18,760)	(18,060)
	As at 30 June		475,833	723,756

7 Investment property

	Note	2021	2020
Cost as at 30 June	7.1	12,896	12,896

7.1 This represents land measuring 14 Kanals and 5 Marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore, having fair value of Rs. 20.66 million. The fair value of investment property was determined on 30 June 2021 (level 2 measurement), by Dimensions Evaluators & Consultants (Pvt) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA).

Fair value of investment property was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Neighbouring properties, which were recently sold or purchased, were investigated to determine a reasonable selling/buying price.

8 Intangible asset

Intangible asset represents computer software (ERP system)

8.1 Oracle computer software and implementation

	Note	2021	2020
<u>Cost</u>			
As at 01 July		47,600	41,882
Addition during the year		26,236	5,718
		73,836	47,600
<u>Accumulated amortisation</u>			
As at 01 July		(29,126)	(20,178)
Amortisation for the year	35	(14,554)	(8,948)
		(43,680)	(29,126)
Balance as at 30 June		30,156	18,474
Rate of amortisation		20%	20%

		Note	2021	2020
			(Rupees in thousand)	
9	**Long term investments**			
	In equity instruments of subsidiaries - at cost	9.1	10,238,079	3,432,939
	In equity instruments of associate - at cost	9.2	287,455	162,529
	Fair value through OCI	9.3	8,167	8,167
			10,533,701	3,603,635

9.1 In equity instruments of subsidiaries - at cost

	Note	2021	2020
Treet Holdings Limited - unquoted			
71,104,712 (2020: 61,101,712) fully paid ordinary			
shares of Rs. 10 each	9.1.1	675,137	611,017
Equity held: 100 % (2020: 85.93 %)			
Chief Executive Officer - Syed Shahid Ali			
Less: Accumulated impairment allowance	9.1.1.1	(235,429)	(96,704)
		439,708	514,313
First Treet Manufacturing Modaraba - quoted			
655,251,700 (2020: 170,851,700) fully paid			
certificates of Rs. 10 each	9.1.2	8,061,393	3,417,441
Chief Executive Officer - Syed Shahid Ali			
Advance against issue of certificates	9.1.2	1,835,903	-
Less: Accumulated impairment allowance	9.1.2.1	(581,138)	(905,557)
		9,316,158	2,511,884
Renacon Pharma Limited - unquoted			
34,833,790 (2020: 28,355,600) fully paid ordinary			
shares of Rs. 10 each	9.1.3	482,213	406,742
Equity held: 55.86% (2020: 45.45%)			
Chief Executive Officer - Dr. Salman Shakoh			
		10,238,079	3,432,939

9.1.1 The Company directly owns 100% (2020: 85.93%) equity interest in Treet Holding Limited (THL). During the year, the Company purchased 10,003,000 shares (14.07% equity interest) of THL from Global Art Limited (GAL) at Rs 10 per share.

9.1.1.1 Accumulated impairement allowance

	Note	2021	2020
Opening balance		(96,704)	-
Charge during the year	9.1.1.2	(138,725)	(96,704)
Closing balance		(235,429)	(96,704)

9.1.1.2 During last year, the management assessed the recoverable amount of the Company's investment in THL as per the requirements of IAS 36 "Impairment of Assets". The recoverable amount was calculated based on five years' business plan which included a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth.

The value in use calculation was based on cash flow projections derived from aforesaid business plan, which was extrapolated beyond five years, by using a growth rate of 5%. The cash flows were discounted using a discount rate of 15.41% which was sensitive to discount rate and local inflation rates. Based on this calculation, the recoverable amount based on value in use per share of the Company was determined at Rs 8.42 which was higher than fair value less cost of disposal of investment, hence the Company recognized impairment loss of Rs. 96.7 million during last year.

However, during the year, fair value less cost of disposal of investment was higher than the value in use computed by the management of the Company, therefore, fair value less cost of disposal has been considered as recoverable amount as per requirements of IAS 36 "Impairment of Assets". The same has been accounted for as a change in accounting estimate. Despite that fair value less cost of disposal was higher than value in use, further impairment loss was identified during the year amounting to Rs. 138.73 million which has been recognized in the statement of profit or loss under “other expenses”. The change in accounting estimate has no impact on future periods.

The recoverable amount of 71,104,712 ordinary shares was Rs. 439.71 million at 30 June 2021 which is calculated based on the fair value of THL’s net assets as at 30 June 2021 and which is substantially a Level 1 inputs of the fair value hierarchy in accordance with IFRS 13 "Fair Value Measurement".

9.1.2 The Company directly owns 96.38% (2020: 87.35%) equity interest in First Treet Manufacturing Modaraba (FTMM) and 2.8% (2020: 10.02%) through its subsidiary, Treet Holdings Limited.

During the year, the Board of Directors and the shareholders of the Company in their meeting held on 05 October 2020 and 31 October 2020 respectively approved the conversion of short term advance amounting to Rs. 6,879.90 million given to FTMM into its equity by way of issuance and allotment of 687,990,293 modaraba certificates of FTMM, at the rate of Rs. 10 per Modaraba Certificate (i.e. par value).

Accordingly, during the year short term advance amounting to Rs. 5,044 million was converted into 504.4 million modaraba certificate of Rs. 10 each and the remaining amount of advance of Rs. 1,835.90 million has been classified to long term investment as advance for issue of shares which subsequent to the year end has been converted into 183.59 million modaraba certificates of Rs. 10 each.

Pursuant to the approval of Board of Directors of the Company, dated 9 April 2021, for disposal of modaraba certificates of First Treet Manufacturing Modaraba ("FTMM"), to the extent of 20 million modaraba certificates, in open market, the management has classified 20 million modaraba certificates of FTMM as non-current held for sale in accordance with the requirement of “IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations” as disclosed in note 18.2.1 to these unconsolidated financial statements.

On 21 January 2019, the Board of the Directors of Treet Holding Limited (Modaraba Management Company) decided in their meeting to spin off the battery segment into Treet Battery Limited (wholly owned subsidiary of Treet Holding Limited). Currently, regulatory and legal approvals are being sought from Financial Institutions and Regulators.

9.1.2.1 Accumulated impairement allowance

	Note	2021	2020
		(Rupees in thousand)	
Opening balance		905,557	-
Charge during the year		-	905,557
Transferred to non-current assets held for sale	18.2.2	(106,005)	-
Reversal during the year	9.1.2.2	(218,414)	-
Closing balance		581,138	905,557

9.1.2.2 During last year, the management of the Company tested the investment in FTMM for impairment as per requirements of IAS 36 "Impairment of Assets". The recoverable amount was calculated based on five years business plan which included a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculation was based on cash flow projections derived from aforesaid business plan, which was extrapolated beyond five years, by using a growth rate of 5%. The cash flows were discounted using a discount rate of 13.57% which was sensitive to discount rate and local inflation rates. Based on this calculation, the recoverable amount based on value in use per modaraba certificate of the Company was determined as Rs 14.7 which was greater than fair value less cost of disposal of investment, therefore, the Company recognized impairment loss of Rs. 905.56 million during last year.

However, during the year, fair value less cost of disposal of investment has increased to Rs. 16.15 per modaraba certificate, which has resulted in increase in recoverable amount of investment as at 30 June 2021 and the same has been considered as recoverable amount being higher than value in use as per requirements of IAS 36 "Impairment of Assets". The same has been accounted for as a change in accounting estimate which has resulted in reversal of impairment loss, during the year, amounting to Rs. 246.53 million. The change in accounting estimate has no impact on future periods. Breakup of reversal of impairment loss is disclosed as Rs. 218.414 million against long term investment in FTMM and Rs. 28.116 million against investment in FTMM classified as held for sale and disclosed in note 18.2.2 to these unconsolidated financial statements.

The recoverable amount of 170,270,700 modaraba certificates, based on fair value less cost to sell, on which impairment loss was determined last year, was Rs. 2,749.87 million at 30 June 2021 which is calculated based on market value of FTMM's certificate in Pakistan Stock Exchange as at 30 June 2021 and which is a Level 1 inputs of the fair value hierarchy in accordance with IFRS 13 "Fair Value Measurement". Fair value less cost of disposal of the Company's total investment in FTMM including the shares disclosed in note 18.2, representing 96.38% equity interest at year end, based on market value of FTMM's certificate in Pakistan Stock Exchange as at 30 June 2021, amounts to Rs. 10,895.932 million.

9.1.3 Renacon Pharma Limited ("RPL") is a pharmaceutical manufacturing company incorporated on 07 July 2009. The Company directly owns 55.86% (2020: 45.45%) equity interest in RPL. During the year, pursuant to approval of the Board of Directors and the shareholders of the Company in their meetings held on 05 October 2020 and 31 October 2020, respectively, the Company purchased 6,478,190 ordinary shares (representing 10.39% equity interest) of RPL from Global Art Limited (GAL) at Rs. 11.65 per share.

		Note	2021	2020
			(Rupees in thousand)	
9.2	In equity instruments of associate - at cost			
	<u>Loads Limited - quoted</u> 31,387,657 (2020: 18,895,057) fully paid ordinary shares of Rs. 10 each Equity held: 12.49% (2020: 12.49%) Chief Executive Officer - Munir K. Bana	9.2.1	287,455	162,529
			287,455	162,529

9.2.1 The Company's investment in Loads Limited is less than 20% but it is considered an associate in accordance with the requirements of IAS - 28 "Investments in Associates" since the Company has significant influence over its financial and operating policies through its representation on the Board of Loads Limited. The market value per share of Loads Limited at the reporting date was Rs. 21.61 per share.

During the year, Loads Limited announced right issue of 100 million ordinary shares at the rate of Rs 10 per share to its existing shareholders. Pursuant to this announcement, the Company subscribed 100% right shares of 12,492,600 which resulted in increase in investment in Loads Limited with no change in percentage of shareholding of the Company in Loads Limited.

		Note	2021	2020
			(Rupees in thousand)	
9.3	Fair value through OCI			
	Techlogix International Limited - unquoted			
	711,435 (2020: 711,435) fully paid ordinary shares of par value of USD 0.190761. Equity held: 0.67% (2020: 0.67%)			
	Investment classified as fair value through other comprehensive income		8,167	8,167
		9.3.1	8,167	8,167

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 (2020: USD 112) over the long term and realise its returns. During the year, the Company has not received any return (2020: Rs. 0.16 million).

9.3.2 This investment was 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	2021	2020
Loans to employees - secured, considered good	10.1	17,835	6,722
Less : current portion of loan to employees - secured, considered good	16	(12,727)	(5,694)
		5,108	1,028

10.1 These loans are interest free and are secured against employees' retirement benefits. These loans are recoverable in 12 to 48 monthly instalments. This includes loans to executives amounting to Rs. 10.93 million (2020: Rs. 10.34 million) which further include loan to the following key management personnels;

	2021	2020
Arshad Latif	803	111
M. Mohtashim Aftab	4,800	6,000
	5,603	6,111

Maximum outstanding balance with reference to month end balances are as follows:

	2021	2020
Arshad Latif	1,606	553
M. Mohtashim Aftab	5,900	6,000

Further, no amount is due from Directors and Chief Executive at the year end (2020: Rs. Nil).

11 Long term security deposits

This represents retention amount of Rs. 270 million, representing 10% of the sale consideration of Global Arts Limited (GAL), maintained in escrow account with Habib Bank Limited, in accordance with the terms of the share purchase agreement (the agreement) between the Company and Chimera Education (Private) Limited (CEPL) for sale of 100% equity interest of Global Arts Limited as explained in note no. 18.1 to these unconsolidated financial statement. In accordance with the terms of the agreement, the retention amount will be released to the Company after 18 months from the closing date i.e. 30 June 2021, subject to no claims being filed by CEPL. The escrow account carries markup at the rate of 5.5% per annum and classified as fair value through profit and loss account.

	Note	2021	2020
		(Rupees in thousand)	

12 Stores and spares

	Note	2021	2020
Stores		116,390	107,155
Spares		139,818	136,495
	12.1	256,208	243,650

12.1 It includes stores and spares in transit amounting to Rs. 2.7 million (2020: Rs. 7.03 million).

13 Stock in trade

	Note	2021	2020
Raw and packing material	13.1	799,150	776,052
Work in process		212,652	74,338
Finished goods	13.2	465,885	145,359
		1,477,687	995,749
Provision for obsolete and slow moving inventory		(3,265)	-
		1,474,422	995,749

13.1 It includes raw material in transit amounting to Rs. 95.81 million (2020: Rs. 167.2 million).

13.2 The amount charged to profit and loss account on account of write down of finished goods to net realizable value amounts to Rs. 3.63 million (2020: 1.25 million). It also includes finished goods in transit amounting to Rs. 120.6 million (2020: Nil).

14 Trade debts

	Note	2021	2020
Foreign debtors			
- secured - considered good		31,845	71,347
- unsecured - considered good		72,642	54,601
		104,487	125,948
Local debtors			
- unsecured - considered good	14.1	52,720	38,550
		157,207	164,498
Considered doubtful		1,785	1,785
		158,992	166,283
Less: Expected credit loss	14.2	(1,785)	(1,785)
		157,207	164,498

14.1 It include unsecured receivable from following related parties:

	Note	2021	2020
		(Rupees in thousand)	
Elite Brands Limited	14.1.1	39,579	18,829
Renacon Pharma Limited	14.1.2	80	80
		39,659	18,909

14.1.1 This represents receivable in the normal course of business and is due by less than 30 days. The balance is neither past due nor impaired. Maximum amount outstanding at any time during the year, with respect to month end balances, was Rs. 39.6 million.

14.1.2 This represents receivable in the normal course of business and is past due by more than 365 days. Maximum amount outstanding at any time during the year, with respect to month end balances, was Rs. 0.08 million.

14.2 The movement in expected credit loss with respect to trade debts for the year is as follows:

	2021	2020
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	2021	2020
Investments at fair value through profit or loss			
Listed equity securities	15.1	64,695	242,184
Investment at amortized cost			
Term deposit receipts	15.2	270,000	-
		334,695	242,184

15.1 Detail of investments in listed equity securities is stated below:

		2021						
		Shares	Cost	Market value	Opening unrealized gain / (loss)	Realized gain on disposal during the yea	Unrealized gain / (loss) during the year	Closing unrealized gain / (loss)
		Number	-------------------------------(Rupees in thousand)-------------------------------					
a)	Banks							
	Silk Bank Limited	14,000,000	26,013	28,140	(232,997)	218,744	16,380	2,127
b)	Textile							
	Sunrays Textiles Mills Limited	27,026	2,458	8,378	1,674	4,902	(657)	5,920
	Maqbool Textiles Mills Limited	894,500	27,554	28,177	10,007	-	(9,383)	623
c)	Mutual Funds							
	JS investments	-	-	-	344	344	-	-
d)	Miscellaneous							
	Transmission Engineering Limited	133,000	-	-	-	-	-	-
		15,054,526	56,025	64,695	(220,972)	223,990	6,340	8,670

		2020						
		Shares	Cost	Market value	Opening unrealized gain / (loss)	Realized gain on disposal during the yea	Unrealized gain / (loss) during the year	Closing unrealized gain / (loss)
		Number	-------------------------------(Rupees in thousand)-------------------------------					
a)	Banks							
	Silk Bank Limited	228,864,500	425,243	192,246	(150,123)	(5,061)	(77,814)	(232,997)
b)	Textile							
	Sunrays Textiles Mills Limited	27,263	7,440	9,114	(1,305)	-	2,979	1,674
	Maqbool Textiles Mills Limited	894,500	27,554	37,561	8,897	-	1,110	10,007
	Shahtaj Textile Limited	-	-	-	28,598	(28,598)	-	-
c)	Mutual Funds							
	JS investments	30,462	2,919	3,263	(145)	274	215	344
d)	Miscellaneous							
	Transmission Engineering Limited	133,000	-	-	-	-	-	-
		229,949,725	463,156	242,184	(114,078)	(33,385)	(73,510)	(220,972)

15.2 This represents term deposit of Rs. 270 million (2020: nil) having maturity of one month starting from 21 June 2021 and carries mark-up at the rate of 3.65% per annum.

		Note	2021	2020
			(Rupees in thousand)	
16	Loans, advances, deposits, prepayments and other receivables			
	Current portion of loan to employees - secured, considered good	10	12,727	5,694
	Advances to employees - secured, considered good	16.1	26,077	13,187
	Advances to suppliers - unsecured, considered good		34,329	30,696
	Margin deposits against letters of credits		450	3,784
	Prepayments	16.2	1,151	6,518
	Balances with statutory authorities:			
	Export rebate		153,730	56,015
	Collector of customs - custom duty		-	22,147
	Advance income tax		363,468	366,478
	Sales tax receivable		15,368	-
			532,566	444,640
	Receivable from broker against sale of investments		19,882	-
	Receivable from subsidiary companies - unsecured, considered good - at amortised cost			
	-First Treet Manufacturing Modaraba	9.1.2	1,127,424	7,410,105
	-Renacon Pharma Limited		188,914	253,446
	-Global Arts Limited		-	117,112
	-Treet Holdings Limited		-	112,384
		16.3	1,316,338	7,893,047
	Receivable from other related parties - unsecured, considered good			
	-Loads Limited		13,259	5,949
	-Treet HR Management (Private) Limited		25,426	21,152
	-Treet Power Limited		4,910	4,555
	-Global Assets (Private) Limited		59	-
	-Hi-Tech Alloy Wheels Limited		7,004	6,497
	-Society For Cultural Education		-	976
		16.3	50,658	39,129
	Due from Global Arts Limited, a former subsidiary company	16.3	11,571	-
	Employees Housing Fund		34,448	12,546
	Others		95	8
			2,040,292	8,449,249

16.1 These are interest free advances to employees in respect of salary, medical and travelling expenses and are secured against their retirement benefits. These include an aggregate amount of Rs. 1.62 million (2020: Rs. 4.38 million) receivable from executives of the Company. No amount is advanced to Chief Executive Officer or directors of the Company.

16.2 Prepayments include amount paid to IGI Insurance Limited (a related party) of Rs. 1.15 million (2020: Rs. 5.25 million).

16.3 These represent receivable from related parties on account of payments made on behalf of related parties, receivable on account of reimbursement of expenses, and advances given to meet working capital requirements of relates parties. These carry markup at an effective rate ranging from 7.56% to 8.57% during the year which is equal to weighted average borrowing cost of the Company. Balances at the year end with the related parties included markup accrued on the principal amount.

16.4 Ageing of balances

The balances due from related parties are neither past due nor impaired. Aging of balance due from related parties is as follows:

	Less than 3 months	3 to 6 months	6 to 12 months	Greater than 12 months	2021	2020
		----------------------(Rupees in thousand)----------------------				
First Treet Manufacturing Modaraba	1,127,424	-	-	-	1,127,424	7,410,105
Renacon Pharma Limited	47,869	16,349	51,641	73,055	188,914	253,446
Global Arts Limited	4,409	-	-	7,162	11,571	117,112
Treet HR Management (Private) Limited	1,774	-		21,152	25,426	21,152
Treet Power Limited	355	-	2,500	4,555	4,910	4,555
Treet Holdings Limited	-	-	-	-	-	112,384
Global Asset Limited	4	55	-	-	59	-
Hi-Tech Alloy Wheels Limited	507	-	-	6,497	7,004	6,497
Loads Limited	5,570	1,740	-	5,949	13,259	5,949

16.5 Maximum outstanding balance due from related parties at any time during the year, with reference to month end balances is as follows:

	2021	2020
	(Rupees in thousand)	
First Treet Manufacturing Modaraba	8,263,646	7,631,838
Renacon Pharma Limited	285,905	253,446
Global Arts Limited	122,712	117,112
Treet Holding Limited	108,442	115,659
Treet HR Management (Private) Limited	25,426	21,152
Treet Power Limited	4,910	4,555
Global Assets Limited	59	-
Hi-Tech Alloy Wheels Limited	7,004	6,497
Loads Limited	13,259	5,949

17 Cash and bank balances

	Note	2021	2020
Cash in hand		3,678	40,583
Cash at bank in local currency			
- Current accounts	17.1	404,264	71,647
- Saving accounts	17.2	239,873	74,181
		644,137	145,828
- Temporary Overdraft	17.3	(2,034)	-
		645,781	186,411

17.1 These include bank accounts of Rs. 4.6 million (2020: Rs. 61.13 million) maintained under Shariah compliant arrangements.

17.2 These include deposits amounting to Rs. 121.44 million (2020: Rs. 2.86 million) under Shariah compliant arrangements, which carries profit rate ranging from 3.72%% to 5.70% per annum (2020: 4% to 10% per annum). The remaining balance carry mark-up at the rates ranging from 3.42% to 5.61% per annum (2020: 6% to 11.25% per annum).

17.3 Overdrawn balance represent cheques issued but not yet presented for payment at the year end.

	Note	2021	2020
		(Rupees in thousand)	
18 Non-current assets held for sale			
Investment in Global Arts Limited - unquoted	18.1	-	1,605,403
Investment in First Treet Manufacturing Modaraba - quoted	18.2	313,617	-
		313,617	1,605,403

18.1 The Company directly owned 100% (2020: 88.76%) equity interest in Global Arts Limited ("GAL"). During the year, pursuant to approval of the Board of Directors and the shareholders of the Company in their meetings held on 05 October 2020 and 31 October 2020, respectively, the Company purchased 10,100,140 ordinary shares (representing 5.58% equity interest) and 10,238,471 ordinary shares (representing 5.66% equity interest) of GAL from the Company's subsidiaries, Treet Holdings Limited ("THL") (wholly owned) and Renacon Pharma Limited ("RPL"), respectively.

During last year, Board of Directors of the Company in their meeting held on 26 February 2020 decided to sell its equity interest in GAL. Consequently, long term investment in GAL was classified as non-current assets held for sale and was measured at lower of carrying value or fair value less cost to sell. During the year, shareholders of the Company, in their meeting dated 31 October 2020, also approved disinvestment of 100% equity interest in GAL.

During the year, the Company entered into share purchase agreement, dated 31 May 2021, with Chimera Education (Private) Limited ("CEPL") for sale of 100% equity interest to CEPL at the transaction price of Rs. 2.7 Billion (Rs. 14.93 per share). Accordingly the Company disposed off its 100% equity interest in GAL on 30 June 2021 at Rs. 14.93 per share and recorded capital gain of Rs. 875.65 million.

18.2 Investment in First Treet Manufacturing Modaraba - quoted

	Note	2021	2020
19,419,000 (2020: nil) fully paid certificates of Rs. 10 each	18.2.1	388,426	-
Less: Impairment allowance	18.2.2	(74,809)	-
		313,617	-

18.2.1 During the year, Board of Directors of the Company, through resolution by circulation dated 9 April 2021, approved the disposal of modaraba certificates of First Treet Manufacturing Modaraba ("FTMM"), to the extent of 20 million modaraba certificates, in open market. Accordingly, management has classified 20 million modaraba certificates of FTMM as non-current assets held for sale in accordance with the requirement of "IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations". Out of 20 million modaraba certificates, the Company sold 581,000 certificates till 30 June 2021.

		Note	2021	2020
			(Rupees in thousand)	
18.2.2	Accumulated impairment allowance			
	Opening balance		-	-
	Transferred from long term investment	9.1.2.1	106,005	-
	Reversal on disposal during the year	18.2.2.1	(3,080)	-
	Reversal of impairment loss during the year	9.1.2.2	(28,116)	-
	Closing balance		74,809	-

18.2.2.1 During the year the Company sold 581,000 Modaraba Certificates in open market as explained in note no. 18.2.1 to these unconsolidated financial statements. Accordingly, the related impairment loss has been reversed during the year.

19 Short term borrowings

	Note	2021	2020
Short term running finance - secured	19.1	3,268,389	4,957,342
Export refinance and others- secured	19.2	1,556,186	1,638,532
Islamic mode of financing - secured	19.3	1,346,937	1,983,577
Loan from Chief Executive - Interest free, unsecured		-	89,245
		6,171,512	8,668,696

19.1 This represents running finance facility availed from various commercial banks to meet working capital requirements of the Company. These carry markup at an effective markup rate ranging from 7.55% to 10.58% (2020:7.99% to 15.95%) per annum payable quarterly in arrears. 'The Company has un-availed running finance facility aggregating to Rs.1,428.19 million (2020: Rs. 158 million) at year end.

19.2 This represents export refinance and other funded facilities availed from various commercial banks to meet working capital requirements of the Company. These carry markup at an effective markup rate ranging from 2.5% to 13.34% (2020: 2.35% to 15.95%) per annum payable quarterly in arrears. 'The Company has un-availed export refinance and other facilities aggregating to Rs.395.60 million (2020: Rs. 171 million) at year end and has unavailed facilities for letters of credit and guarantee aggregating to Rs. 2,398.9 million (2020: Rs.5,154 million) at the year end.

19.3 This represents musharka running finance and other facilities availed under shariah compliant mode from various Islamic banks to meet working capital requirements of the Company. These carry profit at an effective profit rate ranging from 7.38% to 14.35% (2020:7.99% to 15.95%) per annum payable quarterly in arrears or on maturity. The Company has un-availed facility aggregating to Rs.942.06 million (2020: Rs. 5.00 million) at year end.

19.4 The facilities mentioned in 19.1 to 19.3 above are secured by first joint pari passu charge / hypothecation charge / ranking charge over present and future current assets of the Company, lien marked over import documents and title of ownership of goods imported under letters of credit.

		Note	2021	2020
			(Rupees in thousand)	
20	**Trade and other payables**			
	Trade creditors:			
	Related parties - unsecured	20.1	29,247	28,177
	Others		180,359	181,112
			209,606	209,289
	Due to related party - unsecured	20.2	34,648	-
	Accrued liabilities		693,350	65,394
	Contract liability	20.3	132,300	90,964
	Employees deposits - secured		75,845	77,909
	Withholding sales tax payable		1,242	644
	Withholding income tax payable		30,669	7,537
	Workers Profit Participation Fund	20.4	121,180	13,364
	Workers Welfare Fund	20.5	66,585	-
	Sales tax payable		-	8,513
	Other payables		52,143	112,175
	Payable to employee retirement benefit funds:			
	- Service fund		6,197	4,094
	- Superannuation fund (SF-II)		-	368
	- Employees provident fund		16,517	9,882
			22,714	14,344
			1,440,282	600,133

		2021	2020
20.1	**Related parties**		
	Subsidiary companies:		
	First Treet Manufacturing Modaraba	26,181	5,544
	Treet Holdings Limited	235	902
	Renacon Pharma Limited	70	70
	Other related parties:		
	Elite Brands Limited	1,063	-
	Cutting Edge (Private) Limited	215	644
	Treet HR Management (Private) Limited	1,450	2,900
	Gulab Devi Chest Hospital	33	33
	Packages Limited	-	17,638
	IGI General Insurance Limited	-	435
	IGI Insurance Limited	-	11
		29,247	28,177

These are interest free in the normal course of business.

20.2 This represents payable to Treet Holding Limited, a subsidiary company, on account of payments made on behalf of the Company. It carries markup at an effective rate ranging from 7.56% to 8.57% during the year.

20.3 This represents advance received from customers for future sale of goods. During the year, the Company has recognized revenue amounting to Rs. 86.96 million, out of the contract liability as at 30 June 2020.

	Note	2021	2020
		(Rupees in thousand)	
20.4 Workers Profit Participation Fund			
Balance as at 01 July		13,364	13,364
Charge for the year	38	107,816	-
		121,180	13,364
Payments during the year		-	-
Balance as at 30 June		121,180	13,364
20.5 Workers Welfare Fund			
Balance as at 01 July		-	-
Charge for the year		58,439	-
Prior year charge		3,347	-
Penalty		8,146	-
		69,932	-
Adjustment during the year		(3,347)	-
Balance as at 30 June		66,585	-

21 Accrued mark-up

	2021	2020
Accrued mark-up / return on:		
Long term borrowings	1,284	-
Short term borrowings	161,987	219,201
	163,271	219,201

		Note	2021	2020
			(Rupees in thousand)	
22	Liability against right of use asset			
	Liability against right of use asset		26,823	-
	Current portion of liability against right of use asset		(6,321)	-
			20,502	-
	Maturity analysis of liability against right of use asset is as follows:			
	Less than one year		8,594	-
	One to five years		23,317	-
	More than five years		-	-
	Total undiscounted liability against right of use asset as at 30 June		31,911	-
	Impact of discounting on liability against right of use asset		(5,088)	-
			26,823	-
	Movement of liability against right of use liability is as follows:			
	Opening balance		-	-
	Liability against right of use asset recognised during the year		31,818	-
	Interest on unwinding of liability against right of use assets	37	2,847	-
	Payments during the year		(7,842)	-
	Closing balance		26,823	-

23 Long term deposits

These represent interest free deposits received from freight forwarding agencies and other contractors which have been kept in a separate bank account in terms of section 217 of the Companies Act 2017.

24 Long term finances - secured

	Note	2021	2020
Loan from financial instituitions			
Meezan Bank Limited	24.1	87,303	87,303
Habib Bank Limited	24.2	163,493	58,344
		250,796	145,647
Less: current portion shown under current liabilities		(136,151)	(20,600)
		114,645	125,047

24.1 This represents diminishing Musharika facility amounting to Rs. 87.3 million (2020: 87.3 million), obtained from Meezan Bank Limited during last year. The tenor of the facility is 4 years inclusive of 1-year grace period. The facility is secured by way of 1st Joint Pari Passu charge over all present and future Plant and machinery of the Company. The loan is repayable in twelve quarterly equal installments (after grace period of 1 Year) amounting to Rs. 7.20 million, commencing from 11 September 2021. The facility carries markup at an effective markup rate ranging from 9.26% to 10.14% (2020:10.14%) per annum, payable quarterly in arrears.

24.2 This represents long term loan facility obtained from Habib Bank Limited with sanctioned limit of Rs. 257.60 million. The Company obtained this term loan / SBP COVID-19 relief facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Company obtained Rs. 227.78 million, for paying salaries for the months from April 2020 to June 2020. The facility carries mark-up at the rate of 2% (2020: 2%) per annum payable quarterly in arrears. The loan is secured against first Joint Pari Passu hypothecation charge amounting to Rs. 343.47 million on all present and future plant and machinery of the Company. The loan is repayable in eight equal quarterly installments of Rs. 28.47 million started from 01 January 2021.

The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

		Note	2021	2020
			(Rupees in thousand)	
25	Government grant			
	Balance as at 01 July		4,648	-
	Recognized during the year	24.2	16,250	4,648
	Amortization during the year		(13,551)	
	Balance as at 30 June		7,347	4,648
	Current portion		(6,843)	(3,022)
			504	1,626
26	Deferred Liabilities - Employee retirement benefits			
	Gratuity fund		449,008	372,053
	Superannuation fund		433,973	341,986
		26.1	882,981	714,039

26.1 Net retirement benefit obligation

	Note	Gratuity 2021	Gratuity 2020	Superannuation 2021	Superannuation 2020
		---------(Rupees in thousand)---------			
Amounts recognized in the balance sheet are as follows:					
Present value of defined benefit obligation	26.3	588,195	461,091	550,087	430,040
Fair value of plan assets	26.4	(139,187)	(89,038)	(116,114)	(88,054)
Net retirement benefit obligation	26.2	449,008	372,053	433,973	341,986

26.2 Movement in net obligation

	Gratuity 2021	Gratuity 2020	Superannuation 2021	Superannuation 2020
Net liability as at 01 July	372,053	233,944	341,986	247,564
Charge to statement of profit or loss	75,482	72,649	55,987	61,118
Re-measurements chargeable in statement of comprehensive income	61,380	45,017	73,761	71,419
Contribution made by the Company	(59,907)	20,443	(37,761)	(38,115)
Net liability as at 30 June	449,008	372,053	433,973	341,986

		Gratuity		Superannuation	
		2021	2020	2021	2020
		---------(Rupees in thousand)---------			
26.3	Movement in the liability for funded defined benefit obligations				
	Liability for defined benefit obligations as at 01 July	461,091	415,192	430,040	389,555
	Benefits paid by the plan	(40,378)	(49,557)	(21,679)	(38,115)
	Current service costs	46,502	39,247	28,552	29,702
	Interest cost	37,378	54,242	35,603	51,650
	Benefits due but not paid (payables)	(2,308)	(19,529)	(679)	(16,082)
		502,285	439,595	471,837	416,710
	Re-measurments on obligation:				
	Actuarial losses on present value				
	-Changes in demographic assumptions	-	-	-	-
	-Changes in financial assumptions	634	(1,889)	627	(1,860)
	-Experience adjustments	85,276	23,385	77,623	15,190
		85,910	21,496	78,250	13,330
	Present value of defined benefit obligations as at 30 June	588,195	461,091	550,087	430,040
26.4	Movement in fair value of plan assets				
	Fair value of plan assets as at 01 July	89,038	181,248	88,054	141,991
	Contributions into the plan	59,907	(20,443)	37,761	38,115
	Benefits paid by the plan	(40,378)	(49,557)	(21,679)	(38,115)
	Interest income on plan assets	8,398	20,840	8,168	20,234
	Benefits due but not paid	(2,308)	(19,529)	(679)	(16,082)
	Return on plan assets excluding interest income	24,530	(23,521)	4,489	(58,089)
	Fair value of plan assets as at 30 June	139,187	89,038	116,114	88,054
26.5	Plan assets				
	<u>Plan assets comprise:</u>				
	Listed securities	36,740	55,946	19,709	47,496
	Unlisted securities	5,521	7,022	13,323	18,598
	Deposits with banks	30,547	3,655	46,224	4,074
	Investment in mutual funds	5,423	5,155	-	-
	Government securities	36,000	36,000	33,000	33,000
	Others	27,264	789	4,537	968
	Less: Payables	(2,308)	(19,529)	(679)	(16,082)
		139,187	89,038	116,114	88,054

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.

26.6 Profit or loss includes the following in respect of retirement benefits:

	Gratuity		Superannuation	
	2021	2020	2021	2020
	---------(Rupees in thousand)---------			
Interest cost	37,378	54,242	35,603	51,650
Current service cost	46,502	39,247	28,552	29,702
Interest income on plan assets	(8,398)	(20,840)	(8,168)	(20,234)
Total, included in salaries and wages	75,482	72,649	55,987	61,118
26.7 Actual return on plan assets	32,928	(2,681)	12,657	(37,855)

26.8 Actuarial losses recognized directly in other comprehensive income

	Gratuity 2021	Gratuity 2020	Superannuation 2021	Superannuation 2020
Cumulative amount at 01 July	(244,103)	(199,086)	(284,565)	(213,146)
Losses recognized during the year	(61,380)	(45,017)	(73,761)	(71,419)
Cumulative amount at 30 June	(305,483)	(244,103)	(358,326)	(284,565)

26.9 Historical Information for Gratuity fund

	2021	2020	2019	2018	2017
	----------------------(Rupees in thousand)----------------------				
Present value of defined benefit obligation	588,195	461,091	415,192	349,276	262,883
Fair value of the plan assets	(139,187)	(89,038)	(181,248)	(188,507)	(147,466)
Deficit	449,008	372,053	233,944	160,769	115,417
Experience adjustments arising on plan liabilities	85,276	23,385	25,052	28,136	30,656
Experience adjustments arising on plan assets	24,530	(23,521)	(24,225)	(12,807)	(6,585)

The Company expects to pay Rs. 109 million in contributions to gratuity fund during the year ending 30 June 2022.

26.10 Historical Information for Superannuation fund

	2021	2020	2019	2018	2017
Present value of defined benefit obligation	550,087	430,040	389,555	330,390	296,556
Fair value of plan assets	(116,114)	(88,054)	(141,991)	(165,461)	(167,440)
Deficit	433,973	341,986	247,564	164,929	129,116
Experience adjustments arising on plan liabilities	77,623	15,190	19,497	19,074	46,670
Experience adjustments arising on plan assets	4,489	(58,089)	38,363	(13,425)	6,624

The Company expects to pay Rs. 92 million in contributions to superannuation fund during the year ending 30 June 2022.

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

	2021		2020	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation per annum
Discount rate used for profit and loss charge	8,50%	8.50%	14.25%	14.25%
Discount rate used for year-end obligation	10.00%	10.00%	8.50%	8.50%
Expected rates of salary increase	9.00%	9.00%	7.50%	7.50%
Expected rates of return on plan assets	10.00%	10.00%	11.50%	8.50%

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 superannuation plans.

26.13 Cost on account of defined benefit plans has been allocated as follows:

	2021	2020
	(Rupees in thousand)	
Unconsolidated Statement of Profit or Loss		
Cost of revenue	88,567	93,330
Administrative expenses	13,070	11,810
Distribution cost	15,800	14,220
Charged to related group companies	14,032	14,407
	131,469	133,767
Unconsolidated Statement of Comprehensive Income		
Charged to other comprehensive income	121,734	105,226
Charged to related group companies	13,407	11,210
	135,141	116,436

26.14 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 2021 would have been as follows:

	Change	Impact on present value of defined benefit obligation as at 30 June 2021			
		Gratuity		Superannuation	
		Increase	Decrease	Increase	Decrease
		---------(Rupees in thousand)---------			
Discount rate	100 bps	(545,832)	637,208	(508,276)	598,591
Future salary increase	100 bps	637,208	545,103	598,591	507,558

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.

		Note	2021	2020
			(Rupees in thousand)	
27	Deferred taxation		(206,775)	93,723

27.1 Deferred tax liability arises in respect of following temporary differences:

	Note	2021	2020
Taxable temporary differences on:		(83,769)	(72,542)
- Accelerated tax depreciation		(267,416)	(37,601)
- Surplus on revaluation of depreciable assets		-	9,640
- Capital loss on short term investments		(4,694)	-
- Right of use asset		(355,879)	(100,503)
Deductible temporary differences on:			
- Employee retirement benefits		123,684	87,587
- Provision for doubtful debts		333	306
- Minimum tax	27.1.3	-	106,333
- Liability against right of use asset		4,998	-
- Provision for WPPF		20,089	-
		149,104	194,226
		(206,775)	93,723

27.1.2 Movement in deferred tax liability is as follows:

	2021	2020
Balance as at 01 July (Restated)	93,723	92,374
Recognized in statement of profit or loss:		
- Accelerated tax depreciation	(11,227)	(1,394)
- Right of use asset	(4,694)	-
- Surplus on revaluation of buildings	2,682	1,779
- Reversal of capital loss on short term investments	(9,640)	3,580
- Provision for WPPF	20,089	
- Unused tax losses	-	(24,522)
- Provision for doubtful debts	27	5
- Liability against right of use asset	4,998	-
- Minimum tax	(106,333)	-
	(104,098)	(20,552)
Recognized in statement of comprehensive income / equity:		
- Re-measurement of employee retirement benefits recognized	36,097	21,036
- Surplus arisen during the year on revaluation of property, plant and equipment	(220,438)	-
- Net off against the surplus of revaluation of building	-	815
	(184,341)	21,851
Effect of change in tax rate on account of surplus on revaluation of depreciable assets	(12,059)	50
Balance as at 30 June	(206,775)	93,723

27.1.3 Till last year, excess of minimum tax paid under section 113 of Income Tax Ordinance 2001 over normal tax liability, was included in advance tax classified under current assets. During the year, pursuant to the opinion of Accounting Standard Board of the Institute of Chartered Accountants of Pakistan (ICAP), the Company has restated the comparative figures by reclassifying excess of minimum tax paid over normal tax liability, relating to previous years, from advance tax included in loans, advances, deposits, prepayments and other receivables, to deferred tax asset as at 30 June 2019. The same has no impact on the statement of profit or loss and earning per share of the Company already reported for previous years, however, the impact on statements of financial position of comparative periods is as follows:

	As at 30 June 2020		
	As perviously reported	Impact of restatement	Restated
		(Rupees in thousand)	
Statement of financial position:			
<u>Non-current liabilities</u>			
Deferred taxation	(12,610)	12,610	-
<u>Non-current assets</u>			
Deferred taxation	-	93,723	93,723
<u>Current assets</u>			
Loans, advances, deposits, prepayments and other receivables	8,555,582	(106,333)	8,449,249

	As at 30 June 2019		
	As perviously reported	Impact of restatement	Restated
		(Rupees in thousand)	
Statement of financial position:			
<u>Non-current liabilities</u>			
Deferred taxation	(13,959)	13,959	-
<u>Non-current assets</u>			
Deferred taxation	-	92,374	92,374
<u>Current assets</u>			
Loans, advances, deposits, prepayments and other receivables	7,507,794	(106,333)	7,401,461

28 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 2021 is as follows:

	Granted during the year ended 30 June 2021	Granted during the year ended 30 June 2020 (* Modified October 2020)	Granted during the year ended 30 June 2019 (Modified October 2019)	Granted during the year ended 30 June 2018 (Modified October 2018)	Granted during the year ended 30 June 2017	Granted during the year ended 30 June 2016 (Modified October 2016)
	---(Rupees in thousand)---					
Original grant date	5-Oct-20	17-Jul-19	30-Jul-18	14-Jul-17	16-Jul-16	14-Jul-15
Modified grant date	N/A	31-Oct-20	28-Oct-19	26 Oct 2018	N/A	31 Oct 2016
Options issued	5,084	4,962	4,769	4,259	4,114	1,605
Options vested	N/A	4,474	4,769	4,259	4,114	1,412
Options exercised	N/A	4,020	2,018	2,439	533	1,412
Shares issued under the scheme	N/A	4,020	2,018	2,439	533	1,412
Original exercise price per share	24.34	15.71	35.44	66.45	51.79	90.58
Market value per share at grant date	20.45	12.81	35.60	51.53	51.63	77.09
Option discount per share at grant date	NIL	NIL	0.16	NIL	NIL	NIL
Modified exercise price per share	N/A	16.09	15.71	20.00	N/A	51.79
Market value per share at modification date	N/A	27.66	15.06	25.36	N/A	47.08
Options issued to key management personnel	1,401	782	2,416	2,003	3,224	1,367
Options exercised by key management personnel	N/A	782	561	1,334	426	1,367
Options expired during the year ended 30 June 2021	-	488	2,751	N/A	N/A	N/A
Options outstanding as at 30 June 2021	4,781	454	N/A	N/A	N/A	N/A
Shares exercisable as at 30 June 2021	-	454	N/A	N/A	N/A	N/A

*The shareholders of the Company in their Annual General Meeting held on 31 October 2020 through a special resolution approved re-pricing of 4,962,000 options already granted and pending for exercise under the Company's Employees Stock Option Scheme, from initial price of Rs. 15.71 per share to the revised price of Rs. 16.09 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. 16.09 per share was determined by the Board of Directors in their meeting held on 5 October 2020. The initial exercise price of Rs. 15.71 per share was wrongly calculated and the same was approved at the Annual General Meeting of the Company, dated October 28, 2019.

The shareholders of the Company in their Annual General Meeting held on 31 October 2020 through a special resolution approved the grant of 1,168,900 options to 92 employees of subsidiary companies at an 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 Share) Regulation, 2020", which was also approved by the Company's Board of Directors in their meeting held on 5 October 2020. During the year, the Company also issued 3,195,500 options to its 194 employees at the same option price of Rs. 24.34 per share. The vesting period of these outstanding options will end on 06 October 2021 and exercise period will end on October 6, 2022. Further, outstanding share options with respect to options issued during the year ended 30 June 2020 will stand expired on 16 July 2021.

During the year, 983,000 options were exercised from options granted during the year ended 30 June 2019 and 4,020,000 options from options granted during the year ended 30 June 2020 and market price of shares at exercise dates was Rs. 20.38 per share and Rs. 31.49 per share respectively.

29 Contingencies and commitments

29.1 Contingencies

29.1.1 During previous years, the Additional Commissioner of Income Large Taxpayer Unit (LTU) passed an order u/s 12(9A) of Income Tax Ordinance for the assessment year 2000-01, creating an income tax demand of Rs. 12.79 million along with an additional tax of Rs. 2.01 million. The department adjusted the said demand against the income tax refunds of the Company for the tax year 2006.

The Company through it tax advisor, filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication at the year end. The management and the tax advisor of the Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these unconsolidated financial statements.

29.1.2 During previous years, with respect to the tax year 2004, the Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 and created an income tax demand of Rs 6.56 million with respect to issue of proration of profits between local and export sales.

The Company filed an appeal before CIR (Appeals) which was decided against the Company. Being aggrieved, the Company preferred an appeal dated 26 May 2014 before ATIR which is pending adjudication at the year end.

In the meanwhile, the Company filed a rectification application for not giving credit of tax paid, with income tax return, amounting to Rs 3.94 million, while computing the total tax demand of Rs. 6.56 million. The assessing officer accepted the Company's contention and reduced the tax demand from 6.56 million. to Rs. 2.62 million vide order dated 30 June 2015.

The management and the tax advisor of the Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these unconsolidated financial statements.

29.1.3 During previous years, with respect to the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) passed an order dated 28 February 2019, u/s 122(5A) of Income Tax Ordinance 2001 and created a tax demand of Rs. 10.06 million. The Company paid Rs 1 million (10% of demand), under protest, and recorded the same in advance tax. The Company preferred an appeal before the CIR (Appeals-1) which was decided in favor of the Company for majority of the matters.

Being aggrieved, the tax department filed an appeal, dated 22 January 2020, before ATIR which is pending adjudication at the year end. The management and the tax advisor of the Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these unconsolidated financial statements.

29.1.4 During the previous years, with respect to the tax year 2009, Additional Commissioner Inland Revenue (ACIR) vide order dated 30-06-2015, u/s 122(5A) of Income Tax Ordinance 2001, created an income tax demand of Rs. 15.7 million, where ACIR disallowed addition u/s 111(1)(a) amounting Rs. 20.15 million, adjustment of minimum tax u/s 113 amounting Rs. 3.77 million and allocation of expenses to dividend income.

Being aggrieved the Company filed an appeal before CIR Appeals (CIR-A) which was decided in favor of the Company and case was remanded back to the assessing officer. Being aggrieved, during 2018, the department filed an appeal before ATIR with respect to disallowance of additions u/s 111(1)(a) amounting Rs. 20,159,000 which is pending adjudication at the year end.

ACIR vide order dated 29 June 2019, u/s 124/129 of Income Tax Ordinance 2001, disallowed minimum tax amounting to Rs 3.77 million. Being aggrieved, the Company preferred an appeal before CIR (Appeals), dated 14 October 2019, which is decided in favor of the Company during the year, vide order no. 45, dated 30 November 2020.

The management and the tax advisor of the Company are confident of favorable outcome of the appeal filed by tax department against ATIR; therefore, no provision has been recorded in these unconsolidated financial statements.

29.1.5 During previous years, with respect to the tax year 2017, Additional Commissioner Inland Revenue (ACIR), passed an order dated 30 November 2018, u/s 122(5A) of Income Tax Ordinance 2001, and created an income tax demand of Rs. 11.48 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was decided in favor of the Company for majority of the matters and case was remanded back to assessing officer. The tax department filed an appeal before ATIR against the order of CIR(A). The Company also preferred an appeal before ATIR on account of difference issues such as proration of profit between local and export sale, disallowance u/s 65B, dividend income allocation etc. Both the counter appeals are pending adjudication at the year end. The management and the tax advisor of the Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these unconsolidated financial statements.

29.1.6 During previous years, with respect to the tax period from July 2013 to June 2018, Assistant Commissioner Inland Revenue, vide order dated 23 May 2019, created a sales tax demand of Rs. 138.04 million on the contention that the Company has claimed illegal/ inadmissible input sales tax adjustment. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue (Appeals) which was decided in favor of the Company. The department filed an appeal, dated 9 January 2020, before ATIR which is pending adjudication at the year end. The management and the tax advisor of the Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these unconsolidated financial statements.

29.1.7 During previous years, the Deputy Commissioner Inland Revenue (DCIR) passed an order u/s 161/205 and created an income tax demand of Rs. 0.57 million, for tax year 2011. Against the said order, the Company filed an appeal before the CIR (Appeals) and got a relief of Rs. 0.21 million. The company has filed a second appeal before the ATIR, with respect to remaining amount of Rs. 0.36 million which is pending adjudication at the year end. The management and the tax advisor of the Company are confident that the case will be decided in favor of the Company, therefore, no provision has been recorded in these unconsolidated financial statements.

29.1.8 During the year, with respect to the tax year 2015, ACIR passed an order dated 21 April 2021 and created an income tax demand of Rs. 25.35 million. The Company has paid Rs 2.53 million (10% of demand), under protest, and recorded the same in advance tax. Being aggrieved the Company has preferred an appeal before CIR(A) which is pending adjudication at the year end. The management and the tax advisor of the Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these unconsolidated financial statements.

29.1.9 During the year, with respect to the tax period from July 2016 to June 2018, Additional Commissioner-III, Punjab Revenue Authority, Lahore, vide order dated 18 December 2020, created a Punjab sales tax demand of Rs. 175.15 million along with default surcharge and penalty of Rs. 141.82 million, on the contention that the Company has received services taxable services but failed to withhold and deposit the due tax as per provisions of the Punjab Sales Tax on Services (Withholding) Rules, 2015.

Being aggrieved, the Company has filed an appeal, dated 22 February 2021, before Commissioner (Appeals), Punjab Revenue Authority, Lahore which has been heard on 02 June 2021 and 01 July 2021 and decision is awaited. The management and the tax advisor of the Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these unconsolidated financial statements.

29.1.10 During previous years, Assistant Commissioner Inland Revenue (ACIR) passed an order u/s 161/205 and created a tax demand of Rs. 2.18 million. The Company deposited the said amount, under protest, to government exchequer and recorded the same in advance tax. The Company filed an appeal before the CIR (Appeals) against the order of ACIR on 28 May 2019 which is pending adjudication at the year end.

The management and the tax advisor of the Company are confident that the case will be decided in favor of the Company, therefore, no provision has been recorded in these unconsolidated financial statements.

		2021	2020
		(Rupees in thousand)	
29.2	Commitments		
29.2.1	In respect of:		
	- irrevocable letters of credit	753,082	95,520

29.2.2 Guarantees given by banks on behalf of the Company in favour of Sui Northern Gas Pipeline Limited and Government Institutions, as at 30 June 2021, amounts to Rs. 290.615 million (2020: Rs. 20.615 million).

29.2.3 Guarantees given by the Company to various financial institutions on behalf of First Treet Manufacturing Modaraba and Renacon Pharma Limited as at 30 June 2021 amounts to Rs. 2,758 million (2020: Rs. 2,758 million) and Rs. 444 million (2020: Rs. 100 million) respectively. These guarantees carry commission at the rate of 0.02% (2020: 0.02%) per annum payable annually in arrears.

30 Issued, subscribed and paid-up capital

	2021	2020	2021	2020
	(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	220,061	220,061	220,061
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	10,614,551	5,611,551	106,146	56,116
	174,834,322	169,831,322	1,748,343	1,698,313

30.1	Reconciliation of number of shares	Note		
	At 01 July		1,698,313	1,654,508
	Issued on conversion of PTCs		-	33,458
	Issued against employee share option scheme	30.2	50,030	10,347
	At 30 June		1,748,343	1,698,313

30.2 During the year, the Company issued 5 million (2020: 1.03 million) fully paid ordinary shares to eligible employees, under the terms of the scheme as disclosed in note 28 to these unconsolidated financial statements. Out of the total 5 million ordinary shares 0.98 million shares have been issued at the exercise price of Rs. 15.71 and 4.02 million shares have been issued at the exercise price of Rs. 16.09 per share, resulting in premium of Rs. 5.71 per share and Rs. 6.09 per share, respectively.

30.3 Syed Shahid Ali (Chief Executive Officer) holds 56,141,899 (2020: 56,141,899) and Syed Sheharyar Ali (Executive Director) holds 12,665,543 (2020: 12,258,643) ordinary shares of Rs. 10 each, representing 32.11% (2020: 33.06%) and 7.24% (2020: 7.22%) of the paid up capital of the Company respectively.

30.4 Loads Limited, an associated company, holds 8,887,958 (2020: 8,887,958) ordinary shares of Rs. 10 each, representing 5.08% (2020: 5.23%) of the paid up capital of the Company.

	Note	2021	2020
		(Rupees in thousand)	
31 Reserves			
Capital reserves	31.1	4,850,324	4,820,229
General reserves		266,400	266,400
		5,116,724	5,086,629

		Note	2021	2020
			(Rupees in thousand)	
31.1	Capital reserves			
	Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
	Employee Stock Option Compensation Reserve	31.1.1	-	734
	Share premium	31.1.2	4,849,695	4,818,866
			4,850,324	4,820,229

31.1.1 This reserve relates to employee stock option scheme. When options are exercised, employee stock option compensation reserve related to exercised options is transferred to share capital and share premium.

31.1.2 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. 5.71 per share and Rs. 6.09 per share in respect of transactions referred in note 30.2 to these unconsolidated financial statements.

32 Surplus on revaluation of property, plant and equipment - net of tax

	2021	2020
Revaluation surplus as at 01 July	3,869,913	3,890,375
Surplus arisen during the year	1,523,710	-
Related deferred tax liability	220,438	-
- Transferred to unappropriated profit as a result of incremental depreciation charged - net of deferred tax	(11,712)	(17,818)
- related deferred tax liability on incremental depreciation	(2,682)	(2,644)
	1,729,754	(20,462)
Revaluation surplus as at 30 June	5,599,667	3,869,913
Less: Related deferred tax liability on revaluation surplus as at 01 July	37,601	40,245
- on account of surplus arising during the year	220,438	-
- on account of incremental depreciation charged	(2,682)	(2,644)
- tax rate adjustment	12,059	-
	267,416	37,601
Revaluation surplus as at 30 June - net	5,332,251	3,832,312

32.1 Land, buildings and plant and machinery have been revalued on 30 June 2021 by M/s Medallion (Pvt) Limited, an independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) resulting in a surplus of Rs. 1,061.76 million on plant and machinery and increase in surplus of land and building, amounting to Rs. 561.07 million and Rs. 121.32 million respectively. The basis of revaluation for items of these operating fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land and neighbouring properties, which were recently sold or purchased to determine a reasonable selling/buying price.

Buildings

Fair market value of buildings was assessed according to the observations made by valuer on the basis of existing outlook, appearance, face value, individual merits, class and type of construction, quality and standard of material used for construction and by applying suitable price adjustments.

Plant and machinery

Suppliers and different machinery consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable items of plant and machinery to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

		2021	2020
		(Rupees in thousand)	
33	Revenue - net		
	Blades and Razors		
	Export sales	2,529,456	2,058,400
	Less: Trade discount	(16,012)	(15,908)
		2,513,444	2,042,492
	Local sales - gross	6,026,833	4,735,262
	Less: Sales tax	(930,875)	(735,760)
	Less: Trade discount	(93,546)	(116,177)
		5,002,412	3,883,325
	Trading income - Batteries		
	Sale of batteries - gross	4,961	2,058
	Less: Sales tax	(307)	(299)
	Less: Trade discount	-	(264)
		4,654	1,495
	Trading income - Chemicals		
	Sale of Chemicals - gross	62,386	133,144
	Less: Sales tax	(9,295)	(19,527)
	Less: Trade discount	(58)	(824)
		53,033	112,793
	Revenue from contracts with customers - net	7,573,543	6,040,105

33.1 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	
	2021	2020	2021	2020	2021	2020	2021	2020
	-----Rupees in thousands-----							
Primary Geographical Markets								
Asia	7,374,006	5,747,693	4,654	1,495	53,033	112,793	7,431,693	5,861,981
Europe	41,522	46,801	-	-	-	-	41,522	46,801
North America	7,976	76,125	-	-	-	-	7,976	76,125
Africa	69,064	52,069	-	-	-	-	69,064	52,069
South America	23,288	3,051	-	-	-	-	23,288	3,051
Australia	-	78	-	-	-	-	-	78
	7,515,856	5,925,817	4,654	1,495	53,033	112,793	7,573,543	6,040,105
Major Products/Service Lines								
Blades and razors	7,515,856	5,925,817	-	-	-	-	7,515,856	5,925,817
Batteries	-	-	4,654	1,495	-	-	4,654	1,495
Chemicals	-	-	-	-	53,033	112,793	53,033	112,793
	7,515,856	5,925,817	4,654	1,495	53,033	112,793	7,573,543	6,040,105
Timing of revenue recognition								
Products transferred at a point in time	7,515,856	5,925,817	4,654	1,495	53,033	112,793	7,573,543	6,040,105

		Note	2021	2020
			(Rupees in thousand)	
34	Cost of revenue			
	Raw and packing materials consumed		3,010,659	2,196,185
	Stores and spares consumed		140,820	56,021
	Salaries, wages and other benefits	34.1	1,522,606	949,841
	Fuel and power		373,429	311,395
	Repairs and maintenance		34,701	21,984
	Rent, rates and taxes		5,763	4,890
	Insurance		24,081	45,891
	Travelling and conveyance		8,049	10,604
	Printing and stationery		6,893	15,548
	Postage and telephone		5,724	4,948
	Depreciation on property, plant and equipment	6.1.2	215,186	218,306
	Other expenses		15,872	16,708
			5,363,783	3,852,321
	Opening stock of work in process	13	74,338	51,552
	Closing stock of work in process		(212,652)	(74,338)
	Cost of goods manufactured		5,225,469	3,829,535
	Opening stock of finished goods		145,359	179,675
	Finished goods purchased for resale - batteries and chemicals		19,551	58,991
	Closing stock of finished goods	13	(465,885)	(145,359)
			(300,975)	93,307
	Freight, octroi and handling		102,149	134,647
			5,026,643	4,057,489

34.1 Salaries, wages and other benefits include Rs. 88.56 million (2020: Rs. 93.33 million) and Rs. 40.95 million (2020: Rs. 39.82 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2021	2020
35	Administrative expenses			
	Salaries and other benefits	35.1	463,897	186,678
	Repairs and maintenance		3,828	2,085
	Rent, rates and taxes		903	585
	Travelling and conveyance		12,154	12,709
	Entertainment		2,064	1,011
	Postage and telephone		1,883	1,456
	Printing and stationery		13,489	1,332
	Legal and professional charges	35.2	25,718	28,930
	Computer expenses		17,200	8,908
	Meeting fees	44	1,740	660
	Subscription		994	371
	Depreciation on property, plant and equipment	6.1.2	24,576	33,745
	Amortization on intangible asset	8.1	14,554	8,948
	Others		5,795	1,993
			588,795	289,411

35.1 Salaries and other benefits include Rs. 13.07 million (2020: Rs. 11.81 million) and Rs. 14.9 million (2020: Rs. 18.53 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2021	2020
			(Rupees in thousand)	
35.2	Legal and professional charges include the following in respect of auditors' remuneration:			
	Statutory audit		2,675	2,432
	Half yearly review		555	462
	Certification charges		165	165
	Out of pocket expenses		656	202
			4,051	3,261

36 Distribution cost

	Note	2021	2020
Salaries and other benefits	36.1	520,198	313,250
Repairs and maintenance		3,605	2,597
Advertising		247,947	126,946
Rent, rates and taxes		1,323	9,900
Travelling and conveyance		29,588	35,378
Postage and telephone		4,827	4,937
Depreciation on property, plant and equipment	6.1.2	28,789	17,644
Printing and stationery		568	466
Others expenses		20,271	12,736
		857,116	523,854

36.1 Salaries and other benefits include Rs. 15.80 million (2020: Rs. 14.22 million) and Rs. 9.94 million (2020: Rs. 12.27 million) in respect of defined benefit schemes and defined contribution schemes respectively.

37 Finance cost

	2021	2020
Markup on short term borrowings	649,085	1,088,855
Markup on long term borrowings	12,893	-
Unwinding of liability against right of use asset	2,847	-
Bank charges	30,874	24,773
	695,699	1,113,628

	Note	2021	2020
		(Rupees in thousand)	

38 Other operating expenses

	Note	2021	2020
Impairment allowance on investment in			
- First Treet Manufacturing Modaraba	9.1.2.1	-	905,557
- Treet Holdings Limited	9.1.1.1	138,725	96,704
Donations	38.1	40,290	25,499
Assets written off		23,986	-
Provision for obsolete and slow moving inventory		3,265	-
Markup expense charged by Treet Holding Limited		2,162	-
Exchange loss - net	38.2	23,125	11,667
Unrealized loss on short term investments at fair value through profit or loss		-	73,510
Realized loss on short term investments at fair value through profit or loss		-	7,798
Realized loss on disposal of FTMM certificates classified as held for sale		1,962	-
Unrealized exchange loss		-	910
Workers' Profit Participation Fund	20.4	107,816	-
Workers' Welfare Fund	20.5	69,932	-
		411,263	1,121,645

38.1 During the year, donations have been given to the following:

	2021	2020
Gulab Devi Chest Hospital	758	171
Lahore Polo Club	500	-
Lahore Race Club	200	-
Society for Cultural Education	38,832	25,228
Liaquat National Hospital	-	100
	40,290	25,499

38.1.1 Other than disclosed below, none of the Directors of the Company or their spouse has any interest in donees.

	2021	2020
Gulab Devi Chest Hospital (GDCH)	758	171
Society for Cultural Education	38,832	25,228
	39,590	25,399

38.2 This represents exchange loss - net of gain incurred on actual foreign currency conversion.

	Note	2021	2020
		(Rupees in thousand)	
39 Other income			
Income from financial assets			
Profit on bank deposits	39.1	7,857	7,560
Realized gain on disposal of short term investments at fair value through profit or loss		193,146	-
Unrealized gain on short term investments at fair value through profit or loss	15.1	6,340	-
Unrealized exchange gain		1,648	2,048
Dividend income	39.2	9,681	1,673
Reversal of impairment loss on disposal of investment in FTMM - held for sale	18.2.2.1	3,080	-
Reversal of impairment loss on investment in FTMM	9.1.2.2	246,530	-
Mark-up income from			
- First Treet Manufacturing Modaraba		433,289	800,306
- Treet Holdings Limited		2,171	12,364
- Renacon Pharma Limited		15,396	9,515
- Global Arts Limited		4,409	13,470
- Treet HR Management (Private) Limited		1,774	-
- Treet Power Limited		355	-
- Hi-Tech Alloy Wheels Limited		507	-
- Global Assets (Private) Limited		4	-
- Loads Limited		613	-
		926,800	846,936
Income from non financial assets			
Profit on disposal of property, plant and equipment	6.1.6	15,658	18,953
Realized gain on disposal of long term investment - GAL	39.3	794,648	
Realized gain on disposal of long term investment - Techlogix	9.3	-	707
Scrap sale		35,061	20,362
Export rebate	39.4	200,359	36,929
Service Charges			
- First Treet Manufacturing Modaraba Limited		22,586	35,000
- Treet Holdings Limited		857	1,000
- Renacon Pharma Limited		65	-
Others		-	1,311
		1,069,234	114,262
		1,996,034	961,198

39.1 Income during the year, from savings bank accounts relating to deposits placed under shariah based arrangements amounted to Rs. 0.79 million (2020: Rs. 0.24 million). This also includes income from term deposit of Rs. 270 million which carries markup at the rate of 3.65 percent per annum as explained in note 15.2.

	Note	2021	2020
		(Rupees in thousand)	

39.2 Detail of dividend income received during the year is as follows:

Shahtaj Textile Limited	7,805	10
Sunrays Textile	545	1,499
Maqbool Textile Mills Limited	1,331	-
Techlogix International Limited	-	164
	9,681	1,673

39.3 This amount is net of commission, amounting to Rs. 81 million, payable to J Brothers against the sale of Global Arts Limited.

39.4 Rebate income is net of commission paid to consultant of Rs 4.2 million (2020: Rs. 5.1 million).

40 Taxation

	Note	2021	2020
Current			
- For the year		343,448	80,939
- For prior years		3,820	(16,082)
Deferred			
- For the year	27.1.2	104,098	20,552
	40.1	451,366	85,409

40.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2021	2020
Profit / (loss) before taxation	1,990,061	(104,724)
Tax at 29% (2020: 29%)	577,118	(30,370)
Tax effect of:		
- Income under FTR	(75,205)	(2,903)
- Exempt income and others	(55,418)	(219,595)
- Prior year tax	3,820	(16,082)
- Minimum tax adjustment	(10,633)	5,312
- Permanent difference - donations to unapproved institutions	11,684	4,937
- Not adjustable for tax purposes	-	344,110
	451,366	85,409

		2021	2020
41 Earnings / (loss) per share - basic and diluted			
41.1 Basic earnings / (loss) per share			
i -Profit / (Loss) attributable to ordinary share holders:			
Profit / (loss) for the year after taxation	Rupees in thousand	1,538,695	(190,133)
ii)-Weighted-average number of ordinary shares:			
Weighted average number of shares	Number in thousand	172,313	166,532
Basic earnings / (loss) per share	Rupees	8.93	(1.14)
41.2 Diluted earnings / (loss) per share			
i-Profit attributable to ordinary share holders (Diluted):			
Profit / (loss) for the year after taxation (diluted)	Rupees in thousand	1,538,695	(190,133)
ii-Weighted-average number of ordinary shares (diluted):			
Weighted average number of shares (basic)		172,313	166,532
Effect of share options on issue		1,322	-
Weighted-average number of ordinary shares (diluted)	Number in thousand	173,635	166,532
Diluted earnings / (loss) per share	Rupees	8.86	(1.14)

		Note	2021	2020
			(Rupees in thousand)	
42	Cash gererated from operations			
	Profit / (loss) before taxation		1,990,061	(104,724)
	Adjustments for non cash items:			
	Impairment allowance on investment in			
	- First Treet Manufacturing Modaraba (FTMM)	9.1.2.1	-	905,557
	- Treet Holdings Limited	9.1.1.1	138,725	96,704
	Reversal of impairment allowance on investment in FTMM	39	(249,610)	-
	Finance cost	37	695,699	1,113,628
	Depreciation on property, plant and equipment	6.1.2	268,551	269,695
	Provision for employees benefit plans		117,437	112,961
	Amortization on intangible asset	35	14,554	8,948
	Realized loss on disposal of long term investments - FTMM	39	1,962	-
	Provision for Workers' Profit Participation Fund	38	107,816	-
	Provision for Workers' welfare fund	38	69,932	-
	Assets written off	38	23,986	-
	Provision for obsolete and slow moving inventory	38	3,265	-
	Unrealized exchange loss	38	-	910
	Unrealized loss on investment at fair value through profit or loss		-	73,510
	Profit on bank deposits	39	(7,857)	(7,560)
	Realized gain on disposal of short term investments at fair value through profit or loss	39	(193,146)	-
	Profit on disposal of property, plant and equipment	39	(15,658)	(18,953)
	Realized gain on disposal of long term investments - GAL	39	(794,648)	-
	Realized gain on disposal of long term investments - Techlogix	39	-	(707)
	Unrealized gain on short term investments at fair value through profit or loss	39	(6,340)	-
	Unrealized exchange gain	39	(1,648)	-
	Markup income from related parties	39	(458,518)	(800,306)
	Export rebate	39	(200,359)	(36,929)
	Fair value charge of shares under ESOS		-	(9,788)
	Dividend income	39	(9,681)	(1,673)
			(495,538)	1,705,997
	Operating profit before working capital changes		1,494,523	1,601,273
	Effect on cashflow due to working capital changes			
	(Increase) / decrease in current assets:			
	Stores and spares		(12,558)	(50,137)
	Stock in trade		(481,938)	(97,548)
	Trade debtors		(1,061)	123,348
	Loans, advances, deposits, prepayments and other receivables		194,360	(202,293)
			(301,197)	(226,630)
	(Decrease) / increase in current liabilities:			
	Trade and other payables		588,228	(24,322)
			1,781,554	1,350,321
	Increase in long term deposits		-	10,000
			1,781,554	1,360,321
43	Cash and cash equivalents			
	Cash and bank balances	17	645,781	186,411
	Term Deposit	15	270,000	-
	Short term running finance - secured	19	(3,268,389)	(4,957,341)
	Musharika running finance	19	(1,040,292)	(1,333,578)
			(3,392,900)	(6,104,508)

44 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	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)							
Managerial remuneration	46,080	41,891	30,772	23,597	-	-	260,790	188,647
Provident fund	-	-	1,853	1,545	-	-	13,403	9,080
Service fund	-	-	1,853	1,545	-	-	11,289	8,109
Housing fund	-	-			-	-	-	7,226
Superannuation fund - II	-	-	-	-	-	-	-	2,407
Benevolent fund	-	-	-	-	-	-	-	2,125
Superannuation fund - I	-	-	11,333	10,446	-	-	42,812	36,459
Gratuity fund	-	-	9,641	8,530	-	-	34,338	27,923
Bonus	-	-	11,292	-	-	-	79,667	-
Incentives			2,291				93,197	
Utilities	5,862	-	2,811	1,545	-	-	-	10,083
Medical	1,500	4,189	-	1,545	-	-	2,989	10,416
Fees	-	-	-	-	1,740	660	-	-
	53,442	46,080	71,846	48,753	1,740	660	538,485	302,475
Number of persons	1	1	2	2	4	5	49	34

44.1 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 2.01 million (2020: 0.8 million) share options under the employees stock option scheme as explained in note 28.

45 Number of employees

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

	2021	2020
	(Number of persons)	
Closing number of employees	2,254	2,209
Average number of employees	2,246	2,209

46 Transactions with related parties

The related parties include subsidiaries, associated companies, other related group companies, directors of the Company, key management personnel, companies in which key management personnel / directors have control or joint control and post employment benefit plans. Balances with related parties are disclosed in respective notes to these unconsolidated financial statements. Transactions with employees benefit plans are disclosed in note 26 to these unconsolidated financial statements. Significant transactions with related parties other than disclosed elsewhere in financial statements are as follows:

46.1	Transactions with related parties	Relationship	Nature of transactions	2021	2020
				(Rupees in thousand)	
I	**Subsidiaries**				
	Treet Holdings Limited	Subsidiary Co. (100% Direct equity interest)	Expenses incurred on behalf of related party	19,780	21,836
			Funds received by the Company - net of payments	166,774	-
			Funds transferred by the Company - net of receipts	-	36,942
			Purchase of bikes by the Company	5,622	5,046
			Interest charged by related party	2,162	-
			Interest charged by the Company	2,171	12,364
			Rentals charged by the Company	857	1,000
	First Treet Manufacturing Modaraba	Subsidiary Co. (96.38% Direct equity interest)	Expenses incurred on behalf of related party	292,384	313,840
			Funds received by the Company - net of payments	151,037	-
			Funds transferred by the Company - net of receipts	-	201,949
			Purchase of goods by the Company	31,644	16,418
			Interest charged by the Company	433,289	800,306
			Rentals charged by the Company	22,586	35,000
			Conversion of debt to equity of FTMM	5,044,000	-
			Guarantee provided on behalf of related party	2,758,000	-
	Renacon Pharma Limited	Subsidiary Co.	Purchase of goods by the Company	1,293	70
		(55.86% Direct equity interest)	Expenses incurred on behalf of related party	62,985	243,628
			Interest charged by the Company	15,396	9,515
			Funds received by the Company - net of payments	142,979	-
			Rentals charged by the Company	65	-
			Guarantee provided on behalf of related party	444,000	-
II	**Other Related parties**				
	Treet HR Management (Private) Limited	Other related party (0% direct holding) (100% indirect holding)	Purchase of services by the Company	17,248	15,000
			Interest charged by the Company	1,774	-
			Funds transferred by the Company - net of receipts	2,500	-
			Advance for services	-	5,000
	Treet Power Limited	Other related party (0% direct holding) (100% indirect holding)	Interest charged by the Company	355	-

	Transactions with related parties	Relationship	Nature of transactions	2021	2020
				(Rupees in thousand)	
	Loads Limited	Associated Company (12.49% Equity held)	Expenses incurred on behalf of related party	6,697	498
			Interest charged by the Company	613	-
	Packages Limited	Other related party	Purchase of goods by the Company	4,857	101,012
			Purchase of stores and spares	-	189
			Sale of goods by the Company	-	159
			Purchase of services by the Company	2,789	1,939
	Cutting Edge (Private) Limited	Other related party	Purchase of services by the Company	2,789	1,939
	Elite Brands Limited	Other related party	Purchase of services by the Company	14,393	-
			Sale of goods by the Company	890,980	448,164
			Discount on sales	31,335	20,934
			Security deposit received by the company	-	10,000
	Roboart (Private) Limited	Other related party	Purchase of goods by the Company	166	-
	Auto Technical Services (Private) Limited	Other related party	Purchase of services by the Company	1,096	-
	Gulab Devi Chest Hospital	Other related party	Purchase of services by the Company	628	-
			Donation made by the company	758	171
	Global Arts (Private) Limited	Former Subsidiary Sold on 30-06-21	Funds received by the Company - net of payments	109,949	-
			Interest charged by the Company	4,409	13,470
			Short Term Advance paid by the Company	-	12,300
	Global Assets (Private) Limited	Other related party (28.74% indirect holding)	Interest charged by the Company	4	-
			Expenses incurred on behalf of related party	55	-
	Hi-Tech Alloy Wheels Limited	Other related party	Interest charged by the Company	507	-
	Society for Cultural Education	Former related party	Donations made by the company	38,843	25,228
	IGI Life Insurance	Other related party	Insurance premium charged to the Company	16,148	4,037
	IGI General Insurance	Other related party	Insurance premium charged to the Company	38,334	21,270
III	Employee benefits				
	Provident fund	Other related party	Contribution paid during the year	44,888	37,589
	Service fund	Other related party	Contribution paid during the year	20,887	16,893
	Housing fund	Other related party	Contribution paid during the year	-	10,462
	Housing fund	Other related party	Advance paid during the year - net	21,902	-
	Benevolent fund	Other related party	Contribution paid during the year	-	2,532

Transactions with related parties	Relationship	Nature of transactions	2021	2020
			(Rupees in thousand)	
Superannuation fund - II	Other related party	Contribution paid during the year	-	3,150
IV Key management personnel				
Key management personnel other than directors	Key management personnel	Salaries and other benefits	175,243	75,369

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The share options issued to key management personnel are disclosed in note 28 to these unconsolidated financial statements. The salaries and other benefits of directors, who are also key management personnel, are disclosed in note 44 to these unconsolidated financial statements. Other transactions with key management personnel are disclosed in respective notes in these unconsolidated financial statements. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel and these are disclosed below:

Name	Relationship	% of shareholding in the Company
Mr. Syed Shahid Ali	Director / Key management personnel	32%
Mr. Syed Sheharyar Ali	Director / Key management personnel	7.2%
Mr. Munir K. Bana	Director / Key management personnel	0.14%
Mr. M. Shafique Anjum	Director / Key management personnel	0.08%
Mr. Dr. Salman Faridi	Director / Key management personnel	0%
Ms. Sidra Sheikh	Director / Key management personnel	N/A
Mr. Imran Azim	Director / Key management personnel	N/A
Mrs. Zunaira Dar	Key management personnel	N/A
Mr. Muhammad Mohtashim Aftab	Key management personnel	N/A
Mr. Nabeel Khalid Butt	Key management personnel	N/A
Mr. Rashid Ali Rizvi	Key management personnel	N/A
Mr. Arshad Latif	Key management personnel	N/A
Mr. Muhammad Javaid Aslam	Key management personnel	N/A
Mr. Akhlaq Ahmed	Key management personnel	N/A
Mr. Imran Khan	Key management personnel	N/A
Mr. Nasir Mahmood	Key management personnel	N/A

47 Financial risk management

47.1 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:

47.2 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.

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. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2021	2020
	(Rupees in thousand)	
Financial asset at amortized cost		
Long term security deposits	19,414	22,894
Long term loans	5,108	1,028
Long term deposit	270,000	-
Trade debts	157,207	164,498
Short term investments	270,000	-
Loans, advances and other receivables	1,446,169	7,980,582
Cash at bank	644,137	145,828
	2,812,035	8,314,830

47.2.2 Concentration of credit risk

The Company identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2021	2020
Customers	157,207	164,498
Banking companies and financial institutions	1,184,587	149,612
Others	1,470,241	8,000,720
	2,812,035	8,314,830

47.2.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

47.2.3.1 Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, margin against letter of credit, term deposit receipt and long term deposit (escrow account). Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

	Rating		Rating	2021	2020
Cash at Bank	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	38,707	11
Albaraka Bank Limited	A1	A	PACRA	703	614
Askari Bank Limited	A1+	AA+	PACRA	41,842	49
Bank Alfalah Limited	A1+	AA+	PACRA	1,070	5,127
Bank Islami Pakistan Limited	A1	A	PACRA	1,426	12,942
Bank of Punjab	A1+	AA+	PACRA	551	6,679
Dubai Islamic Bank Limited	A1+	AA	JCR VIS	121,433	2,846
Faysal Bank Limited	A1+	AA	PACRA	72,309	7,141
Habib Bank Limited	A1+	AAA	PACRA	78,104	36,014
MCB Bank Limited	A1+	AAA	JCR VIS	6,462	8,341
National Bank of Pakistan	A1+	AAA	PACRA	22,309	5,005
Samba Bank Limited	A1	AA	JCR VIS	7	7
Sindh Bank Limited	A1	A+	JCR VIS	412	406
Soneri Bank Limited	A1+	AA-	PACRA	25,477	8,995
United Bank Limited	A1+	AAA	JCR VIS	229,038	18,981
Silk Bank Limited	A2	A-	JCR VIS	1,845	1,769
MCIB Bank Limited	A1	A	JCR VIS	2,442	30,901
				644,137	145,828
Long Term Receivable - Escrow account					
Habib Bank Limited	A1+	AAA	PACRA	270,000	-
Short term investment - Term deposit					
MCIB Bank Limited	A1	A	JCR VIS	270,000	-
Margin against letters of credit					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	450	-
Bank Alfalah Limited	A1+	AA+	PACRA	-	3,784
				450	3,784
				1,184,587	149,612

47.2.3.2 Counterparties without external credit ratings

These mainly include customers which are counter parties to local and foreign trade debts against sale of blades and razors. 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 on advance received basis. Majority of the local sales are made through distributors. As explained in note 5.10, the Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. Management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2021 was determined as follows:

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)			
The aging of trade debts at the reporting date is:				
Not past due	11,943	-	9,310	-
Past due:				
1- 90 days	141,616	-	154,367	-
91 - 180 days	3		-	-
181 - 270 days	37	-	-	-
271 - 365 days	5,393	1,785	2,606	1,785
	158,992	1,785	166,283	1,785

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. 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.

47.3 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:

	2021				
	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	989,747	989,747	989,747	-	-
Long term deposits	3,464	3,464	-	3,464	-
Long term finances - secured	258,143	274,119	152,349	121,770	-
Short term borrowings	6,171,512	6,171,512	6,171,512	-	-
Unclaimed dividend	13,228	13,228	13,228	-	-
Liability against right of use asset	26,823	31,911	8,594	23,317	-
Accrued mark-up	163,271	163,271	163,271	-	-
	7,626,188	7,647,252	7,498,701	148,551	-

	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	395,371	395,371	395,371	-	-
Long term deposits	11,214	11,214	-	11,214	-
Long term finances - secured	150,295	167,628	25,970	141,658	-
Short term borrowings	8,668,696	8,668,696	8,668,696	-	-
Unclaimed dividend	13,233	13,233	13,233	-	-
Accrued mark-up	219,201	219,201	219,201	-	-
	9,458,010	9,475,343	9,322,471	152,872	-

47.4 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.

47.4.1 Currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the unconsolidated statement of financial position date.

	2021 (Rupees in thousand)		2020 (Rupees in thousand)	
	USD	EUR	USD	EUR
Assets				
- Trade debts	104,487	-	125,948	-
Liabilities				
- Trade creditors and bills payable	(11,534)	-	-	-
Net Statement of financial position exposure	92,953	-	125,948	-
Off statement of financial position items				
- Outstanding letters of credit	479,485	273,597	91,653	3,867
Net exposure	(386,532)	(273,597)	34,295	(3,867)

47.4.2 Exchange rates applied during the year

The following significant exchange rates have been applied:

	Average rate		Reporting date rate	
	2021	2020	2021	2020
USD	163.28	166.28	158.50	168.05
EURO	187.81	187.80	187	188.61

47.4.3 Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date . The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2021 (Rupees in thousand)	2020
USD	9,295	12,595

47.4.4 Currency risk management

Since the maximum amount exposed to currency risk is only 0.042% (2020: 0.06%) of the Company's total assets, any adverse / favorable movement in functional currency with respect to US dollar will not have any material impact on the operational results.

47.4.5 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

47.4.5.1 Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	Note	2021		2020	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
		--------------------(Rupees in thousand)--------------------			
Non-derivative financial instruments					
Long term deposit - Escrow account	11	270,000	-	-	-
Short term investment - Term deposit	15	270,000	-	-	-
		540,000	-	-	-

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the unconsolidated financial statements.

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 and loss account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

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 and loss account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

47.4.5.2 Variable rate financial instruments

	Note	2021		2020	
		Financial assets	Financial liabilities	Financial assets	Financial liabilities
		--------------------(Rupees in thousand)--------------------			
Non-derivative financial instruments					
Long term finances - secured	24	-	258,143	-	150,295
Short term borrowings	19	-	6,171,512	-	8,668,696
Bank balances - saving accounts	17	239,873	-	74,181	-
Receivable from subsidiary companies and other related parties (excluding accrued markup)	16	988,849	-	6,190,387	-
		1,228,722	6,429,655	6,264,568	8,818,991

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the unconsolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. This analysis is performed on the same basis for the year 2021.

	Profit / (Loss)	
	2021	2020
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(52,009)	(25,544)
Decrease of 100 basis points		
Variable rate instruments	52,009	25,544

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

47.4.5.3 Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

47.4.6 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 investments classified as fair value through profit or loss as follows:

	2021	2020
	(Rupees in thousand)	
Effect on profit or loss before taxation	6,470	24,218
Effect on investments	6,470	24,218

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

47.5 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	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		------- Rupees in thousands -------								
<u>30 June 2021</u>										
<u>Financial assets at fair value</u>										
Long term investments	9	8,167	-	-	-	8,167	-	-	8,167	8,167
Short term investments	15	-	64,695	-	-	64,695	64,695	-	-	64,695
Long term deposit	11	-	270,000	-	-	270,000	-	270,000	-	270,000
		8,167	334,695	-	-	342,862	64,695	270,000	8,167	342,862
<u>Financial assets at amortised cost</u>										
Long term security deposits		-	-	19,414	-	19,414	-	-	-	-
Long term loans	10	-	-	5,108	-	5,108	-	-	-	-
Trade debts	14	-	-	157,207	-	157,207	-	-	-	-
Short term investments	15	-	-	270,000	-	270,000	-	-	-	-
Loans, advances, and other receivables	16	-	-	1,446,169	-	1,446,169	-	-	-	-
Cash and bank balances	17	-	-	644,137	-	644,137	-	-	-	-
	47.5.1	-	-	2,542,035	-	2,542,035	-	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-
<u>Financial liabilities - not measured at fair value</u>										
Short term borrowings	19	-	-	-	6,171,512	6,171,512	-	-	-	-
Trade and other payables	20	-	-	-	989,747	989,747	-	-	-	-
Accrued mark-up	21	-	-	-	163,271	163,271	-	-	-	-
Long term deposits	23	-	-	-	3,464	3,464	-	-	-	-
Liability against right of use asset	22	-	-	-	26,823	26,823	-	-	-	-
Unclaimed dividend		-	-	-	13,228	13,228	-	-	-	-
Long term finances - secured	24	-	-	-	258,143	258,143	-	-	-	-
	47.5.1	-	-	-	7,626,188	7,626,188	-	-	-	-

		Carrying amount					Fair value			
		Fair value through OCI	Fair value through profit/loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Note	Rupees in thousands								
30 June 2020										
Financial assets 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 at amortised cost										
Long term security deposits		-	-	22,894	-	22,894	-	-	-	-
Long term loans	10	-	-	1,028	-	1,028	-	-	-	-
Trade debts	14	-	-	164,498	-	164,498	-	-	-	-
Loans, advances, and other receivables	16	-	-	7,980,582	-	7,980,582	-	-	-	-
Cash and bank balances	17	-	-	145,828	-	145,828	-	-	-	-
	47.5.1	-	-	8,314,830	-	8,314,830	-	-	-	-
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	-	-	-	395,371	395,371	-	-	-	-
Accrued mark-up	21	-	-	-	219,201	219,201	-	-	-	-
Long term deposits	23	-	-	-	11,214	11,214	-	-	-	-
Unclaimed dividend					13,233	13,233	-	-	-	-
Long term finances - secured	24	-	-	-	150,295	150,295	-	-	-	-
	47.5.1	-	-	-	9,458,010	9,458,010	-	-	-	-

47.5.1 The Company has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

47.5.2 Freehold land, buildings and plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment as disclosed in note 32. The valuations were conducted by the valuation experts appointed by the Company. The valuation experts used a market based approach to arrive at the fair value of the Company's land and building. For revaluation of freehold land, fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land and neighbouring properties, which were recently sold or purchased, to determine a resonable selling/buying price. Incase of buildings, fair market value was assessed according to the observations made by valuer on the basis of existing outlook, appearance, face value, individual merits, class and type of construction, quality and standard of material used for construction and by applying suitable price adjustments. For revaluation of plant and machinery, suppliers and different machinery consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable items of plant and machinery to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs us.

47.6 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:

	2021	2020
	(Rupees in thousand)	
Total debt	6,429,655	8,818,991
Total equity and debt	20,728,464	20,072,966
Debt to equity ratio	31%	44%

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

	Liabilities					Equity	
	Liability against right of use asset	Long term finances - secured	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Share capital/ premium	Total
	--(Rupees in thousand)--						
<u>As at 30 June 2020</u>	-	150,295	8,579,451	89,245	13,233	6,517,179	15,349,403
<u>*Changes from financing cash flows*</u>							
Proceeds from issue of share capital under ESOS	-	-	-	-	-	80,125	80,125
Receipts from long term finances - net	-	107,848	-	-	-	-	107,848
Repayments of short term borrowings - net	-		(425,701)	-	-	-	(425,701)
Loan from Chief Executive Officer	-	-	-	(89,245)	-	-	(89,245)
Principal portion of lease rentals paid	(7,842)						(7,842)
Dividend paid	-	-	-	-	(5)	-	(5)
Total changes from financing cash flows	(7,842)	107,848	(425,701)	(89,245)	(5)	80,125	(334,820)
<u>*Other changes including non- cash*</u>							
Transferred to statement of profit or loss	-	-	-	-	-	734	-
Changes in short term running finance and musharika running finance	-	-	(1,982,238)	-	-	-	-
Liability against right of use asset recognized	31,818	-	-	-	-	-	-
Interest on unwinding of lease liability	2,847	-	-	-	-	-	-
Total liability related other changes	34,665	-	(1,982,238)	-	-	734	(438,808)
As at 30 June 2021	26,823	258,143	6,171,512	-	13,228	6,598,038	13,067,744

	Liabilities					Equity	
	Redeemable capital	Long term finances - secured	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Share capital/ premium	Total
	----------	----------	----------	(Rupees in thousand)	----------	----------	----------
As at 30 June 2019	178,166	-	8,705,727	50,000	13,240	6,329,034	15,276,167
Changes from financing cash flows							
Proceeds from issue of share capital under ESOS	-	-	-	-	-	16,255	16,255
Receipts from long term finances - net	-	150,295			-	-	150,295
Repayments of short term borrowings - net	-	-	(353,856)	-	-	-	(353,856)
Loan from Chief Executive Officer	-	-	-	39,245	-	-	39,245
Redemption of redeemable capital	(6,276)	-	-	-	-	-	(6,276)
Dividend paid	-	-	-	-	(7)	-	(7)
Total changes from financing cash flows	(6,276)	150,295	(353,856)	39,245	(7)	16,255	(154,344)
Other changes including non- cash							
Conversion of PTCs into ordinary shares @ 0.08 share per PTC	(171,890)	-	-	-	-	171,890	-
Changes in short term running finance and musharika running finance	-	-	227,580	-	-	-	227,580
Total liability related other changes	(171,890)	-	227,580	-	-	171,890	227,580
As at 30 June 2020	-	150,295	8,579,451	89,245	13,233	6,517,179	15,349,403

		Production capacity		Actual production	
		2021	2020	2021	2020
		(Units in millions)		(Units in millions)	
49	Plant capacity and production				
	Hyderabad plant	880	880	839	587
	Lahore plant	1,350	1,350	1,255	1,003
		2,230	2,230	2,094	1,590

The variance of actual production from capacity is primarily on account of the product mix.

50 Provident fund trust

The following information is based on the latest un-audited financial statements of the Provident Fund Trust:

	Un-audited 2021	Audited 2020
	(Rupees in thousand)	
Size of the fund - total assets	639,065	495,010
Cost of investments made	465,102	220,114
Percentage of investments made	76%	45%
Fair value of investments	486,351	223,920

The break-up of fair value of investments is:

	2021 (Un-audited)		2020 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	51,388	10.6%	36,469	16.3%
Shares in unlisted securities	29,095	6.0%	29,095	13.0%
Listed Debt Instruments	50,000	10.3%	100,000	44.7%
Government securities	16,300	3.4%	16,300	7.3%
Mutual funds	314,153	64.6%	32,056	14.3%
Other Investments	25,415	5.2%	10,000	4.5%
	486,351	100%	223,920	100%

The investments out of provident fund trust have not been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

51 Service fund trust

The following information is based on the latest un-audited financial statements of the Service Fund Trust:

	Un-audited 2021	Audited 2020
	(Rupees in thousand)	
Size of the fund - total assets	273,526	239,329
Cost of investments made	62,048	69,845
Percentage of investments made	22%	23%
Fair value of investments	61,008	54,469

The break-up of fair value of investments is:

	2021 (Un-audited)		2020 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	24,262	39.8%	22,853	42.0%
Government securities	15,000	24.6%	15,000	27.5%
Mutual funds	21,746	35.6%	16,616	30.5%
	61,008	100%	54,469	100%

The investments out of service fund trust have been made in accordance with the provisions of section 218 of the Companies Act.

52 Impact of COVID - 19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID–19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant. However, during the year the Company obtained term loan / SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan, amounting to Rs. 227.78 million, for paying salaries for the months from April 2020 to June 2020 as disclosed in note 24.2 to these unconsolidated financial statements. Further management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

53 Date of authorization for issue

These unconsolidated financial statements were authorized for issue on 26 October 2021 by the Board of Directors of the Company.

54 Events after balance sheet date

The Board of Directors in their meeting held on 26 October 2021 have proposed a final cash dividend for the year ended 30 June 2021 of Rs. 1.00 (2020: Rs. Nil) per share for members' approval at the Annual General Meeting to be held on 23 November 2021. These unconsolidated financial statements do not reflect this dividend.

LAHORE 26th October 2021	Syed Shahid Ali Chief Executive Officer	Mohtashim Aftab Group Chief Financial Officer	Imran Azim Director

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 and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2021, 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 2021 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.

Emphasis of Matter - comparative information

We draw attention to note 6.3 to the consolidated financial statements where it has been explained that carrying values of land and building of First Treet Manufacturing Modaraba, a subsidiary Company have been adjusted by incorporating the impact of revaluation difference as at 30 June 2019. The adjustment has been incorporated in the Consolidated financial statements with retrospective effect. Our opinion is not modified in respect of this matter.

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 5.18 and 36 to the consolidated financial statements. The Group recognized revenue of Rs. 14,194.73 million from the sale of goods to domestic as well as foreign customers during the year ended 30 June 2021. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and give rise to an inherent risk of misstatement.	Our audit procedures included the following: • Obtaining an understanding of the process relating to recording of revenue and testing the design, implementation and operating effectiveness of key internal controls; • assessing the appropriateness of the Group's accounting policies for recording of revenue and compliance of those policies with applicable accounting standards; • comparing a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery orders and other relevant underlying documents.; • comparing, on a sample basis, specific revenue transactions recorded just before the financial year end date to determine whether the revenue had been recognized in the appropriate accounting period; and • scanning for any manual journal entries relating to revenue recognized during the year which were considered to be material or met other specific risk-based criteria for inspecting underlying documentation.
2	Revaluation of certain classes of property, plant and equipment Refer to notes 3.9, 5.1, 5.4 and 6 to the consolidated financial statements. During the year the Group has changed its accounting policy and voluntarily adopted revaluation model for subsequent measurement of plant and machinery which was previously carried at cost model. As at 30 June 2021, the Group revalued its certain items of property, plant and equipment (i.e. freehold land, building on freehold land and plant and machinery) based on the valuation carried out by an independent external expert engaged by the Group's management. Consequent to revaluation, additional surplus - net of deferred tax amounting to Rs. 2,569.06 million and reversal of revaluation deficit of Rs. 915.96 million have been recognized in the consolidated financial statements and the balance of revaluation surplus - net of deferred tax on property, plant and equipment at the year-end stood at Rs. 6,775.22 million. We have identified valuation of certain items of property, plant and equipment as key audit matter due to the significance of this balance to the consolidated financial statements, as well as the significance of management's judgements in determining their valuation.	Our audit procedures included the following: • obtaining and inspecting the valuation reports prepared by independent external expert of the group's management; • involving a valuation specialist engaged by us to assist in evaluating the methodology used by the management's expert in determining the revalued amount and to assist us in evaluating the reasonableness of key estimates and assumptions adopted in the valuation reports, on a sample basis, by the management's expert; • obtaining and inspecting the valuation report of an independent expert engaged by the component auditor of a significant component to assist the component auditor in evaluating the methodology used by the component management's expert in determining the revalued amount of component's assets and to assist the component auditor in evaluating the reasonableness of key estimates and assumptions adopted in the component valuation reports; • checking that the revaluation surplus and reversal of revaluation deficit have been recorded in the consolidated financial statements as per applicable accounting and reporting standards; and • reviewing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

Information other than the 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 2021 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 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 Companies Act, 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 M. Rehan Chughtai.

KPMG Taseer Hadi & Co.
Chartered Accountants

LAHORE
Date: 29 October 2021

Consolidated statement of financial position

As at 30 June 2021

TREET CORPORATION LIMITED

	Note	2021	2020	2019
			(Rupees in thousand)	
Assets			(Restated)	(Restated)
Non-current assets				
Property, plant and equipment	6	16,861,421	13,912,240	16,256,605
Right of use assets	7	86,062	78,259	-
Investment property	8	12,896	12,896	12,896
Intangible assets	9	163,769	152,087	155,317
Long term investments	10	786,944	426,320	478,297
Long term loans and advances	11	5,108	1,028	1,973
Deferred taxation	29	-	41,817	40,024
Long term deposits	12	351,046	81,494	46,214
		18,267,246	14,706,141	16,991,326
Current assets				
Stores and spares	13	341,522	350,306	286,834
Stock in trade	14	2,683,456	2,296,876	2,956,983
Trade debts	15	938,767	878,646	1,235,283
Short term investments	16	398,949	244,678	435,348
Loans, advances, deposits, prepayments and other receivables	17	1,801,486	1,748,729	2,467,171
Cash and bank balances	18	816,688	476,937	358,990
		6,980,868	5,996,172	7,740,609
Assets held for sale	19	537,384	2,020,906	-
		7,518,252	8,017,078	7,740,609
Liabilities				
Current liabilities				
Current portion of long term liabilities	20	163,301	54,164	201,266
Short term borrowings	21	10,291,822	13,034,254	13,066,427
Trade and other payables	22	2,731,280	1,304,130	1,278,665
Unclaimed dividend		13,261	13,267	13,274
Accrued mark-up	23	225,195	489,995	485,136
Provision for taxation		449,101	126,126	143,611
		13,873,960	15,021,936	15,188,379
Net current liabilities		(6,355,708)	(7,004,858)	(7,447,770)
Non-current liabilities				
Long term deposits	24	3,465	11,214	1,214
Deferred liabilities - Employee retirement benefits	25	882,981	714,039	481,508
Long term finance	27	206,160	125,047	-
Government grant	28	504	1,625	-
Deferred taxation	29	654,408	-	-
Lease liability against right of use assets	30	59,515	54,511	-
		1,807,033	906,436	482,722
		10,104,504	6,794,847	9,060,834
Contingencies and commitments	31			
Represented by:				
Authorized capital				
250,000,000 (2020: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000	2,500,000
150,000,000 (2020: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000	1,500,000
		4,000,000	4,000,000	4,000,000
Issued, subscribed and paid up capital	32	1,748,343	1,698,313	1,654,508
Reserves	33	5,839,944	5,618,059	5,455,651
Accumulated loss		(4,567,281)	(5,664,846)	(3,014,992)
Surplus on revaluation of land and buildings - net of tax	34	6,775,227	4,915,792	4,664,303
Equity attributable to owners of the Company		9,796,233	6,567,318	8,759,470
Non - controlling interest	35	308,271	227,529	301,364
		10,104,504	6,794,847	9,060,834

The annexed notes 1 to 59 form an integral part of these unconsolidated financial statements.

LAHORE 26th October 2021	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 2021

	Note	2021	2020
		(Rupees in thousand)	
Continuing operations			(Restated)
Revenue - net	36	14,194,739	11,111,578
Cost of revenue	37	11,647,808	9,801,986
Gross profit		2,546,931	1,309,592
Administrative expenses	38	769,265	407,101
Distribution cost	39	1,345,194	1,226,826
Expected credit loss on trade debts	15.2	31,143	41,582
		2,145,602	1,675,509
Operating profit / (loss)		401,329	(365,917)
Finance cost	40	1,055,242	1,731,560
Other operating expenses	41	250,168	102,419
		1,305,410	1,833,979
Other income	42	1,416,951	103,677
Share of (loss) / profit of associate		10,922	(88,271)
Loss before taxation from continuing operations		523,792	(2,184,490)
Taxation		559,935	109,775
- Group		14,616	(8,864)
- Associate	43	574,551	100,911
Loss after tax from continuing operations		(50,759)	(2,285,401)
Discontinued operations			
Profit / (loss) after tax from discontinued operations	44	598,644	(370,490)
Profit / (loss) after tax		547,885	(2,655,891)
Attributable to:			
Equity holders of the Parent Company		559,075	(2,574,987)
Non - controlling interest		(11,190)	(80,904)
		547,885	(2,655,891)
			(Restated)
Basic earnings / (loss) per share from continuing operations	45	3.24	(15.46)
Diluted earnings / (loss) per share from continuing operations	45	3.22	(15.46)

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

LAHORE
26th October 2021

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 2021

TREET CORPORATION LIMITED

	2021	2020
	(Rupees in thousand)	
		(Restated)
Profit / (loss) after tax	547,885	(2,655,891)
Other comprehensive income / (loss) from continuing operations		
Items that will never be reclassified to profit or loss account:		
Remeasurement of defined benefit obligation - net of tax	(85,637)	(95,414)
Surplus on revaluation of property, plant and equipment - net of tax	2,569,060	-
Equity securities at FVOCI - net change in fair value of investments - Group's share in associate	(1)	1
Share of loss in associate's defined benefit liability - net of tax	45	20,817
Group's share in associate's surplus on revaluation of property, plant and equipment - net of tax	212,609	-
Other comprehensive income from discontinued operations		
Surplus on revaluation of freehold land	-	279,105
	2,696,076	204,509
Total comprehensive income / (loss) for the year	3,243,961	(2,451,382)
Attributable to:		
Equity holders of the Parent Company	3,238,474	(2,377,547)
Non-controlling interest	5,487	(73,835)
	3,243,961	(2,451,382)

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

LAHORE
26th October 2021

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

Consolidated statement of changes in equity
For the year ended 30 June 2021

	Share Capital	Share Premium	Capital Reserves: Capital Reserve	Capital Reserves: Share in capital reserve of associate	Capital Reserves: Surplus on revaluation of property, plant and equipment - net of tax	Capital Reserves: Fair value reserve on investment	Statutory Reserve	Employee Stock Option Compensation Reserve	Revenue Reserves: General Reserve	Revenue Reserves: Accumulated loss	Total equity attributable to shareholders of Holding Company	Non - Controlling Interest (NCI)	Total shareholders equity
	(Rupees in thousand)												
Balance as at 30 June 2019 - as previously reported	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
Effect of restatement (Note 6.3)	-	-	-	-	21,876	-	-	-	-	(1,408,729)	(1,386,853)	(37,982)	(1,424,835)
Balance as at 30 June 2019 - restated	1,654,508	4,673,621	629	(424)	4,664,303	(7,038)	511,941	10,522	266,400	(3,014,992)	8,759,470	301,364	9,060,834
Total comprehensive loss for the year													
Loss for the year	-	-	-	-	-	-	-	-	-	(2,574,987)	(2,574,987)	(80,904)	(2,655,891)
Other comprehensive income	-	-	-	20,818	272,036	-	-	-	-	(95,414)	197,440	7,069	204,509
	-	-	-	20,818	272,036	-	-	-	-	(2,670,401)	(2,377,547)	(73,835)	(2,451,382)
Incremental depreciation relating to surplus on revaluation of buildings - net of tax													
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	(20,547)	-	-	-	-	20,547	-	-	-
Surplus transferred to accumulated loss on account of sale of land classified as held for sale	-	-	-	-	(14,635)	-	-	-	-	14,635	-	-	-
<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													
Reversal of expenses under ESOS	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 - restated	1,698,313	4,817,961	629	20,394	4,915,792	-	511,941	734	266,400	(5,664,846)	6,567,318	227,529	6,794,847
Balance as at 30 June 2020 - as previously reported	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
Effect of restatement (Note 6.3)	-	-	-	-	21,876	-	-	-	-	(1,346,020)	(1,324,144)	(36,265)	(1,360,409)
Balance as at 30 June 2020 - restated	1,698,313	4,817,961	629	20,394	4,915,792	-	511,941	734	266,400	(5,664,846)	6,567,318	227,529	6,794,847
Total comprehensive loss for the year													
Profit / (loss) for the year	-	-	-	-	-	-	-	-	-	559,075	559,075	(11,190)	547,885
Other comprehensive income	-	-	-	212,608	2,552,383	-	-	-	-	(85,592)	2,679,399	16,677	2,696,076
	-	-	-	212,608	2,552,383	-	-	-	-	473,483	3,238,474	5,487	3,243,961
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	(14,286)		-	-	-	14,286	-	-	-
Adjustment to associates reserves				(20,818)						17,639	(3,179)	-	(3,179)
Surplus realized on disposal of property, plant and equipment	-	-	-	-	(8,175)	-	-	-	-	8,175	-	-	-
Surplus realized on disposal of subsidiary	-	-	-	-	(683,584)	-	-	-	-	683,584	-	-	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	-	(11,250)	-	-	-	-	-	(11,250)	-	(11,250)
<u>Change in ownership interest</u>													
Transfer to / acquisition from NCI	-	-	-	-	24,348	-	-	-	-	(99,603)	(75,255)	75,255	-
<u>Transactions with owners of the Group, contributions and distributions</u>													
Issuance of shares under employee stock option scheme	50,030	30,095	-	-	-	-	-	-	-	-	80,125	-	80,125
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	734	-	-	-	-	-	(734)	-	-	-	-	-
	50,030	30,829	-	-	-	-	-	(734)	-	-	80,125	-	80,125
Balance as at 30 June 2021	1,748,343	4,848,790	629	212,184	6,775,227	-	511,941	-	266,400	(4,567,281)	9,796,233	308,271	10,104,504

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

LAHORE
26th October 2021

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

Consolidated statement of cash flows

For the year ended 30 June 2021

TREET CORPORATION LIMITED

	Note	2021	2020
		(Rupees in thousand)	
			(Restated)
Cash generated from operations	51	2,764,682	2,383,402
Finance cost paid		(1,311,816)	(1,735,280)
Taxes paid		(716,181)	(173,402)
WPPF and WWF paid		(4,086)	(1,295)
Payment to gratuity fund and superannuation fund		(97,668)	(17,671)
Long term loans and deposits - net		(4,879)	(34,335)
		(2,134,630)	(1,961,983)
Net cash generated from operating activities		630,052	421,419
Cash flows from investing activities			
Fixed capital expenditure		(212,310)	(473,886)
Proceeds from sale of property, plant and equipment		43,714	42,629
Proceeds from disposal of long term investments		2,349,000	1,133
Acquisition of associate		(124,926)	-
Profit received on bank deposits		18,094	16,121
Dividend received		9,682	1,673
Net cash generated from / (used in) investing activities		2,083,254	(412,330)
Cash flows from financing activities			
Proceeds from issue of shares under employee stock option scheme		80,125	16,255
Payment of lease liability against right of use assets		(27,490)	(13,662)
Long term loans - net		199,363	150,294
Loan from Chief Executive Officer - Interest free		(89,245)	39,245
Redemption of participation term certificates		-	(6,276)
Short term borrowings - net		713,212	(353,856)
Dividend paid		(5)	(7)
Net cash (used in) / generated from financing activities		875,960	(168,007)
Net decrease in cash and cash equivalents		3,589,266	(158,918)
Cash and cash equivalents at beginning of year		(10,123,967)	(9,965,049)
Cash and cash equivalents at end of year	52	(6,534,701)	(10,123,967)

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

LAHORE
26th October 2021

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

1 STATUS AND NATURE OF THE BUSINESS

The Group comprises of :

Holding Company

Treet Corporation Limited

	2021	2020
	(Holding percentage)	
Subsidiary Companies		
- Treet Holdings Limited	100	99.64
- First Treet Manufacturing Modaraba	99.18	97.33
- Treet HR Management (Private) Limited	100	99.64
- Global Arts Limited	-	97.46
- Treet Power Limited	100	99.64
- Renacon Pharma Limited	55.86	55.59
- Treet Battery Limited	100	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

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 subsidiary company is assembling and sale of motor bike and rickshaw. The subsidiary company is the management company of First Treet Manufacturing Modaraba. Its head office and assembly plant are situated at 72-B, Industrial Area Kot Lakhpat, Lahore.

First Treet Manufacturing Modaraba

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 Modaraba is listed on Pakistan Stock Exchange Limited. The Modaraba is engaged in the manufacture and sale of corrugated boxes, soaps and batteries. The registered office and manufatcuring facility of the Modaraba are situated at 72-B, Kot Lakhpat, Industrial Area, Lahore.

The Modaraba has again incurred a gross loss of Rs. 90.144 million (2020: Rs. 772.495 million) and net loss after tax of Rs. 617.470 million (2020: Rs.2,984.794 million) during the year, whereas its accumulated loss of Rs. 7,810.787 million (2020: Rs.7,195.434 million) stated at June 30,2021. The Modaraba has also shown adverse current ratio at the terminal dates. These situations indicate the existence of material uncertainty about the conditions and events regarding the future operations of the Modaraba which may cast significant doubt about the Modaraba's ability to continue as a going concern and, therefore, the Modaraba may be unable to realize its assets and discharge its liabilities in the normal course of business.

In order to address the situation, the management has made and implemented a mitigation plan and formulated strategies for the improvement in the performance of the above mentioned segments. As a result, the performance of the Modaraba has shown significant improvement over the last year in all aspects of the businesses. Following remedial measures have been implemented by the Modaraba's management for the continued and sustainable operations of corrugation and battery segments:

1 Working Capital Improvement:

A major review of inventories was conducted at all levels to free up cash. With improved plant reliability and sourcing efficiency, a considerable reduction in WIP has been achieved and optimized in line with seasonal demand for different product variant.

2 Battery Prices Rationalization:

Battery pricing was continually reviewed in line with competitors and market dynamics. In line with premium pricing strategy, price increases in the range of 5-11% were implemented for various Daewoo battery models in a phased manner.

3 Improvement in Plant Efficiency:

A completely new approach has been adopted in manufacturing to holistically address all efficiency improvement areas. Some key highlights include:

- Implementation of OEE (Overall Equipment Efficiency) based Continuous Improvement program
- Conversion project from LPG to Natural Gas initiated
- Process wastage reduction and capturing in-house recycling opportunities
- Marked improvement in plant reliability and service levels
- ERP system implementation/revamping across all business processes

4 Reduction in Administrative Costs:

Following up on resource localization approach, the battery plant operations are now being fully managed by trained local team. This has resulted in considerable overhead reduction. The local team is supported by only one Korean expat in the domain of R&D and Quality. In case of corrugation segment, the prices of the products have much improved and rationalized over the year and the Modaraba has successfully passed on the cost increase effect of the factors inputs to the customers. Apart from this, a better sales managements by focusing on high margin customers, cost controlling and improving plant operational efficiency has resulted in improved margins.

Efforts are being made to broaden the customer base through market diversification. Moreover, prices are also being further rationalized in tandem with the increased costs (raw material, salaries etc.) however, with time lagged impact. These factors led to the achievement of gross profit of the segment amounting to Rs. 18.806 million during the year as compared to the gross loss amounting to Rs. 57.331 million in the corresponding period.

In addition to the remedial measures for the continued and sustainable operational performance of the Modaraba, the sponsoring directors of the parent company in order to provide financial support to the Modaraba, safegurading its capital base and improving its financial ratios, had approved the decision for the conversion of loan provided by parent company into equity fund of the Modaraba which had also been approved by the regulators during the year. Following this approval, 504,400,000 Modaraba certificate of RS. 10 each have been issued to the parent company against its loan as shown under the current liabilities. Towards the endeavour of providing continued financial assistance, the sponsoring directors of the parent company have also approved the second trench of the parent company's loan for conversion into equity fund of the Modaraba subject to regulatory approvals after the reporting date. Accordingly, 183,590,293 Modaraba certificates of Rs. 10 each have been issued against the outstanding loan of the parent company as on August 16, 2021. As a result of this restructuring of debt, the equity of modaraba has become positive.

In view of the above stated facts, the management believes that Modaraba will continue to operate as a viable venture in foreseeable future. Accordingly, the going concern assumption used by the management in the preparation of these financial statements is appropriate. However there is no adverse impact of going concern at group financial statements.

Treet HR Management (Private) Limited

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 subsidiary 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 subsidiary company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore. The company subsidiary 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

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. During the year, persuant to the approval of the shareholders in the meeting dated 05 October 2020 the Group has transferred its entire shareholding in Global Arts Limited to Chimera Education (Private) Limited ("CEPL") effective 30 June 2021. Also refer to note 44 of the consolidated financial statements of the Group.

Treet Power Limited

Treet Power Limited was incorporated in Pakistan on 20 November 2007 under the Companies Ordinance, 1984 (now Companies Act, 2017). At present the subsidiary 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 subsidiary 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

Renacon Pharma Limited was incorporated on 07 July 2009 as a private limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The subsidiary company was converted into Public Limited Company (unlisted) on 27 January 2017 after complying with the legal formalities. The subsidiary 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 and manufacturing facility of the subsidiary company is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore.

Treet Battery Limited

Treet Battery Limited was incorporated on 22 February 2019 in Pakistan under the Companies Act, 2017. The subsidiary 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 2021. 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 2021 and the audited financial statements of the subsidiaries and associates for the year ended 30 June 2021.

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.

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.

<u>Non-controlling interest</u>

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Group 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 statement of 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 under IFRS - 09, 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 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 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 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 5.21, 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 except stated otherwise.

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:

3.1 Property, plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment annually by considering expected pattern of economic benefit that the Group expects to derive from the item and the maximum period up to which such benefits are expected to be available. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.2 Stores and spares

The Group reviews the stores and spares for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

3.3 Stock-in-trade

The Group reviews the carrying amount of stock-in-trade on a regular basis. Carrying amount of stock-in-trade is adjusted where the net realizable value is below the cost. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.4 Expected credit loss (ECL) against trade debts, deposits, advances and other receivables

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets original effective interest rate.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. 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 including forward-looking information.

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.

Impairment on financial assets other than trade debts has been measured on 12 - months expected loss basis and reflects the short maturities of the exposure.

3.5 Employee benefits

The Group operates approved funded gratuity and superannuation scheme covering all its full time permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity and superannuation schemes are managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity and superannuation cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

3.6 Taxation

The Group takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Group's views differ from the views taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Group also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

3.7 Provisions

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Group would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

3.8 Contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

3.9 Revaluation of property, plant and equipment

Revaluation of certain classes of property, plant and equipment is carried out by an independent professional valuer.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five years.

3.10 Lease term

The Group applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

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 2021:

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

  Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

  The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

  The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted.

  The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) 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.

  The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

  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 2022; 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) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. 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 periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises 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 annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs 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 above improvements are likely to have no significant impact on the Group's consolidated financial statements.

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 improvements are likely to have no significant impact on the Group's consolidated 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 in these financial statements, except as described in note 5.1.

5.1 Change in accounting policy

'During the year, the Board of Directors of the Holding Company, in their meeting dated 29 June 2021 has voluntarily adopted revaluation model for subsequent measurement of plant and machinery which was previously carried at cost model. The change has been accounted for as a change in accounting policy, effective from 30 June 2021, and applied prospectively as per requirements of "International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, the change in accounting policy has no effect on prior years. The revaluation of plant and machinery is carried out by an independent valuer, as explained in note 34 to these consolidated financial statements, as at 30 June 2021. The management takes the view that revaluation model provides reliable and more relevant information rather than cost model because it is based on up-to-date market values.

"There is no impact of the change in accounting policy on the consolidated statement of profit and loss, the consolidated statement of cash flows and earning per share of the Group, however, the impacts on consolidated statement of financial position and consolidated statement of comprehensive income are as follows:

Statement of financial position	Increase / (Decrease) 30-Jun-21 Rs. in '000'
Non-current assets	
Property, plant & equipment	2,305,346
Non-current liabilities	
Deferred tax liability	558,208
Equity	
Surplus on revaluation of plant & machinery - net of tax	1,747,139

Statement of comprehensive income	Increase / (Decrease) 30-Jun-21
Surplus on revaluation of plant & machinery - net of tax	1,747,139

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. Group's contribution to the fund is charged to consolidated statement of profit or loss.

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. Group's contribution to the fund is charged to consolidated statement of profit or loss.

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. Group's contribution to the fund is charged to consolidated statement of profit or loss.

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. Group's contribution to the fund is charged to consolidated statement of profit or loss.

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. Group's contribution to the fund is charged to consolidated statement of profit or loss.

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. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to consolidated statement of profit or loss. 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.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method for valuation. The latest valuation was carried out at 30 June 2021. When the 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 any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in consolidated statement of profit or loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in consolidated statement of profit or loss account. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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 26 of the consolidated financial statements.

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, buildings on freehold land and plant and machinery. Freehold land is stated at revalued amount determined based on valuation 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 determined based on valuation carried out by independent valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Previously, plant and machinery was carried at cost less accumulated depreciation and impairment loss, however during the year, the Board of Directors of the Group in their meeting dated 29 June 2021 approved the change in accounting policy and now, plant and machinery is stated at revalued amount, which is determined based on valuation carried out by independent valuer as at 30 June 2021. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the related asset, and the net amount is restated to the revalued amount.

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.

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.

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 Group comprise of land and is valued using the cost method and is 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 consolidated statement of profit or loss.

5.5 Intangible assets

Goodwill

Goodwill arising from a business combination 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.

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

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 with finite useful life are amortized over the period of five years on a straight line basis so as to write off the cost of an asset over their estimated useful life. Amortisation on additions to intangible assets is charged from the day the 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 non-current assets or disposal groups are valued at lower of cost and fair value less cost 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.

The gain or loss on disposal of non-current assets held for sale 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.

5.7 Leases

The Group is the lessee.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At initial recognition, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss account if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

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.

5.9 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.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. 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 including forward-looking information.

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 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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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.

5.10 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.

5.11 Stock in trade

Stocks of raw materials, packing materials, work-in-process and finished goods are 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.

5.12 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.

5.13 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.

5.14 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 atleast twelve months after the reporting date.

5.15 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.

5.16 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 on the basis of best estimate of the warranty expense at the balance sheet date based on the past practice of customer claims and quantum of warranty expenses incurred during the year. While making the estimate, the Group takes into account the frequency of customer complaints, the past and expected trend of defects in the product etc.

5.17 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.

5.18 Revenue recognition

Revenue from contracts with customers is recognised, when control of goods is transferred to the customers, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods excluding sales taxes and trade discounts. Specific revenue and other income recognition policies are as follows:

5.18.1 Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer which on the basis of current agreement with majority of the customers, is when the goods are delivered to customers and in very few cases when goods are handed over to the customers i.e. ex-factory, in case of local sales. Further in case of export sale, control is transferred when goods are loaded on vessels.

5.18.2 Dividends

Dividend income is recognized when the Group's right to receive the dividend is established.

5.18.3 Interest income

Interest income is recognised as it accrues under the effective interest method.

5.19 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.

5.20 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.

5.21 Financial instruments

5.21.1 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.

5.21.2 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 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.

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 profit or loss. However, the Group has no such instrument at the reporting date.

Equity Instrument - FVOCI

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.

Equity instrument at fair value through other comprehensive income comprises of long term investment in Techlogix International Limited.

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 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.

Financial assets at fair value through profit or loss comprise of short term investment in listed equity securities and long term deposits.

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 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;
- 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 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 consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in consolidated statement of profit or loss.

Financial liabilities comprise trade and other payables, short term borrowings, long term financing, current portion of long term liabilities, long term deposits, accrued markup and unclaimed dividend.

5.21.3 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.

5.22 Research and development costs

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

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

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from other segments. Operating segment 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 Director of the Group that makes strategic decisions.

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

Grants that compensate the Group 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.

5.26 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS with weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Group that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

5.27 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention and ability to settle on a net basis, or realize the asset and settle the liability simultaneously.

5.28 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2021	2020	2019
			(Rupees in thousand)	
			(Restated)	(Restated)
Operating fixed assets	6.1	15,951,252	12,380,342	12,696,788
Capital work in progress	6.2	1,148,762	1,531,898	3,559,817
		17,100,014	13,912,240	16,256,605
Less: Disposal group held for sale	19.2	238,593	-	-
		16,861,421	13,912,240	16,256,605

6.1 Property, plant and equipment

	Annual rate of depreciation	Cost / revalued amount as at 01 July 2020	Revaluation surplus during the year	Transfers / Transfer to disposal group	Additions / (Deletions)	Reversal of revaluation deficit	Elimination due to revaluation	Cost / Revalued amount as at 30 June 2021	Accumulated depreciation as at '01 July 2020	Elimination due to revaluation	Depreciation charge / (deletions) for the year	Accumulated depreciation as at '30 June 2021	Book value as at 30 June 2021
		---(Rupees in thousand)--------------------------------------											
	%	(Restated)							(Restated)				
Owned													
Freehold land	-	4,728,517	647,885	(380,275)	-	-	-	4,948,574	-	-	-	-	4,948,574
				(25,953)	(21,600)						-		
Building on freehold land	3.33 - 5	3,856,132	223,456	-	161,231	915,965	(722,745)	4,440,489	586,237	(722,745)	136,508	-	4,440,489
				6,450							-		
Buildings on leasehold land	10	4,791	3,818	-	-	-	(5,685)	21,432	4,520	(5,685)	1,165	-	21,432
				18,508							-		
Plant and machinery	10	6,000,632	2,305,346	-	289,256	-	(2,433,408)	6,153,484	1,993,780	(2,433,408)	439,628	-	6,153,484
				(8,343)							-		
Furniture and equipment	10 - 25	365,088	-	-	21,247	-	-	386,749	141,234	-	36,579	176,968	209,782
				1,641	(1,226)						(845)		
Vehicles	20	382,274	-	-	97,476	-	-	436,746	231,322	-	60,554	259,255	177,490
				6,783	(49,787)						(32,620)		
2021		15,337,434	3,180,505	(381,189)	569,210	915,965	(3,161,837)	16,387,475	2,957,092	(3,161,837)	674,433	436,223	15,951,252
					(72,613)						(33,465)		

	Annual rate of depreciation	Cost/revalued amount as previously reported as at 30 June 2019	Impact of restatement	Cost / Revalued amount as at 30 June 2019	Transfer	"Additions / (Deletions)"	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				(Restated)		(Restated)	(Restated)		(Restated)	(Restated)	(Restated)
Freehold land	-	5,760,931	22,476	5,783,407	(1,055,745)	855	4,728,517	-	-	-	4,728,517
Building on freehold land*	3.33 - 5	4,332,854	(1,134,925)	3,197,929	-	658,203	3,856,132	420,074	166,163	586,237	3,269,895
Buildings on leasehold land	10	4,791	-	4,791	-	-	4,791	3,355	1,165	4,520	271
Plant and machinery	10	5,364,059	-	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	-	236,232	-	137,978	365,088	96,333	48,715	141,234	223,854
						(9,122)			(3,814)		
Vehicles	20	395,249	-	395,249	-	41,282	382,274	191,402	69,784	231,322	150,952
						(54,257)			(29,864)		
2020 - Restated		16,094,116	(1,112,449)	14,981,667	(1,055,745)	1,474,891	15,337,434	2,284,879	705,892	2,957,092	12,380,342
						(63,379)			(33,678)		

* Addition during the year ended 30 June 2020, in building on freehold land, amounting to Rs. 658.20 million is after the effect of restatement of Rs. 312.38 million due to revaluation deficit incorporated in the balance of capital work in progress as at 30 June 2019 (refer note 6.2). The previously reported addition was of Rs. 970.58 million.

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	11.62	231,440
Warehouse land, 14 Km Multan Road, Lahore	Warehouse	1.50	10,752
09-Km Thokar Niaz Baig, Lahore	Education campus	15.17	348,480
Faisalabad Industrial Estate, Sahianwala Faisalabad	Manufacturing facility	40	367,184
05 Km off Ferozpur Road, Gajju Matta, Kacha Road, Lahore	Manufacturing facility and warehouse	10.29	142,403

6.1.2 The latest revaluation is carried out at 30 June 2021. As per the revaluation report, forced sale value of freehold land, building on freehold land and plant and machinery is Rs. 4,204.4 million, Rs. 3,792.63 million and 4,922.79 million respectively.

	Note	2021	2020
		(Rupees in thousand)	
			Restated
6.1.3 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	37.1	223,746	218,306
Cost of goods sold - soaps	37.2	3,225	3,752
Cost of goods sold - corrugated boxes	37.3	27,907	23,731
Cost of goods sold - bikes	37.4	1,256	1,924
Cost of goods sold - battery	37.5	356,818	390,396
Cost of goods sold - pharmaceutical products	37.6	4,175	7,796
		617,127	645,905
Administrative expenses	38	31,884	41,161
Distribution cost	39	21,907	18,826
Capitalized in CWIP		3,515	-
		674,433	705,892

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

	2021	2020
Freehold land	468,650	710,939
Buildings	4,334,808	4,326,565
Plant and Machinery	3,848,138	-
	8,651,596	5,037,504

6.1.5 The following assets were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss) on disposal	Mode of disposal	Relationship with the Company	Particulars of purchaser
	------- (Rupees in thousand) -------							
Furniture and Equipment	1,226	845	381	570	189			
Land	21,600	-	21,600	10,508	(11,092)	Company Policy	Employee	Various
	22,826	845	21,981	11,078	(10,903)	Negotiation	Outsider	Malik Ashraf Khokhar
Vehicles								
Honda Civic	3,667	794	2,873	2,936	63	Company Policy	Employee	Talha Ali Khan Rao
Mercedes E250	2,774	1,015	1,759	1,913	154	Company Policy	Employee	Amir Zia
Suzuki Cultus	1,638	437	1,201	1,638	437	Company Policy	Employee	M. Ali Jibran
Toyota Corolla Xli	1,967	1,080	887	-	(887)	Company Policy	Employee	Nadeem Hassan
Toyota Corolla Xli	1,842	1,073	769	971	202	Company Policy	Employee	Zafar Iqbal
Toyota Corolla Xli	1,825	1,058	767	985	218	Company Policy	Employee	Jameel Malik
Toyota Corolla XLI	1,973	1,320	653	1,004	351	Company Policy	Employee (KMP)	Imran Khan
Toyota Corolla XLI	1,971	1,970	1	581	580	Company Policy	Employee (KMP)	Nasir Mehmood
Others	32,130	23,873	8,257	22,608	14,351	Company Policy	Employees	Employees
	49,787	32,620	17,167	32,636	15,469			
2021	72,613	33,465	39,148	43,714	4,566			
2020	63,379	33,678	29,701	49,960	20,259			

	2021	2020	2019
		(Rupees in thousand)	
6.2 Capital work in progress			(Restated)
Civil works	672,929	746,335	1,752,010
Plant and machinery	414,161	709,025	2,047,485
Plant and machinery - in transit	30,452	-	-
Furniture and equipment	2,495	9,491	-
Vehicles	185	2,185	-
Intangible assets	-	24,174	-
Advances for capital expenditure	28,540	40,688	72,708
As previously reported	1,148,762	1,531,898	3,872,203
Impact of restatement			
Revaluation deficit	-	-	(312,386)
Restated amounts	1,148,762	1,531,898	3,559,817

6.3 Carrying value of land and building of First Treet Manufacturing Modaraba (the "Modaraba"), a subsidiary Company of Treet Corporation Limited (the "Parent Company") has been adjusted by incorporating the impact of revaluation difference as at 30 June 2019. The adjustment has been incorporated with retrospective effect in accordance with the requirements of IAS – 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The restatement has no impact on consolidated statement of cashflows as at 30 June 2019 and 30 June 2020. The impacts of restatement on the consolidated statement of financial position and the consolidated statement of profit or loss are as follows:

	30 June 2019		
	As previously reported	Impact of restatement	Restated amounts
	(Rupees in thousand)		
Statement of financial position			
Non-current assets:			
Property plant and equipment	17,681,440	(1,424,835)	16,256,605
Shareholders Equity:			
Accumulated loss	(1,606,263)	(1,408,729)	(3,014,992)
Non - controlling interest	339,346	(37,982)	301,364
Surplus on revaluation of land and building - net of tax	4,642,427	21,876	4,664,303

	30 June 2020		
	As previously reported	Impact of restatement	Restated amounts
	(Rupees in thousand)		
Statement of financial position			
Non-current assets:			
Property plant and equipment	15,272,649	(1,360,409)	13,912,240
Shareholders Equity:			
Accumulated loss	(4,318,826)	(1,346,020)	(5,664,846)
Non - controlling interest	263,794	(36,265)	227,529
Surplus on revaluation of land and building - net of tax	4,893,916	21,876	4,915,792
Statement of profit or loss			
Cost of sales	9,866,412	(64,426)	9,801,986
Loss after taxation	(2,720,317)	64,426	(2,655,891)
Loss attributable to the Holding Company	(2,637,696)	62,709	(2,574,987)
Loss attributable to NCI	(82,621)	1,717	(80,904)
Loss per share	(15.84)	0.38	(15.46)

	Note	2021	2020
		(Rupees in thousand)	

7 RIGHT OF USE ASSETS

	Note	2021	2020
Cost as at 01 July		93,911	-
Effect of initial application of IFRS 16		-	93,911
Additions during the year		32,865	-
		126,776	93,911
Accumulated depreciation			
As at 01 July		(15,652)	-
Amortization for the year	7.1	(23,325)	(15,652)
		(38,977)	(15,652)
Net book value as at 30 June		87,799	78,259
Less: Disposal group held for sale	19.2	1,737	-
Net book value as at 30 June		86,062	78,259
Annual rate of depreciation		15% - 35%	17%

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

	Note	2021	2020
Cost of revenue	37.2	10,534	10,534
Distribution cost	39	12,791	5,118
		23,325	15,652

8 INVESTMENT PROPERTY

	Note	2021	2020
Cost as at 01 July		12,896	12,896
Disposals during the year		-	-
Cost as at 30 June	8.1	12,896	12,896

8.1 This represents land measuring 14 Kanals and 5 Marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore, having fair value of Rs. 20.66 million. The fair value of investment property was determined on 30 June 2021 (level 2 measurement), by Dimensions Evaluators & Consultants (Pvt) Limited, an independent valuer not connected with the Group and approved by Pakistan Banks' Association (PBA).

Fair value of investment property was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Neighbouring properties, which were recently sold or purchased, were investigated to determine a reasonable selling/buying price.

9 INTANGIBLE ASSETS

	Note	2021	2020
Oracle computer software and implementation	9.1	30,156	18,474
Goodwill acquired on acquisition	9.2	133,613	133,613
		163,769	152,087

		Note	2021	2020
			(Rupees in thousand)	
9.1	Oracle computer software and implementation			
	Intangible asset represents computer software (ERP system).			
	Cost			
	As at 01 July		47,600	41,882
	Addition during the year		26,236	5,718
	Accumulated amortisation			
	As at 01 July		(29,126)	(20,178)
	Amortisation for the year		(14,554)	(8,948)
	Balance at 30 June		30,156	18,474
	Rate of amortisation		20%	20%

9.2 Goodwill acquired on acquisition

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

The recoverable amount of goodwill has been tested for impairment as at 30 June 2021 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 14.93% 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.

10 LONG TERM INVESTMENTS

		Note	2021	2020
	Available for sale - at FVOCI	10.1	8,167	8,167
	Investment in associate	10.2	778,777	418,153
			786,944	426,320
10.1	Fair value through OCI			
	Techlogix International Limited - unquoted			
	711,435 (2020: 711,435) fully paid ordinary shares of par value of USD 0.190761. Equity held: 0.67 % (2020: 0.67 %)			
	Investment classified as fair value through other Comprehensive income		8,167	8,167
			8,167	8,167

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 (2020: USD 112) over the long term and realise its returns. During the year, the Company has not received any return (2020: Rs. 0.16 million).

10.1.2 This investment was 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.

	Note	2021	2020
		(Rupees in thousand)	
10.2 Investment in associate			
Loads Limited- quoted			
31,387,657 (2020: 18,895,057) fully paidordinary shares of Rs. 10 each			
Equity held: 12.49% (2020: 12.49%)	10.2.1	747,896	386,778
Chief Executive Officer - Munir K. Bana			
Global Assets (Private) Limited - unquoted			
3,000,000 fully paid ordinary shares of Rs. 10 each			
Equity held: 28.74% (2020: 28.74%)	10.2.2	30,881	31,375
Chief Executive Officer - Syed Shahid Ali			
		778,777	418,153

10.2.1 In equity instrument of associate

	2021	2020
Cost	162,529	162,529
Brought forward amounts of post acquisition reserves and profits recognized directly in consolidated statement of profit or loss	224,249	284,224
	386,778	446,753
Investment made during the year	124,926	-
	511,704	446,753
Share of profit / (loss) for the year	11,416	(89,657)
- before taxation	(14,616)	8,864
- provision for taxation	(3,200)	(80,793)
Share of other comprehensive income	52	20,818
Surplus on revaluation of property, plant and equipment	242,519	-
Issuance cost of right shares	(3,179)	-
Balance as at 30 June	747,896	386,778

The Holding Company's investment in Loads Limited is less than 20% but it is considered an associate in accordance with the requirements of IAS - 28 "Investments in Associates" since the Company has significant influence over its financial and operating policies through its representation on the Board of Loads Limited. The market value per share of Loads Limited at the reporting date was Rs. 21.61 per share.

During the year, Loads Limited announced right issue of 100 million ordinary shares at the rate of Rs 10 per share to its existing shareholders. Pursuant to this announcement, the Holding Company subscribed 100% right shares of 12,492,600 which resulted in increase in investment in Loads Limited with no change in percentage of shareholding of the Holding Company in Loads Limited.

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.

	2021	2020
	(Rupees in thousand)	
Percentage of direct holding	12.49%	12.49%
Percentage of effective holding	12.57%	12.57%
Non-current assets	5,908,238	5,098,875
Current assets	2,812,469	2,698,808
Non-current liabilities	(1,319,461)	(1,740,308)
Current liabilities	(3,011,010)	(2,959,953)
Net assets (100%)	4,390,236	3,097,422
Group's share of net assets	548,455	386,778
Impact of revaluation of property plant and equipment	199,442	-
Carrying amount of interest in associate	747,896	386,778
Revenue	4,717,228	2,778,631
Loss from operations	(25,461)	(646,729)
Other comprehensive income	1,929,786	166,638
Total comprehensive income (100%)	1,904,325	(480,091)
Group's share of total comprehensive income / (loss)	239,370	(59,975)

10.2.1.1 Partial 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. Further investments made during the year is complied with the requirement of Company's Act 2017.

10.2.2 In equity instrument of associate

	2021	2020
Cost	30,000	30,000
Brought forward amounts of post acquisition reserves and (loss) recognized directly in consolidated statement of profit or loss	1,375	(11)
Share of (loss) / profit for the year	(607)	1,386
Other adjustments	113	-
Balance as at 30 June	30,881	31,375

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. The following table summarizes the financial information of Global Assets Limited as included in its own 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.

	Note	2021	2020
		(Rupees in thousand)	
Percentage interest held		28.85%	28.74%
Current assets		118,245	106,347
Current liabilities		(14,250)	(248)
Net assets (100%)		103,995	106,099
Group's share of net assets		29,999	30,493
Excess of purchase consideration over net assets		882	882
Carrying amount of interest in associate		30,881	31,375
Total comprehensive income / (loss)		(2,104)	4,821
Group's share of total comprehensive income / (loss)		(607)	1,386

10.2.2.1 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.

11 LONG TERM LOANS

	Note	2021	2020
Loans to employees - secured, considered good	11.1	17,835	6,722
Less : Current portion of loan to employees - secured, considered good	17	(12,727)	(5,694)
		5,108	1,028

11.1 These loans are interest free and are secured against employees' retirement benefits. These loans are recoverable in 12 to 48 monthly instalments. This includes loans to executives amounting to Rs. 10.93 million (2020: Rs. 10.34 million) which further include loan to the following key management personnels;

	2021	2020
Arshad Latif	803	111
M.Mohtashim Aftab	4,800	6,000
	5,603	6,111

Maximum outstanding balance with reference to month end balances are as follows:

	2021	2020
Arshad Latif	1,606	553
M.Mohtashim Aftab	5,900	6,000

Further, no amount is due from Directors and Chief Executive at the year end (2020: Rs. Nil).

		Note	2021	2020
			(Rupees in thousand)	
12	**LONG TERM DEPOSITS**			
	Security deposit		82,253	65,244
	Long term deposit	12.1	270,000	-
	Others		40	16,250
			352,293	81,494
	Less: Disposal group held for sale	19.2	1,247	-
			351,046	81,494

12.1 This represents retention amount of Rs. 270 million, representing 10% of the sale consideration of Global Arts Limited (GAL), maintained in escrow account with Habib Bank Limited, in accordance with the terms of the share purchase agreement (the agreement) between the Group and Chimera Education (Private) Limited (CEPL) for sale of 100% equity interest of Global Arts Limited. In accordance with the terms of the agreement, the retention amount will be released to the Group after 18 months from the closing date i.e. 30 June 2021, subject to no claims being filed by CEPL. The escrow account carries markup at the rate of 5.5% per annum and classified as fair value through profit and loss account.

		Note	2021	2020
13	**STORES AND SPARES**			
	Stores		201,181	201,425
	Spares		148,276	148,881
		13.1	349,457	350,306
	Provision for obsolete and slow moving inventory		(5,523)	-
			343,934	350,306
	Less: Disposal group held for sale	19.2	2,412	-
			341,522	350,306

13.1 It includes stores and spares in transit amounting to Rs. 2.7 million (2020: Rs. 7.03 million).

TREET CORPORATION LIMITED

	Note	2021	2020
		(Rupees in thousand)	
14 STOCK IN TRADE			
Blades, razor and other trading operations:			
Raw and packing material	14.1	799,150	776,052
Work in process	37.1	212,652	74,338
Finished goods	14.2 & 37.1	465,885	145,359
		1,477,687	995,749
Battery:			
Raw and packing materials	14.1	517,480	514,329
Work in process	37.5	348,360	418,361
Finished goods	14.2 & 37.5	76,557	98,509
		942,397	1,031,199
Soaps:			
Raw and packing materials		33,993	35,665
Work in process	37.2	-	223
Finished goods	37.2	26,373	23,613
		60,366	59,501
Corrugated boxes:			
Raw and packing materials		117,651	91,662
Work in process	37.3	7,629	10,596
Finished goods	37.3	8,333	23,615
		133,613	125,873
Bike:			
Raw and packing materials	14.1	11,622	20,058
Finished goods	37.4	1,427	3,341
		13,049	23,399
Pharmaceutical products:			
Raw and packing materials	14.1	45,885	44,472
Work in process	37.6	2,815	924
Finished goods	37.6	42,714	15,759
		91,414	61,155
		2,718,526	2,296,876
Provision for obsolete and slow moving inventory		(3,545)	-
		2,714,981	2,296,876
Less: Disposal group held for sale	19.2	31,525	-
		2,683,456	2,296,876

14.1 It includes raw material in transit, the break up is as follows;

	2021	2020
Blades	95,810	167,200
Battery	3	37,554
Bike	393	-
Pharmaceutical products	9,840	9,840
	106,046	214,594

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. 6.22 million (2020: Rs. 21.34 million). It also includes finished goods in transit amounting to Rs. 120.60 (2020: Rs. Nil).

	Note	2021	2020
		(Rupees in thousand)	
15 TRADE DEBTS			
Foreign debtors			
- secured - considered good		39,188	71,347
- unsecured - considered good		72,642	54,601
		111,830	125,948
Local debtors			
- unsecured - considered good	15.1	846,411	752,698
		958,241	878,646
Considered doubtful		62,891	70,514
		1,021,132	949,160
Less: Impairment allowance	15.2	(62,891)	(70,514)
		958,241	878,646
Less: Disposal group held for sale	19.2	19,474	-
		938,767	878,646

15.1 It includes receivable from following related parties:

	Note	2021	2020
Liaqat National Hospital		-	16,149
Loads Limited	15.1.2	24	24
Hi-Tech Alloy Wheels Limited		-	14,841
Elite brands limited	15.1.3	39,579	18,829
		39,603	49,843

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. 0.023 million (2020: Rs 0.023 million).

15.1.3 This represents receivable in the normal course of business and is due by less than 30 days. The balance is neither past due nor impaired. Maximum amount outstanding at any time during the year, with respect to month end balances, was Rs. 39.6 million.

15.2 The movement in allowance for impairment is as follows:

	2021	2020
Balance as at 01 July	70,514	35,781
Expected credit loss for the year	31,143	41,582
Reversal of expected credit loss for the year	(20,091)	-
Written off against impairment allowance	(18,675)	(6,849)
Balance as at 30 June	62,891	70,514

	Note	2021	2020
		(Rupees in thousand)	
16 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Listed equity securities	16.1	70,613	244,678
Investment at amortized cost			
Term deposit receipts	16.2	330,000	-
		400,613	244,678
Less: Disposal group held for sale	19.2	1,664	-
		398,949	244,678

16.1 Detail of investments in listed equity securities is stated below:

	2021						
	Shares	Cost	Market value	Opening unrealized gain / (loss)	Realized gain on disposal during the year	Unrealized gain / (loss) during the year	Closing unrealized gain / (loss)
	Number	--------(Rupees in thousand)--------					
Sector /Companies							
a) Banks							
Silk Bank Limited	16,925,000	28,470	34,019	(232,997)	218,744	19,802	5,549
b) Textile							
Sunrays Textiles Mills Limited	27,026	2,458	8,378	1,674	4,902	(657)	5,919
Maqbool Textiles Mills Limited	894,500	27,554	28,177	10,007	-	(9,383)	623
c) Mutual Funds							
JS investments	-	-	-	344	(344)	-	-
d) Miscellaneous							
IGI Holdings Limited	203	31.000	39.000	6	-	2	8
Transmission Engineering Limited	133,000	-	-	-	-	-	-
	17,979,729	58,513	70,613	(220,966)	223,990	9,764	12,100

	2020						
	Shares	Cost	Market value	Opening unrealized gain / (loss)	Realized gain on disposal during the yea	Unrealized gain / (loss) during the year	Closing unrealized gain / (loss)
	Number	--------(Rupees in thousand)--------					
Sector /Companies							
a) Banks							
Silk Bank Limited	231,789,500	427,700	194,703	(150,123)	(5,061)	(77,814)	(232,997)
b) Textile							
Sunrays Textiles Mills Limited	27,263	7,440	9,114	(1,305)	-	2,979	1,674
Maqbool Textiles Mills Limited	894,500	27,554	37,561	8,897	-	1,110	10,007
Shahtaj Textile Limited	-	-	-	28,598	(28,598)	-	-
c) Mutual Funds							
JS investments	30,462	2,919	3,263	(145)	274	215	344
d) Miscellaneous							
IGI Holdings Limited	203	31	37	-	-	6	6
Transmission Engineering Limited	133,000	-	-	-	-	-	-
	232,874,928	465,644	244,678	(114,078)	(33,385)	(73,504)	(220,966)

16.2 This represents term deposit of Rs. 270 million and Rs. 60 million (2020: nil) having maturity of one month starting from 21 June 2021 and 30 June 2021 and carries mark-up at the rate of 3.65% and 6.75% per annum respectively.

		Note	2021	2020
			(Rupees in thousand)	
17	LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
	Current portion of loan to employees - secured, considered good	11	12,727	5,694
	Advances to employees - secured, considered good	17.1	41,228	14,607
	Advances to suppliers - unsecured, considered good	17.2	303,668	267,286
	Margin deposits - Letter of credits		4,542	3,926
	Security deposits		-	9,171
	Prepayments	17.3	1,273	6,518
	Advances to related parties / employee retirement funds - unsecured considered good			
	- Loads Limited		13,259	13,469
	- Global Assets (Private) Limited		59	-
	- Hi-Tech Alloy Wheels Limited		7,004	-
	- Employees Housing Fund		34,448	12,546
		17.4	54,770	26,015
	Due from Global Arts Limited, a former subsidiary company	17.5	11,571	-
	Balance with statutory authorities			
	- Export rebate		153,730	58,447
	- Collector of customs - custom duty		7,418	24,822
	- Advance income tax		1,155,087	582,884
	- Sales tax		28,308	724,476
			1,344,543	1,390,629
	Receivable from broker against sale of investments		19,883	-
	Insurance claim receivable		6,000	-
	Other receivables		23,861	24,883
			1,824,066	1,748,729
	Less: Disposal group held for sale	19.2	22,580	-
			1,801,486	1,748,729

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. 1.79 million (2020: Rs. 4.38 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. 1.23 million (2020: Rs. 5.25 million).

17.4 These represent amounts receivable from related parties against reimbursement of expenses and purchase of goods or services under normal business trade as per the agreed terms and are interest free. Maximum outstanding balance due from related parties at any time during the year, with reference to month end balances is as follows:

	Note	2021	2020
		(Rupees in thousand)	
- Loads Limited		13,259	5,949
- Global Assets (Private) Limited		59	-
- Hi-Tech Alloy Wheels Limited		7,004	6,497

17.5 This amount is receivable on account of payments made on behalf of Global Arts Limited, former subsidiary and advances given to meet working capital requirements. This carries markup at an effective rate ranging from 7.56% to 8.57% during the year which is equal to weighted average borrowing cost of the Group. Balance at the year end also includes mark-up accrued on the principal amount.

18 CASH AND BANK BALANCES

	Note	2021	2020
Cash in hand		40,293	124,017
Cash at bank - local currency			
Current accounts	18.1	485,711	153,969
Saving accounts	18.2	333,357	198,951
		819,068	352,920
- Temporary Overdraft	18.3	(40,660)	-
		818,701	476,937
Less: Disposal group held for sale	19.2	2,013	-
		816,688	476,937

18.1 These include bank accounts of Rs. 4.6 million (2020: Rs. 61.13 million) maintained under Shariah compliant arrangements.

18.2 These carry mark-up at the rates ranging from 3.42% to 11.46% per annum (2020: 3.38% to 11.46% per annum).

These include bank accounts of Rs. 152.59 million (2020: Rs. 62.98 million) maintained under Shariah compliant arrangements, which carries profit rate ranging from 3.72% to 5.70% per annum (2020: 4.0% to 10.0% per annum).

18.3 Overdrawn balance represent cheques issued but not yet presented for payment at the year end.

19 NON-CURRENT ASSETS HELD FOR SALE

	Note	2021	2020
Piece of land classified as held for sale	19.1	380,275	-
Disposal group classified as held for sale	19.2	157,109	-
Investment in Global Arts Limited	44	-	2,020,906
		537,384	2,020,906

19.1 During the year, the Board of Directors of the Modaraba in their meeting held on May 31, 2021 decided to sell a piece of land measuring 18 kanals and 11 marlas situated at Mauza Bhoo Battian, Tehsil Raiwind, District Lahore. Accordingly a sale deed between the Modaraba and Buyer "Chimera Education Pvt. Limited" was duly executed against the sale consideration of Rs. 600 million. Accordingly, the same has been classified as non-current asset held for sale.

19.2 During the year, Board of Directors of the Group, through resolution by circulation dated 9 April 2021, approved the disposal of modaraba certificates of First Treet Manufacturing Modaraba (Subsidiary), to the extent of 20 million modaraba certificates, in open market. Accordingly, management has classified 20 million modaraba certificates of Subsidary as disposal group held for sale in accordance with the requirement of "IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations". Out of 20 million modaraba certificates, the Group has sold 581,000 certificates till 30 June 2021 and remaining 19.419 million certificates have been classified as disposal group held for sale.

Assets and liabilities of disposal group held for sale

As at 30 June 2021, 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:

	Note	2021	2020
		(Rupees in thousand)	
Non Current Assets			
Property, plant and equipment	6	238,593	-
Long term deposits	12	1,247	-
Right of use assets		1,737	-
		241,577	-
Current Assets			
Stores and spares	13	2,412	-
Stock in trade	14	31,525	-
Trade debts		19,474	-
Short term investments	16	1,664	-
Loans, advances, deposits, prepayments and other receivables		2,418	-
Tax refunds due from the Government		20,162	-
Cash and bank balances	18	2,013	-
Assets held for sale		79,668	-
Current Liabilities			
Short term borrowings	21	113,324	-
Retention money payable	22	359	-
Trade and other payables	22	33,958	-
Unclaimed dividend		1	-
Accrued mark-up		1,710	-
Current portion of liability against right of use asset	20	399	-
Provision for taxation		2,557	-
Liabilities held for sale		152,308	-
Non Current Liabilities			
Deferred taxation	29	11,595	
Liability against right of use asset	30	1,113	
		12,708	
Net Assets		157,109	-

	Note	2021	2020
		(Rupees in thousand)	

20 CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2021	2020
Current portion of long term finances	27	136,151	20,600
Current portion of deferred government grant		6,843	3,022
Retention money		-	14,562
Current portion of lease liability against right of use assets	30	20,706	15,980
		163,700	54,164
Less: Disposal group held for sale	19.2	399	-
		163,301	54,164

21 SHORT TERM BORROWINGS

	Note	2021	2020
Short term running finance - secured		7,353,402	10,606,477
Short term advance - secured		1,445,558	1,147,292
Export refinance - secured		1,556,186	1,141,240
Interest free, unsecured		50,000	139,245
		10,405,146	13,034,254
Less: Disposal group held for sale	19.2	113,324	-
		10,291,822	13,034,254

21.1 Particulars of borrowings

	Note	2021	2020
Interest / markup based financing	21.2	4,923,196	6,595,871
Islamic mode of financing			
- Holding Company	21.3	1,346,937	1,983,580
- Subsidiary Company	21.4&21.5	4,085,013	4,315,558
Loan from Chief Executive		-	139,245
Loan from director of subsidiary	21.6	50,000	-
		10,405,146	13,034,254

21.2 This represents running finance facility / export refinance and other funded facilities availed from various commercial banks to meet working capital requirements of the Holding Company. Running finance facilites carry markup at an effective markup rate ranging from 7.55% to 10.58% (2020:7.99% to 15.95%) per annum payable quarterly in arrears. 'The Holding Company has un-availed running finance facility aggregating to Rs.1,428.19 million (2020: Rs. 158 million) at year end.

Export refinance facilities carry markup at an effective markup rate ranging from 2.5% to 13.34% (2020: 2.35% to 15.95%) per annum payable quarterly in arrears. 'The Holding Company has un-availed export refinance and other facilities aggregating to Rs.395.60 million (2020: Rs. 171 million) at year end and has unavailed facilities for letters of credit and guarantee aggregating to Rs. 2,398.9 million (2020: Rs.5,154 million) at the year end.

21.3 Musharka running finance and other facilities availed under shariah compliant mode from various Islamic banks to meet working capital requirements of the Holding Company. These carry profit at an effective profit rate ranging from 7.38% to 14.35% (2020:7.99% to 15.95%) per annum payable quarterly in arrears or on maturity. The Holding Company has un-availed facility aggregating to Rs.942.06 million (2020: Rs. 5.00 million) at year end.

The facilities mentioned in 21.2 to 21.3 above are secured by first joint pari passu charge / hypothecation charge / ranking charge over present and future current assets of the Holding Company, lien marked over import documents and title of ownership of goods imported under letters of credit.

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

- Istisna and Musharaka finance facilities obtained from various financial institutions under shariah arrangements for manufacturing of corrugated boxes, soaps and batteries out of the total sanctioned limits of Rs. 4,157.5 million (2020: Rs. 4,587.5 million).

- 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. NIL. million (2020: Rs. 300 million).

21.4.1 The subsidiary company has unavailed credit facilities of Rs. 172.49 million at the terminal date. In addition to this, total sanctioned limit of letters of guarantee from Faysal Bank Limited in the sum of Rs. 50 million (2020: Rs. 60 million) is also available with the subsidiary company at the terminal date.

All the short term borrowings from the various financial institutions / banking companies as disclosed in notes 21.4 carry profit rates ranging from 8.04% to 16.01% (2020: 9.72% to 16.40%) per annum, payable quarterly. Further these are secured against ownership of goods and 1st Joint Pari Passu charge over all present and future current assets and plant & machinery of the subsidiary company amounting to Rs. 6,703 million (including 25% safety margin).

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

Running finance facility is available from MCB Bank Limited under mark-up arrangements amounting to Rs.100 million (2020: Rs. 100 million). The facility carries mark-up at an effective markup rate ranging from 8.33% to 8.52% (2020: 8.44% to 13.84%) per annum payable quarterly in arrears payable quarterly and is secured by 1st JPP of overall present and future current assets of the company.

21.6 This represents interest free loan obtained from director of Renacon Pharma Limited (Subsidiary Company) to meet the working capital requirements of subsidiary company.

	Note	2021	2020
		(Rupees in thousand)	
22 TRADE AND OTHER PAYABLES			
Trade creditors			
- Related parties	22.1	1,311	27,326
- Others		1,148,790	432,761
		1,150,101	460,087
Other creditors			
- Related parties	22.2	52	2,243
- Others		-	179,593
		52	181,836
Accrued liabilities		793,326	173,443
Contract liabilities	22.3	192,545	172,297
Employees deposits		76,193	78,257
Withholding sales tax payable		2,750	4,830
Withholding income tax payable		40,071	5,510
Advance against sales of land		60,000	-
Provision for warranty		160,532	110,184
Retention money payable		12,953	-
Workers' profit participation fund	22.4	129,877	20,539
Workers' welfare fund	22.5	67,796	1,528
Security deposits		-	52
Sales tax payable		361	8,873
Other payables		56,325	72,350
Payable to employee retirement benefit funds:			
- Service fund		6,197	4,094
- Superannuation fund - II		-	368
- Employees provident fund		16,517	9,882
		22,714	14,344
		2,765,597	1,304,130
Less: Disposal group held for sale	19.2	34,317	-
		2,731,280	1,304,130

22.1 This represents unsecured balances due to:

	2021	2020
Elite Brands Limited	1,063	26,879
Cutting Edge (Private) Limited	215	447
Gulab Devi Chest Hospital	33	-
	1,311	27,326

These are interest free in the normal course of business.

		Note	2021	2020
			(Rupees in thousand)	
22.2	This represents unsecured balances due to:			
	IGI General Insurance Limited		52	2,243

22.3 This represents advance received from customers for future sale of goods. During the year, the Group has recognized revenue amounting to Rs. 154.97 million, out of the contract liability as at 30 June 2021.

		Note	2021	2020
22.4	Workers' profit participation fund			
	Balance as at 01 July		20,539	14,773
	Interest on funds unutilized	41	789	523
	Liability reinstated as the cheque was time barred		-	3,895
	Charge for the year	41	108,549	1,348
			109,338	5,766
	Payments during the year		-	-
	Balance as at 30 June		129,877	20,539
22.5	Workers' welfare fund			
	Balance as at 01 July		1,528	1,295
	Charge for the year	41	71,143	1,528
	Paid during the year		(4,875)	(1,295)
	Balance as at 30 June		67,796	1,528

23 ACCRUED MARK-UP

	Note	2021	2020
Accrued markup / return on:			
Long term borrowings		1,284	-
Short term borrowings		225,622	489,995
		226,906	489,995
Less: Disposal group held for sale	19.2	1,711	-
		225,195	489,995

24 LONG TERM DEPOSITS

These represent interest free deposits received from freight forwarding agencies and other contractors which have been kept in a separate bank account in terms of section 217 of the Companies Act 2017.

		Note	2021	2020
			(Rupees in thousand)	
25	DEFERRED LIABILITIES - EMPLOYEE RETIREMENT BENEFITS			
	Gratuity fund		449,008	372,053
	Superannuation fund		433,973	341,986
		25.1	882,981	714,039

		Note	Gratuity 2021	Gratuity 2020	Superannuation 2021	Superannuation 2020
			(Rupees in thousand)		(Rupees in thousand)	
25.1	Net retirement benefit obligation					
	Amounts recognized in the balance sheet are as follows:					
	Present value of defined benefit obligation	25.3	588,195	461,091	550,087	430,040
	Fair value of plan assets	25.4	(139,187)	(89,038)	(116,114)	(88,054)
	Net retirement benefit obligation	25.2	449,008	372,053	433,973	341,986
25.2	Movement in net obligation					
	Net liability as at 01 July		372,053	233,944	341,986	247,564
	Charge to statement of profit or loss		75,482	72,649	55,987	61,118
	Re-measurements chargeable in other comprehensive income		61,380	45,017	73,761	71,419
	Contribution made by the Company		(59,907)	20,443	(37,761)	(38,115)
	Net liability as at 30 June		449,008	372,053	433,973	341,986
25.3	Movement in the liability for funded defined benefit obligations					
	Liability for defined benefit obligations as at 01 July		461,091	415,192	430,040	389,555
	Benefits paid by the plan		(40,378)	(49,557)	(21,679)	(38,115)
	Current service costs		46,502	39,247	28,552	29,702
	Interest cost		37,378	54,242	35,603	51,650
	Benefits due but not paid (payables)		(2,308)	(19,529)	(679)	(16,082)
			502,285	439,595	471,837	416,710
	Re-measurements on obligation:					
	Actuarial losses on present value					
	-Changes in demographic assumptions		-	-	-	-
	-Changes in financial assumptions		634	(1,889)	627	(1,860)
	-Experience adjustments		85,276	23,385	77,623	15,190
			85,910	21,496	78,250	13,330
	Present value of defined benefit obligations as at 30 June		588,195	461,091	550,087	430,040

	Note	Gratuity 2021	Gratuity 2020	Superannuation 2021	Superannuation 2020
		(Rupees in thousand)		(Rupees in thousand)	
25.4 Movement in fair value of plan assets					
Fair value of plan assets as at 01 July		89,038	181,248	88,054	141,991
Contributions into the plan		59,907	(20,443)	37,761	38,115
Benefits paid by the plan		(40,378)	(49,557)	(21,679)	(38,115)
Interest income on plan assets		8,398	20,840	8,168	20,234
Benefits due but not paid		(2,308)	(19,529)	(679)	(16,082)
Return on plan assets excluding interest income		24,530	(23,521)	4,489	(58,089)
Fair value of plan assets as at 30 June		139,187	89,038	116,114	88,054
25.5 Plan assets					
Plan assets comprise:					
Listed securities		36,740	55,946	19,709	47,496
Unlisted securities		5,521	7,022	13,323	18,598
Deposits with banks		30,547	3,655	46,224	4,074
Investment in mutual funds		5,423	5,155	-	-
Government securities		36,000	36,000	33,000	33,000
Others		27,264	789	4,537	968
Less: Payables		(2,308)	(19,529)	(679)	(16,082)
		139,187	89,038	116,114	88,054

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 or loss includes the following in respect of retirement benefits:

	Note	Gratuity 2021	Gratuity 2020	Superannuation 2021	Superannuation 2020
		(Rupees in thousand)		(Rupees in thousand)	
Interest cost		37,378	54,242	35,603	51,650
Current service cost		46,502	39,247	28,552	29,702
Interest income on plan assets		(8,398)	(20,840)	(8,168)	(20,234)
Total, included in salaries and wages		75,482	72,649	55,987	61,118
25.7 Actual return on plan assets		32,928	(2,681)	12,657	(37,855)
25.8 Actuarial losses recognized directly in other comprehensive income					
Cumulative amount at 01 July		(244,103)	(199,086)	(284,565)	(213,146)
Losses recognized during the year		(61,380)	(45,017)	(73,761)	(71,419)
Cumulative amount at 30 June		(305,483)	(244,103)	(358,326)	(284,565)

		2021	2020	2019	2018	2017
		-------------------(Rupees in thousand)-------------------				
25.9	Historical Information for Gratuity fund					
	Present value of defined benefit obligation	588,195	461,091	415,192	349,276	262,883
	Fair value of the plan assets	(139,187)	(89,038)	(181,248)	(188,507)	(147,466)
	Deficit	449,008	372,053	233,944	160,769	115,417
	Experience adjustments arising on plan liabilities	85,276	23,385	25,052	28,136	30,656
	Experience adjustments arising on plan assets	24,530	(23,521)	(24,225)	(12,807)	(6,585)

The Group expects to pay Rs. 109 million in contributions to gratuity fund during the year ending 30 June 2022.

		2021	2020	2019	2018	2017
		-------------------(Rupees in thousand)-------------------				
25.10	Historical Information for Superannuation fund					
	Present value of defined benefit obligation	550,087	430,040	389,555	330,390	296,556
	Fair value of plan assets	(116,114)	(88,054)	(141,991)	(165,461)	(167,440)
	Deficit	433,973	341,986	247,564	164,929	129,116
	Experience adjustments arising on plan liabilities	77,623	15,190	19,497	19,074	46,670
	Experience adjustments arising on plan assets	4,489	(58,089)	38,363	(13,425)	6,624

The Group expects to pay Rs. 92 million in contributions to superannuation fund during the year ending 30 June 2022.

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

	2021		2020	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation fund per annum
Discount rate used for profit or loss charge	8,50%	8.50%	14.25%	14.25%
Discount rate used for year-end obligation	10.00%	10.00%	8.50%	8.50%
Expected rates of salary increase	9.00%	9.00%	7.50%	7.50%
Expected rates of return on plan assets	10.00%	10.00%	11.50%	8.50%

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 superannuation plans.

26 EMPLOYEE STOCK OPTION SCHEME

The Group has granted share options to its employees under 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 Group 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 Group (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 Group (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 Group'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 2021 is as follows:

	Granted during the year ended 30 June 2021	Granted during the year ended 30 June 2020 (* Modified October 2020)	Granted during the year ended 30 June 2019 (Modified October 2019)	Granted during the year ended 30 June 2018 (Modified October 2018)	Granted during the year ended 30 June 2017	Granted during the year ended 30 June 2016 (Modified October 2016)
	---------------	---------------	-------	(in thousand)	---------------	---------------
Original grant date	5-Oct-20	17-Jul-19	30-Jul-18	14-Jul-17	16-Jul-16	14-Jul-15
Modified grant date	N/A	31-Oct-20	28-Oct-19	26-Oct-18	N/A	31-Oct-16
Options issued	5,084	4,962	4,769	4,259	4,114	1,605
Options vested	N/A	4,474	4,769	4,259	4,114	1,412
Options exercised	N/A	4,020	2,018	2,439	533	1,412
Shares issued under the scheme	N/A	4,020	2,018	2,439	533	1,412
Original exercise price per share	24.34	15.71	35.44	66.45	51.79	90.58
Market value per share at grant date	20.45	12.81	35.60	51.53	51.63	77.09
Option discount per share at grant date	NIL	NIL	0.16	NIL	NIL	NIL
Modified exercise price per share	N/A	16.09	15.71	20.00	N/A	51.79
Market value per share at modification date	N/A	27.66	15.06	25.36	N/A	47.08
Options issued to key management personnel	1,401	782	2,416	2,003	3,224	1,367
Options exercised by key management personnel	N/A	782	561	1,334	426	1,367
Options expired during the year ended 30 June 2021	-	488	2,751	N/A	N/A	N/A
Options outstanding as at 30 June 2021	4,781	454	N/A	N/A	N/A	N/A
Shares exercisable as at 30 June 2021	-	454	N/A	N/A	N/A	N/A

*The shareholders of the Group in their Annual General Meeting held on 31 October 2020 through a special resolution approved re-pricing of 4,962,000 options already granted and pending for exercise under the Group's Employees Stock Option Scheme, from initial price of Rs. 15.71 per share to the revised price of Rs. 16.09 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. 16.09 per share was determined by the Board of Directors in their meeting held on 5 October 2020. The initial exercise price of Rs. 15.71 per share was wrongly calculated and the same was approved at the Annual General Meeting of the Company, dated October 28, 2019.

The shareholders of the Group in their Annual General Meeting held on 31 October 2020 through a special resolution approved the grant of 1,168,900 options to 92 employees of subsidiary companies at an 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 Share) Regulation, 2020", which was also approved by the Company's Board of Directors in their meeting held on 5 October 2020. During the year, the Company also issued 3,195,500 options to its 194 employees at the same option price of Rs. 24.34 per share. The vesting period of these outstanding options will end on 06 October 2021 and exercise period will end on October 6, 2022. Further, outstanding share options with respect to options issued during the year ended 30 June 2020 will stand expired on 16 July 2021.

During the year, 983,000 options were exercised from options granted during the year ended 30 June 2019 and 4,020,000 options from options granted during the year ended 30 June 2020 and market price of shares at exercise dates was Rs. 20.38 per share and Rs. 31.49 per share respectively.

		Note	2021	2020
			(Rupees in thousand)	
27	**Long term finances - secured**			
	Holding Company:			
	Meezan Bank Limited - Diminishing Musharika	27.1	87,303	87,303
	Habib Bank Limited - Term Finance Loan	27.2	163,493	58,344
	Subsidiary Company:			
	Bank Islami Limited - Terf Facility	27.3	91,515	-
			342,311	145,647
	Less: Current portion of long term finances	20	(136,151)	(20,600)
			206,160	125,047

27.1 This represents diminishing Musharika facility amounting to Rs. 87.3 million (2020: 87.3 million), obtained from Meezan Bank Limited during last year. The tenor of the facility is 4 years inclusive of 1-year grace period. The facility is secured by way of 1st Joint Pari Passu charge over all present and future Plant and machinery of the Holding Company. The loan is repayable in twelve quarterly equal installments (after grace period of 1 Year) amounting to Rs. 7.20 million, commencing from 11 September 2021. The facility carries markup at an effective markup rate ranging from 9.26% to 10.14% (2020: 10.14%) per annum, payable quarterly in arrears.

27.2 This represents long term loan facility obtained from Habib Bank Limited with sanctioned limit of Rs. 257.60 million. The Holding Company obtained this term loan / SBP COVID-19 relief facility under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan in order to prevent entities from laying-off employees during COVID-19 outbreak. The Holding Company obtained Rs. 227.78 million, for paying salaries for the months from April 2020 to June 2020. The facility carries mark-up at the rate of 2% per annum (2020: 2% per annum), payable quarterly in arears. The loan is secured against first Joint Pari Passu hypothecation charge amounting to Rs. 343.47 million on all present and future plant and machinery of the Holding Company. The loan is repayable in eight equal quarterly installments of Rs. 28.47 million started from 01 January 2021.

The loan has been measured at its fair value in accordance with IFRS 9 (Financial Instruments) using market rates at SBP approval dates of each tranche. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

27.3 This represents temporary economic refinance facilitiy of Rs. 300 million, obtained from Bank Islami Limited for tenor of 7 years with 2 years grace period of principal repayment which is secured by way of ranking hypothecation charge of Rs. 400 million (2020: Nil) on the entire present and future fixed assets of a Subsidiary Company. Rate of markup on the loan is SBP Rate (i.e. 1%) + 4% per annum. Tenor of loan is 7 years (including grace period of 2 years) which will be repayable in equal quarterly installments (after grace period of 2 years) of Rs. 15.00 Million each commencing from September 11, 2023. The facility available under the above arrangement amounted to Rs. 300 million out of which the amount remained unutilized at June 30, 2021 was Rs. 208.49 Million (2020: Nil).

27.4 Renacon Private Limited (a subsidiary company) entered into an agreement with KARANDAZ, a company incorporated and licensed under section 42 of repealed Companies Ordinance, 1984, now Companies Act 2017 having registered office located at Plot 1-E Ali Plaza Jinnah Avenue Islamabad Pakistan, for financing of Rs. 505 million @ KIBOR plus 0.25% per annum, through Bank Alfalah Limited for the Renacon Private Limited Project at Faisalabad. The loan agreement has been signed, however, once the conditions precedent of loan are met, the loan proceed will be disbursed to Renacon Private Limited.

		Note	2021	2020
			(Rupees in thousand)	
28	Government grant			
	Balance as at 01 July		4,648	-
	Recognized during the year	27.2	16,250	4,647
	Amortization during the year		(13,551)	
	Balance as at 30 June		7,347	4,647
	Current portion		(6,843)	(3,022)
			504	1,625
				(Restated)
29	DEFERRED TAXATION	29.1	(654,408)	41,817

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

	Note	2021	2020
Taxable temporary differences on:			
- Accelerated tax depreciation		(723,117)	(829,537)
- Surplus on revaluation of depreciable assets		(672,816)	(53,013)
- Group share of profits and revaluation surplus of associates		(72,071)	(42,634)
- Right of use asset		(4,694)	(22,695)
		(1,472,698)	(947,879)
Deductible temporary differences on:			
- Employee retirement benefits		123,684	87,587
- Provision for doubtful debts		18,024	20,074
- Provision for slow moving/obsolete stores		1,678	1,584
- Provision for warranty		46,405	31,609
- Capital loss on short term investments		-	9,640
- Minimum tax		104,962	111,565
- Unused tax losses	29.1.1	2,090,485	1,543,182
- Liability against right of use asset		20,755	20,222
- Provision for WPPF		20,089	-
		2,426,082	1,825,463
- Deferred tax asset not recognized in the profit and loss account of subidiaries		(1,618,507)	(835,767)
		(665,124)	41,817
Less: Disposal group held for sale	19.2	10,716	-
		(654,408)	41,817

29.1.1 This represents deferred tax asset on unused tax losses amounting to Rs. 7,208.56 million (2020: Rs. 5,321.32 million). This includes business loss accounting to Rs. 5,213.32 million (2020: Rs. 4,336.86 million) which can be carried forward for six preceding tax years, from the tax year to which it relates, as per requirements of Income Tax Ordinance, 2001. This also includes depreciation loss of Rs. 1,995.24 million (2020: Rs. 984.45 million) which is available for infinite period.

	2021	2020
	(Rupees in thousand)	
		(Restated)
29.1.2 Movement in deferred tax liability is as follows:		
Balance as at 01 July	41,817	40,024
Recognized in statement of profit or loss:		
- Accelerated tax depreciation	128,616	(1,394)
- Provision for slow moving/obsolete stores	94	-
- Right of use asset	(6,734)	-
- Surplus on revaluation of buildings	2,682	1,779
- Reversal of capital loss on short term investments	(9,640)	3,580
- Share of loss of associate	480	-
- Provision for warranties	14,796	-
- Provision for WPPF	20,089	-
- Unused tax losses	(143,465)	(24,515)
- Provision for doubtful debts	(2,050)	5
- Liability against right of use asset	533	-
- Related deferred tax asset related to revauation surplus arisen during the year	2,750	-
- Minimum tax	(98,576)	-
	(90,425)	(20,545)
Recognized in other comprehensive income / equity:		
- Re-measurement of employee retirement benefits recognized	36,097	22,338
- Share of other comprehensive income of associate	(29,918)	-
- Surplus arisen during the year on revaluation of property, plant and equipment	(611,445)	-
	(605,266)	22,338
Effect of change in tax rate on account of surplus on revaluation of depreciable assets	(11,250)	-
Balance as at 30 June	(665,124)	41,817

29.1.3 Till last year, excess of minimum tax paid under section 113 of Income Tax Ordinance 2001 over normal tax liability, was included in advance tax classified under current assets. During the year, pursuant to the opinion of Accounting Standard Board of the Institute of Chartered Accountants of Pakistan (ICAP), the Group has restated the comparative figures by reclassifying excess of minimum tax paid over normal tax liability, relating to previous years, from advance tax included in loans, advances, deposits, prepayments and other receivables, to deferred tax asset as at 30 June 2019.

The same has no impact on the statement of profit or loss and earning per share of the Company already reported for previous years, however, the impact on statements of financial position of comparative periods is as follows:

	As at 30 June 2020		
	As perviously reported	Impact of restatement	Restated
		(Rupees in thousand)	
Statement of financial position:			
<u>Non-current liabilities</u>			
Deferred taxation	(64,516)	64,516	-
<u>Non-current assets</u>			
Deferred taxation	-	41,817	41,817
<u>Current assets</u>			
Loans, advances, deposits, prepayments and other receivables	1,855,062	(106,333)	1,748,729

	As at 30 June 2019		
	As perviously reported	Impact of restatement	"Restated "
		(Rupees in thousand)	
Statement of financial position:			
<u>Non-current liabilities</u>			
Deferred taxation	(66,309)	66,309	-
<u>Non-current assets</u>			
Deferred taxation	-	40,024	40,024
<u>Current assets</u>			
Loans, advances, deposits, prepayments and other receivables	2,573,504	(106,333)	2,467,171

	Note	2021	2020
		(Rupees in thousand)	
30 Lease liability against right of use assets		60,628	54,511
Liability against right of use asset		81,334	70,491
Current portion of liability against right of use asset		(20,706)	(15,980)
		60,628	54,511
Less: Disposal group held for sale	19.2	1,113	-
		59,515	54,511

	Note	2021	2020
		(Rupees in thousand)	
Maturity analysis of liability against right of use asset is as follows:			
Less than one year		28,823	19,648
One to five years		97,832	94,744
More than five years		-	-
Total undiscounted liability against right of use asset as at 30 June		126,655	114,392
Impact of discounting on liability against right of use asset		(45,321)	(43,901)
		81,334	70,491

Movement of liability against right of use liability is as follows:		
Opening balance	70,491	-
Liability against right of use asset recognised during the year	31,818	82,974
Interest on unwinding of liability against right of use assets	6,515	1,179
Payments during the year	(27,490)	(13,662)
Closing balance	81,334	70,491

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

Contingencies - The Holding Company

- During previous years, the Additional Commissioner of Income Large Taxpayer Unit (LTU) passed an order u/s 12(9A) of Income Tax Ordinance for the assessment year 2000-01, creating an income tax demand of Rs. 12.79 million along with an additional tax of Rs. 2.01 million. The department adjusted the said demand against the income tax refunds of the Holding company for the tax year 2006.

  The Holding company through it tax advisor, filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication at the year end. The management and the tax advisor of the Holding company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to the tax year 2004, the Additional Commissioner Inland Revenue (ACIR) passed an order under section 122(5A) of the Income Tax Ordinance, 2001 and created an income tax demand of Rs 6.56 million with respect to issue of proration of profits between local and export sales.

  The Holding company filed an appeal before CIR (Appeals) which was decided against the Holding company. Being aggrieved, the Holding company preferred an appeal dated 26 May 2014 before ATIR which is pending adjudication at the year end.

  In the meanwhile, the Holding company filed a rectification application for not giving credit of tax paid, with income tax return, amounting to Rs 3.94 million, while computing the total tax demand of Rs. 6.56 million. The assessing officer accepted the Holding company's contention and reduced the tax demand from 6.56 million. to Rs. 2.62 million vide order dated 30 June 2015.

  The management and the tax advisor of the Holding company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) passed an order dated 28 February 2019, u/s 122(5A) of Income Tax Ordinance 2001 and created a tax demand of Rs. 10.06 million. The Holding company paid Rs 1 million (10% of demand), under protest, and recorded the same in advance tax. The Holding company preferred an appeal before the CIR (Appeals-1) which was decided in favor of the Holding company for majority of the matters.

Being aggrieved, the tax department filed an appeal, dated 22 January 2020, before ATIR which is pending adjudication at the year end. The management and the tax advisor of the Holding company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During the previous years, with respect to the tax year 2009, Additional Commissioner Inland Revenue (ACIR) vide order dated 30-06-2015, u/s 122(5A) of Income Tax Ordinance 2001, created an income tax demand of Rs. 15.7 million, where ACIR disallowed addition u/s 111(1)(a) amounting Rs. 20.15 million, adjustment of minimum tax u/s 113 amounting Rs. 3.77 million and allocation of expenses to dividend income.

  Being aggrieved the Holding company filed an appeal before CIR Appeals (CIR-A) which was decided in favor of the Holding company and case was remanded back to the assessing officer. Being aggrieved, during 2018, the department filed an appeal before ATIR with respect to disallowance of additions u/s 111(1)(a) amounting Rs. 20,159,000 which is pending adjudication at the year end.

  ACIR vide order dated 29 June 2019, u/s 124/129 of Income Tax Ordinance 2001, disallowed minimum tax amounting to Rs 3.77 million. Being aggrieved, the Holding company preferred an appeal before CIR (Appeals), dated 14 October 2019, which is decided in favor of the Holding company during the year, vide order no. 45, dated 30 November 2020.

  The management and the tax advisor of the Holding company are confident of favorable outcome of the appeal filed by tax department against ATIR; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to the tax year 2017, Additional Commissioner Inland Revenue (ACIR), passed an order dated 30 November 2018, u/s 122(5A) of Income Tax Ordinance 2001, and created an income tax demand of Rs. 11.48 million. The Holding company filed an appeal before Commissioner Inland Revenue (Appeals) which was decided in favor of the Holding company for majority of the matters and case was remanded back to assessing officer. The tax department filed an appeal before ATIR against the order of CIR(A). The Holding company also preferred an appeal before ATIR on account of difference issues such as proration of profit between local and export sale, disallowance u/s 65B, dividend income allocation etc. Both the counter appeals are pending adjudication at the year end. The management and the tax advisor of the Holding company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to the tax period from July 2013 to June 2018, Assistant Commissioner Inland Revenue, vide order dated 23 May 2019, created a sales tax demand of Rs. 138.04 million on the contention that the Holding company has claimed illegal/ inadmissible input sales tax adjustment. Being aggrieved, the Holding company filed an appeal before Commissioner Inland Revenue (Appeals) which was decided in favor of the Holding company. The department filed an appeal, dated 9 January 2020, before ATIR which is pending adjudication at the year end. The management and the tax advisor of the Holding company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, the Deputy Commissioner Inland Revenue (DCIR) passed an order u/s 161/205 and created an income tax demand of Rs. 0.57 million, for tax year 2011. Against the said order, the Holding company filed an appeal before the CIR (Appeals) and got a relief of Rs. 0.21 million. The Holding company has filed a second appeal before the ATIR, with respect to remaining amount of Rs. 0.36 million which is pending adjudication at the year end. The management and the tax advisor of the Holding company are confident that the case will be decided in favor of the Holding company, therefore, no provision has been recorded in these consolidated financial statements.

- During the year, with respect to the tax year 2015, ACIR passed an order dated 21 April 2021 and created an income tax demand of Rs. 25.35 million. The Holding company has paid Rs 2.53 million (10% of demand), under protest, and recorded the same in advance tax. Being aggrieved the Holding company has preferred an appeal before CIR(A) which is pending adjudication at the year end. The management and the tax advisor of the Holding company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During the year, with respect to the tax period from July 2016 to June 2018, Additional Commissioner-III, Punjab Revenue Authority, Lahore, vide order dated 18 December 2020, created a Punjab sales tax demand of Rs. 175.15 million along with default surcharge and penalty of Rs. 141.82 million, on the contention that the Holding company has received services taxable services but failed to withhold and deposit the due tax as per provisions of the Punjab Sales Tax on Services (Withholding) Rules, 2015.

  Being aggrieved, the Holding company has filed an appeal, dated 22 February 2021, before Commissioner (Appeals), Punjab Revenue Authority, Lahore which has been heard on 02 June 2021 and 01 July 2021 and decision is awaited. The management and the tax advisor of the Holding company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, Assistant Commissioner Inland Revenue (ACIR) passed an order u/s 161/205 and created a tax demand of Rs. 2.18 million. The Holding company deposited the said amount, under protest, to government exchequer and recorded the same in advance tax. The Holding company filed an appeal before the CIR (Appeals) against the order of ACIR on 28 May 2019 which is pending adjudication at the year end.

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 Modaraba'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

- During previous years, with respect to tax year 2012, the Additional Commissioner Inland Revenue (ACIR) passed an order u/s 122(5A) on different issues i.e. allocation of expenses between normal income and presumptive income, u/s 29, bad debts, exchange loss, payment of WWF & dividend income and created an income tax demand of Rs. 1.29 million. Being aggrieved, the subsidiary company filed an appeal, dated 09 August 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore which is pending adjudication at the year end. The management and the tax advisor of the Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to tax year 2013, the Additional Commissioner Inland Revenue (ACIR), passed an order u/s 122(5A) on different issues i.e. u/s 29, bad debts, capital gains on securities, exchange loss & sale / transfer of stock and created an income tax demand of Rs. 17.28 million. Being aggrieved, the subsidiary company filed an appeal, dated 9 August 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore which is pending adjudication at the year end. The management and the tax advisor of the subsidiary company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to sales tax return of May 2014, the Deputy Commissioner Inland Revenue, Audit-03, Zone1, Large Tax Payer Unit, Lahore issued an order to recover Rs. 12.50 million on alleged adjustment of inadmissible sales tax. The subsidiary company filed an appeal, dated 26 June 2015, before CIR (Appeals-1), Lahore which is pending adjudication at the year end. The management and the tax advisor of the subsidiary company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to the tax period from July 2010 to June 2011, a sale tax demand of Rs. 161.52 million was created by DCIR, Audit-03, Zone-1, L TU, Lahore after conducting audit u/s 72B of the Sales Tax Act, 1990. The subsidiary company filed an 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 was deleted.

  The Company filed a second appeal dated 19 May 2014 before the ATIR on the issues remanded back by CIR(A). The Department also filed an appeal before the ATIR, Lahore dated 12 May 2014 against the order of CIR (Appeals), Lahore. Both these appeals are pending adjudication at the year end. The management and the tax advisor of the subsidiary company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to the tax year 2011, the Additional Commissioner Inland Revenue (ACIR) passed an order dated 25-05-2013 u/s 122(5A) on different issues such as proration of expenses, dividend income, advertisement expenses etc., and created an income tax demand amounting to Rs. 43.26 million. Subsequently, amended order was passed by Commissioner where the Company filed rectification via letter dated 07 June 2013 on the instances of adjustment of business losses, lesser amount of tax credit allowed & adjustment of minimum tax and the demand was reduced to Rs. 26.60 million.

- The Company filed an appeal before Commissioner Inland Revenue (Appeals) which was decided in favor of the subsidiary company and entire tax demand of Rs. 26.6 million was deleted. Being aggrieved, the tax department filed an appeal before ATIR against the decision of CIR Appeals-1, which is pending adjudication at the year end. The management and the tax advisor of the subsidiary company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to 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 an income tax demand of Rs. 1.098 million. Being aggrieved, the subsidiary company filed an appeal, dated 28 June 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore which is pending adjudication at the year end. The subsidiary company has already paid the demand raised under protest to government exchequer and recorded the same in advance income tax. The management and the tax advisor of the subsidiary company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to 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 an income tax demand of Rs. 1.126 million. Being aggrieved, the subsidiary company filed an appeal, dated 05 December 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore which is pending adjudication at the year end.

- The subsidiary company has already paid the demand raised under protest to government exchequer and recorded the same in advance income tax. The management and the tax advisor of the subsidiary company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

- During previous years, with respect to 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 an income tax demand of Rs. 1.350 million. Being aggrieved, the subsidiary company filed an appeal, dated 01 February 2019, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore which is pending adjudication at the year end. The subsidiary company has already paid the demand raised under protest to government exchequer and recorded the same in advance income tax. The management and the tax advisor of the subsidiary company are confident of favorable outcome of the case; therefore, no provision has been recorded in these consolidated financial statements.

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 2021 amounted to Rs. 868.63 million (2020: Rs. 105.50 million).

- Outstanding capital commitments as at 30 June 2021 amounted to Rs. Nil (2020: Rs. 27.05 million).

- Guarantees given by banks on behalf of the Holding Company in favour of Sui Northern Gas Pipeline Limited and Government Institutions, as at 30 June 2021, amounts to Rs. 290.615 million (2020: Rs. 20.615 million).

- Guarantees given by the Holding Company to various financial institutions on behalf of First Treet Manufacturing Modaraba and Renacon Pharma Limited as at 30 June 2021 amounts to Rs. 2,758 million (2020: Rs. 2,758 million) and Rs. 444 million (2020: Rs. 100 million) respectively. These guarantees carry commission at the rate of 0.02% (2020: 0.02%) per annum, payable annually in arears.

32 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2021	2020	2021	2020
	(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	22,006,165	220,061	220,061
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	10,614,551	5,611,551	106,146	56,116
	174,834,322	169,831,322	1,748,343	1,698,313

		Note	2021	2020
			(Rupees in thousand)	

32.1 Reconciliation of number of shares

	Note	2021	2020
At 01 July		1,698,313	1,654,508
Issued on conversion of PTCs		-	33,458
Issued against employee share option scheme	32.2	50,030	10,347
At 30 June		1,748,343	1,698,313

32.2 During the year, the Holding Company issued 5 million (2020: 1.03 million) fully paid ordinary shares to eligible employees, under the terms of the scheme as disclosed in note 26 to these consolidated financial statements. Out of the total 5 million ordinary shares 0.98 million shares have been issued at the exercise price of Rs. 15.71 and 4.02 million shares have been issued at the exercise price of Rs. 16.09 per share, resulting in premium of Rs. 5.71 per share and Rs. 6.09 per share, respectively.

33 RESERVES

	Note	2021	2020
Capital reserves	33.1	5,573,544	5,350,925
General reserves		266,400	267,134
		5,839,944	5,618,059

33.1 Capital reserves

	Note	2021	2020
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Capital reserve of associate		212,184	20,394
Share premium	33.1.1	4,848,790	4,817,961
Statutory reserves	33.1.2	511,941	511,941
		5,573,544	5,350,925

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. 5.71 per share and Rs. 6.09 per share in respect of transactions referred in note 30.2 to these consolidated financial statements.

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	2021	2020
			(Rupees in thousand)	
				Restated
34	**Surplus on revaluation of property, plant and equipment - net of tax**			
	Surplus attributed to:			
	Property, plant and equipment		6,797,407	4,952,159
	Surplus on revaluation of property, plant and equipment as at 01 July		5,005,172	4,747,729
	Surplus arising during the year		3,180,505	279,105
	Surplus transferred to equity on account of incremental depreciation charged during the year - net of deferred tax	34.1	(14,343)	(20,547)
	- Related deferred tax liability		(2,892)	(1,115)
	Realized on disposal of subsidary		(683,584)	-
	Realized on disposal of assets during the year		(14,635)	-
			2,465,051	257,443
	Revaluation surplus as at 30 June		7,470,223	5,005,172
	Related deferred tax liability:			
	- On revaluation as at 01 July		(53,013)	(54,128)
	- on surplus arisen during the year		(611,445)	-
	- on account of incremental depreciation charged during the year		2,892	1,115
	- tax rate adjustment		(11,250)	-
			(672,816)	(53,013)
	Surplus on revaluation of property, plant and equipment as at 30 June	34.4	6,797,407	4,952,159

		2021	2020
34.1	Charge of incremental depreciation for the year net of tax attributable to:		
	Owners of the Group	(14,286)	(20,488)
	Non-controlling interests	(57)	(59)
		(14,343)	(20,547)
34.2	Realized on disposal of assets during the year		
	Owners of the Group	(8,175)	-
	Non-controlling interests	(6,460)	-
		(14,635)	-
34.3	Surplus on revaluation of property, plant and equipment - net of tax:		
	Owners of the Group	2,552,381	272,036
	Non-controlling interests	16,679	7,069
		2,569,060	279,105
34.4	Balance as at 30 June attributable to:		
	Owners of the Group	6,775,227	4,915,793
	Non-controlling interests	22,180	36,366
		6,797,407	4,952,159

34.5 Land, buildings and plant and machinery have been revalued on 30 June 2021 by M/s Medallion (Pvt) Limited, an independent valuer not connected with the Group and approved by Pakistan Banks' Association (PBA) resulting in a surplus of Rs. 2,305.34 million on plant and machinery and increase in surplus of land and building, amounting to Rs. 647.88 million and Rs. 227.27 million respectively. The basis of revaluation for items of these operating fixed assets were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land and neighbouring properties, which were recently sold or purchased to determine a reasonable selling/buying price.

Buildings

Fair market value of buildings was assessed according to the observations made by valuer on the basis of existing outlook, appearance, face value, individual merits, class and type of construction, quality and standard of material used for construction and by applying suitable price adjustments.

Plant and machinery

Suppliers and different machinery consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable items of plant and machinery to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance.

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 2021 Amount in Rupees	First Treet Manufacturing Modaraba	Renacon Pharma Limited	Total
NCI percentage	0.82%	44.14%	
Non current assets	8,708,165	664,252	
Current assets	3,291,655	515,128	
Non-current liabilities	426,404	141,515	
Current liabilities	6,660,016	430,722	
Net assets	4,913,400	607,143	
Carrying amount of NCI	40,280	267,990	308,270
Revenue - net	6,094,863	544,969	
(Loss) / profit after taxation	(617,470)	9,718	
Other comprehensive income	(1,017,754)	18,880	
Total comprehensive income	(1,635,224)	28,598	
Total comprehensive (loss) / income allocated to NCI	(6,690)	12,624	
Total comprehensive loss till acquisition of further equity interest in subsidiaries during the year		(447)	5,486
Net cash flows used in operating activities	(506,446)	(215,732)	
Net cash flows (used in) / generated from investing activities	(12,626)	83,734	
Net cash flows generated from financing activities	454,677	91,515	
Net (decrease) / increase in cash and cash equivalents	(64,395)	(40,483)	

30 June 2020 (Restated) 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	7,179,478	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	(2,348,718)	534,321	579,643	1,994,302	85,295	(3,784)	1,075	
Carrying amount of NCI	(62,611)	237,259	2,072	50,512	307	(14)	4	227,529
Revenue - net	4,477,787	522,386	108,641	-	27,000	-	-	
(Loss) / profit after taxation	(2,984,792)	3,491	(56,600)	(387,630)	18,424	(82)	72	
Other comprehensive income	-	-	-	279,105	-	-	-	
Total comprehensive income / (loss)	(2,984,792)	3,491	(56,600)	(108,525)	18,424	(82)	72	
Total comprehensive income / (loss) allocated to NCI	(79,569)	1,550	(202)	(2,749)	66	-	-	(80,904)
Net cash flows (used in) / generated from operating activities	(849,553)	308,973	12,618	5,233	22,957	92	(11)	
Net cash flows (used in) / generated from investing activities	(227,312)	(30,246)	389	(5,430)	-	-	109	
Net cash flows generated from financing activities	1,192,167	-	-	-	-	-	-	
Net increase / (decrease) in cash and cash equivalents	115,302	278,727	13,007	(197)	22,957	92	98	

	Note	2021	2020
		(Rupees in thousand)	
36 REVENUE - NET			
Blades and trading income	36.1	7,573,543	6,040,105
Soaps	36.2	745,362	770,174
Corrugated boxes	36.3	1,740,331	1,488,268
Bikes	36.4	30,198	104,216
Battery	36.5	3,561,713	2,186,429
Hemodialysis concentrates (Pharmaceutical products)	36.6	543,592	522,386
Services of THRM	36.7	-	-
		14,194,739	11,111,578

36.1 Blades and trading income

Blades and razors

	2021	2020
Export sales	2,529,456	2,058,400
Less: Trade discount	(16,012)	(15,908)
	2,513,444	2,042,492
Local sales	6,026,833	4,735,262
Less: Sales tax	(930,875)	(735,760)
Trade discount	(93,546)	(116,177)
	5,002,412	3,883,325
Trading income		
Sale of batteries - gross	4,961	2,058
Less: Sales tax	(307)	(299)
Trade discount	-	(264)
	4,654	1,495
Trading income		
Sale of Chemical - gross	62,386	133,144
Less: Sales tax	(9,295)	(19,527)
Trade discount	(58)	(824)
	53,033	112,793
	7,573,543	6,040,105

36.2 Soaps

	2021	2020
Local Sales	903,350	927,475
Less: Sales tax	(156,625)	(156,625)
Trade discount	(1,363)	(676)
	(157,988)	(157,301)
	745,362	770,174

TREET CORPORATION LIMITED

		2021	2020
		(Rupees in thousand)	
36.3	Corrugated boxes		
	Local Sales	2,014,977	1,731,771
	Less: Sales tax	(272,857)	(242,328)
	Trade discount	(1,789)	(1,175)
		(274,646)	(243,503)
		1,740,331	1,488,268
36.4	Bikes		
	Local Sales	35,459	123,640
	Less: Sales tax	(5,158)	(18,862)
	Trade discount	(103)	(562)
		(5,261)	(19,424)
		30,198	104,216
36.5	Battery		
	Local sales	5,078,280	3,067,822
	Export sales	19,741	50,489
	Less: Sales tax	(718,113)	(427,405)
	Trade discount	(818,195)	(504,477)
		(1,536,308)	(931,882)
		3,561,713	2,186,429
36.6	Hemodialysis concentrates (Pharmaceutical products)		
	Export sales	55,169	25,384
	Local sales	493,103	498,666
	Less: Trade discount	(4,680)	(1,664)
		488,423	497,002
		543,592	522,386
36.7	Services of THRM		
	Local sales	4,321	-
	Less: Sales tax	(4,321)	-
		-	-

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	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
			----------Rupees in thousands----------													
Primary Geo-graphical Markets																
Asia	7,431,693	5,861,981	745,362	770,174	1,740,331	1,488,268	30,198	104,216	3,561,713	2,181,047	543,592	517,848	-	-	14,052,889	10,923,534
Africa	69,064	52,069	-	-	-	-	-	-	-	-	-	4,538	-	-	69,064	56,607
Europe	41,522	46,801	-	-	-	-	-	-	-	-	-	-	-	-	41,522	46,801
US	31,264	79,254	-	-	-	-	-	-	-	5,382	-	-	-	-	31,264	84,636
	7,573,543	6,040,105	745,362	770,174	1,740,331	1,488,268	30,198	104,216	3,561,713	2,186,429	543,592	522,386	-	-	14,194,739	11,111,578
Major Products / Service Lines																
Blades and trading operations	7,573,543	6,040,105	-	-	-	-	-	-	-	-	-	-	-	-	7,573,543	6,040,105
Soap	-	-	745,362	770,174	-	-	-	-	-	-	-	-	-	-	745,362	770,174
Corrugated boxes	-	-	-	-	1,740,331	1,488,268	-	-	-	-	-	-	-	-	1,740,331	1,488,268
Bikes	-	-	-	-	-	-	30,198	104,216	-	-	-	-	-	-	30,198	104,216
Battery	-	-	-	-	-	-	-	-	3,561,713	2,186,429	-	-	-	-	3,561,713	2,186,429
Hemodialysis concentrates	-	-	-	-	-	-	-	-	-	-	543,592	522,386	-	-	543,592	522,386
Human resource services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	7,573,543	6,040,105	745,362	770,174	1,740,331	1,488,268	30,198	104,216	3,561,713	2,186,429	543,592	522,386	-	-	14,194,739	11,111,578
Timing of revenue recognition																
Products transferred at a point in time	7,573,543	6,040,105	745,362	770,174	1,740,331	1,488,268	30,198	104,216	3,561,713	2,186,429	543,592	522,386	-	-	14,194,739	11,111,578
Services provided over the time	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	7,573,543	6,040,105	745,362	770,174	1,740,331	1,488,268	30,198	104,216	3,561,713	2,186,429	543,592	522,386	-	-	14,194,739	11,111,578

		Note	2021	2020
			(Rupees in thousand)	
37	COST OF REVENUE			
	Blades and trading operations	37.1	4,984,869	4,042,489
	Soaps	37.2	719,444	695,618
	Corrugated boxes	37.3	1,758,130	1,545,599
	Bikes	37.4	40,939	118,387
	Battery	37.5	3,696,638	2,964,897
	Hemodialysis concentrates (Pharmaceutical products)	37.6	447,788	434,996
			11,647,808	9,801,986

		Note	2021	2020
37.1	Blades and trading operations			
	Raw and packing material consumed		2,982,379	2,196,185
	Stores and spares consumed		140,820	56,021
	Salaries, wages and other benefits	37.1.1	1,507,737	934,841
	Fuel and power		373,429	311,395
	Freight, octroi and handling		102,149	134,647
	Repair and maintenance		21,056	21,984
	Rent, rates and taxes		5,763	4,890
	Insurance		30,541	45,891
	Travelling and conveyance		8,049	10,604
	Printing and stationery		6,893	15,548
	Postage and telephone		5,724	4,948
	Depreciation on property, plant and equipment	6.1.3	223,746	218,306
	Others		15,872	16,708
			5,424,158	3,971,968
	Opening stock of work in process	14	74,338	51,552
	Closing stock of work in process		(212,652)	(74,338)
	Cost of goods manufactured		5,285,844	3,949,182
	Opening stock of finished goods		145,359	179,675
	Finished goods purchased for resale - batteries and chemicals	14	19,551	58,991
	Closing stock of finished goods		(465,885)	(145,359)
			4,984,869	4,042,489

37.1.1 Salaries, wages and other benefits include Rs. 129.51 million (2020: Rs. 133.15 million) in respect of defined benefit and contributions schemes.

		Note	2021	2020
			(Rupees in thousand)	
37.2	Soaps			
	Raw and packing material consumed		630,103	573,220
	Stores and spares consumed		4,229	1,791
	Salaries, wages and other benefits	37.2.1	43,947	46,166
	Fuel and power		11,243	10,393
	Freight and forwarding		12,608	13,584
	Travelling and conveyance		488	446
	Repair and maintenance		515	816
	Insurance		715	740
	Depreciation on property, plant and equipment	6.1.3	3,225	3,752
	Depreciation on right of use assets	7.1	10,534	10,534
	Manufacturing charges		4,374	4,915
			721,981	666,357
	Opening stock of work-in-process	14	223	-
	Closing stock of work-in-process		-	(223)
	Cost of goods manufactured		722,204	666,134
	Opening stock of finished goods	14	23,613	53,097
	Closing stock of finished goods		(26,373)	(23,613)
			719,444	695,618

37.2.1 Salaries, wages and other benefits include Rs. 1.35 million (2020: Rs. 1.35 million) in respect of defined benefit and contributions schemes.

		Note	2021	2020
37.3	Corrugated boxes			
	Raw and packing material consumed		1,299,032	1,134,183
	Stores and spares consumed		60,170	36,493
	Salaries, wages and other benefits	37.3.1	149,514	176,550
	Fuel and power		85,957	68,323
	Freight and forwarding		71,766	69,654
	Repair and maintenance		31,258	9,022
	Rent rates and taxes		725	-
	Insurance		2,860	5,454
	Travelling and conveyance		2,803	2,670
	Depreciation on property, plant and equipment	6.1.3	27,907	23,731
	Other expenses		7,889	5,263
			1,739,881	1,531,343
	Opening stock of work in process		10,596	6,319
	Closing stock of work in process	14	(7,629)	(10,596)
	Cost of goods manufactured		1,742,848	1,527,066
	Opening stock of finished goods		23,615	42,148
	Closing stock of finished goods	14	(8,333)	(23,615)
			1,758,130	1,545,599

37.3.1 Salaries, wages and other benefits include Rs. 5.86 million (2020: Rs. 5.86 million) in respect of defined benefit and contributions schemes.

		Note	2021	2020
			(Rupees in thousand)	
37.4	Bikes			
	Raw and packing material consumed		25,060	93,922
	Carriage inward		95	137
	Salaries, wages and other benefits	37.4.1	11,058	14,815
	Repair and maintenance		116	143
	Printing and stationery		101	295
	Freight and Handling		1,058	2,284
	Travelling and conveyance		20	44
	Depreciation on property, plant and equipment	6.1.3	1,256	1,924
	Other expenses		261	1,094
			39,025	114,658
	Opening stock of finished goods	14	3,341	7,070
	Closing stock of finished goods		(1,427)	(3,341)
			40,939	118,387

37.4.1 Salaries, wages and other benefits include Rs. 0.80 million (2020: Rs. 0.833 million) in respect of defined benefit and contributions schemes.

		Note	2021	2020
37.5	Battery			
	Raw material and packing material consumed		2,520,776	1,619,679
	Stores and spares consumed		37,532	9,478
	Salaries, wages and other benefits	37.5.1	294,544	368,233
	Fuel and power		255,524	255,178
	Freight and forwarding		66,029	53,809
	Repair and maintenance		21,011	26,683
	Rent, Rates and taxes		1,238	1,106
	Insurance		20,478	28,286
	Traveling and conveyance		10,327	17,131
	Depreciation on property, plant and equipment	6.1.3	356,818	390,396
	Other manufacturing expenses		20,408	23,386
			3,604,685	2,793,365
	Elimination of trial production cost		-	-
			3,604,685	2,793,365
	Opening stock of work in process	14	418,361	587,427
	Closing stock of work in process		(348,360)	(418,361)
	Cost of goods manufactured		3,674,686	2,962,431
	Opening stock of finished goods	14	98,509	100,975
	Closing stock of finished goods		(76,557)	(98,509)
			3,696,638	2,964,897

37.5.1 Salaries, wages and other benefits include Rs.2.98 million (2020: Rs. 2.98 million) in respect of defined benefit and contributions schemes.

	Note	2021	2020
		(Rupees in thousand)	
37.6 Hemodialysis concentrates (Pharmaceutical products)			
Raw and packing material consumed	37.6.1	362,068	335,229
Salaries wages and other benefits	37.6.2	57,881	49,016
Repair and maintenance		6,074	4,572
Fuel and power		5,135	4,874
Rent, Rates and taxes		1,767	280
Printing and stationery		670	925
Postage and telephone		1,493	1,618
Legal and professional		-	29
Entertainment		73	90
Travelling		1,537	2,065
Insurance		1,655	2,030
Depreciation on property, plant and equipment	6.1.3	4,175	7,796
Other manufacturing expenses		34,106	34,593
		476,634	443,117
Opening stock of work in process	14	924	675
Closing stock of work in process		(2,815)	(924)
Cost of goods manufactured		474,743	442,868
Opening stock of finished goods	14	15,759	7,887
Closing stock of finished goods		(42,714)	(15,759)
		447,788	434,996

37.6.1 These includes imported items amounting to Rs. 170.769 million (2020: Rs. 225.52 million).

37.6.2 Salaries, wages and other benefits include Rs. 3.72 million (2020: Rs. 3.31 million) in respect of defined benefit and contributions schemes.

38 ADMINISTRATIVE EXPENSES

	Note	2021	2020
Salaries, wages and other benefits	38.1	492,755	215,344
Repairs and maintenance		3,851	2,148
Rent, rates and taxes		991	795
Traveling and conveyance		13,937	18,526
Entertainment		2,064	1,011
Postage and telephone		2,153	1,643
Printing and stationery		14,004	1,851
Legal and professional charges	38.2	120,455	75,126
Donations	38.3&38.4	40,290	25,499
Computer expenses		17,220	8,909
Directors' fee		2,148	1,020
Subscription		994	371
Depreciation on property, plant and equipment	6.1.3	31,884	41,161
Amortization on intangible asset		14,554	8,948
Other expenses		11,965	4,749
		769,265	407,101

38.1 Salaries and other benefits include Rs. 28.49 million (2020: Rs. 31.34 million) in respect of defined benefit and contributions schemes.

	Note	2021	2020
		(Rupees in thousand)	
38.2 Legal and professional charges include the following in respect of auditors' remuneration:			
Audit fees of Holding Company		2,675	2,432
Audit fees of Subsidiary Companies		1,881	1,931
Half yearly reviews		830	712
Out of pocket expenses		738	533
Other services		16,524	3,371
		22,648	8,979

38.3 During the year, donations have been given to the followings:

Gulab Devi Chest Hospital (GDCH)	758	171
Lahore Polo Club	500	-
Lahore Race Club	200	-
Institute for Arts & Culture	38,832	25,228
Liaqat National Hospital	-	100
	40,290	25,499

38.4 Other than disclosed below, none of the Directors of the Company or their spouse has any interest in donees.

Gulab Devi Chest Hospital (GDCH)	758	171
Society for Cultural Education	38,832	25,228
	39,590	25,399

39 DISTRIBUTION COST

	Note	2021	2020
Salaries, wages and other benefits	39.1	626,987	443,616
Repair and maintenance		7,269	4,813
Electricity and gas		892	626
Advertisement		258,890	295,730
Rent, rates and taxes		46,123	44,257
Traveling and conveyance		8,882	71,932
Printing and stationery		734	518
Postage and telephone		6,895	8,308
Depreciation on property, plant and equipment	6.1.3	21,907	18,826
Depreciation on right of use assets	7.1	12,791	5,118
Warranty claims and provisions		289,846	278,794
Legal and professional charges		637	477
Other expenses		63,341	53,811
		1,345,194	1,226,826

39.1 Salaries and other benefits include Rs. 28.10 million (2020: Rs. 28.02 million) in respect of defined benefit and contribution schemes.

	Note	2021	2020
		(Rupees in thousand)	

40 FINANCE COST

Mark-up on:			
Markup on short term borrowings		996,751	1,699,331
Markup on long term borrowings		12,893	-
Unwinding of lease liability against right of use assets		6,515	1,179
Exchange loss		2,230	-
Bank charges		36,853	31,050
		1,055,242	1,731,560

41 OTHER OPERATING EXPENSES

	Note	2021	2020
Realized exchange loss	41.1	23,130	15,806
Workers' Profit Participation Fund	22.4	108,549	1,348
Impairment of other receivables		7,520	-
Interest on Workers' Profit Participation Fund	22.4	789	523
Workers' Welfare Fund	22.5	71,143	1,528
Assets written off		30,305	-
Provision for obsolete and slow moving inventory		3,545	-
Unrealized loss on short term investments at fair value through profit or loss		-	73,504
Unrealized exchange loss		-	911
Provision for sales tax		5,187	-
Realized loss on disposal of short term investments at fair value through profit or loss		-	8,799
		250,168	102,419

41.1 This represents exchange loss - net of gain incurred on actual foreign currency conversion.

42 OTHER INCOME

Income from financial assets

	Note	2021	2020
Profit on bank deposits	42.1	18,094	15,660
Realized gain on short term investments at fair value through profit or loss		193,146	-
Unrealized gain on short term investments at fair value through profit or loss		9,764	-
Unrealized exchange gain		3,791	2,054
Markup income on advances to related parties	42.4	1,124	-
Dividend income	42.2	9,683	1,673
		235,602	19,387

Income from non-financial assets

	Note	2021	2020
Profit on disposal of property, plant and equipment	6.1.5	4,566	20,259
Scrap sale		37,363	22,806
Export rebate	42.3	200,359	36,929
Reversal of expected credit loss	15.2	20,091	-
Reversal of deficit on revaluation	42.5	915,965	-
Others		3,005	4,295
		1,181,349	84,290
		1,416,951	103,677

42.1 This includes income from savings accounts relating to deposits placed under shariah based arrangement amounting to Rs. 5.69 million (2020: Rs. 2.18 million). This also includes income from term deposit of Rs. 270 million which carries markup at the rate of 3.65 percent per annum as explained in note 16 of consolidated financial statements. This also includes profit amounting to Rs. 2.01 million (2020: Rs. 1.57 million) on deposit kept with Faysal bank in favor of FESCO.

	Note	2021	2020
		(Rupees in thousand)	
42.2 Dividend income is received from the following:			
Shahtaj Textile Limited		7,805	10
Sunrays Textile Mills Limited		545	1,499
Techlogix International Limited		-	164
Maqbool Textile Mills Limited		1,332	-
		9,682	1,673

42.3 Rebate income is net of commission paid to consultant of Rs 4.2 million (2020: Rs. 5.1 million).

42.4 Markup income from following related parties:

- Hi-Tech Alloy Wheels Limited		507	-
- Global Assets (Private) Limited		4	-
- Loads Limited		613	-
		1,124	-

42.5 Building of battery project of First Treet Manufacturing Modaraba Limited – Modaraba (Subsidiary Company) was revalued as at 30 June 2021 by M/s Medallion (Pvt) Limited, an independent valuer not connected with Modaraba and approved by Pakistan Banks' Association (PBA) which resulted in decrease in revaluation deficit of Rs. 915.96 million. Value of building of battery project of Modaraba was assessed according to the observations made by valuer on the basis of existing outlook, appearance, face value, individual merits, class and type of construction, quality and standard of material used for construction and by applying suitable price adjustments. Previously, deficit was identified on first valuation of building of battery project, refer note 6.3 to these consolidated financial statements for details.

43 TAXATION

	Note	2021	2020
Current			
- For the year		451,637	104,281
- For prior years		17,873	(15,051)
Deferred			
- For the year	29.1.2	90,425	20,545
		559,935	109,775
Associate	10.2.1	14,616	(8,864)
	43.1	574,551	100,911

		Note	2021	2020
			(Rupees in thousand)	
43.1	Tax charge reconciliation			(Restated)
	Numerical reconciliation between tax expense and accounting profit			
	Profit / (loss) before taxation		1,122,436	(2,555,424)
	Tax at 29% (2020: 29%)		325,506	(741,073)
	Tax effect of:			
	- Income under FTR		(75,205)	(2,903)
	- Impact of tax related to associate		11,428	(8,864)
	- Exempt income and others		34,509	(130,708)
	- Prior year tax		17,873	(15,051)
	- Minimum tax adjustment		81,999	6,793
	- Permanent difference - donations to unapproved institutions		11,684	4,937
	- Deferred tax asset not recognised-net		166,757	643,330
	- Not adjustable for tax purposes		-	344,450
			574,551	100,911

44 DISCONTINUED OPERATIONS

Board of Directors of Treet Corporation Limited (the Holding Company) in their meeting dated 26 February 2020 committed a plan to sell education project of the Group which constitutes Global Arts Limited (subsidiary company). Consequently, Global Arts Limited (subsidiary company) was classified as disposal group held for sale during the year ended 30 June 2020.

During the year, shareholders of the Treet Corporation Limited (the Holding Company), in their meeting dated 31 October 2020, also approved disinvestment of 100% equity interest in Global Arts Limited (subsidiary company). Consequently, the Holding Company entered into share purchase agreement, dated 31 May 2021, with Chimera Education (Private) Limited ("CEPL") for sale of 100% equity interest to CEPL at the transaction price of Rs. 2.7 Billion (Rs. 14.93 per share). Accordingly the Holding Company disposed off its 100% equity interest in Global Arts Limited (subsidiary company) on 30 June 2021 at Rs. 14.93 per share and recorded capital gain of Rs. 637.886 million net of commission amounting to Rs 81 million.

All intra-group transactions before the date of disposal are eliminated from the results of discountinued operations in these consolidated financial statements.

		2021	2020
44.1	Results of discontinued operations		
	Revenue	-	-
	Expenses - net	(39,242)	(370,934)
	Results from operating activities	(39,242)	(370,934)
	Income tax	-	444
	Results from operating activities, net of tax	(39,242)	(370,490)
	Gain on sale of discontinued operation	637,886	-
	Profit / (loss) after tax from discontinued operations	598,644	(370,490)
	Basic earnings / (loss) per share (Rupees)	3.47	(2.22)
	Diluted earnings / (loss) per share (Rupees)	3.45	(2.22)

		2021	2020
		(Rupees in thousand)	
44.2	Cash generated from / (used in) discontinued operation		
	Net cash (used in) / generated from operating activities	16,446	5,233
	Net cash generted from / (used in) investing activities	615,867	(5,431)
	Net cashflows for the year	632,313	(198)
44.3	Effect of disposal on the financial position of the Group		
	Non current - assets	(1,979,295)	-
	Current assets	(16,495)	-
	Non current - liabilities	-	-
	Current liabilities	14,676	-
	Net assets	(1,981,114)	-
	Consideration received, satisfied in cash - net of commission	2,619,000	-
	Gain on sale of discontinued operations	637,886	-
	Cash and cash equivalents disposed of	(5,499)	-
	Net cash inflows	632,387	-

45 LOSS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS

45.1 Basic earnings / (loss) per share

		2021	2020 (Restated)
i-Loss attributable to ordinary share holders:			
Loss for the year after taxation attributable to equity holders of the parent	Rupees in thousand	559,075	(2,574,988)
ii-Weighted-average number of ordinary shares:			
Weighted average number of shares	Number in thousand	172,313	166,533
Loss per share	Rupees	3.24	(15.46)

			2021	2020 (Restated)
45.2	Diluted earnings / (loss) per share			
	i-Profit attributable to ordinary share holders (Diluted):			
	Profit / (loss) for the year after taxation (diluted)	Rupees in thousand	559,075	(2,574,987)
	ii-Weighted-average number of ordinary shares (diluted):			
	Weighted average number of shares (basic)		172,313	166,533
	Effect of share options on issue		1,322	-
	Weighted-average number of ordinary shares (diluted)	Number in thousand	173,635	166,533
	Diluted earnings / (loss) per share	Rupees	3.22	(15.46)

46 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the consolidated financial statements with respect to 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	
	2021	2020	2021	2020	2021	2020	2021	2020
	---(Rupees in thousand)---							
Managerial remuneration	46,080	41,891	30,772	23,597	-	-	469,228	407,428
Provident fund	-	-	1,853	1,545	-	-	18,749	12,784
Service fund	-	-	1,853	1,545	-	-	16,691	11,813
Housing fund	-	-			-	-	-	8,212
Superannuation fund - II	-	-	-	-	-	-	-	2,703
Benevolent fund	-	-	-	-	-	-	-	2,449
Superannuation fund - I	-	-	11,333	10,446	-	-	49,227	40,949
Gratuity fund	-	-	9,641	8,530	-	-	42,585	34,706
Bonus	-	-	11,292	-	-	-	93,671	-
Incentives	-	-	2,291	-	-	-	101,682	
Utilities	5,862	-	2,811	1,545	-	-	-	13,946
Medical	1,500	4,189	-	1,545	-	-	2,989	29,991
Fees	-	-	70	-	2,068	1,020	-	-
	53,442	46,080	71,915	48,752	2,068	1,020	794,822	564,981
Number of persons	1	1	2	2	4	5	79	64

46.1 The chief executive officer, directors and executives are provided with free use of Group's maintained cars and telephone facility, according to their entitlement and are also granted 2.45 million (2020: 1.79 million) share options under the employees stock option scheme as explained in note 26.

47 NUMBER OF EMPLOYEES

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

	2021	2020
	(Number of persons)	
- As at 30 June	2,800	3,051
- Average number of employees	2,868	2,975

48 Transactions with related parties

The related parties include associated companies, directors of the Company, key management personnel, companies in which key management personnel / directors have control or joint control and post employment benefit plans. Balances with related parties are disclosed in respective notes to these consolidated financial statements. Transactions with employees benefit plans are disclosed in note 25 to these consolidated financial statements. Significant transactions with related parties other than disclosed elsewhere in financial statements are as follows:

I	Related Parties	Relationship	Nature of transactions	2021	2020
				(Rupees in thousand)	
	Packages Limited	Other related party	Purchase of goods by the Group	16,289	157,065
			Purchase of stores and spares	-	189
			Sale of goods by the Group	-	159
	Cutting Edge (Private) Limited	Other related party	Purchase of services by the Group	2,789	1,939
	Elite Brands Limited	Other related party	Purchase of services by the Group	14,393	-
			Sale of goods by the Group	890,980	448,164
			Discount on sales	31,335	20,934
			Security deposit received by the Group	-	10,000
	Roboart Private Limited	Other related party	Purchase of goods by the Group	166	-
	Auto Technical Services Private Limited	Other related party	Purchase of services by the Group	1,096	-
	Gulab Devi Chest Hospital	Other related party	Purchase of services	628	-
			Donation made by the Group	758	171
	Loads Limited	Associated Company (12.49% Equity held)	Expenses incurred on behalf of related party	6,697	498
			Interest charged by the Company	613	-
			Sale of batteries	205	144
	Hi - Tech Alloy Wheels Limited	Other related party	Interest charged by the Group	507	-
	Global Assets (Private) Limited	Associated Company	Interest charged by the Company	4	-
		(28.74% Equity held)	Expenses incurred on behalf of related party	55	-

Relationship with the group	Relationship	Nature of transactions	2021	2020
			(Rupees in thousand)	
IGI Life Insurance Limited	Other related party	Insurance premium charged to the Group	16,148	4,037
IGI General Insurance Limited	Other related party	Insurance premium charged to the Group	177,659	53,043
Multiple AutoParts Industries (Pvt) Limited	Other related party	Sale of batteries by the Group	12	42
Specialized AutoParts Industries (Pvt) Limited	Other related party	Sale of batteries by the Group	68	114
Employee benefits				
Provident fund	Other related party	Contribution paid during the year	47,542	40,027
Service fund	Other related party	Contribution paid during the year	22,929	18,669
Housing fund	Other related party	Contribution paid during the year	-	10,462
Housing fund	Other related party	Advance paid during the year	35,912	-
Benevolent fund	Other related party	Contribution paid during the year	-	2,532
Superannuation fund - II	Other related party	Contribution paid during the year	-	3,150
Key management personnel				
Key management personnel	Key management personnel	Salaries and other benefits	178,318	77,862

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The share options issued to key management personnel are disclosed in note 26 to these consolidated financial statements. The salaries and other benefits of directors are disclosed in note 46 to these consolidated financial statements. Other transactions with key management personnel are disclosed in respective notes in these consolidated financial statements. The Company considers all members of their management team, including Chief Executive Officer and Directors to be its key management personnel and these are disclosed below:

Name	Relationship	% of shareholding in the Company
Mr. Syed Shahid Ali	Director / Key management personnel	32%
Mr. Syed Sheharyar Ali	Director / Key management personnel	7.2%
Mr. Munir K. Bana	Director / Key management personnel	0.14%
Mr. M. Shafique Anjum	Director / Key management personnel	0.08%
Mr. Dr. Salman Faridi	Director / Key management personnel	0%
Ms. Sidra Sheikh	Director / Key management personnel	N/A
Mr. Imran Azim	Director / Key management personnel	N/A
Mrs. Zunaira Dar	Key management personnel	N/A
Mr. Muhammad Mohtashim Aftab	Key management personnel	N/A
Mr. Muhammad Zubair	Key management personnel	N/A
Mr. Nabeel Khalid Butt	Key management personnel	N/A
Mr. Rashid Ali Rizvi	Key management personnel	N/A
Mr. Arshad Latif	Key management personnel	N/A
Mr. Muhammad Javaid Aslam	Key management personnel	N/A
Mr. Akhlaq Ahmed	Key management personnel	N/A
Mr. Imran Khan	Key management personnel	N/A
Mr. Nasir Mahmood	Key management personnel	N/A
Mr. Hamad Mahmood	Key management personnel	N/A

49 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Risk management framework

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 risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the 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 Board of Directors reviews and agrees upon the policies for managing each of these risks.

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 ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

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

49.1 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

49.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the end of the reporting period was as follows:

	2021	2020
	(Rupees in thousand)	
Long term deposits	352,293	81,494
Long term loans and advances	5,108	1,028
Trade debts	958,241	878,646
Short term investments	330,000	-
Loans, advances, deposits, prepayments and other receivables	437,022	417,545
Bank balances	819,068	352,920
	2,901,732	1,731,633

49.1.2 Exposure to credit risk

The Group identifies concentrations of credit risk by reference to type of counter party. Maximum exposure to credit risk by type of counterparty is as follows:

	2021	2020
	(Rupees in thousand)	
Customers	958,241	878,646
Banking companies and financial institutions	1,419,068	352,920
Others	524,423	500,067
	2,901,732	1,731,633

49.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. All counterparties, with the exception of customers, employees, regulatory authorities and untility companies, have external credit ratings determined by various credit rating agencies. Credit quality of customers is assessed by reference to historical defaults rates and present ages.

49.1.3(a) Counterparties with external credit ratings

These mainly include customers which are counter parties to local and foreign trade debts. As explained in note 3.4, the Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery. On adoption of IFRS 9, management uses an allowance matrix to base the calculation of ECL of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'role rate' method based on the probability of receivable progressing through successive stages of delinquency to write-off. the Group has used four years quarterly data in the calculation of historical loss rates along with the matching quarterly ageing brackets for the computation of roll rates. These rates are multiplied by scalar factors to reflect the effect of forward looking macro economic factors. The analysis of ages of trade debts and loss allowance using the aforementioned approach as at 30 June 2021 was determined as follows:

	2021		2020	
	Gross carry-ing amount	Loss Allowance	Gross carry-ing amount	Loss Allowance
	------------------(Rupees in thousand)------------------			
Not past due	321,675	-	311,324	-
Less than 30 days	261,838	25,947	273,906	4,253
Past due 1 - 3 months	370,884	24,053	131,032	1,317
Above 3 months	66,735	12,891	232,898	64,944
	1,021,132	62,891	949,160	70,514

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the export customers are generally covered by letters of credit or other form of credit insurance.

49.1.3(b) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances, marging against letter of credit and term deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

	Rating		Rating	2021	2020
Banks	Short term	Long term	Agency	(Rupees in thousand)	
MCB Islamic Bank Limited	A1	A	JCR VIS	337,769	30,901
NIB Bank Limited	A1+	AAA	PACRA	-	-
Faysal Bank Limited	A1+	AA	PACRA	81,099	15,869
United Bank Limited	A1+	AAA	JCR VIS	230,700	28,573
Habib Bank Limited	A1+	AAA	PACRA	359,132	52,659
Askari Bank Limited	A1+	AA+	PACRA	42,634	289
National Bank of Pakistan	A1+	AAA	PACRA	78,871	40,918
Bank of Punjab	A1+	AA+	PACRA	551	6,679
MCB Bank Limited	A1+	AAA	JCR VIS	16,649	21,007
Silk Bank Limited	A1	AA	JCR VIS	1,845	1,769
Samba Bank Limited	A1	AA	JCR VIS	7	7
Bank Alfalah Limited	A1+	AA+	PACRA	4,873	10,046
Bank Islami Pakistan Limited	A1	A	PACRA	2,465	13,905
Soneri Bank Limited	A1+	AA-	PACRA	32,099	10,788
Sindh Bank Limited	A1	A+	JCR VIS	412	406
Dubai Islamic Bank Limited	A1+	AA	JCR VIS	121,123	25,140
Allied Bank Limited	A1+	AAA	PACRA	55,885	39,086
Albaraka Bank (Pakistan) Limited	A1	A	PACRA	1,753	1,448
JS Bank Limited	A1+	AA-	PACRA	25	25
Bank Al Habib Limited	A1+	AA+	PACRA	-	7,110
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	16,536	1,452
Meezan Bank Limited	A1+	AAA	JCR VIS	34,640	44,843
				1,419,068	352,920

49.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner unfavorable to the Group. Management closely monitors the Group's liquidity and cash flow position. This includes maintenance of liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. the Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities

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

	2021				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial liabilities at amortized cost					
Short term borrowings	10,405,146	10,405,146	10,405,146	-	-
Lease liability against right of use assets	81,334	126,655	28,823	97,832	-
Trade and other payables	2,035,471	2,035,471	2,035,471	-	-
Unclaimed dividend	13,261	13,261	13,261	-	-
Accrued mark-up	226,906	226,906	226,906	-	-
Long term deposits	3,465	3,465	-	3,465	-
Long term finances - secured	342,311	364,503	22,082	342,421	-
	13,107,894	13,175,407	12,731,689	443,718	-

	2020				
	Carrying Amount	Contractual cash flows	Less than one year	One to five years	More than five years
			(Rupees in thousand)		
Financial liabilities at amortized cost					
Short term borrowings	13,034,254	13,034,254	13,034,254	-	-
Lease liability against right of use assets	70,491	114,392	19,648	94,744	-
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	-
	14,666,980	14,715,528	14,482,898	232,630	-

49.3 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.

49.3.1 Currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows. The figures represent foreign currency balances after conversion in Pak Rupees using exchange rates prevailing at the consolidated statement of financial position date.

	2021 (Rupees in thousand)		2020 (Rupees in thousand)	
	USD	EUR	USD	EUR
Assets				
- Trade debts	111,830	-	125,948	-
Liabilities				
- Trade creditors and bills payable	(11,534)	-	-	-
Net Statement of financial position exposure	100,296	-	125,948	-
Off statement of financial position items				
- Outstanding letters of credit	595,033	273,597	101,633	3,867
Net exposure	(494,737)	(273,597)	24,315	(3,867)

Exchange rates applied during the year
The following significant exchange rate have been applied:

	Average rate		Reporting date rate	
	2021	2020	2021	2020
USD	163.28	166.28	158.50	168.05
EURO	187.81	187.80	187.00	188.61

Sensitivity analysis

A reasonably possible strengthening / (weakening) of 10% in Pak Rupee against the following currencies would have affected the measurement of financial instruments denominated in foreign currency and affected statement of profit or loss by the amounts shown below at the statement of financial position date . The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	2021 (Rupees in thousand)	2020
USD	10,030	12,595

49.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

49.3.2.1 Fixed rate financial instruments

The effective interest / mark-up rates for interest / mark-up bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest / mark-up bearing financial instruments as at the reporting date are as follows:

	Note	2021 Financial assets	2021 Financial liabilities	2020 Financial assets	2020 Financial liabilities
		--------------------(Rupees in thousand)--------------------			
Non-derivative financial instruments					
Long term deposit - Escrow account	12	270,000	-	-	-
Short term investment - Term deposit	16	330,000	-	-	-
		600,000	-	-	-

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the financial statements.

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 and loss account. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

49.3.2.2 Variable rate financial instruments

	Note	2021 Financial assets	2021 Financial liabilities	2020 Financial assets	2020 Financial liabilities
		--------------------(Rupees in thousand)--------------------			
Non-derivative financial instruments					
Long term finances - secured	27	-	-	-	-
Short term borrowings	21	-	10,405,146	-	13,034,254
Bank balances - saving accounts	18	333,357	-	198,951	-
Receivable from related parties and others	17	31,893	-	13,469	-
		365,250	10,405,146	212,420	13,034,254

The related mark-up / interest rates for fixed rate financial instruments are indicated in the related notes to the consolidated financial statements.

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have (decreased) / increased profit by amounts shown below. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant. This analysis is performed on the same basis for the year 2021.

	Profit / (Loss)	
	2021	2020
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(100,399)	(128,218)
Decrease of 100 basis points		
Variable rate instruments	100,399	128,218

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and the outstanding liabilities of the Company at the year end.

49.3.2.3 Interest rate risk management

The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing and loans and advances by the Company has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

49.3.3 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:

	2021	2020
	(Rupees in thousand)	
Effect on profit or loss	706	2,447
Effect on investments	706	2,447

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

49.4 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	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		------- Rupees in thousands -------								
30 June 2021										
Financial assets at fair value										
Long term investments		8,167	-	-	-	8,167	-	-	8,167	8,167
Short term investments		-	70,613	-	-	70,613	70,613	-	-	70,613
Long term deposit		-	270,000	-	-	270,000	-	270,000	-	270,000
		8,167	340,613	-	-	348,780	70,613	270,000	8,167	348,780
Financial assets at amortised cost										
Long term deposits		-	-	352,293	-	352,293	-	-	-	-
Long term loans and advances		-	-	437,022	-	437,022	-	-	-	-
Trade debts		-	-	958,241	-	958,241	-	-	-	-
Short term investments		-	-	330,000	-	330,000	-	-	-	-
Loans, advances, deposits, and other receivables		-	-	437,022	-	437,022	-	-	-	-
Bank balances		-	-	819,068	-	819,068	-	-	-	-
	49.4.1	-	-	3,333,646	-	3,333,646	-	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value										
Short term borrowings		-	-	-	10,405,146	10,405,146	-	-	-	-
Lease liability against right of use assets		-	-	-	81,334	81,334	-	-	-	-
Trade and other payables		-	-	-	2,035,471	2,035,471	-	-	-	-
Unclaimed dividend		-	-	-	13,261	13,262	-	-	-	-
Accrued mark-up		-	-	-	226,906	226,906	-	-	-	-
Long term deposits		-	-	-	3,465	3,464	-	-	-	-
Long term finances - secured		-	-	-	342,311	342,311	-	-	-	-
	49.4.1	-	-	-	13,107,894	13,107,894	-	-	-	-

	Note	Carrying amount					Fair value			
		Fair value through OCI	Fair value through profit/loss	Financial assets at amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		----- Rupees in thousands -----								
30 June 2020										
Financial assets at fair value										
Long term investments		8,167	-	-	-	8,167	-	-	8,167	8,167
Short term investments		-	244,678	-	-	244,678	244,678	-	-	244,678
		8,167	244,678	-	-	252,845	244,678	-	8,167	252,845
Financial assets at amortised cost										
Long term deposits		-	-	81,494	-	81,494	-	-	-	-
Long term loans and advances				1,028	-	1,028	-	-	-	-
Trade debts		-	-	878,646	-	878,646	-	-	-	-
Loans, advances, deposits, and other receivables		-	-	417,545	-	417,545	-	-	-	-
Bank balances		-	-	352,920	-	352,920	-	-	-	-
	49.4.1	-	-	1,731,633	-	1,731,633	-	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value										
Short term borrowings		-	-	-	13,034,254	13,034,254	-	-	-	-
Lease liability against right of use assets		-	-	-	70,491	70,491	-	-	-	-
Trade and other payables		-	-	-	902,112	902,112	-	-	-	-
Unclaimed dividend		-	-	-	13,267	13,267	-	-	-	-
Accrued mark-up					489,995	489,995	-	-	-	-
Long term deposits		-	-	-	11,214	11,214	-	-	-	-
Long term finances - secured		-	-	-	145,647	145,647	-	-	-	-
	49.4.1	-	-	-	14,666,980	14,666,980	-	-	-	-

49.4.1 The Group has not disclosed the fair values of these financial assets and liabilities as these are for short term or reprice over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

49.4.2 Freehold land, buildings and plant and machinery have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment as disclosed in note 32. The valuations were conducted by the valuation experts appointed by the Group. The valuation experts used a market based approach to arrive at the fair value of the Group's land and building. For revaluation of freehold land, fair market value was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land and neighbouring properties, which were recently sold or purchased, to determine a resonable selling/buying price. Incase of buildings, fair market value was assessed according to the observations made by valuer on the basis of existing outlook, appearance, face value, individual merits, class and type of construction, quality and standard of material used for construction and by applying suitable price adjustments. For revaluation of plant and machinery, suppliers and different machinery consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable items of plant and machinery to determine current replacement value. Fair depreciation factor for each item is applied according to their physical condition, usage and maintenance. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

49.5 Capital risk management

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:

	2021	2020
	(Rupees in thousand)	
Total debt	10,747,457	13,179,901
Total equity and debt	20,543,690	19,747,219
Debt to equity ratio	52%	67%

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	2021	2020
	(Rupees in thousand)	

50 OPERATING SEGMENTS

50.1 Geographical Information

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

	2021	2020
Pakistan	11,595,928	8,981,372
Saudi Arabia	448,423	431,374
United Arab Emirates	472,693	219,127
China	524,459	368,448
Bangladesh	164,484	100,716
Jordan	14,132	18,733
Singapore	209,472	193,876
Sri Lanka	95,689	65,628
Yemen	140,564	202,995
Brazil	-	50,219
Lebanon	118,485	164,384
Uzbekistan	103,833	20,948
Tajikistan	34,069	16,993
Other countries	272,509	276,766
	14,194,739	11,111,578

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 2021 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 paper and board.
(vi) Manufacture and sale of battery;
(vi) Manufacturing and sale of hemodialysis concentrates (pharmaceutical products).

50.3	Note	Blades and Razors 2021	Blades and Razors 2020	Battery 2021	Battery 2020	Soaps 2021	Soaps 2020	Corrugated boxes 2021	Corrugated boxes 2020	Bikes 2021	Bikes 2020	Pharmaceutical Products 2021	Pharmaceutical Products 2020	Others 2021	Others 2020	Total 2021	Total 2020
		---Rupees in thousand---															
Revenue																	
- external customers		8,556,289	6,926,806	5,098,021	3,120,369	903,350	927,475	2,014,977	1,731,771	35,459	123,640	548,272	524,050	67,347	-	17,223,715	13,354,111
		8,556,289	6,926,806	5,098,021	3,120,369	903,350	927,475	2,014,977	1,731,771	35,459	123,640	548,272	524,050	67,347	-	17,223,715	13,354,111
Less : Sales tax		930,875	755,287	718,113	427,704	156,625	156,625	272,857	242,328	5,158	18,862	-	-	9,295	-	2,092,923	1,600,806
Trade discount		109,558	132,909	818,195	504,741	1,363	676	1,789	1,175	103	562	4,680	1,664	365	-	936,053	641,727
		1,040,433	888,196	1,536,308	932,445	157,988	157,301	274,646	243,503	5,261	19,424	4,680	1,664	9,660	-	3,028,976	2,242,533
Net revenue	36	7,515,856	6,038,610	3,561,713	2,187,924	745,362	770,174	1,740,331	1,488,268	30,198	104,216	543,592	522,386	57,687	-	14,194,739	11,111,578
Cost of revenue - raw and packing material consumption		2,934,974	2,196,185	2,520,776	1,619,679	630,103	573,220	1,299,032	1,134,183	25,060	97,261	362,068	335,229	47,405	-	7,819,418	5,955,757
Cost of revenue - other than raw and packing material consumption		2,002,491	1,846,304	1,175,862	1,345,218	89,340	122,398	459,098	411,416	15,879	21,126	85,720	99,767	-	-	3,828,390	3,846,229
Gross profit / (loss)		2,578,391	1,996,121	(134,925)	(776,973)	25,919	74,556	(17,799)	(57,331)	(10,741)	(14,171)	95,804	87,390	10,282	-	2,546,931	1,309,592
Inter company / inter segment - net sales			-	141	-	-	-	47,316	32,799	-	-	1,377	-	27,005	-	75,839	32,799
Inter company / inter segment - purchases		(43,149)	(16,418)		-	(84)	-	(10,711)	-	(616)	-	(21,279)	(16,381)	-	-	(75,839)	(32,799)
Gross profit / (loss) - segment wise		2,535,242	1,979,703	(134,784)	(776,973)	25,835	74,556	18,806	(24,532)	(11,357)	(14,171)	75,902	71,009	37,287	-	2,546,931	1,309,592
Administrative expenses	38																
Allocated		629,085	325,425	104,991	54,312	11,917	6,165	6,824	3,530	3,053	1,579	12,448	6,439	722	373	769,040	397,824
Unallocated		-	-	-	-	-	-	-	-	-	-	-	-	-	-	225	9,277
Distribution cost	39	869,584	791,010	381,607	7,990	-	233,580	35,379	154,504	10,929	16,338	32,928	23,404	14,768	-	1,345,194	1,226,826
Segment results - Operating loss		1,036,573	863,268	(621,382)	(839,275)	13,918	(165,189)	(23,397)	(182,566)	(25,339)	(32,089)	30,526	41,165	21,797	(373)	432,472	(324,335)
Impairment loss on ECL																(31,143)	(41,582)
Finance cost	40															(1,055,242)	(1,731,560)
Other operating expenses	41															(250,168)	(102,419)
Other income	42															1,416,951	103,676
Share of profit of associate																512,870	(2,096,219)
Loss before taxation from continuing operation																10,922	(88,271)
Taxation																523,792	(2,184,490)
Loss after taxation from continuing operations																(574,551)	(100,911)
																(50,759)	(2,285,401)
50.3.1 Segment assets		11,614,666	1,403,897	9,191,227	7,563,530	(38,291)	164,038	2,653,896	2,348,411	112,226	82,194	1,406,431	62,140	67,179	14,841	25,007,333	11,639,052
Unallocated assets																778,163	11,084,166
Total Assets																25,785,496	22,723,218
50.3.2 Segment liabilities		9,240,534	9,731,566	1,607,109	573,389	1,779,633	797,620	1,990,220	1,380,172	11,050	137,901	382,259	488,075	15,544	29,794	15,026,349	13,138,518
Unallocated liabilities																654,644	2,789,854
																15,680,993	15,928,372

50.3.3 Unallocated assets includes deferred tax laibility, Investment in associate and results of Treet Power Limited and Treet Battery Limited .

		Note	2021	2020
			(Rupees in thousand)	
51	Cash generated from / (used in) operations			(Restated)
	Profit / (loss) before taxation		1,122,436	(2,554,980)
	Adjustments for:			
	Finance cost	40	1,055,242	1,731,560
	Revaluation loss on building		-	350,262
	Depreciation on property, plant and equipment		674,433	705,892
	Depreciation on investment property		-	3,538
	Depreciation on right of use assets	7.1	23,325	15,652
	Unrealised exchange gain - net	41 & 42	(3,791)	(1,143)
	Amortization on intangible asset	9.1	14,554	8,948
	Provision for gratuity	25.2	75,482	72,649
	Provision for superannuation	25.2	55,987	61,118
	Provision for warranty	39	289,846	278,794
	Profit on bank deposits	42	(18,094)	(16,121)
	Expected credit loss on trade debts	15.2	31,143	41,582
	Reversal of impairment under expected credit loss		(20,091)	-
	Profit on disposal of property, plant and equipment	42	(4,566)	(20,259)
	Write down in value of stock in trade		-	20,091
	Realized gain on disposal of long term investment - Techlogix		-	707
	Realized gain on disposal of subsidiary company - GAL	44.1	(637,886)	-
	Reversal of revaluation deficit	42	(915,965)	-
	Provision for WPPF and WWF		179,692	2,876
	Unrealized (gain) / loss on investment at fair value through profit or loss		(9,765)	65,261
	Provision for sales tax	41	5,187	-
	Assets written off	41	30,305	-
	Provision for obsolete and slow moving inventory	41	3,545	-
	Share of (profit) / loss from associates		(10,922)	88,271
	Derecognition of fair value charge of shares under ESOS		-	(9,788)
	Dividend income	42	(9,682)	(1,673)
			807,979	3,398,217
	Operating profit before working capital changes		1,930,415	843,237
	Decrease / (Increase) in current assets:			
	Stores and spares		6,372	(63,472)
	Stock in trade		(421,650)	640,016
	Trade debtors		(86,856)	311,116
	Short term investment		(146,170)	125,409
	Loans, advances, deposits, prepayments and other receivables		461,374	761,647
			(186,930)	1,774,716
	Increase / (Decrease) in current liabilities:			
	Trade and other payables		1,028,947	(244,551)
	Increase in long term deposits		(7,750)	10,000
			2,764,682	2,383,402

		Note	2021	2020
52	CASH AND CASH EQUIVALENT			
	Cash and bank balances	18	818,701	476,937
	Cash and bank balances for assets held for sale	19	-	5,573
	Short term running finance - secured	21	(7,353,402)	(10,606,477)
			(6,534,701)	(10,123,967)

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

	Liabilities						Equity		
	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Lease liability against right of use assets	Long term finance	Deferred government grant	Share capital/ premium	Employee Stock Option Compensation Reserve	Total
	-----(Rupees in thousand)-----								
<u>As at 30 June 2020</u>	2,288,532	139,245	13,267	70,491	145,647	4,648	6,516,274	734	9,178,838
<u>*Cash flows*</u>									
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-	80,125	-	80,125
Short term borrowings - net	713,212	-	-	-	-	-	-	-	713,212
Loan from Chief Executive Officer - Interest free	-	(89,245)	-	-	-	-	-	-	(89,245)
Payment of lease liability against right of use assets	-	-	-	(27,490)	-	-	-	-	(27,490)
Long term loans - net	-	-	-	-	199,363				199,363
Dividend paid	-	-	(5)	-	-	-	-	-	(5)
Total changes from financing cash flows	713,212	(89,245)	(5)	(27,490)	199,363	-	80,125	-	875,960
<u>*Non-cash changes*</u>									
Transfer to share premium on issuance of shares under employee share option scheme (ESOS)	-	-	-	-	-	-	734	(734)	-
Liability against right of use assets reognised during the year	-	-	-	31,818	-	-	-	-	31,818
Interest on unwinding of liability against right of use assets	-	-	-	6,515	-	-	-	-	6,515
Government grant recognised					(16,250)	16,250			-
Government grant amortised	-	-	-	-	13,551	(13,551)	-	-	-
Total liability related other changes	-	-	-	38,333	(2,699)	2,699	734	(734)	38,333
As at 30 June 2021	3,001,744	50,000	13,262	81,334	342,311	7,347	6,597,133	-	10,093,131

	Liabilities							Equity		
	Redeem-able capital	Short term borrowings	Loan from Chief Exec-utive	Unclaimed Dividend Payable	Lease liabil-ity against right of use assets	Long term finance	Deferred government grant	Share capital/ premium	Employee Stock Op-tion Com-pensation Reserve	Total
			-----(Rupees in thousand)-----							
As at 30 June 2019	178,166	2,642,388	100,000	13,274	-	-	-	6,328,129	10,522	9,272,479
Cash flows										
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-		16,255	-	16,255
Short term borrowings - net	-	(353,856)	-	-	-	-		-	-	(353,856)
Loan from Chief Executive Officer - Interest free	-	-	39,245	-	-	-	-	-	-	39,245
Payment of lease liability against right of use assets including prepayment	-	-	-	-	(13,662)	-	-	-	-	(13,662)
Long term loans - net	-	-	-	-	-	150,295				150,295
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)	(13,662)	150,295		16,255	-	(168,006)
Non-cash changes										
Conversion of PTCs into ordinary shares @ 0.08 share per PTC	(171,890)	-	-	-	-	-		171,890	-	-
Liability against right of use assets reognised during the year	-	-	-	-	82,974	-		-	-	82,974
Government grant recognised	-	-	-	-	-	(4,648)	4,648	-	-	-
Interest on unwinding of liability against right of use assets	-	-	-	-	1,179	-		-	-	1,179
Total comprehensive loss for the year	-	-	-	-	-	-	-	-	(9,788)	(9,788)
Total liability related other changes	(171,890)	-	-	-	84,153	(4,648)	4,648	171,890	(9,788)	74,365
As at 30 June 2020	-	2,288,532	139,245	13,267	70,491	145,647	4,648	6,516,274	734	9,178,838

	Production capacity		Actual production	
	2021	2020	2021	2020
54 PLANT CAPACITY AND PRODUCTION				
Blades - units in millions	2,230	2,230	2,094	1,590
Corrugated boxes - in metric tones	30,000	30,000	20,513	19,675
Bikes - in units	18,000	18,000	677	2,717
Soap - in metric tones	5,000	5,000	2,780	3,194
Batteries - numbers	1,200,000	1,200,000	575,009	429,961
Hemodialysis concentrates - in thousand session	2,400	2,124	2,189	2,046

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 Provident fund trust

The following information is based on the latest un-audited financial statements of the Provident Fund Trust:

	Un-audited	Un-audited
	2021	2020
	(Rupees in thousand)	
Size of the fund - total assets	639,065	495,010
Cost of investments made	465,102	220,114
Percentage of investments made	76%	45%
Fair value of investments	486,351	223,920

The break-up of fair value of investments is:

	2021 (Un-audited)		2020 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	51,388	10.6%	36,469	16.3%
Shares in unlisted securities	29,095	6.0%	29,095	13.0%
Listed Debt Instruments	50,000	10.3%	100,000	44.7%
Government securities	16,300	3.4%	16,300	7.3%
Mutual funds	314,153	64.6%	32,056	14.3%
Other Investments	25,415	5.2%	10,000	4.5%
	486,351	100%	223,920	100%

The investments out of provident fund trust have not been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

56 Service fund trust

The following information is based on the latest un-audited financial statements of the Service Fund Trust:

	Un-audited 2021	Un-audited 2020
	(Rupees in thousand)	
Size of the fund - total assets	273,526	239,329
Cost of investments made	62,048	69,845
Percentage of investments made	22%	23%
Fair value of investments	61,008	54,469

The break-up of fair value of investments is:

	2021 (Un-audited)		2020 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	24,262	39.8%	22,853	42.0%
Government securities	15,000	24.6%	15,000	27.5%
Mutual funds	21,746	35.6%	16,616	30.5%
	61,008	100%	54,469	100%

The investments out of service fund trust have been made in accordance with the provisions of section 218 of the Companies Act.

57 Impact of COVID - 19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID–19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations, supply chain, and workforce, which at this point is not considered to be significant.

However, during the year the Group obtained term loan / SBP COVID-19 relief facility, under "SBP refinance scheme for payment of wages and salaries" introduced by Government of Pakistan, amounting to Rs. 227.78 million, for paying salaries for the months from April 2020 to June 2020 as disclosed in note 27.2 to these consolidated financial statements. Further management believes that the Group has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

58 Date of authorization for issue

These consolidated financial statements were authorized for issue on 26 OCTOBER 2021 by the Board of Directors of the Holding Company.

59 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Holding Company in their meeting held on 26 October 2021 have proposed a final cash dividend for the year ended 30 June 2021 at Rs. 1.0 per share i.e. 10% (2020: Rs. Nil) for approval of the members at the Annual General Meeting to be held on 23 November 2021. These financial statements do not reflect this dividend.

LAHORE 26th October 2021	Syed Shahid Ali Chief Executive Officer	Mohtashim Aftab Group Chief Financial Officer	Imran Azim Director

INVESTORS'

INFORMATION

SHAREHOLDERS
INFORMATION

PATTERN OF SHAREHOLDING

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
1,306	1	100	45,154
1,259	101	500	420,960
1,046	501	1,000	843,501
2,151	1,001	5,000	5,238,036
569	5,001	10,000	4,267,602
201	10,001	15,000	2,463,268
143	15,001	20,000	2,564,186
109	20,001	25,000	2,521,106
62	25,001	30,000	1,749,899
42	30,001	35,000	1,382,491
30	35,001	40,000	1,154,905
21	40,001	45,000	902,295
32	45,001	50,000	1,570,057
25	50,001	55,000	1,341,380
8	55,001	60,000	473,096
6	60,001	65,000	368,140
6	65,001	70,000	404,800
7	70,001	75,000	512,494
8	75,001	80,000	624,016
4	80,001	85,000	332,150
5	85,001	90,000	441,045
8	90,001	95,000	746,078
15	95,001	100,000	1,489,300
5	100,001	105,000	514,025
9	105,001	110,000	978,059
6	110,001	115,000	678,905
4	115,001	120,000	475,242
4	125,001	130,000	510,155
2	135,001	140,000	279,500
1	140,001	145,000	140,500
2	145,001	150,000	300,000
3	150,001	155,000	459,664
1	170,001	175,000	175,000
1	180,001	185,000	183,500
2	190,001	195,000	383,500
4	195,001	200,000	800,000
3	200,001	205,000	611,851
1	205,001	210,000	209,134
3	215,001	220,000	652,500
3	220,001	225,000	663,302
1	225,001	230,000	230,000
2	230,001	235,000	464,000
2	235,001	240,000	473,500
2	240,001	245,000	489,000
2	245,001	250,000	497,000
1	250,001	255,000	250,313

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
1	260,001	265,000	264,000
2	265,001	270,000	535,692
3	270,001	275,000	820,634
2	275,001	280,000	550,575
2	280,001	285,000	565,334
1	295,001	300,000	296,000
2	300,001	305,000	606,000
1	305,001	310,000	306,000
1	310,001	315,000	314,500
2	320,001	325,000	648,694
1	325,001	330,000	330,000
1	345,001	350,000	347,000
2	355,001	360,000	712,453
1	365,001	370,000	366,000
1	405,001	410,000	409,522
1	445,001	450,000	449,500
1	455,001	460,000	458,000
1	495,001	500,000	500,000
1	535,001	540,000	538,500
1	550,001	555,000	555,000
1	570,001	575,000	574,000
1	590,001	595,000	590,500
1	615,001	620,000	619,606
	660,001	665,000	664,500
1	750,001	755,000	755,000
1	800,001	805,000	805,000
1	1,005,001	1,010,000	1,009,128
1	1,035,001	1,040,000	1,038,000
1	1,140,001	1,145,000	1,141,500
1	1,170,001	1,175,000	1,174,000
1	1,255,001	1,260,000	1,256,500
1	1,335,001	1,340,000	1,338,500
1	1,425,001	1,430,000	1,429,000
1	1,655,001	1,660,000	1,657,500
1	1,700,001	1,705,000	1,703,108
1	1,740,001	1,745,000	1,745,000
1	1,940,001	1,945,000	1,944,500
1	2,655,001	2,660,000	2,658,577
1	4,055,001	4,060,000	4,059,687
1	4,500,001	4,505,000	4,504,257
1	5,365,001	5,370,000	5,367,909
1	8,885,001	8,890,000	8,887,958
1	11,910,001	11,915,000	11,913,714
1	12,665,001	12,670,000	12,665,543
1	53,480,001	53,485,000	53,483,322
7,179			**174,834,322**

SHAREHOLDERS
INFORMATION

CDC*		No. of Shareholders CDC*	No. of Shares Held CDC*	No. of Shareholders Physical	No. of Shares Held Physical	No. of Shareholders TOTAL	No. of Shares Held TOTAL	%
Syed Shahid Ali	Director	2	53,483,322	1	2,658,577	3	56,141,899	32.11%
Syed Sheharyar Ali	Director	2	12,665,543	-	-	2	12,665,543	7.24%
Ms. Sidra Fatima Sheikh	Director	1	-	-	-	1	-	0%
Imran Azim	Director - Nominee NIT	-		-	-	-	-	0.00%
Munir Karim Bana	Director - Nominee Loads Limited	1	250,313	-	-	1	250,313	0.14%
Dr. Salman Faridi	WDirector	1	110	-	-	1	110	0.00%
Shafique Anjum	Director	1	114,430	1	27,555	2	141,985	0.08%
Loads Limited	Associated Company	1	8,887,958	-	-	1	8,887,958	5.08%
IGI Inurance Limited	Associated Company	-		-	-	-	0	0.00%
NIT & ICP		2	11,913,762	-	-	2	11,913,762	6.81%
Foreign Company		1	150,000	-	-	1	150,000	0.09%
Bank, DFI, Insurance		8	7,001,361	-	-	8	7,001,361	4.00%
Joint Stock Companies		88	14,698,292	5	11,147	93	14,709,439	8.41%
Mutual & Pension Funds		25	7,305,672		-	25	7,305,672	4.17%
Federal Board of Revenue	Government Holding	1	274,134	-	-	1	274,134	0.16%
Modaraba		1	1,000	-	-	1	1,000	0.0%
Others		21	504,587	-	-	21	504,587	0.28%
Individual		5635	52,723,554	1,381	2,163,005	7016	54,886,559	31.40%
*based on no. of accounts in CDC / folios								
		5,791	169,974,038	1,551	4,860,284	7,179	174,834,322	100%

SHAREHOLDERS HOLDING 5% SHARES OR MORE

Sr. No.	Name of Shareholder	Shares
1	SYED SHAHID ALI	56,141,899
2	SYED SHEHARYAR ALI (CDC)	12,665,543
3	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	11,913,762
4	LOADS LIMITED (CDC)	8,887,958

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN, that Annual General Meeting of the shareholders of Treet Corporation Limited (the "Company") will be held on Tuesday, November 23, 2021 at 11:00 A.M. at Ali Auditorium, Ferozepur Road Shahrah-e-Roomi, Lahore to transact the following business: -

ORDINARY BUSINESS:

1. To confirm the Minutes of the Extraordinary General Meeting held on December 02, 2020.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2021, together with the Directors' and Auditors' Reports thereon.
3. To declare and approve a final cash dividend at 10% i.e., PKR 1.0 /- per ordinary share of par value PKR 10/- each for year ended June 30, 2021, as recommended by the Directors, payable to the shareholders whose names appear in the Register of Members as on November 15, 2021.
4. To appoint External Auditors of the Company for the year ending June 30, 2022 and to fix their remuneration. M/S Yousaf Adil & Co, Chartered Accountant have offered themselves for appointment.

SPECIAL BUSINESS:

5. 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, the 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(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 a loan of up to PKR 3,000,000,000/- (Rupees Three Billion Only) to First Treet Manufacturing Modaraba ("FTMM"), being an associated undertaking, in the form of a working capital loan, for a period of one year starting from the date of approval by shareholders.

   FURTHER RESOLVED THAT, the approval of the shareholders of the Company be and is hereby accorded in terms of Section 199 of the Act and, Regulation 5(5) of the Regulations and subject to the compliance with all statutory and legal requirements, to give a loan of up to PKR 100,000,000/- (Rupees One Hundred Million Only) to Renacon Pharma Limited ("RPL"), being an associated undertaking, in the form of a working capital loan, for a period of one year starting from the date of approval by shareholders.

   - FURTHER RESOLVED THAT, the approval of the shareholders of the Company be and is hereby accorded in terms of Section 199 of the Act and Regulation 5(5) of the Regulations and subject to the compliance with all statutory and legal requirements, to give a loan of up to PKR 3,000,000,000/- (Rupees Three Billion Only) to Treet Battery Limited ("TBL"), being an associated undertaking, in the form of a working capital loan, for a period of one year starting from the date of approval by Shareholders.
   - FURTHER RESOLVED THAT, the approval of the shareholders of the Company be and is hereby accorded in terms of Section 199 of the Act and Regulation 5(5) of the Regulations and subject to the compliance with all statutory and legal requirements, to give a loan of up to PKR 100,000,000/- (Rupees One Hundred Million Only) to Treet Holdings Limited ("THL"), being an associated undertaking, in the form of working capital loan, for a period of one year starting from the date of approval by Shareholders.
   - FURTHER RESOLVED THAT, the said resolutions shall be valid for one year starting from the date of approval by the shareholders and the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly and/or severally empowered and authorized to undertake the decision of said investment(s) as and when required and to take all steps and actions necessary, incidental and ancillary to, 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.

6. 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 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 a cross corporate guarantee and/or to ear mark un-funded financial facilities for opening letters of credit and/or guarantees of up to PKR 2,760,000,000/- (Rupees Two Billion Seven Hundred and Sixty Million Only) to First Treet Manufacturing Modaraba ("FTMM"), being an associated undertaking, for a period of one year starting from the date of approval by shareholders.

FURTHER RESOLVED THAT, that approval of the shareholders of the Company be and is hereby accorded in terms of Section 199 of the Act and Regulation the Regulations and subject to the compliance with all statutory and legal requirements, to give a cross corporate guarantee and/or to ear mark un-funded financial facilities for opening letters of credit and/or guarantees of up to PKR 1,005,000,000/- (Rupees One Billion Five Million Only) to Renacon Pharma Limited ("RPL"), being an associated undertaking, for a period of one year starting from the date of approval by shareholders.

FURTHER RESOLVED THAT, that approval of the shareholders of the Company be and is hereby accorded in terms of Section 199 of the Act, and Regulation 5(5) of the Regulations and subject to the compliance with all statutory and legal requirements, to give a cross corporate guarantee and/or to ear mark un-funded financial facilities for opening letters of credit and/or guarantees of up to PKR 4,357,500,000/- (Rupees Four Billion Three Hundred and Fifty Seven Million Five Hundred Thousand Only) to Treet Battery Limited ("TBL"), being an associated undertaking for a period of one year starting from the date of approval by shareholders.

FURTHER RESOLVED THAT, that approval of the shareholders of the Company be and is hereby accorded in terms of Section 199 of the Act and Regulation 5(5) of the Regulations and subject to the compliance with all statutory and legal requirements, to give a cross corporate guarantee and/or to ear mark un-funded financial facilities for opening letters of credit and/or guarantees of up to PKR 15,000,000/- (Rupees Fifteen Million Only) in Treet Holdings Limited ("THL"), being an associated undertaking for a period of one year starting from the date of approval by shareholders.

FURTHER RESOLVED THAT, the rate of return for the cross corporate guarantees and/or ear marked un-funded facilities to be provided pursuant to the previous four resolutions 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/or severally empowered and authorized to undertake the decision of said investment(s) as and when required and to take all steps and actions necessary, incidental and ancillary to, 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 ratify and approve arm's length transactions carried out with associated companies/ undertakings 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/undertakings as disclosed in respective notes to the Audited Financial Statements for the year ended June 30, 2021 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/ undertakings during the year ended June 30, 2021 and in this regard 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 required on behalf of the Company.

8. To authorize the Board of Directors of the Company to approve transactions with related

parties for the financial year ending June 30, 2022 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, 2022;

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.

9. To consider and approve with or without modification(s), addition(s) or deletion(s), the following resolutions as ordinary resolution for donation:

   RESOLVED THAT, a further donation of up to Rs. 41,000,000 (Rupees Forty-one Million Only) to the "Institute for Art and Culture" be and is hereby approved to enable the "Institute for Culture and Art" to meet day to day requirements till the time it is financial stabilized and generates enough revenue to meet its expenses.

   FURTHER RESOLVED THAT, the aforementioned donation may be made in one or more instalments.

   FURTHER RESOLVED THAT, 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 singly authorized to complete all the necessary corporate and legal formalities and to do all such acts, deeds and things as may be deemed necessary to give effect to the above mentioned resolution.

10. To transact any other business with the permission of the Chair.

By Order of the Board

(Zunaira Dar)
Company Secretary

Lahore: **November 02, 2021**

(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)

Notes:

- CLOSURE OF SHARE TRANSFER BOOKS

  The share transfer Books of the Company will remain closed from November 16, 2021 to November 23, 2021 (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 November 15, 2021 will be treated in time for payment of the final dividend to the transferees.

- PARTICIPATION IN THE ANNUAL GENERAL MEETING

  All members entitled to attend and vote at this Meeting may appoint another person as his/her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Offi¬ce of the Company not less than 48 hours before the time of holding the meeting. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e. www. treetonline.com

(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

Notes:

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 benefi¬cial 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.

(f) The Form of Proxy is enclosed herewith.

- Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.
- Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.
- In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.
- Pursuant to SRO 787(1)/2014 dated September 08, 2014 and SRO 470(1)/2016 dated 31, 2016, Securities and Exchange Commission of Pakistan (SECP) has allowed companies to circulate it audited financial statement to its shareholders through Emial /CD /DVD /USB or any other electronic media at their registered addresses.
- Dividend income on shares is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001.Withholding of tax on dividend based on 'Active' and 'Non-Active' status of shareholders shall be @ 15% and 30% respectively. 'Active' means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (http://www.fbr.gov.pk/) and 'Non-Active' means a person whose name does not appear on the Active Taxpayers List.

  Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on Active / Non-Active status of principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint account.
- Members seeking exemption from deduction of income tax or those who are eligible for deduction at a reduced rate, are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be. Members desiring no deduction of zakat are also requested to submit a valid declaration for non-deduction of zakat.
- The Financial Statements of the Company for the year ended June 30, 2021 along with reports have been placed on the website of the Company: https://www.treetonline.com.
- As per Section 72(2) of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four (4) years from the commencement of the Act, i.e., May 30, 2017. Those Shareholders having physical shareholding are encouraged to open a CDC Sub - Account with any Broker or Investor Account directly with CDC to place their physical shares into scrip less form. This will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

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.

AGENDA ITEMS 5 & 6

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**	**Advance/Loan to Treet Battery Limited**	**Advance/Loan to Treet Holdings 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) The Company owns 96.38% of certificates of FTMM and holds 100% of the shares of Treet Holdings Limited, being the modaraba company managing FTMM which holds 2.80% in FTMM.	Renacon Pharma Limited (RPL) is setting up hemodialysis concentrates plant in Faisalabad; RPL is Subsidiary of the company by directly owning 55.86% shares capital.	Treet Battery Limited (TBL) Battery Division of FTMM is being formed as separated company. TBL is subsidiary of the company by indirectly owning 100.00% share capital through its directly owned subsidiary THL.	Treet Holdings Limited (THL) is management company of FTMM and manufactures motor Bikes. THL is subsidiary of the company by directly owing 100.00% share capital.	First Treet Manufacturing Modaraba Renacon Pharma Limited Treet Battery Limited Treet Holdings Limited
Earnings per share for the last three years	2018: (1.83) 2019: (12.23) 2020: (15.34)	2018: (0.32) 2019: (0.30) 2020: 0.46	2018: NIL 2019: 0.18 2020: 0.72	2018: (0.69) 2019: (0.06) 2020: (2.26)	Not Applicable
Breakup value per share, based on latest audited financial statements	RS. 7.02 per certificate	RS. 11.88 per share	RS. 10.89 per share	RS. 6.38 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, 2021 is attached herewith	Total Assets: 1,313 million Total Liabilities: 522.24 million Revenue: 544.97 million Net Profit: 9.72 million Detailed Profit & Loss Account and Balance Sheet as on June 30, 2021 is attached herewith	Current Assets: 1.16 million Current Liabilities: 0.071 million Other Income: 0.062 million Net profit: 0.014 million Detailed Profit & Loss Account and Balance Sheet as on June 30, 2021 is attached herewith	Total Assets: 504.533 million Total Liabilities: 51.226 million Revenue: 30.198 million Net loss: 31.216 million Detailed Profit & Loss Account and Balance Sheet as on June 30, 2021 is attached herewith	Detailed accounts are available at www.treetonline.com However, Profit & Loss Account and Balance Sheet as on June 30, 2021 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 2020-2021) of the Company	Renacon Pharma Limited ("RPL") 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 2020-2021) of the Company	Treet Battery Limited ("TBL") is company formed through demerger of FTMM batteries operations. Treet Battery Limited is under process to incorporate operations of FTMM battery division through demerger from FTMM and will continue battery manufacturing operation as separate company.	Treet Holdings Limited ("THL") was incorporated as Global Econo Trade Pvt. Limited which initially started as Bike manufacturing concern which was later converted to Public unlisted company with name Treet Holdings Limited with additional role as management company of FTMM.	Not Applicable
starting date and expected date of completion;		By the end of June 30, 2022	Not Applicable	Not Applicable	Not Applicable
time by which such project shall become commercially operational;	Not Applicable	By the end of June 30, 2022	Not Applicable	Not Applicable	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	Not Applicable	Not Applicable
funds invested of to be invested by the promoters distinguishing between cash and non-cash amounts:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Total amount of loans or advances or guarantee;	Up to an extent of Rs. 3,000 million.	Up to an extent of Rs. 100 million	Up to an extent of Rs. 3,000 million	Up to an extent of Rs. 100 million	FTMM: 2,760 million
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 working capital requirements of Battery Divisions of the company.	To meet the working capital requirements of the company.	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 31, 2020. Renewal of unutilized/ remaining amount is being sought from shareholders to reduce the borrowing levels upto Rs. 3,000 million.	Approval of Rs. 500 million is taken from shareholders in annual general meeting held on October 31, 2020. Renewal of approval from shareholders is being sought to reduce this borrowing levels upto Rs. 100 million.	Approval from shareholders is being sought to Avail borrowing levels upto Rs. 3,000 million.	Approval from shareholders is being sought to Avail borrowing levels upto Rs. 100 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 of the investing company	Average borrowing cost of the investing company	Average borrowing cost of the investing company	Average borrowing cost of the investing company	Not Applicable
rate of interest, mark up, profit, fees or commission etc. to be charged;	Equivalent cost (average rate of investing) to be charged to the borrowing subsidiary	Equivalent cost (average rate) to be charged to the borrowing subsidiary	Equivalent cost (average rate) to be charged to the borrowing subsidiary	Equivalent cost (average rate) to be charged to the borrowing subsidiary	0.20% per Annum
sources of funds from where loans or advances will be given;	Own Source	Own Source	Own Source	Own Source	Not Applicable
where loans or advances are being granted using borrowed funds,	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
justification for granting loan or advance out of borrowed funds;	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
detail of guarantees / assets pledged for obtaining such funds, if any; and	Not Applicable	Not Applicable	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	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	Not Applicable	Not Applicable
504.533 million	Not Applicable	Not Applicable	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	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	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	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;	Syed Shahid Ali, Syed Sheharyar Ali and Muhammad Shafique Anjum are directors in the Company and on the Board of Treet Holdings Limited (Modaraba Company).	Syed Shahid Ali, Syed Sheharyar Ali are directors in the Company	Syed Shahid Ali, Syed Sheharyar Ali and Munir Karim Bana are directors in the Company	Syed Shahid Ali, Syed Sheharyar Ali and Muhammad Shafique Anjum 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	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	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, 2021
Annual Audited Accounts for the year ended June 30, 2020
Annual Audited Accounts for the year ended June 30, 2019

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 associated Companies/Subsidiaries for the investment mentioned in table. 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; 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 7 and 8

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.

The Company shall be conducting transactions with its related parties during the year ending June 30, 2021-2022 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, 2021-2022, 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.

NOTES

FORM
OF PROXY

TREET CORPORATION LIMITED

I/We, ____________________ of _________________ being a member of Treet Corporation Limited, holder of ________ Ordinary shares as per 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 Tuesday, November 23rd 2021 at 11:00AM and at every adjournment thereof, if any

Please affix Rupees

Five Revenue Stamp

(Signature should agree with specimen Signature registered with the Company)

Signed this ____ day of November 2021

Signature of Shareholder ________________

Signature of Proxy ______________________

1. WITNESS	2. WITNESS
Signature: ________________________	Signature: ________________________
Name: ___________________________	Name: ___________________________
Address: _________________________	Address: _________________________
_________________________________	_________________________________
CNIC #					|■|						|■|		CNIC#					|■|						|■|	

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) along with proxy form to the Company.

TREET GROUP

treetonline.com

HEAD OFFICE

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Lahore - 54770, Pakistan

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