ANNUAL REPORT 2022

TREET CORPORATION LIMITED

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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Board of Directors

Mr. Imran Azim
(Non-Executive Director/Chairman)

Syed Shahid Ali
(Chief Executive Officer)

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)

Officers

Chief Executive Officer
Mr. Syed Shahid Ali

Group Chief Financial Officer
Mr. Mohammad Mohtashim Aftab

Group Company Secretary & Head of Legal
Ms. Zunaira Dar

Group Head of Internal Audit
Mr. Muhammad Ali

Auditors

M/s Yousuf Adil
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

Habib Bank Limited
Al-Baraka Bank Pakistan Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
The Bank of Punjab
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Ltd.
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Silk Bank Limited
The Soneri Bank Limited
The Sindh Bank Limited
United Bank Limited
Faysal Bank Limited
Dubai Islamic Bank Pakistan Limited
Pakistan Kuwait Investment Company (Private) 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

CHAIRMAN'S REVIEW REPORT

Dear Shareholders,

I am pleased to present the company's annual report for the year ended June 30, 2022 and to comment on the Board's effectiveness in guiding the Company towards achievement of its strategic goals.

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 and also diligently and periodically report to the Regulators, in a timely manner.

The current members of the Board are fully abreast 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. As Chairperson of the Board, I ensure that all directors are encouraged to contribute and deliberate on strategic and governance-related topics, and that inputs from the independent directors, the director representing minority shareholders, and the directors having relevant experience on such topics are consulted and given due consideration before taking any decision.

The Board has clearly defined the terms of reference of its committees, and the members are appointed after considering their requisite skills and experience. Further, the Board and its committees meet regularly during the year and exercise their governance roles after due deliberation on each matter placed before them.

During 2021-2022, a thorough review of the Board and its committees was conducted through our internal Board Evaluation Process, developed in consonance with accepted global practices for evaluating Board performance.

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

On behalf of the Board, I take this opportunity to thank all Treet employees and partners for their hard work throughout the year and our shareholders and customers for their continued support and look forward to a successful 2022-2023.

Furthermore, I would like to thank Mr. Shafique Anjum (Executive Director), who has retired as a valuable member of the Board of Directors of the Company, for all his contributions and efforts devoted towards the success of the Company. In his stead, Mr. Haroon Latif has joined the Board, as an Independent Director and on behalf of the Board of Directors, I welcome him and wish him the best of luck for his new role.

Mr. Imran Azim
Chairman

MESSAGE FROM GROUP CEO

Dear Shareholders,

The Year 2021 kicked off with uncertainty amid COVID-19 virus pandemic which affected the world starting 2020. In Pakistan, the government continued to take measures and imposed restricted lockdowns during the 4th and 5th wave. The vaccination process started in the country from February 2021 onwards, with over 90 million people fully vaccinated so far by the end of the year.

The economy struggled as COVID restrictions eased, triggered by leading to global supply chain disruption, and resulting in massive increase of commodity prices. Company performance was also challenged by increasing raw material prices high policy rates, supply chain disruptions and currency devaluations. However, the management was proactive in taking mitigating actions by effective cost controls, improved inventory management, timely making price increases and brand promotions initiatives.

Despite the economic challenges in the country and world over, your company managed to report Net Sales of Rs. 7,424 million compared to Rs. 7,574 million, registering a decrease of 1.98% YOY basis. The topline accounts for 69% of local sales whereas 31% comprise of export sales. Export sales of the company decrease by 7.98% whereas domestic sales took a jump of 1% compared to previous year.

With these very trying conditions, it is commendable for the management and staff to pull through with encouraging results.

Going forward, due to continuous improvements in our sale and marketing strategy, operational planning and cost management, we expect further improvement in sales volume, profitability and liquidity management. However, our main objective continues to be deleveraging the group from excessive leveraging. 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 all my team members for their commitment, professionalism and perseverance.

Stay safe and healthy!

Syed Shahid Ali
Chief Executive Officer

MESSAGE FROM GROUP CSO AND EXECUTIVE DIRECTOR

2021 saw continued impact from the COVID-19 pandemic along with new supply chain pressures all over the world and Pakistan was no exception. Treet Group is navigating these challenges as we consistently pursue our long-term strategy, which is deleveraging the Group and value creation for shareholders.

While the country's economy continues to be on the ventilator with rupee devaluation, increased input costs, high financing costs and administrative costs, the Group was able to meet its budgets through effective cost controls.

With a balanced and diversified portfolio, the group's decentralized structure enables agile responses to shifts in consumer needs, customer demands and supply chain challenges. In 2021, we were able to bring the Battery Segment (FTMM) to a positive Gross Profit, which demonstrates the resilience and perseverance of all the employees, in the face of increased policy rates, highest ever raw material costs and supply chain disruptions. Furthermore, we have also introduced a new product in the batteries product portfolio, the new "DHV" battery.

We are innovating new products quickly and moving purposely forward in our digital transformation to stay at the forefront of our industry, through the newly formed Innovation Department. Within a few months of its inception, the Innovation Department was able to identify the strengths and weakness of the entire product portfolio and is constantly working with the Productions and Quality Department(s) for process improvements and innovations. The Innovation Department is also working relentlessly towards the development of a new and affordable Electronic Bike and/or E- Bike and upgrades in our core business which is blade manufacturing.

I would like to take this opportunity to thank Mr. Shafique Anjum for his memorable forty years of service and wish him the very best of luck in all his future endeavors and wish him good health.

Also, I thank with humility all the employees of the Group, who have worked tirelessly, during these uncertain times.

SYED SHEHARYAR ALI
Executive Director

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
- Treet Holdings Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited

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

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 42, he manages a diversified portfolio consisting of manufacturing, healthcare, information technology, automobiles, sports and music.

His portfolio includes:

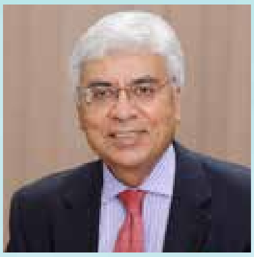
- Treet Power Limited
- First Treet Manufacturing Modaraba
- Global Arts Limited
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Specialized Motorcycle (Pvt.) Limited
- Cutting Edge (Pvt.) Limited
- Online Hotel Agents (Pvt.) Limited
- 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)

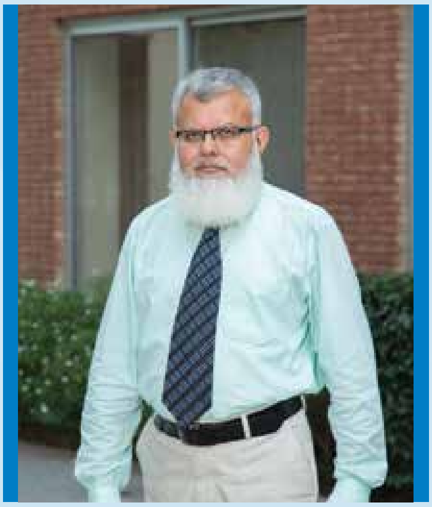
After completing her BSC Economics from The London School of Economics and Political Science, CPE/PGDL and LPC from BPP Law School, London, Sidra Fatima Sheikh trained with The Oberman Partnership Solicitors (now Kerman & Co), London and was enrolled as a Solicitor of the Supreme Court of England & Wales 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.


OUR VALUES

BOARD APPOINTEES

Mr. M. Mohtashim Aftab
Group Chief Financial Officer

Ms. Zunaira Dar
Group Company Secretary
& Head of Legal



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

MANAGEMENT
TEAM

Standing (L to R)

Nabeel Butt	Group Head HR
Hussain Yousaf	Group Head IT
Mohtashim Aftab	Group Chief Financial Officer
Syed Sheharyar Ali	Executive Director
Muhammad Ali	Group Head-Internal Audit
Zunaira Dar	Group Company Secretary & Head of Legal
Sohaib Chaudhry	Group Head Innovation

Seated (L to R)

Imran Aziz	COO Corrugation Division
Ehsan ul Haq	COO Treet Corporation Ltd.
Shahid Zia	CSO Treet Corporation Ltd.
Dr. Salman Shakoh	MD Pharmaceutical Division

Shoaib Zafar
COO Daewoo Battery

Farhan Ather
Group Head Supply Chain

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

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

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

1949
Only assembler of FORD Cars in South Asia

1950
Khopra Oil Mills.

1951
Wazir Ali Industries (Vegetable Ghee Production)

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)

2008
Started assembling 3/2 wheeler bikes

1954

TCL started manufacturing of Carbon Steel Blades at HYD Plant

1984

Commenced Production of Stainless Steel Blades at LHR Plant

1986

Started Manufacturing Disposable Shaving Razors

1996

Launched Bathing Soaps

1996

Began Exporting Blades and Razors

2008

Launched Disposable Barber Razor (Ustra)

2017

TCL acquired shares in RPL entering pharmaceutical industry

2018

Started manufacturing Car and UPD Battries (Daewoo Battery)

OUR VALUES

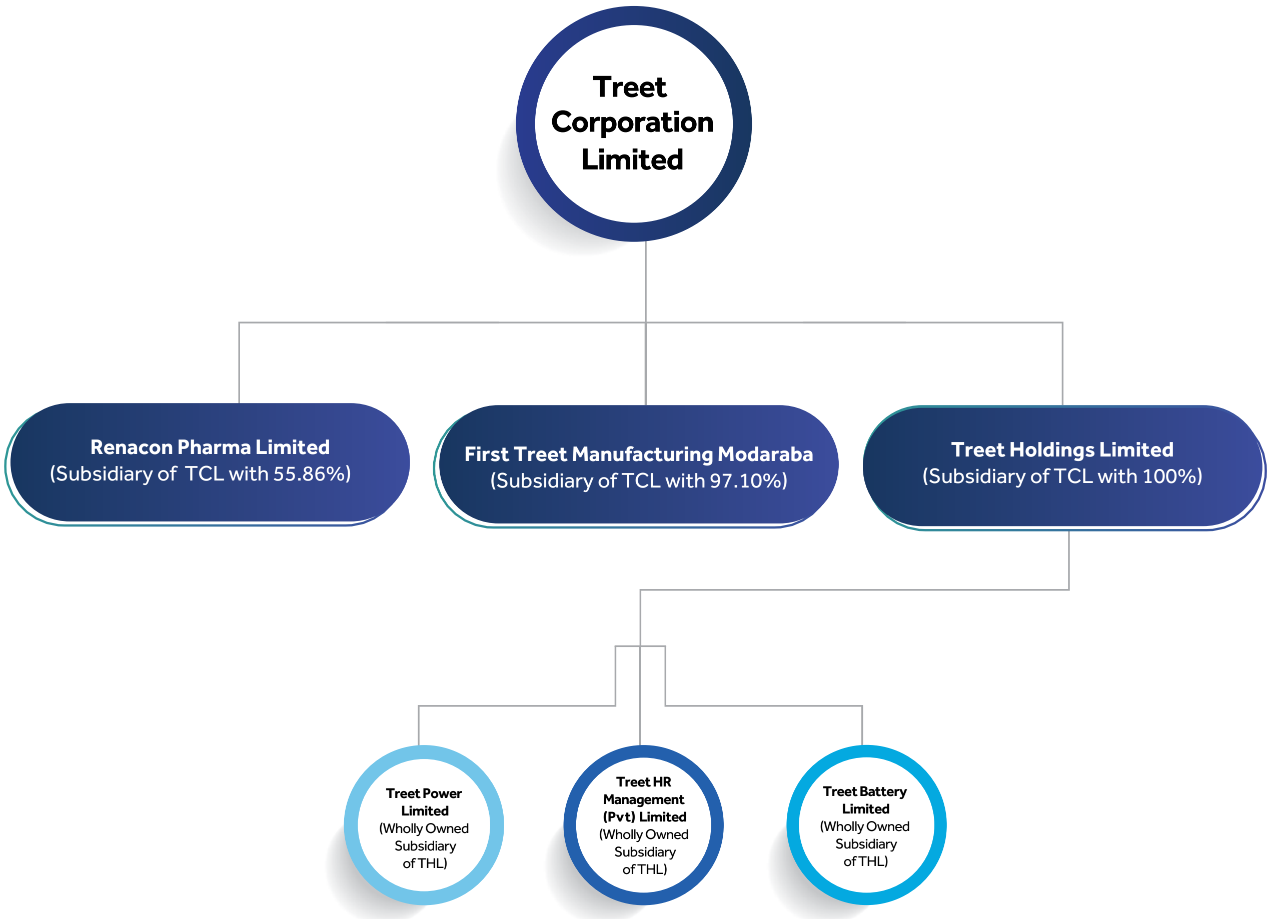
"RIPE IT T"

"RIPE IT T" symbolises how we are ready to live our values system!
We have matured as an organisation and our values instill inspiration and serve as our gilded pillars at work. The opportunity is thus ripe for "T" (Treet) to achieve greater feats and sustainable growth & profitability.


RESPECT
INTEGRITY
PASSION
EMPOWERMENT
INNOVATION
TRANSPARENCY
TEAM WORK

GROUP OVERVIEW

ORGANOGRAM & COMPANY DETAILS



Companies	Symbol	Shares held by			
		TREET	THL	DIRECTORS	OUTSIDER
Treet Holdings Limited	THL	100.00%			
Treet Power Limited	TPL		100%		
Treet HR Management (Private) Limited	THRM		100%		
First Treet Manufacturing Modaraba	FTMM	97.10%	2.21%	0.002%	0.69%
Renacon Pharma Limited	RPL	55.86%		38.71%	5.43%
Treet Battery Limited	TBL		100%		

BUSINESS UPDATES

For the year ended 30 June 2022

BUSINESS UPDATES
BATTERY DIVISION

SHOAIB ZAFAR
COO Daewoo Battery

Fiscal year 2021-22 saw Daewoo battery continue its successful rise as a symbol of quality in the battery market of Pakistan. It is now a market niche as one of the most premium battery brands with respect to reliability, customer perception and confidence. Reflective is the volume/value growth during 2021-22 which comes from market share gain, satisfied returning users and new innovation. Total Battery Sale for financial year 2021-22 grew by 37% against last year. This constitutes a CAGR of 24% Volume growth since the first full year of sales operations in 2019. Net sales revenue grew by 27% representing a strong upward trajectory.

2021-22 was a tough year overall from an economic and business perspective. Strongly felt were the aftershocks of COVID-19, resulting in major supply chain issues across the globe - hampering timely material supplies and associated costs. Rising commodity prices impacted the overall business environment and Pakistan's economy particularly got hit hard amidst the political uncertainty, forex challenges, currency rate variations and pressure on disposable income. Lead prices continued steep upward trajectory both in London Material exchange (LME) and local market posing a significant challenge to the industrial sector. Despite these challenges, Daewoo battery coped up with an agile and responsive business strategy. We are successfully supplying Sealed Maintenance-free (SMF) automotive battery to major OEMs, while discussion is already in progress with multiple other new market entrants. Daewoo is fast becoming the product of choice for new car assemblers. Alongside OEM-driven growth, our SMF battery continues to enjoy great success in after market segment, latter being the major volume growth driver. Users are confidently switching from conventional design to hassle-free ready-to-use SMF batteries, a technology introduced by Treet Group in Pakistan. SMF Daewoo battery grew by 12% in 2021-22 against the previous year.

Alongside automotive battery, our Deep cycle back-up battery (EB) segment also raised the bar on previous year's performance by delivering upward growth in both units and value. Our EB products held their market share in a tough competitive market,

> "Total Battery Sale for financial year 2021-22 grew by 37% against last year"

while our new segment Dewoo Heavy Vehicle (DHV) - for heavy vehicles as well as static use introduced last year grew by a staggering 288%. Overall growth in this segment (static use) clocked upwards of 34% in volume terms. The power shortage in the country resulted in load-shedding which badly affected both urban and rural areas . Electricity costs are soaring up, consumer are fast switching to a hybrid energy system at homes, shops and also industry. The Deep cycle battery market grew at an accelerated pace during latter half of the year. Continuous load-shedding played havoc with life of common person not only in the rural Pakistan but in urban areas too and apparently in a foreseeable future these seasonal trends will persist. We anticipate that

EB/DHV segment is likely to experience continued growth in coming years.

The management is well aware of the importance of continued innovation to tap into potential opportunities. New battery series are under development for niche of buyers who are always in search for a better premium quality. Different capacity models are being introduced in all amperages for SLI, SOLAR as well as BACKUP uses.

Despite these unprecedented challenges related to disturbed global supply chains and Country's political & macro-economic scenario, Modherba's losses have been significantly brought downwards in 2021-22.

Under a newly organized business management, medium term (three-year) business strategy has been envisaged to turn around the battery business with focus on enhancing certificate/shareholder value.

Operations have significantly improved working capital levels by inventory rationalization through enhanced Plant reliability. Total Productive Maintenance (TPM) philosophy has been introduced in manufacturing to adopt a loss-based efficiency improvement approach across all performance areas. Process wastages, rejections have been significantly brought down, while recycling opportunities have been identified and implemented.

In trade, sales team made significant efforts in increasing visibility with major focus now on tier-2 & tier-3 cities and towns. The confidence on Daewoo brand is consistently increasing as reflected by the sales growth. The end users are content with extended warranty period as a good value for money. The company is committed in operating a state of the art plant through good governance, highest ethics, human resource development and producing premium quality products.

M F Automotive Battery

Deep Cycle UPS/ Solar Batteries

Commercial Vehical Batteries

BUSINESS UPDATES
BLADE & RAZOR-PRODUCTION

MUHAMMAD SHAFIQUE ANJUM
Chief Operating Officer
Treet Corporation Limited

Treet carbon steel blade manufacturing plant started its operations in 1954 from Hyderabad Sindh. In 1984, our modern razor blade plant was set up in Lahore to produce quality stainless steel DE blades and disposable razors. Currently, our razor blade division enjoys about 85% local market share and earns handsome foreign exchange by exporting these products to over 40 countries around the world.

Quality and customer satisfaction are the foundation stones of our production philosophy which are reflected in all our manufacturing activities. Both our plants are ISO 9001 QMS certified and our products have been awarded CE-Mark and REACH certifications by CNC, a reputed European body. TCL is among a few razor blade manufacturers who have attained such product certifications. Our operations run in complete compliance with recognized global blade and razor manufacturing practices and standards.

As the consumers around the globe are very touchy about the product quality they use for hygienic, beauty, and grooming purposes, so to meet their requirement, we have enforced strict quality control measures at each manufacturing stage of the production process. Treet laboratories are equipped with state-of-the-art tip thickness spread measurement and blade protrusion study equipment to attain desired precision and consistency in the product. In addition to these measures, we have also introduced Quality 4.0 system in our quality management processes to add value to our daily tasks and build a technical knowledge repository to strengthen our staff's capabilities. By virtue of these developments, we are able to produce quality shaving products and compete in the local and export markets successfully.

Since customer is the focal point of our business, we therefore have enhanced the frequency of our customer focus surveys from a quarterly to a monthly basis. This has led us to anticipate emerging needs of the customers through regular customer contact which is also helping us to drive continuous improvement effort across the organization. Market Surveys have proved extremely effective in gauging the satisfaction level and requirement of our distributors, wholesalers, traders, and barbers. The current year's customer satisfaction level of our products and services was rated as good / excellent by the customers.

> "Our razor blade division enjoys about 85% local market share and earns handsome foreign exchange by exporting these products to over 40 countries around the world"

We have also implemented an effective 5S system at both the plants to improve workplace efficiency and waste control. The system has facilitated processes to avoid productivity losses due to delayed work or unplanned downtime. Apart from this, workplace safety and health of the team is our top priority. We always strive to ensure compliance with applicable health, safety, and environmental laws and regulations. It is a known fact that a safe and healthy work environment improves productivity and corporate growth. Our manufacturing, engineering services, EHS, and admin teams work collectively to prevent accidents and injuries at the workplace. We believe that human safety takes precedence over everything we are accomplishing on daily basis. Owing to these collective efforts, we have experienced another safe year at the plants.

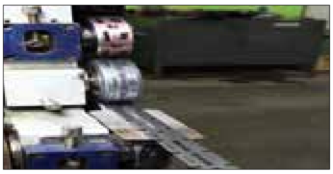
Due to post covid disruption in global supply chains, it was not an easy task to continue operations and ensure supply of quality products to the customers. Treet razor blade division positively responded to the situation by improving efficiencies, reducing machinery breakdowns, close liaison with suppliers, and finding better ways to meet customer demand. To ensure smooth functioning of our plant, we have deployed adequate control measures in all our critical areas such as preventive maintenance, availability of required resources, machinery upgrades and necessary training of related staff. In recent years, our mechanical and electrical engineering departments have considerably reduced the average repair time of breakdowns. Such efforts have paid back to enhance overall equipment effectiveness (OEE) of the plants.

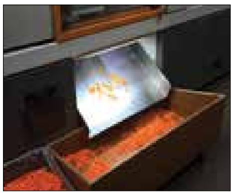
Some of our Key challenges are;

- Too expensive imported machines and equipment
- Tough competition in the export market
- Counterfeit and smuggled products
- We are successfully combatting the above challenges through our core strengths;
- In-house/local development of production machinery for shaving blades and razors
- Highly skilled and professional team
- Strong quality management & quality control system
- Close liaison with market intelligence teams and law enforcement agencies

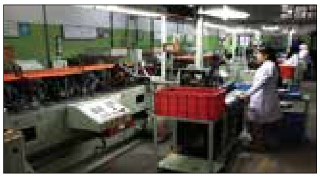
The ultimate outcome of the above is achieved in the form of consistent quality, minimal process rejections, and a very few quality complaints from the market. Good practices of both the plants are recorded and benchmarked regularly for continuous improvement in the processes and products. Comparative quality evaluations of competitors' shaving products with relevant Treet products are also carried out regularly to keep an eye on their quality levels and to arrange timely corrective action, as and when needed.

We would like to acknowledge and thank our top management, employees, customers and suppliers for their guidance, support and relentless effort to keep us going. With such synergy and collective team effort, we are confident to make significant progress in years to come.






BUSINESS UPDATES

BLADE, RAZOR & SOAP - SALES & MARKETING

SHAHID ZIA
Chief Sales Officer
Treet Corporation Limited

The global shaving blades and disposable razors market is segmented on the basis of type, blade material, end user, distribution channels and region. On the basis of type, the razor blade market is split into single edge and double edge. By blade material it is categorized into carbon steel and stainless steel. The end users are segregated into men and women.

In the year 2022, the global blades and razor market was worth USD 3.2 billion and is expected to grow at 3% Cumulative Annual Growth Rate (CAGR) till 2032. According to the razor and blade market forecast, double edge blade segment was worth 1.7 billion dollars and is expected to sustain its significance due to its popularity, accessibility and low price. Razors are the fastest growing segment in America and Europe as they provide quality, clean and irritation free shave to the consumers. Stainless steel material used in blades and razors shared 80% of the global market as it is preferred by both manufacturers and the consumers. The carbon steel is expected to lose more ground in the coming years.

In Pakistan, owing to political and economic uncertainty which had badly affected the purchasing power of the masses (the core target market for Treet products), Treet was able to meet the sales targets for our Blades, Razors, and Soaps sales in the year 2021-22. Another obstacle that came our way was the penetration of the smuggled Indian low priced stainless steel blades dumped at a lower price than our carbon steel blades manufactured at the Hyderabad factory, however we have devised strategies and mitigation plan to counter their attempts of infiltrating the local market illegally.

We achieved the figure of Rs. 5.09 Billion at Company Price (i.e. excluding GST) in local sales. Disposable Razors sales were of Rs. 2.45 Billion along with Rs. 2.64 Billion sales of Double Edge Blades during the year. Furthermore, our soap sales stood at 1,464 tons i.e. Rs. 490 Million in the year.

> "We achieved the figure of Rs. 5.09 Billion at Company Price and our export department posted sales of around 14 Million US $ in these trying times"

In the year 2022-23, we have targeted Local Sales at Rs. 6.80 Billion at company price (i.e. excluding GST) of all three categories i.e. D/E Blades, Bonded razors, and Soaps with 5 to 7 % tolerance on account of political and economic conditions prevailing in the country and how soon we are able to oust the Indian stainless steel blades.

As we have planned to increase prices by 30% on average in the first half of the year, the biggest challenge is to increase the investment of 400 distributors by at least 30% during the year on average. For this we are going to split the product range into two and offer second range of products to the new second distributor where seems feasible and where the current distributor is unable to increase the investment. For this we have planned to extend our territorial structure by 15 territories and 15 Sales Representatives to manage new distributors effectively. To achieve ABF for the year 2022-23, the target will be divided as per sales potential among the 4 territorial Zones being operated nationally for availability and subsequent sales of Treet products in the local market namely North, Lahore, Central, and South all headed by Zonal Sales Managers (ZSMs). Similarly, in order to increase effective liaison with the field team we have hired a Sales Operations Manager.

Our aim is to concentrate on International modern trade like 'METRO' and 'Carrefour, local chain of stores like 'IMTIAZ' and 'ALFATAH'. This is the first step towards it which will hopefully bring in desired increase sales of at least 10% from the modern trade. Treet Hygiene Razor (THR) has proved to be a unique product and has very strong presence in most segments of the razor and blade market. Therefore we intend to use it as a tool to introduce our products in the modern trade through it, a Modern Trade Manager has been inducted to open and operate accounts and ensure the availability of our products at modern trade outlets as well.

Since we see a growth in bonded razors with Treet Hygiene in particular, it is imperative that we expand its availability through such stores. We also have plans to extend channel sales concept to all important self-service stores in Pakistan.

Our export department posted sales of around 14 Million US $ in these trying times. Their target for the year 2022-23 is set at 17 Million US $. The team is planning to start aggressive market penetration and new market development strategy for untapped markets in various regions. With the induction of Head of Export Sales, we hope that the export team will be able to manage their given targets and set the momentum for the coming years.

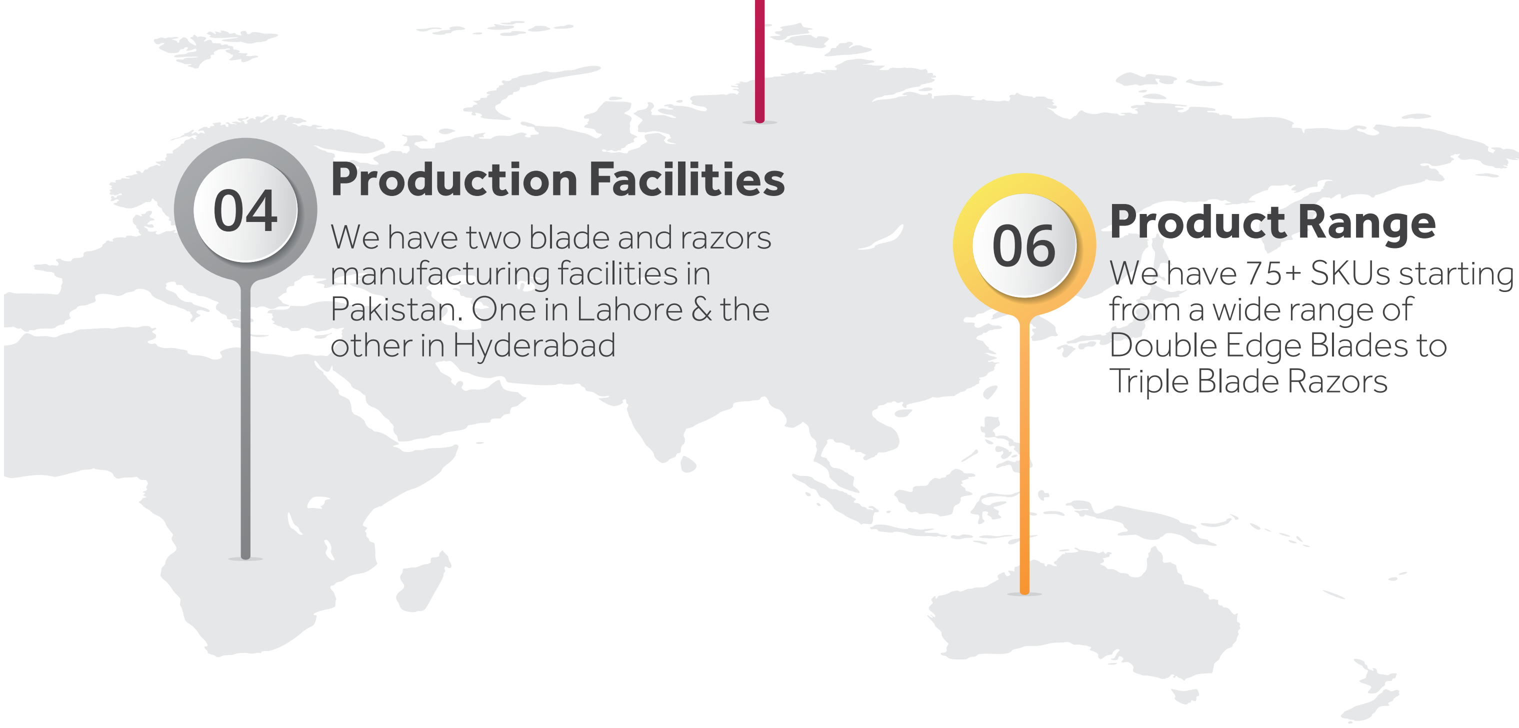
As always, we would like to thank for the support given to us by all our colleagues in the procurement, production, accounts & finance departments in these uncertain times and enabled us to perform and achieve our goals.

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:

In the past few decades, the world is ever more conscious about the environment, focusing on biotic and abiotic contributing factors responsible for damaging the overall ecosystem of the blue planet. Packaging is the mainstay of any country's industrial outfit and corrugated board recyclable carton has its place as a hallmark of green packaging in today's ever more environmentally compliant economies. It constitutes approximately 40% of the total and is the most single paper type, consumed globally. This packaging system had been there for 100's of years and is likely to continue for many more.

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 economies 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 it.

Sino-Russian and other investments are likely to attract more affiliates to join CPEC and related economic ventures once the political turmoil settles.

Packsol:
Packaging Solutions (Packsol) is one of the few FSSC-22000 certified and ISO-9001:2015 compliant companies in the country. The company meets all

> "Paksol enjoys expertise it built while running its own paper mill in the past and hence successfully utilized it in joint collaboration with trusted paper mills to produce the right materials"

the relevant international and local quality standards and enjoys full confidence of its clients. Therefore, Packsol is among the top 5 of the production units in the country.

Packsol 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 relying more than 70% Packsol to fulfil their packaging needs, which reflects their confidence in Packsol. Our business is spread in various categories including Food & Beverages, Dairy, Sports, Home Appliances, Textile, Garments etc.

Some of the key customers are:

Pepsico	Lotte	Engro
Shell	PSO	CBL
Nippon	IFFCO	Rupali
Waves	Treet	Omar Group

Since our inception our consistent quality, services and ethical practices have assisted us in building a loyal customer base with a high repute in the market. We surely have potential for profitable growth and await upgradation of the existing fully depreciated equipment for capacity enhancement and improved efficiencies to take full advantage of our well established repute and growing market 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 cherry-picked 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).
- Despite economic instability in all the sectors and very high price volatility at our inputs including major raw materials, energy cost and production materials, our aggressive and smart price gain strategies paid off. Not only that our margins increased but the average collection period is well within acceptable limits.
- Packsol enjoys expertise it built while running its own paper mill in the past and hence successfully utilized it in joint collaboration with trusted paper mills to produce the right materials without compromising on strengths which has been an ongoing process.
- Packsol is shifting the boiler operation on solid fuel (coal) for steam generation that is more cost effective and a continuous source of energy, especially during gas shortage in the country.

This added to the gross margin exponentially and the business is nose up, Alhamdulillah.

With well-established customer base and competent team showing promising signs, Pak-Sol is hopeful to double its market share in the coming times.

BUSINESS UPDATES
RENACON PHARMA DIVISION

DR.SALMAN SHAKOH
Managing Director
Pharmaceutical Division

BACKGROUND
Renacon Pharma Ltd. (RPL) 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 65% of market share. RPL is also engaged in the manufacturing and marketing of auto-mixers, hemodialysis disinfectants, hemodialysis cartridges, 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 of establishing our brands related to future production of the same by RPL. Customized RO water treatment plants are also being exported. In order to maintain high standards of quality, continuous R&D is being carried out along with adherence to all government regulations. Company has completely taken over the longstanding Hemodialysis Concentrates imports from USA in the four biggest centers of Karachi including SIUT over the past eight years.

CERTIFICATIONS
RPL has the 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 has been initiated which will enable us to export our products to USA market freely. Additionally, this year RPL has also obtained ISO14001, ISO18001 & ISO45001.

> "Despite of Covid related multiple adversities apart from drastic increases in miscellaneous costs, we saw an increase of 30% in revenue and 83% in operating profit"

SALES AND PRODUCTION
RPL's average turnover & sales is increasing each year so much so that we are unable to fulfill the demands even while running the present plant with maximum capacity hence we are selectively going for institutional supplies while desperately trying to move to the new FIEDMC (M-3 Industrial Estate Faisalabad) plant in the earliest. As compared to 2.28 million units (turnover Rs.550 million) sold in FY 2021, 2.96 million units were sold in FY 2022 (turnover Rs.715 million), an increase of 30% in revenue and 83% in operating profit. This achievement happened inspite of Covid related multiple adversities apart from drastic increases in Forex rates, cost of raw & packing material, cost of energy, local and international freights and quite significant cash-flow problems owing to delays in tender payments.

Cessation of RPL's significant exports to several developing countries like Afghanistan, Sri Lanka, Ethiopia, Malawi, Madagascar, etc. due to economic meltdown have been another drawback over the past F/Y. Additional dialysis related products like Nutraceuticals, Heparin, injectable Iron, etc. are also being added to the portfolio after regulatory approvals.

CAPACITY ENHANCEMENT PROJECT

We have tried our best to increase the present limited plant production up to more than three times yield through increasing capacity, although pretty difficult, and extra shifts in view of the demand of our products both locally and internationally. Still we have to leave a good percentage in Pakistan to our competitors, in spite of demand by customers owing to RPL's quality and goodwill.

Our new production facility which is under construction at FIEDMC, Faisalabad, will increase our production capacity up to ten folds approx. Apart from local business enhancement this will cause a major uplift in our export business and we will be able to export our products to many renowned multinational companies in dialysis business worldwide and also to distributors in the developed countries apart from developing world owing to our best Quality-to-Cost ratio. It is expected that our new production facility will be operational before the mid of 2023.

GLOBAL EXPORTS SCENARIO

There are approximately more than 4.0 million patients of complete kidney failure in the world who are getting Blood Dialysis (Hemodialysis) mostly thrice weekly in order to remain alive. Estimated figure will increase to 5.4 million by 2030. Out of these dialysis patients 56% are from about 180 poor/developing countries where 80-95% of patients with end-stage-kidneys die due to non-availability and non-affordability of dialysis treatment. Due to rapid spread of knowledge, and development in these countries the inevitable growth rate of dialysis-related industry is more than 15% per annum while mostly few multinational companies are supplying disposables at very high rates esp. in Africa hence there are good opportunities. An example is Congo where each Hemodialysis session costs US$300-500 while in Pakistan it costs US$ 18-20.

In multiple "Global Market Reports" (2014-21) published by reputed international companies RPL's business has been placed and analyzed among top 15-20 global companies producing Hemodialysis Concentrates world over. RPL has website in English, French, Spanish and Russian to cater the markets of Africa, Americas & Baltic/CIS states. Recently RPL is pursuing agreements with companies in EU, Russia & CIS states and several African states while negotiations are going with countries in Asia. After a big slump in export market our exports are again picking up and hope for a pretty good achievement by the end of F/Y 2023. Internationally, RPL's products successfully compete major competitors like India, China, Malaysia & Turkey, owing to well-reputed quality, internationally established brand name and goodwill. Mass production at lower cost through automation in the new plant will also significantly add to RPL's exports.

DIRECTOR`S REPORT

We are pleased to present the Directors' Report together with the Financial Statements (Audited) for the year ended June 30, 2022.

ECONOMIC UNCERTAINITY IMPACT

The business environment during FY 2022 was generally unfavorable due to political and economic challenges faced by Pakistan adding more fuel to the miseries of our economy which has adversely effected businesses across the industries. The staggering increase in the prices of raw material, currency depreciation in the past 12 months, unprecedented increase in the policy rates, for the economy that is majorly "Import Dependent" for all basic to specialized raw material along with the uncertain political situation has made very hard for the businesses to survive.

Our business is no exception to these challenges, however, the dedication and hard work of our teams has somewhat restricted the above adverse economic impact. Despite the turbulent economic conditions, the company managed to perform efficiently to yield better results. Going forward, due to continuous improvements in our sale and marketing strategy, operational planning and cost management, we expect further improvement in sales volume, profitability and liquidity management. Provided this uncertain political economic conditions, our main objective continuous to be deleveraging the group from excessive leveraging.

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 FTMM. As a result, a provision of Rs. 30.4 million has been recorded in Treet's books for THL, while Rs. 655.75 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

BUSINESS REVIEW – TREET CORPORATION LIMITED (TCL)

During the year under review, TCL reported Net Sales of Rs. 7,424 million compared to Rs. 7,574 million, registering a decrease of 1.98% YOY basis. The topline accounts for 69% of local sales whereas 31% comprise of export sales. Export sales of the company decrease by 7.98% whereas domestic sales took a jump of 1% compared to previous year. Gross profit at Rs. 2,238 million shows a decrease of 13.22% compared to previous year (Gross profit FY 2021 Rs. 2,579 million). Administration, operating and distribution expenses have decrease by 14.11% mainly due overheads control and value chain cost optimization initiatives. The operating profit stood at Rs. 969 million showing a decline of 12% over the last year (Rs. 1,101 million FY 2021). Other income at Rs. 941 million, played a pivotal role in improving the profitability of the company, which includes reversal of impairment loss on investment in FTMM of Rs. 655 Million.

The financial cost has posted an increase of 4.12%, to Rs. 724 million as compared to Rs. 696 million in the preceding year, mainly due increase in policy rates during the reporting period. The PAT stands at Rs. 862 million (FY21: PKR 1,539 million) posting decline of 43.99%.

BUSINESS REVIEW – GROUP RESULTS

For FY 2022, the Group's turnover was Rs. 15,790 million, registering an increase of 11.24%, as compared to previous year (Rs. 14,195 Million: FY 2021). The increase is primarily due to higher volumes in corrugation, 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 4.79% at Rs. 2,669 million over the corresponding period last year (Rs. 2,547 Million: FY 2021). 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 2022 is Rs. 794 million compared to an operating profit of Rs. 401 million in previous financial year. Loss after tax is Rs. 303 million which has decreased by 155.29% compared to last year same period. This level of results has delivered a negative EPS of Rs. 1.77 per share compared to an EPS of Rs. 3.24 per share last year same period.

SUMMARY OF COMPARATIVE FINANCIAL RESULTS

(Rupees in million)

	Financial Year June , 2022		Financial Year June , 2021		% Change	
	Treet	Consolidated	Treet	Consolidated	Treet	Consolidated
Sales (net)	7,424	15,790	7,574	14,195	-1.98%	11.24%
Gross Profit	2,238	2,669	2,579	2,547	-13.22%	4.79%
Operating Profit/(Loss)	969	794	1,101	401	-12%	98.01%
Profit/(Loss) before Tax	1,040	(56)	1,990	524	-47.74%	-110.69%
Net Profit/(Loss) after taxation	862	(303)	1,539	548	-43.99%	-155.29%
EPS (in Rupees) – basic	4.88	(1.77)	8.93	3.24	-45.35%	-154.63%
EPS (in Rupees) - diluted	4.85	(1.76)	8.86	3.22	-45.25%	-154.66%

Segment wise sales is as follows:

(Rupees in millions)

Segment	Sales		
	Financial Year June , 2022	Financial Year June , 2021	+/- %
Blades and Trading	7,424	7,574	-1.98%
Soap	490	745	-34.23%
Corrugation	2,228	1,740	28.05%
Pharmaceutical	715	544	31.43%
Bike	51	30	70.00%
Battery	4,882	3,562	37.06%
Total	15,790	14,195	11.24%

DIVIDEND

In view of financial performance of the Company, the Board of Directors have recommended to pay the final cash dividend of Rs. --- per share (2021: Rs. 1 per share).

FINANCIAL PLAN

The biggest challenge that our group currently face is the excessive leveraging on our balance sheet which make us unsustainable from both cost and balance sheet structure point of view. Deleveraging the group has still been the top most priority, and the current macroeconomic fundamentals – locally and internationally, has caused serious challenges on the sustainability of the businesses. These includes, but not limited to:

DIRECTOR`S REPORT

- Increase in policy Rates
- Increase in Fuel and utility prices
- Increase in regulatory duties
- Political and economic instability
- Logistical constraints
- Foreign inflation
- Ukraine Russia war

Significant reduction has already been made in the borrowings, along with reprofiling of part of Short Term financing into long term, (impact in subsequent period), but still the current outstanding Short term Borrowing at Rs. 10.05 billion is far more than the business can sustain. The survival of our businesses under these tough economic conditions is only based on the fact that we must reduce our borrowing to the level that is sustainable with our business models. In order to do so, an aggressive financial strategy was developed and presented to the board of directors for deleveraging the group. The board of Directors has approved the strategy and it is expected that major portion of ST borrowing will be repaid in FY 2022/23, provided that the capital market shows positivity in the ensuing year.

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, the demerger case in pending adjudication at Lahore High court. It is expected that the Honourable Lahore High Court will approve the scheme in FY 2022/23.

REPROFILING OF SHORT TERM BORROWING.

As planned, the short term borrowing was reprofiled to long term loan amounting to Rs 1.5 billion, however due to certain regulatory approvals pending at the reporting date, the disbursement of long term loan and repayment of short term loan was carried out in the subsequent period.

CODE OF CORPORATE GOVERNANCE:

The Directors of the Company are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule book of Pakistan Stock Exchange. The Company has taken all necessary steps to ensure good corporate governance and full compliance of the Code and we confirm the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Chief Executive and Chief Financial Officer duly endorsed the financial statements before approval of the Board;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the company's ability to continue as a going concern;
- Statement of pattern of shareholding has been included as part of this Annual Report; and
- Statement of shares held by associated undertakings and related persons have also been disclosed separately.

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

- Pattern of Shareholding
- Trading in shares of the Company by its Directors, CEO, CFO and Company Secretary
- Employee stock option scheme

CORPORATE SOCIAL RESPONSIBILITY

The Company is committed to giving back to the Society and therefore with the Company has given Rs. 3.39 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, ENVIRONMENT AND SAFETY

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.

MEETINGS OF THE BOARD OF DIRECTORS:

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

Name	Designation	26-Oct-21	27-Oct-21	24-Feb-22	26-Apr-22	03-Jun-22	28-Jun-22	2021-2022
Imran Azim	Chairman/Non-Executive Director	P	P	P	P	P	P	6/6
Munir Karim Bana	Non-Executive Director	P	P	P	P	P	P	6/6
Dr. Salman Faridi	Independent Director	P	P	P	P	P	P	6/6
Sidra Fatima Sheikh	Independent Director	P	P	P	P	P	P	6/6
Syed Shahid Ali	Chief Executive Officer	A	P	A	A	P	P	3/6
Syed Sheharyar Ali	Executive Director	P	P	P	P	P	P	6/6
M. Shafique Anjum	Executive Director	P	P	A	P	A	P	4/6

P	Present
A	Absent

BOARD COMMITTEES AND THEIR MEETINGS

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.

DIRECTOR`S
REPORT

Name	Designation	26-Oct-21	27-Oct-21	23-Nov21	24-Feb-22	26-Apr-22	2021-22
Dr. Salman Faridi	Chairman/Independent Director	P	P	P	P	P	5/5
Munir Karim Bana	Non-Executive Director	P	P	P	P	P	5/5
Imran Azim	Non-Executive Director	P	P	P	P	P	5/5

P	Present
A	Absent

HR COMMITTEE:

During the year, the HR Committee of the Board have met 03 times and the attendance at each of these meetings is as follows.

Name	Designation	25-Oct-21	22-Feb-22	24-Feb-22	2021-22
Sidra Fatima Sheikh	Independent Director	P	P	P	3/3
Imran Azim	Non-Executive Director	P	P	P	3/3
Syed Shahid Ali	Chief Executive Officer	P	P	P	3/3

P	Present
A	Absent

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 financial statements of the company for the current year 2021-22 were audited by M/s Yousuf Adil & Co. Chartered Accountants. The auditors will retire at the end of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Board has recommended the appointment of M/s Yousuf Adil & Co. Chartered Accountants as auditors for the ensuing year, as recommended by the Audit Committee, subject to the approval of the members in the forthcoming Annual General Meeting.

ACKNOWLEDGEMENTS

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

Lahore **Syed Shahid Ali**

28th September 2022

ٹریٹ کارپوریشن لمیٹڈ

A اجلاس سے غیر حاضر

ایچ آر کمیٹی

سال بھر میں ایچ آر کمیٹی کے 03 اجلاس منعقد ہوئے۔ ان اجلاسوں میں ہر رکن کی حاضری حسب ذیل ہے:

نام	عہدہ	25 اکتوبر 2021ء	22 فروری 2022ء	24 فروری 2022ء	2021/ 2022
سدرہ فاطمہ شیخ	چیئرمین/خودمختار ڈائریکٹر	P	P	P	3/3
عمران عظیم	نان ایگزیکٹوڈائریکٹر	P	P	P	3/3
سید شاہد علی	نان ایگزیکٹوڈائریکٹر	P	P	P	3/3

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۔

بیرونی آڈیٹرز

حالیہ برس 22-2021 کے لئے کمپنی کی مالیاتی اسٹیٹمنٹس کا آڈٹ میسرز یوسف عادل اینڈ کو چارٹرڈ اکاؤنٹنٹس نے کیا ہے۔ سالانہ اجلاس عام کے اختتام پر یہ آڈیٹرز ریٹائر ہو جائیں گے۔ اہلیت کی بنیاد پر انہوں نے اپنی دوبارہ تقرری کی سفارش کی ہے۔ اگلے برس کے لئے بورڈ نے آڈٹ کمیٹی کی تجویز پر میسرز یوسف عادل اینڈ کو چارٹرڈ اکاؤنٹس کی بطور آڈیٹرز دوبارہ تقرری کی سفارش کی ہے۔ جو آئندہ سالانہ اجلاس عام میں اراکین کی منظوری سے مشروط ہے۔

اظہار تشکر

ہم اپنے معزز صارفین کی جانب سے ہماری مصنوعات پر اعتماد کا تہہ دل سے شکریہ ادا کرتے ہیں اور اپنی مصنوعات میں مسلسل بہتری لا کر انہیں عمدہ 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 شکرگزار ہیں اور انہیں یقین دلاتے ہیں کہ ہم کمپنی میں ان کے سرمایہ کا بہترین متبادل فراہم کرنے کے لئے پرعزم ہیں۔

28 ستمبر 2022ء

لاہور

سید شاہد علی

ٹریٹ کارپوریشن لمیٹڈ

- ملازمین کی سٹاک آپشن سکیم

کاروباری سماجی ذمہ داری

کمپنی معاشرے کی فلاح کے لئے پرعزم ہے لہٰذا کمپنی نے کئی اداروں بشمول لیکن محدود نہیں گلاب دیوی چیسٹ ہسپتال اور سوسائٹی آف کلچرل ایجوکیشن کو 3.39 ملین روپے عطیات اور صدقہ کی صورت میں ادا کئے ہیں۔

صحت، ماحولیات اور تحفظ

کمپنی کے مقاصد پاکیزہ دنیا کے لئے ہمارے عزم کی عکاسی کرتے ہیں جس میں ایسی مصنوعات کی تیاری اور مینوفیکچرنگ طریق عمل شامل ہیں جو ماحول دوست ہوں۔

کمپنی نے صحت، حفاظت اور ماحولیات کی پالیسی وضع کی ہے جو اقتصادی اور عملی لحاظ سے موافق ہے اور اس کے ماحول پر اثرات کو کم کرتی ہے۔ کمپنی یقینی بناتی ہے کہ اس کی تمام حالیہ اور آئندہ سرگرمیاں اپنے ملازمین، کسٹمرز اور عوام کی صحت کو خطرے میں ڈالے بغیر محفوظ انداز میں بروئے کار لائی جائیں۔ مزید برآں، کمپنی یہ یقینی بنانے کے لئے پرعزم ہے کہ اس کی تمام سرگرمیاں ملکی ماحولیاتی اور حفظان صحت کے اصولوں کے عین مطابق ہوں۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال بھر میں کمپنی کے بورڈ آف ڈائریکٹرز کے 06 اجلاس منعقد ہوئے ان اجلاسوں میں ہر ایک کی حاضری مندرجہ ذیل ہے:

نام	عہدہ	26 اکتوبر 2021ء	27 اکتوبر 2021ء	24 فروری 2022ء	26 اپریل 2022ء	03 جون 2022ء	28 جون 2022ء	2021/ 2022
عمران عظیم	چیئرمین/ نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
منیر کریم بانا	خودمختار ڈائریکٹر	P	P	P	P	P	P	6/6
ڈاکٹر سلمان آفریدی	خودمختار ڈائریکٹر	P	P	P	P	P	P	6/6
سدرہ فاطمہ شیخ	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
سید شاہد علی	ایگزیکٹو ڈائریکٹر	A	P	A	A	P	P	3/6
سید شہریار علی	ایگزیکٹو ڈائریکٹر	P	P	P	P	P	P	6/6
محمد شفیق انجم	ایگزیکٹو ڈائریکٹر	P	P	A	P	P	A	4/6

P اجلاس میں حاضر

A اجلاس سے غیر حاضر

بورڈ کمیٹیاں اور اس کے اجلاس

آڈٹ کمیٹی

سال بھر میں بورڈ آڈٹ کمیٹی کے 05 اجلاس منعقد ہوئے۔ ان اجلاسوں میں ہر رکن کی حاضری حسب ذیل ہے:

نام	عہدہ	26 اکتوبر 2021ء	27 اکتوبر 2021ء	23 نومبر 2021ء	24 فروری 2022ء	26 اپریل 2022ء	2021/ 2022
ڈاکٹر سلمان فریدی	چیئرمین/خودمختار ڈائریکٹر	P	P	P	P	P	5/5
منیر کریم بانا	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	5/5
عمران عظیم	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	P	5/5

ٹریٹ کارپوریشن لمیٹڈ

- ریگولیٹری ڈیوٹی میں اضافہ
- سیاسی ومعاشی عدم استحکام
- نقل وحمل میں رکاوٹ
- عالمی سطح پر افراطِ زر
- یوکرائن اور روس کی جنگ

قلیل مدتی قرضوں کی طویل مدتی قرضوں میں ری پروفائلنگ کے علاوہ قرضوں میں نمایاں کمی کی گئی ہے۔جس کے اثرات مابعد مدت میں نظر آئیں گے۔لیکن فی الوقت حالیہ واجب الادا قلیل مدتی قرضوں کی مالیت10.05ارب روپے ہے جو کاروبار کی پائیداری سے کہیں زیادہ ہے۔ان مشکل معاشی حالات میں ہمارے کاروباروں کی بقا اس حقیقت پر مبنی ہے کہ ہم اس سطح تک اپنے قرضوں کو کم کریں کہ یہ ہمارے کاروباری ماڈل کے عین مطابق ہو۔ایسا کرنے کے لئے ،ایک مربوط مالیاتی حکمت عملی ترتیب دی گئی اور گروپ میں نافذ کرنے کے لئے اسے بورڈ آف ڈائریکٹرز کے روبرو پیش کیا گیا۔بورڈ آف ڈائریکٹرز نے اس حکمت عملی کو منظور کیا ہے اور توقع کی جارہی ہے کہ طویل مدتی قرضوں کی کثیر رقوم مالیاتی سال2022/23میں ادا کردی جائیں گی بشرطیکہ اگلے برس کیپٹل مارکیٹ مثبت رجحان پیش کرے۔

بیٹری کے شعبہ کی ذیلی کمپنی (فرسٹ ٹریٹ مینوفیکچرنگ مضاربہ) سے علیحدہ کمپنی (ٹریٹ بیٹری لمیٹڈ) میں منتقلی کا عمل جاری ہے۔انضمام کے منصوبے پر عمل درآمد بھی جاری ہے۔فی الوقت انضمام کا مقدمہ لاہور ہائی کورٹ میں زیرالتوا ہے۔توقع کی جارہی ہے کہ فاضل لاہور ہائی کورٹ مالیاتی سال2022/23میں اس سکیم کو منظور کرلے گی۔

قلیل مدتی قرضوں کی ری پروفائلنگ

منصوبے کے مطابق،1.5ارب مالیت کے قلیل مدتی قرضوں کی طویل مدتی قرض میں ری پروفائلنگ کی گئی البتہ رپورٹنگ کی تاریخ تک زیرالتوا ریگولیٹری منظوری کے باعث طویل مدتی قرضوں کی تقسیم اور قلیل مدتی قرضوں کی ادائیگی متعلقہ مدت میں کی گئی۔

کاروباری و مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ضوابط 2019ء اور پاکستان سٹاک ایکسچینج کے ضابطہ کے تحت اپنی ذمہ داریوں سے بخوبی آگاہ ہیں۔کمپنی نے بہتر کارپوریٹ گورننس اور ضابطہ کی مکمل تعمیل کو یقینی بنانے کے لئے تمام ضروری اقدامات کئے ہیں لہٰذا ہم مندرجہ ذیل کی توثیق کرتے ہیں:

- 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۔
- بورڈ کی منظوری سے قبل چیف ایگزیکٹو اور چیف فائنشیل آفیسر نے ان مالیاتی اسٹیٹمنٹس کی باقاعدہ توثیق کی ہے۔
- 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 تیاری 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 مؤثر 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۔
- شیئر ہولڈنگ کی وضع کو لازمی جزو کے طور پر سالانہ رپورٹ میں شامل کیا گیا ہے۔
- وابستہ کمپنیوں اور متعلقہ افراد کے ملکیتی حصص کی تفصیلات کو بھی علیحدہ سے بیان کیا گیا ہے۔

مندرجہ ذیل سے متعلق بیانات کھاتوں کے نوٹس میں ظاہر اور لف کئے گئے ہیں:

- شیئر ہولڈنگ کی وضع
- ڈائریکٹرز،CEO،CFOاور کمپنی سیکریٹری کی جانب سے کمپنی کے حصص میں تجارت

ٹریٹ کارپوریشن لمیٹڈ

متقابل مالیاتی نتائج کا خلاصہ

(ملین روپوں میں)

	مالیاتی سال جون، 2022ء		مالیاتی سال جون، 2021ء		فی صد تبدیلی	
	ٹریٹ	مجموعی	ٹریٹ	مجموعی	ٹریٹ	مجموعی
فروخت (خالص)	7,424	15,790	7,574	14,195	-1.98%	-11.24%
مجموعی منافع	2,238	2,669	2,579	2,547	-13.22%	-4.79%
آپریٹنگ نفع/ (نقصان)	969	794	1,101	401	-12%	98.01%
نفع/ (نقصان) بمعہ ٹیکس	1,040	(56)	1,990	524	-47.74%	-110.69%
خالص نفع/ (نقصان) علاوہ ٹیکسیشن	862	(303)	1,539	548	-43.99%	-155.29%
فی حصص آمدنی (روپے)-بنیادی	4.88	(1.77)	8.93	3.24	-45.35%	-154.63%
فی حصص آمدنی (روپے)-ڈائی لیوٹڈ	4.85	(1.76)	8.86	3.22	-45.25%	-154.66%

ہر شعبہ کی سیلز حسب ذیل ہے:

(ملین روپوں میں)

شعبے	فروخت		
	مالیاتی سال جون 2022ء	مالیاتی سال جون 2021ء	فی صد اضافہ/کمی
بلیڈ اور تجارتی آمدنی	7,424	7,574	-1.98%
صابن	490	745	-34.23%
کاروگیشن	2,228	1,740	28.05%
فارماسیوٹیکل	715	544	31.43%
بائیک	51	30	70.00%
بیٹری	4,882	3,562	37.06%
میزان	15,790	14,195	11.24%

منافع منقسمہ

کمپنی کی مالیاتی کارکردگی کو مدنظر رکھتے ہوئے بورڈ آف ڈائریکٹرز نے..........روپیہ فی حصص (2020: 1 روپیہ فی حصص) حتمی نقد منافع منقسمہ ادا کرنے کی سفارش کی ہے۔

مالیاتی منصوبہ

ہمارے گروپ کو درپیش سب سے بڑے چیلنج میں بیلنس شیٹ میں بہت زیادہ عدم توازن شامل ہے۔ جو لاگت اور بیلنس شیٹ سٹرکچر کے مطابق ہمارے لئے غیر موافق ہے۔ گروپ کو توازن میں لانا ہماری اولین ترجیح ہے اور ملکی اور عالمی سطح پر حالیہ کلی معاشی اشاریے کاروباری حالات کو موافق بنانے میں سب سے بڑی رکاوٹ ہیں۔ ان عوامل میں مندرجہ ذیل شامل ہیں لیکن یہ محدود نہیں:

- پالیسی ریٹ میں اضافہ
- ایندھن اور بجلی کی قیمتوں میں اضافہ

ٹریٹ کارپوریشن لمیٹڈ

ہم 30 جون 2022ء کو اختتام پذیر سال کے لئے کمپنی کی ڈائریکٹرز رپورٹ بمعہ مالیاتی اسٹیٹمنٹس (پڑتال شدہ) ازراہِ مسرت پیش کرتے ہیں۔

معاشی بے یقینی صورت حال کے اثرات

مالیاتی سال 2022ء کے دوران پاکستان کی معیشت کو درپیش سیاسی و معاشی چیلنجز کے باعث کاروباری ماحول عموماً ناسازگار رہا۔ جس نے ہماری معیشت کی بدحالی میں اہم کردار ادا کیا اور ہماری صنعت کے کاروباری کو بُری طرح متاثر کیا۔ خام مال کی تیزی سے بڑھتی ہوئی قیمتیں، گذشتہ 12 ماہ کے دوران روپے کی قدر میں کمی اور شرح سود میں تاریخی اضافے اور سیاسی بے یقینی کی صورت حال نے زیادہ تر ''درآمدات'' پر انحصار کرنے والی اس صنعت کے کاروبار کی بقا کو مشکل بنا دیا ہے۔

ہمارا کاروبار ان چیلنجز سے بالکل آزاد نہیں ہے البتہ ہماری ٹیم کی لگن اور ان تھک محنت نے کسی حد تک مذکورہ بالا بدترین معاشی اثرات کو کم کیا ہے۔ غیر مستحکم معاشی حالات کے باوجود کمپنی بہتر نتائج کے حصول کے لئے بہتر کارکردگی دکھانے میں کامیاب ہوئی ہے۔ مزید برآں، ہماری سیلز اور مارکیٹنگ حکمت عملی، آپریشنل پلاننگ اور لاگت پر کنٹرول جیسے عوامل میں لگاتار بہتری کے باعث ہم فروخت کے حجم، منافع اور لیکویڈیٹی مینجمنٹ میں مزید بہتری کی توقع رکھتے ہیں۔ سیاسی و معاشی بے چینی کے باوجود ہمارا عزم گروپ کو بہتر سے بہترین منافع دلانے کے لئے برقرار ہے۔

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

انتظامیہ نے IAS 36 کے تحت ذیلی/ وابستہ کمپنی/ کمپنیوں: ٹریٹ ہولڈنگز لمیٹڈ (THL) اور فرسٹ ٹریٹ مینوفیکچرنگ مضاربہ (FTMM) میں زیر استعمال رقم کی بابت سرمایہ داری کی کیرینگ اماؤنٹ (carrying amount) پر نقائص کی ٹیسٹنگ کا عمل کیا ہے۔ جس کا تعین THL اور FTMM کے ممکنہ کیش فلوز کی حالیہ قیمت کی بنیاد پر کیا گیا ہے۔ نیتجتاً، THL کے ٹریٹ کھاتوں میں 30.4 ملین روپے کی رقم درج کی گئی جب کہ 655.75 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۔

کاروباری جائزہ - ٹریٹ کارپوریشن لمیٹڈ (TCL)

زیر جائزہ سال کے ددوران TCL نے سالانہ کی بنیاد پر 1.98 فی صد کمی کے ساتھ گذشتہ برس میں 7574 ملین روپے کے مقابلہ میں 7,424 ملین روپے خالص سیلز درج کی۔ لوکل سیلز 69 فی صد جب کہ برآمدی فروخت 31 فی صد رہی۔ برآمدی فروخت میں 7.98 فی صد کمی واقع ہوئی اور جب ملکی سطح پر فروخت میں گذشتہ برس کی نسبت 1 فی صد اضافہ ہوا۔ لاگت پر بہتر اور مؤثر کنٹرول کے باعث 2,238 ملین روپے مجموعی منافع گذشتہ برس کی نسبت 13.22 فی صد اضافہ ظاہر کر رہا ہے (مالیاتی سال 2021ء کے لئے مجموعی منافع 2,579 ملین روپے تھا)۔ انتظامی، آپریٹنگ اور ڈسٹری بیوشن اخراجات میں اضافی خرچوں پر کنٹرول اور ویلیو چین کاسٹ آپٹی مائزیشن کے باعث 14.11 فی صد کمی واقع ہوئی۔ آپریٹنگ منافع گذشتہ برس کی نسبت 12 فی صد کمی کے ساتھ 969 ملین روپے رہا (مالیاتی سال 2021: 1,101 ملین روپے)۔ 941 ملین روپے کی دیگر آمدنی نے کمپنی کو منافع بخش بنانے میں اہم کردار ادا کیا جس میں FTMM میں سرمایہ داری پر 655 ملین روپے نقصان کی واپسی شامل ہے۔

رپورٹنگ کے دورانیہ میں پالیسی ریٹ میں اضافے کے باعث گذشتہ برس میں 696 ملین روپے کے مقابلے میں 4.12 فی صد اضافے کے ساتھ مالیاتی لاگت 724 ملین روپے رہی۔ پی اے ٹی بھی 43.99 فی صد کمی کے ساتھ 862 ملین روپے رہی (مالیاتی سال 2021: 1,539 ملین روپے)۔

کاروباری جائزہ - گروپ نتائج

مالیاتی سال 2022ء کے لئے گروپ کی کل آمدنی گذشتہ برس (مالیاتی سال 2021: 14,195 ملین روپے) کی نسبت 11.24 فی صد اضافے کے ساتھ 15,790 ملین روپے رہی۔ 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 لئے مجموعی منافع میں 4.79 فی صد اضافہ ہوا جو گذشتہ برس کی اسی مدت کی نسبت 2,669 ملین روپے درج ہوا۔ (مالیاتی سال 2021: 2,547 ملین روپے) یہ عموماً تقریباً تمام کاروباری شعبوں میں بلند حجم اور لاگت کو کنٹرول کرنے کے مربوط اقدامات کے باعث سامنے آیا جس کے نتیجے میں مستقل اخراجات کو پورا کرنے میں مدد ملی۔

مالیاتی سال 2022ء کے لئے آپریٹنگ منافع گذشتہ برس کی اسی مدت میں 401 ملین روپے کے مقابلے میں 794 ملین روپے رہا۔ نفع علاوہ ٹیکس 303 ملین روپے رہا جس میں گذشتہ برس کے مقابلہ میں 155.29 فی صد کمی واقع ہوئی۔ اس نفع کے باعث گذشتہ برس کی اسی مدت میں 3.24 فی حصص آمدنی کے مقابلہ میں 1.77 ملین روپے آمدنی فی حصص ریکارڈ ہوئی۔

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 directorshiPaksol or membershiPaksol they hold in other corporations. This is in pursuance with Section 205 of the Companies Act, 2022, 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) Regulations, 2019

Treet Corporation Limited
Year ended June 30, 2022

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

1. The total number of directors are eight (07) as per the following ,

   a. Male 06
   b. Female 01

2. The composition of the Board is as follows:

Category	Name
i. Independent Director	Dr. Salman Faridi
ii. Non – Executive Directors	Mr. Imran Azim Mr. Munir Karim Bana
iii. Executive Directors	Mr. Syed Shahid Ali Mr. Muhammad Shafique Anjum Mr. Syed Sheharyar Ali
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. One of our Director named as Syed Sheharyar Ali's 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):

STATEMENT OF COMPLIANCE WITH
CODE OF CORPORATE GOVERNANCE

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

Furthermore, 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 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	(Chairman)
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 (3 Annual Meeting)

15. The Board has outsourced the internal audit function to M/s Ernst & Young Ford Rhodes, Chartered Accountants, 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.

19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are below if applicable:

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Sr. No.	Requirement	Explanation	Regulation Number
1	Nomination Committee	Currently the Board has not constituted a separate nomination Committee and the functions are being performed by the Human Resource and Remuneration Committee.	29
2	Risk Management Committee	Similarly the Functions of Risk Management Committee are being performed by the Senior Management of the Company and apprise the Board accordingly.	30

Mr. Imran Azim
Chairman

INDEPENDENT AUDITOR`S REVIEW REPORT

To the members of Treet Corporation Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Treet Corporation Limited (the Company) for the year ended June 30, 2022 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 June 30, 2022.

Yousuf Adil

Yousuf Adil
Chartered Accountants

Engagement Partner:
Muhammad Sufyan

Lahore
6th October 2022

UDIN: CR2022101802nwBWmFle

UN-CONSOLIDATED

FINANCIAL

STATEMENTS

For the year ended 30 June 2022

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 June 30, 2022, 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 June 30, 2022 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):

Key audit matter	How the matter was addressed in our audit
Revenue Recognition The Company's sales comprise of revenue from the local and export sale of blades and razors which has been disclosed in note 33 to the unconsolidated financial statements. Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, revenue recognition criteria has been explained in note 5.20 to the unconsolidated financial statements. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of control of the goods to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to address the Key Audit Matter included the following: • Obtained an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; • Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • Checked on a sample basis whether the recorded local and export sales transactions are based on satisfaction of performance obligation (i.e. on delivery of goods and after issue of gate passes for local sales and on shipment of goods for export sales). • Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents. • Evaluated the adequacy and appropriateness of disclosures made in the unconsolidated financial statements.

Independent Auditor's Report

<table>
<tr><td>Key audit matter(s)</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Valuation of Stock-in-trade

Stock in trade has been valued following an accounting policy as stated in note 5.13 to the unconsolidated financial statements and the value of stock in trade is disclosed in note 13 to the unconsolidated financial statements. Stock in trade forms material part of the Company's assets comprising around 8% of total assets.

The valuation of stock in trade is carried at lower of cost and net realizable value (NRV). Cost as different components, which includes judgement in relation to allocation of overhead costs, which are incurred in bringing the finished goods to its present location and condition. Judgements are also involved in determining the NRV of stock in trade in line with the accounting policy.

Due to the above factors, we have considered the valuation of stock in trade as a key audit matter.</td><td>Our audit procedures to address the Key Audit Matter included the following:

• Obtained an understanding of mechanism of recording purchases and valuation of stock in trade and testing the design and implementation of key internal controls;
• On a sample basis, verified supporting documents for purchases of raw materials and the production costs;
• Verified calculations of actual production costs and checked allocation of these costs to work in process and finished goods;
• Obtained an understanding and assessed reasonableness of the management's process for determination of NRV and the key estimates adopted, including future selling prices, future costs to complete and costs necessary to make the sales and their basis;
• Compared the NRV, on a sample basis, to the carrying value of stock in trade to assess whether any adjustments were required to carrying value of inventories in accordance with the policy; and
• For valuation of goods in transit, verified the supporting documents on sample basis.</td></tr>
<tr><td>Recoverability of long-term investments

Refer notes 5.8 and 9 to the unconsolidated financial statements.

As at June 30, 2022, the carrying value of the Company's long-term investments was Rs. 11,468 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. 30.43 million and reversal of impairment loss of Rs. 655.76 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.</td><td>Our audit procedures to address the Key Audit Matter included the following:

• Discussed with the Company's management key assumptions used in valuation model and testing the mathematical accuracy of the model;
• Evaluated the assumptions and judgements adopted by management in it's discounted cash flow analysis (i-e growth rate, terminal values and discount rate) used to derive the recoverable amount of the investment in subsidiary;
• Checked the recoverable amount of listed investments using externally quoted market prices;
• Compared the recoverable amount of investments with their carrying values to identify the additional impairment loss or reversal, as the case may be; and
• Reviewed the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.</td></tr>
</table>

Other Matter

The unconsolidated financial statements of The Company for the financial year ended June 30, 2021, were audited by another auditor who expressed an unmodified opinion on those unconsolidated financial statements vide their report dated October 29, 2021.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the unconsolidated financial statements and our auditor's report thereon.

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

Independent Auditor's Report

We communicate with the board of directors regarding, among other matters, the planned scope and timing of 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 statement of unconsolidated 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Sufyan.

Yousuf Adil

Yousuf Adil
Chartered Accountants

Lahore
6th October 2022

UDIN: AR20221018078y5lCqH3

Unconsolidated Statement of Financial Position

As at 30 June 2022

	Note	2022	2021
		(Rupees in thousand)	
Assets			
Non-current assets			
Property, plant and equipment	6	7,664,616	7,715,239
Investment property	7	-	12,896
Intangible asset	8	15,389	30,156
Long term investments	9	11,467,835	10,533,701
Long term loans	10	6,310	5,108
Long term security deposits		19,914	19,414
Long term deposit	11	-	270,000
		19,174,064	18,586,514
Current assets			
Stores and spares	12	295,269	256,208
Stock in trade	13	1,975,521	1,474,422
Short term investments	14	98,894	334,695
Trade debts	15	161,603	157,207
Loans, advances, deposits, prepayments and other receivables	16	3,586,305	2,040,292
Cash and bank balances	17	266,399	645,781
		6,383,991	4,908,605
Non-current assets held for sale	18	-	313,617
		6,383,991	5,222,222
Liabilities			
Current liabilities			
Short term borrowings	19	6,943,813	6,171,512
Current portion of long term finances	24	86,047	136,151
Current portion of government grant	25	504	6,843
Trade and other payables	20	1,187,660	1,423,765
Employees provident fund		2,210	16,517
Unclaimed dividend		15,624	13,228
Accrued mark-up	21	214,337	163,271
Current portion of lease liabilities	22	8,234	6,321
Provision for taxation	40	141,271	343,448
		8,599,700	8,281,056
Net current liabilities		(2,215,709)	(3,058,834)
Non-current liabilities			
Long term deposits	23	5,603	3,464
Long term finances - secured	24	778,597	114,645
Government grant	25	-	504
Deferred liabilities - employee retirement benefits	26	886,938	882,981
Deferred taxation	27	243,963	206,775
Lease liabilities	22	13,405	20,502
		1,928,506	1,228,871
		15,029,849	14,298,809
Contingencies and commitments	29		
Represented by:			
Authorized capital			
250,000,000 (2021: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
150,000,000 (2021: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000
		4,000,000	4,000,000
Issued, subscribed and paid up capital	30	1,787,211	1,748,343
Reserves	31	5,172,461	5,116,724
Unappropriated profit		2,808,409	2,101,491
Surplus on revaluation of property, plant and equipment - net of tax	32	5,261,768	5,332,251
		15,029,849	14,298,809

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

LAHORE 28th September 2022	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 2022

	Note	2022	2021
		(Rupees in thousand)	
Revenue - net	33	7,423,897	7,573,543
Cost of revenue	34	(5,185,698)	(4,994,751)
Gross profit		2,238,199	2,578,792
Administrative expenses	35	(554,895)	(588,795)
Distribution cost	36	(714,367)	(889,008)
		(1,269,262)	(1,477,803)
Operating profit		968,937	1,100,989
Finance cost	37	(724,330)	(695,699)
Other operating expenses	38	(146,065)	(411,263)
		(870,395)	(1,106,962)
Other income	39	941,139	1,996,034
Profit before taxation		1,039,681	1,990,061
Taxation	40	(177,851)	(451,366)
Profit for the year		861,830	1,538,695
Earnings per share			
Basic earnings per share (Rupees)	41	4.88	8.93
Diluted earnings per share (Rupees)	41	4.85	8.86

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

LAHORE 28th September 2022	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 2022

	2022	2021
	(Rupees in thousand)	
Profit for the year	861,830	1,538,695
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	(24,403)	(85,637)
- Surplus on revaluation of property, plant and equipment - net of tax	-	1,523,710
	(24,403)	1,438,073
Total comprehensive income for the year	837,427	2,976,768

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

LAHORE	Syed Shahid Ali	Mohtashim Aftab	Imran Azim
28th September 2022	Chief Executive Officer	Group Chief Financial Officer	Director

Unconsolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022	2021
		(Rupees in thousand)	
Cash generated from operations	42	(940,783)	1,781,554
Income tax paid		(147,178)	(84,788)
Finance cost paid		(670,931)	(748,782)
Contributions to defined benefit plans		(169,075)	(97,668)
Long term loans and deposits - net		437	(8,863)
		(986,747)	(940,101)
Net cash (used in) / generated from operating activities		(1,927,530)	841,453
<u>Cash flows from investing activities</u>			
Fixed capital expenditure		(342,943)	(178,937)
Proceeds from disposal of property, plant and equipment		41,609	33,206
Proceeds from disposal of long term investments		4,809	2,439,658
Purchase of long term investments during the year		-	(483,465)
Proceeds from disposal of short term investments		271,789	376,975
Profit received on bank deposits		8,531	7,857
Dividend received	39.2	1,705	9,681
Net cash (used in) / generated from investing activities		(14,500)	2,204,975
<u>Cash flows from financing activities</u>			
Proceeds from issue of share capital under ESOS		94,605	80,125
Receipts from long term finances - net		607,005	107,848
Principal portion of lease rentals paid during the year		(8,826)	(7,842)
Reciepts/repayments of short term borrowings - net		249,508	(425,701)
Loan repaid to Chief Executive Officer		-	(89,245)
Dividend paid		(172,437)	(5)
Net cash generated from / (used in) financing activities		769,855	(334,820)
Net (decrease) / increase in cash and cash equivalents		(1,172,175)	2,711,608
Cash and cash equivalents at beginning of year		(3,392,900)	(6,104,508)
Cash and cash equivalents at end of year	43	(4,565,075)	(3,392,900)

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

LAHORE
28th September 2022

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 2022

	Share Capital	Capital Reserves				Revenue Reserves		Total
		Share Premium	Capital Reserve	Surplus on revaluation of land and buildings - net of tax	Employee Stock Option Compensation Reserve	General Reserve	Un-appropriated Profit	
	---------------------------(Rupees in thousand)-----------------------------------							
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 income 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
Total comprehensive loss for the year								
Profit for the year	-	-	-	-	-	-	861,830	861,830
Other comprehensive loss	-	-	-	-	-	-	(24,403)	(24,403)
	-	-	-	-	-	-	837,427	837,427
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	(44,324)	-	-	44,324	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	(26,159)	-	-	-	(26,159)
Transactions with owners of the Company, contributions and distributions								
Issuance of shares under employee stock option scheme	38,868	55,737	-	-	-	-	-	94,605
Final dividend for the year ended 30 June 2021 at Rs.1 per share	-	-	-	-	-	-	(174,833)	(174,833)
	38,868	55,737	-	-	-	-	(174,833)	(80,228)
Balance as at 30 June 2022	1,787,211	4,905,432	629	5,261,768	-	266,400	2,808,409	15,029,849

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

LAHORE
28th September 2022

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Imran Azim
Director

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

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:

	2022	2021
Name of Company	(Direct holding percentage)	
Subsidiaries		
- Treet Holdings Limited	100	100.00
- First Treet Manufacturing Modaraba	97.11	96.38
- Renacon Pharma Limited	55.86	55.86
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 JUDGEMENTS

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgements, 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 judgements 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 ADOPTED DURING THE YEAR

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

4.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2022

	Effective from Accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 01, 2023
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

- IFRS 17 – Insurance Contracts

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 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.

Employee Stock Option Scheme

The Company operates an equity settled stock option scheme to be called 'Treet Corporation Limited - Employees Stock Option Scheme, 2015'. The Compensation Committee ("Committee") of the Board of Directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees.

These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a pre-determined price on the date of grant of options. The main features of the scheme are mentioned in note 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.

5.2 Taxation

Current

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

Deferred

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

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

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

Deferred tax is charged in the statement of profit or loss, except in the case of items charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

5.3 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.

5.4 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.

Depreciation on investment property other than freehold land is charged to profit or loss account on straight line method so as to write off the depreciable amount of building over its estimated useful life at the rate of 5 per cent per annum. Depreciation on additions is charged from the day the property becomes available for use till the day the property is fully depreciated or disposed off.

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.

5.5 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.

5.6 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.

5.7 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.

5.8 Investments

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

Investment in subsidiaries and associates

Investments in subsidiaries and associates where the Company has control / significant influence are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense in the statement of profit or loss. Investments in subsidiaries and associates that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses 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.

5.9 Impairment

Financial assets

The Company recognizes loss allowances for ECLs on:

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

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

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

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.

5.10 Financial Instruments

5.10.1 Recognition and initial measurement

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

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

5.10.2 Classification and subsequent measurement

Financial assets

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

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

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

Amortized cost

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

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

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

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, 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.

5.10.3 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.

5.11 Stores and spares

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

5.12 Stock in trade

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

5.13 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.

5.14 Cash and cash equivalents

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

5.15 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.

5.16 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.

5.17 Provisions

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

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

5.18 Foreign currency translation

Foreign currency transactions are translated into Pakistan Rupees which is the Company's functional and presentation currency using the exchange rates approximating those prevailing at the date of the transaction.

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

5.19 Revenue recognition

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:

5.19.1 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.

5.19.2 Dividends

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

5.19.3 Interest income

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

5.20 Contract liabilities

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

5.21 Borrowing costs

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

5.22 Research and development costs

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

5.23 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.

5.24 Contingent liabilities

A contingent liability is disclosed when:

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

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

5.25 Government grant

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.

5.26 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.

5.27 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.

	Note	2022	2021
		(Rupees in thousand)	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	7,375,524	7,239,406
Capital work in progress	6.2	289,092	475,833
		7,664,616	7,715,239

Notes to the Unconsolidated Financial Statements

For the year ended 30 June 2022

6.1 Operating fixed assets

	Annual rate of depreciation	Cost/ revalued amount as at 01 July 2021	Additions/ (Deletions)	Surplus on revaluation during the year	Elimination due to revaluation	Cost / revalued amount as at June 30, 2022	Accumulated depreciation as at July 01, 2021	Elimination due to revaluation	Depreciation charge / (deletions) for the year	Accumulated depreciation as at 30 June 2022	Book value as at 30 June 2022
	%	---(Rupees in thousand)---------------------------------------									
Owned											
Freehold land - note 6.1.1	-	4,275,500	-	-	-	4,275,500	-	-	-	-	4,275,500
			-						-		
Buildings on free hold land - note 6.1.1	5	695,791	-	-	-	695,791	-	-	34,966	34,966	660,825
									-		
Right of use asset - building	15-35	32,865	1,309	-	-	34,174	7,673	-	8,745	16,418	17,756
Plant and machinery	10	1,975,632	395,186	-	-	2,370,818	-	-	230,826	230,826	2,139,992
			-						-		
Furniture and equipment	10-25	196,780	22,236	-	-	217,297	106,253	-	17,532	122,521	94,776
			(1,719)						(1,264)		
Vehicles	20	408,003	86,103	-	-	422,334	231,239	-	62,252	235,659	186,675
			(71,772)						(57,832)		
		7,584,571	504,834	-	-	8,015,914	345,165	-	354,321	640,390	7,375,524
			(73,491)	-	-			-	(59,096)		

	Annual rate of depreciation	Cost / revalued amount as at July 01, 2020	Additions/ (Deletions)	Surplus on revaluation during the year	Elimination due to revaluation	Cost / revalued amount as at June 30, 2021	Accumulated depreciation as at July 01, 2020	Elimination due to revalu-ation	Depreciation charge / (deletions) for the year	Accumulated depreciation as at June 30, 2021	Book value as at June 30, 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	-	-	196,780	91,153	-	15,945	106,253	90,527
			(1,226)						(845)		
Vehicles	20	360,314	97,476	-	-	408,003	208,733	-	55,126	231,239	176,764
			(49,787)						(32,620)		
		6,933,450	433,489	1,744,148	(1,475,503)	7,584,571	1,585,582	(1,475,503)	268,551	345,165	7,239,406
			(51,013)						(33,465)		

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	2022	2021
		(Rupees in thousand)	
6.1.2 Depreciation charge for the year has been allocated as follows:			
Cost of sales	34	303,091	215,186
Administrative expenses	35	33,487	24,576
Distribution cost	36	17,743	28,789
		354,321	268,551
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		303,283	321,449
Plant and machinery		1,117,938	913,874
		1,533,154	1,347,256
6.1.4 The latest valuation of Company's assets was carried as at 30 June 2021 by an independent valuer named Medallion Servies Private Limited and Dimensions Evaluators & Consultants Private Limited 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 2022 are located in Pakistan and are in the name of the Company.

6.1.6 The following assets were disposed off during the year having net book value above Rs 0.5 million:

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/ (loss)	Mode of disposal	Relationship with the Company	Particulars of purchaser
	---------- (Rupees in thousand) ----------							
Vehicles								
Honda Civic	2,873	2,081	792	1,833	1,041	Company Policy	Employee	Muhammad Younus
Honda Accord	4,087	2,524	1,563	2,618	1,055	Company Policy	Employee	Feroz Hasan Khan
Toyota Corolla Xli	2,216	998	1,218	1,423	205	Company Policy	Employee	Saadat Ali Khera
Toyota Fortuner	2,774	1,620	1,154	1,457	303	Company Policy	Employee	Shahid Zia
Toyota Yaris	2,803	604	2,199	2,359	160	Company Policy	Employee	Masood ul Hassan
Suzuki Cultus	1,125	59	1,066	1,078	12	Company Policy	Employee	Imran Munawar
2022	15,878	7,886	7,992	10,768	2,776			
2021	51,013	33,465	17,548	33,206	15,658			

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2022

		Note	2022	2021
			(Rupees in thousand)	
6.2	Capital work in progress			
	Civil works		2,783	-
	Plant and machinery		190,709	414,161
	Plant and machinery - in transit		-	30,452
	Furniture and equipment		19,395	2,495
	Vehicles		-	185
	Advances for capital expenditure		76,205	28,540
			289,092	475,833
6.2.1	Movement in capital work-in-progress - at cost			
	As at 01 July		475,833	723,756
	Additions during the year		376,666	131,675
	Opening advances and intransit realized		(58,848)	-
	Less: Transfers to operating fixed assets		(503,525)	(360,838)
	Less: Charged off during the year		(1,034)	(18,760)
	As at 30 June		289,092	475,833

7 INVESTMENT PROPERTY

	Note	2022	2021
Cost as at 30 June	7.1	-	12,896

7.1 This represented land measuring 14 Kanals and 5 Marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore.

8 INTANGIBLE ASSET

Intangible asset represents computer software (ERP system)

8.1 Oracle computer software and implementation

	Note	2022	2021
Cost			
As at 01 July		73,836	47,600
Addition during the year		-	26,236
		73,836	73,836
Accumulated amortisation			
As at 01 July		(43,680)	(29,126)
Amortisation for the year	35	(14,767)	(14,554)
		(58,447)	(43,680)
Balance as at 30 June		15,389	30,156
Rate of amortization		20%	20%

	Note	2022	2021
		(Rupees in thousand)	
9 LONG TERM INVESTMENTS			
In equity instruments of subsidiaries - at cost	9.1	11,172,213	10,238,079
In equity instruments of associate - at cost	9.2	287,455	287,455
Fair value through OCI	9.3	8,167	8,167
		11,467,835	10,533,701

9.1 In equity instruments of subsidiaries - at cost

	Note	2022	2021
Treet Holdings Limited - unquoted			
71,104,740 (2021: 71,104,740) fully paid ordinary shares of Rs. 10 each	9.1.1	675,137	675,137
Equity held: 100 % (2021: 100 %)			
Chief Executive Officer - Syed Shahid Ali			
Less: Accumulated impairment allowance	9.1.1.1	(265,858)	(235,429)
		409,279	439,708
First Treet Manufacturing Modaraba - quoted			
858,010,993 (2021: 655,251,700) fully paid certificates of Rs. 10 each	9.1.2	10,280,721	8,061,393
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)
		10,280,721	9,316,158
Renacon Pharma Limited - unquoted			
34,833,790 (2021: 34,833,790) fully paid ordinary shares of Rs. 10 each	9.1.3	482,213	482,213
Equity held: 55.86% (2021: 55.86%)			
Chief Executive Officer - Dr. Salman Shakoh			
		11,172,213	10,238,079

9.1.1 The Company directly owns 100% (2021: 100%) equity interest in Treet Holding Limited (THL).

9.1.1.1 Accumulated impairement allowance

	Note	2022	2021
Opening balance		(235,429)	(96,704)
Charge during the year	9.1.1.2	(30,430)	(138,725)
Closing balance		(265,859)	(235,429)

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.

However, during the year, recoverable amount is lower than carrying amount therefore, further impairment loss is recorded during the year amounting to Rs. 30.48 million which has been recognized in the statement of profit or loss under “other expenses”.

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 15.40% 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 5.76 which was higher than fair value less cost of disposal of investment, (which is calculated based on the fair value of THL’s net assets as at 30 June 2022 and which is substantially a Level 3 inputs of the fair value hierarchy in accordance with IFRS 13 "Fair Value Measurement"). Hence the Company recognized impairment loss of Rs. 30.4 million during last year.

The recoverable amount of 71,104,712 ordinary shares was Rs. 439.71 million at 30 June 2022 which is calculated based on the value in use of THL as at 30 June 2022.

9.1.2 The Company directly owns 97.11% (2021: 96.38%) equity interest in First Treet Manufacturing Modaraba (FTMM) and 2.22% (2021: 2.8%) through its subsidiary, Treet Holdings Limited.

During the year ended June 30, 2021, 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 831,000 certificates till 26 October 2021. Board of Directors of the Company, through resolution by circulation dated 27 October 2021, reversed their initial plan to sell these modaraba certificates.

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	2022	2021
		(Rupees in thousand)	
Opening balance		581,138	905,557
Transferred to non-current assets held for sale	18.2.2	-	(106,005)
Transferred from non-current assets held for sale		74,618	-
Reversal during the year	9.1.2.2	(655,756)	(218,414)
Closing balance		-	581,138

9.1.2.2 However, during the year, carrying amount of investment of company is Rs.11.22 per share and value in use computed by the management of the Company amounting to Rs. 12.15 per share is higher than the fair value less cost of disposal of investment amounting to Rs.10.78 per share. Therefore, value in use 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 which has resulted in reversal of impairment loss, during the year, amounting to Rs. 655.76 million. The change in accounting estimate has no impact on future periods and disclosed in note 18.2.2 to these unconsolidated financial statements.

9.1.3 Renacon Pharma Limited ("RPL") is a pharmaceutical manufacturing company incorporated on 07 July 2009. The Company directly owns 55.86% (2021: 55.86%) equity interest in RPL.

		Note	2022	2021
			(Rupees in thousand)	
9.2	In equity instruments of associate - at cost			
	Loads Limited - quoted 31,387,657 (2021: 31,387,657) fully paid ordinary shares of Rs. 10 each Equity held: 12.49% (2021: 12.49%) Chief Executive Officer - Munir K. Bana	9.2.1	287,455	287,455
			287,455	287,455

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. 9.71 per share.

		Note	2022	2021
9.3	Fair value through OCI			
	Techlogix International Limited - unquoted			
	711,435 (2021: 711,435) fully paid ordinary shares of par value of USD 0.00014682 Equity held: 0.67% (2021: 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 104.45 (2021: USD 112) over the long term and realise its returns. During the year, the Company has not received any return (2021: Nill).

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	2022	2021
Loans to employees - secured, considered good	10.1	23,817	17,835
Less : Current portion of loan to employees - secured, considered good	16	(17,507)	(12,727)
		6,310	5,108

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. 2.43 million (2021: Rs. 10.93 million) which further include loan to the following key management personnels;

	2022	2021
Arshad Latif	-	803
M. Mohtashim Aftab	3,600	4,800
Mr. Akhlaq Ahmed	1,686	-
	5,286	5,603

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For the year ended 30 June 2022

	Note	2022	2021
		(Rupees in thousand)	
Maximum outstanding balance with reference to month end balances are as follows:			
Arshad Latif		803	1,606
M. Mohtashim Aftab		4,800	5,900
Mr. Akhlaq Ahmed		1,686	-

Further, no amount is due from Directors and Chief Executive at the year end (2021: Rs. Nil).

11 LONG TERM DEPOSITS

This represented 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. In accordance with the terms of the agreement, the retention amount will be released to the Company after 6 months from the closing date i.e. 30 June 2022, subject to no claims being filed by CEPL. Therefore, this amount has been classified as deposits in loans, advances, deposits and prepayments in current assets. The escrow account carries markup at the rate of 5.5% per annum and classified as fair value through profit and loss account.

12 STORES AND SPARES

	Note	2022	2021
Stores		143,951	116,390
Spares		151,318	139,818
	12.1	295,269	256,208

12.1 It includes stores and spares in transit amounting to Rs. 3.11 million (2021: Rs. 2.7 million).

13 STOCK IN TRADE

	Note	2022	2021
Raw and packing material	13.1	1,150,463	799,150
Work in process		341,213	212,652
Finished goods	13.2	487,110	465,885
		1,978,786	1,477,687
Provision for obsolete and slow moving inventory	38	(3,265)	(3,265)
		1,975,521	1,474,422

13.1 It includes raw material in transit amounting to Rs. 276.90 million (2021: Rs. 95.81 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 Nill (2021: 3.63 million). It also includes finished goods in transit amounting to Rs. 1.84 million (2021: 120.6 million).

	Note	2022	2021
		(Rupees in thousand)	
14 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Listed equity securities	14.1	98,894	64,695
Investment at amortized cost			
Term deposit receipts		-	270,000
		98,894	334,695

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

2022

	Shares	Cost	Market value	Opening unrealized gain / (loss)	Realized gain/ (loss) on disposal during the year	Unrealized gain / (loss) during the year	Closing unrealized gain / (loss)
	Number	(Rupees in thousand)					
a) Banks							
Silk Bank Limited	13,000,000	24,155	15,340	2,127	(220)	(10,790)	(8,815)
b) Textile							
Sunrays Textiles Mills Limited	27,026	2,458	5,953	5,920	-	(2,426)	3,494
Maqbool Textiles Mills Limited	894,500	27,554	77,240	623	-	49,063	49,686
c) Miscellaneous							
Transmission Engineering Limited	133,000	-	-	-	-	-	-
d) Steel Mills							
Aisha Steel Mills Limited	32,704	-	361	-	-	361	361
	14,087,230	54,167	98,894	8,670	(220)	36,208	44,726

2021

	Shares	Cost	Market value	Opening unrealized gain / (loss)	Realized gain / (loss) on disposal during the year	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

Notes to the Unconsolidated Financial Statements

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		Note	2022	2021
			(Rupees in thousand)	
15	TRADE DEBTS			
	Foreign debtors		122,977	104,487
	Local debtors	15.1	38,626	52,720
			161,603	157,207
	Considered doubtful		1,785	1,785
			163,388	158,992
	Less: Expected credit loss	15.2	(1,785)	(1,785)
			161,603	157,207

15.1 It include unsecured receivable from following related parties:

	Note	2022	2021
Elite Brands Limited	15.1.1	21,700	39,579
Renacon Pharma Limited		-	80
Liaquat National Hospital	15.1.2	16	-
		21,716	39,659

15.1.1 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. 51.12 million.

15.1.2 This represents receivable in the normal course of business and is past due by more than 31 to 60 days. Maximum amount outstanding at any time during the year is Rs. 0.025 million with respect to month end balances.

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

	2022	2021
Balance as at 01 July	1,785	1,785
Charge for the year	-	-
Balance as at 30 June	1,785	1,785

	Note	2022	2021
		(Rupees in thousand)	
16 LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loan to employees	10	17,507	12,727
Advances to employees	16.1	48,997	26,077
Advances to suppliers		55,115	34,329
Margin deposits against letters of credits		1,852	450
Deposits	11	270,000	-
Prepayments		-	1,151
Balances with statutory authorities:			
Export rebate		144,441	153,730
Collector of customs - custom duty		10,353	-
Advance income tax		167,806	363,468
Sales tax receivable		-	15,368
		322,600	532,566
Receivable from broker against sale of investments		4,130	19,882
Receivable from subsidiary companies - unsecured, considered good - at amortised cost			
-First Treet Manufacturing Modaraba	9.1.2	2,560,990	1,127,424
-Renacon Pharma Limited		252,113	188,914
	16.2	2,813,103	1,316,338
Receivable from other related parties - unsecured, considered good			
-Loads Limited		6,629	13,259
-Treet HR Management (Private) Limited		-	25,426
-Treet Power Limited		2,455	4,910
-Global Assets (Private) Limited		-	59
-Hi-Tech Alloy Wheels Limited		3,473	7,004
	16.2	12,557	50,658
Due from Global Arts Limited, a former subsidiary company	16.2	-	11,571
Employees Housing Fund		38,138	34,448
Others		2,306	95
		3,586,305	2,040,292

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. 6.9 million (2021: Rs. 1.62 million) receivable from executives of the Company. Amount of Rs. 3.26 million is advanced to Chief Executive Officer and other directors.

Notes to the Unconsolidated Financial Statements
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16.2 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. During the year there were no receipts from the related parties regarding these balances hence a provision for impairment has been charged, these balances are net of provision for impairment.

		Note	2022	2021
			(Rupees in thousand)	
16.2.1	Accumulated impairment allowance			
	Opening balance		-	-
	Charge during the year	38	(12,557)	-
	Closing balance		(12,557)	-

16.3 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	2022	2021
	---------------------(Rupees in thousand)---------------------					
First Treet Manufacturing Modaraba	683,547	-	1,877,443	-	2,560,990	1,127,424
Renacon Pharma Limited	34,488	17,734	199,891	-	252,113	188,914
Global Arts Limited	-	-	-	-	-	11,571
Treet HR Management (Private) Limited	-	-	-	-	-	25,426
Treet Power Limited	-	-	-	2,455	2,455	4,910
Treet Holdings Limited	-	-	-	-	-	-
Global Asset Limited	-	-	-	-	-	59
Hi-Tech Alloy Wheels Limited	-	-	-	3,473	3,473	7,004
Loads Limited	-	-	-	6,629	6,629	13,259

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

	2022	2021
	(Rupees in thousand)	
First Treet Manufacturing Modaraba	2,819,730	8,263,646
Renacon Pharma Limited	297,650	285,905
Global Arts Limited	122,712	122,712
Treet Holding Limited	-	108,442
Treet HR Management		25,426
Treet HR Management (Private) Limited	25,426	25,426
Treet Power Limited	4,910	4,910
Global Assets Limited	59	59
Hi-Tech Alloy Wheels Limited	7,004	7,004
Loads Limited	13,259	13,259

	Note	2022	2021
		(Rupees in thousand)	
17 CASH AND BANK BALANCES			
Cash in hand		3,581	3,678
Cash at bank in local currency			
- Current accounts	17.1	217,891	404,264
- Saving accounts	17.2	44,927	239,873
		262,818	644,137
- Temporary Overdraft	17.3	-	(2,034)
		266,399	645,781

17.1 These include bank accounts of Rs. 82.8 million (2021: Rs. 4.6 million) maintained under Shariah compliant arrangements.

17.2 These include deposits amounting to Rs. 1.3 million (2021: Rs. 121.44 million) under Shariah compliant arrangements, which carries profit rate ranging from 3% to 4.65% per annum (2021: 3.72% to 5.70% per annum). The remaining balance carry mark-up at the rates ranging from 10% to 12.25% per annum (2021: 3.42% to 5.61% per annum).

17.3 Overdrawn balance represent cheques issued but not yet presented for payment at the year end Rs. Nill. (2021: 2 million).

	Note	2022	2021
18 NON-CURRENT ASSETS HELD FOR SALE			
Investment in First Treet Manufacturing Modaraba - quoted	18.1	-	313,617
18.1 Investment in First Treet Manufacturing Modaraba - quoted			
Nill (2021: 19,419,000) 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 ended June 30, 2021, 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 831,000 certificates till 26 October 2021. Board of Directors of the Company, through resolution by circulation dated 27 October 2021, reversed their initial plan to sell these modaraba certificates.

Notes to the Unconsolidated Financial Statements
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		Note	2022	2021
			(Rupees in thousand)	
18.2.2	Accumulated impairment allowance			
	Opening balance		74,809	-
	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)
	Transferred to long term investment		(74,809)	-
	Closing balance		-	74,809

18.2.2.1 During the year the Company sold 250,000 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	2022	2021
Short term running finance - secured	19.1	3,951,237	3,268,389
Export refinance and others- secured	19.2	1,474,092	1,556,186
Islamic mode of financing - secured	19.3	1,518,484	1,346,937
		6,943,813	6,171,512

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 8.01% to 16.02% (2021: 7.55% to 10.58%) per annum payable quarterly in arrears. 'The Company has un-availed running finance facility aggregating to Rs.1375.29 million (2021: Rs. Rs.1,428.19 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 12.93% (2021: 2.5% to 13.34%) per annum payable quarterly in arrears. 'The Company has un-availed export refinance and other facilities aggregating to Rs.1,056.12 million (2021: Rs.395.60 million) at 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 9.51% to 15.31% (2021:7.38% to 14.35%) per annum payable quarterly in arrears or on maturity. The Company has un-availed facility aggregating to Rs.668.63 million (2021: Rs. 942.06 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	2022	2021
		(Rupees in thousand)	
20 TRADE AND OTHER PAYABLES			
Trade creditors:			
Related parties - unsecured	20.1	19,014	29,247
Others		175,190	180,359
		194,204	209,606
Due to related party - unsecured	20.2	33,166	34,648
Accrued liabilities		434,625	693,350
Contract liability	20.3	301,911	132,300
Employees deposits - secured		80,790	75,845
Withholding sales tax payable		2,640	1,242
Withholding income tax payable		15,536	30,669
Workers Profit Participation Fund	20.4	-	121,180
Workers Welfare Fund	20.5	21,011	66,585
Sales tax payable		13,961	-
Other payables		89,243	52,143
Payable to employee retirement benefit funds: Service fund		573	6,197
		1,187,660	1,423,765

20.1 Related parties - unsecured

	2022	2021
Subsidiary companies:		
First Treet Manufacturing Modaraba	18,656	26,181
Treet Holdings Limited	-	235
Renacon Pharma Limited	-	70
Other related parties:		
Elite Brands Limited	11	1,063
Cutting Edge (Private) Limited	-	215
Treet HR Management (Private) Limited	-	1,450
Gulab Devi Chest Hospital	33	33
Packages Limited	314	-
	19,014	29,247

These are interest free in the normal course of business.

20.2 This represents payable to Treet Holdings Limited (THL) and Treet HR Management (Private) Limited, subsidiary companies, on account of payments made on behalf of the Company. The amount payable to THL carries markup at an effective rate ranging from 7.37% to 14.49% 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. 121.16 million, out of the contract liability as at 30 June 2021.

Notes to the Unconsolidated Financial Statements
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	Note	2022	2021
		(Rupees in thousand)	
20.4 Workers Profit Participation Fund			
Balance as at 01 July		121,180	13,364
Charge for the year		20,783	107,816
		141,963	121,180
Interest on delayed payment		7,861	-
Payments during the year		(107,816)	-
Payments to employees on behalf of WPPF		(24,073)	-
Reversal for the prior year		(17,930)	-
Balance as at 30 June		-	121,180
20.5 Workers Welfare Fund			
Balance as at 01 July		66,585	-
Charge for the year	38	21,012	58,439
Prior year		(48,326)	3,347
Payments during the year		(18,260)	-
Penalty		-	8,146
		21,011	69,932
Adjustment during the year		-	(3,347)
Balance as at 30 June		21,011	66,585

21 ACCRUED MARK-UP

	Note	2022	2021
Accrued mark-up / return on:			
Long term borrowings		7,352	1,284
Short term borrowings		206,985	161,987
		214,337	163,271

22 LEASE LIABILITIES

	Note	2022	2021
Liability against right of use asset		21,639	26,823
Current portion of liability against right of use asset		(8,234)	(6,321)
		13,405	20,502

Maturity analysis of liability against right of use asset is as follows:

	Note	2022	2021
Less than one year		9,882	8,594
One to five years		14,765	23,317
Total undiscounted liability against right of use asset as at 30 June		24,647	31,911
Impact of discounting on liability against right of use asset		(3,008)	(5,088)
		21,639	26,823

	Note	2022	2021
		(Rupees in thousand)	
Movement of liability against right of use liability is as follows:			
Opening balance		26,823	-
Liability against right of use asset recognised during the year		1,309	31,818
Interest on unwinding of liability against right of use assets	37	2,333	2,847
Payments during the year		(8,826)	(7,842)
Closing balance		21,639	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	2022	2021
Loan from financial instituitions			
Meezan Bank Limited	24.1	58,202	87,303
Habib Bank Limited	24.2	56,442	163,493
Pakistan Kuwait Investment Company - Term Finance Loan	24.3	750,000	-
		864,644	250,796
Less: Current portion shown under current liabilities		(86,047)	(136,151)
		778,597	114,645

24.1 This represents diminishing Musharika facility amounting to Rs. 58.2 million (2021: 87.3 million), obtained from Meezan Bank Limited during previous years. The tenor of the facility is 4 years inclusive of 1-year grace period. The facility is secured by way of 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 3 month kibor + 2% spread per annum. The effective markup rate ranging from 9.40% to 16.83% (2021: 9.40% to 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% (2021: 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.

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24.3 This represents facility amounting to Rs. 750 million , obtained from Pakistan Kuwait Investment Company (Private) Limited during current year for balance sheet re-profiling. The tenor of the facility is upto 8 years inclusive of 2-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 twenty four quarterly equal installments (after grace period of 2 Year) amounting to Rs. 31.25 million, commencing from March 22, 2024. The facility carries markup at 3 month kibor + 1.65% spread per annum. The effective markup rate ranging from 11.69% to 16.26% per annum, payable quarterly in arrears.

	Note	2022	2021
		(Rupees in thousand)	
25 GOVERNMENT GRANT			
Balance as at 01 July		7,347	4,648
Recognized during the year	24.2	-	16,250
Amortization during the year		(6,843)	(13,551)
Balance as at 30 June		504	7,347
Current portion		(504)	(6,843)
Non-current portion		-	504
26 DEFERRED LIABILITIES - EMPLOYEE RETIREMENT BENEFITS			
Gratuity fund		470,993	449,008
Superannuation fund		415,945	433,973
	26.1	886,938	882,981

	Note	Gratuity 2022	Gratuity 2021	Superannuation 2022	Superannuation 2021
		---------(Rupees in thousand)---------			
26.1 Net retirement benefit obligation					
Amounts recognized in the balance sheet are as follows:					
Present value of defined benefit obligation	26.3	564,644	588,195	529,250	550,087
Fair value of plan assets	26.4	(93,651)	(139,187)	(113,305)	(116,114)
Net retirement benefit obligation	26.2	470,993	449,008	415,945	433,973
26.2 Movement in net obligation					
Net liability as at 01 July		449,008	372,053	433,973	341,986
Charge to statement of profit or loss		85,286	75,482	80,180	55,987
Re-measurements chargeable in statement of comprehensive income		51,108	61,380	12,015	73,761
Contribution made by the Company		(114,409)	(59,907)	(110,223)	(37,761)
Net liability as at 30 June		470,993	449,008	415,945	433,973

	Gratuity		Superannuation	
	2022	2021	2022	2021
	---------(Rupees in thousand)---------			
26.3 Movement in the liability for funded defined benefit obligations				
Liability for defined benefit obligations as at 01 July	588,195	461,091	550,087	430,040
Benefits paid by the plan	(139,409)	(40,378)	(110,223)	(21,679)
Current service costs	46,230	46,502	36,088	28,552
Past service costs	-	-	6,286	-
Interest cost	51,725	37,378	49,417	35,603
Benefits due but not paid (payables)	(2,472)	(2,308)	(1,620)	(679)
	544,269	502,285	530,035	471,837
Re-measurments on obligation:				
Actuarial losses on present value				
- Changes in demographic assumptions	-	-	-	-
- Changes in financial assumptions	1,430	634	1,416	627
- Experience adjustments	18,945	85,276	(2,201)	77,623
	20,375	85,910	(785)	78,250
Present value of defined benefit obligations as at 30 June	564,644	588,195	529,250	550,087
26.4 Movement in fair value of plan assets				
Fair value of plan assets as at 01 July	139,187	89,038	116,114	88,054
Contributions into the plan	114,409	59,907	110,223	37,761
Benefits paid by the plan	(139,409)	(40,378)	(110,223)	(21,679)
Interest income on plan assets	12,669	8,398	11,611	8,168
Benefits due but not paid	(2,472)	(2,308)	(1,620)	(679)
Return on plan assets excluding interest income	(30,733)	24,530	(12,800)	4,489
Fair value of plan assets as at 30 June	93,651	139,187	113,305	116,114
26.5 Plan assets				
Plan assets comprise:				
Listed securities	45,803	36,740	24,990	19,709
Unlisted securities	6,246	5,521	1,730	13,323
Deposits with banks	2,979	30,547	54,364	46,224
Investment in mutual funds	4,628	5,423	-	-
Government securities	36,000	36,000	33,000	33,000
Others	467	27,264	841	4,537
Less: Payables	(2,472)	(2,308)	(1,620)	(679)
	93,651	139,187	113,305	116,114

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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	
		2022	2021	2022	2021
		---------(Rupees in thousand)---------			
	Interest cost	51,725	37,378	49,417	35,603
	Current service cost	46,230	46,502	36,088	28,552
	Past service cost	-	-	6,286	-
	Interest income on plan assets	(12,669)	(8,398)	(11,611)	(8,168)
	Total, included in salaries and wages	85,286	75,482	80,180	55,987
26.7	Actual return on plan assets	(18,064)	32,928	(1,189)	12,657
26.8	Actuarial losses recognized directly in other comprehensive income				
	Cumulative amount at 01 July	(305,483)	(244,103)	(358,326)	(284,565)
	Losses recognized during the year	(51,108)	(61,380)	(12,015)	(73,761)
	Cumulative amount at 30 June	(356,591)	(305,483)	(370,341)	(358,326)

26.9 The Company expects to pay Rs. 119 million in contributions to gratuity fund during the year ending 30 June 2023.

26.10 The Company expects to pay Rs. 101 million in contributions to superannuation fund during the year ending 30 June 2023.

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

	2022		2021	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation per annum
Discount rate used for profit and loss charge	10.00%	10.00%	8.50%	8.50%
Discount rate used for year-end obligation	13.25%	13.25%	10.00%	10.00%
Expected rates of salary increase	12.25%	12.25%	9.00%	9.00%
Expected rates of return on plan assets	13.25%	13.25%	10.00%	10.00%

Mortality rate

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

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

		2022	2021
		(Rupees in thousand)	
26.13	Cost on account of defined benefit plans has been allocated as follows:		
	<u>Unconsolidated Statement of Profit or Loss</u>		
	Cost of revenue	120,737	88,567
	Administrative expenses	18,670	13,070
	Distribution cost	9,222	15,800
	Charged to related group companies	16,837	14,032
		165,466	131,469
	<u>Unconsolidated Statement of Comprehensive Income</u>		
	Charged to other comprehensive income	55,845	121,734
	Charged to related group companies	7,278	13,407
		63,123	135,141

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 2022 would have been as follows:

		Impact on present value of defined benefit obligation as at 30 June 2022			
		Gratuity		Superannuation	
	Change	Increase	Decrease	Increase	Decrease
		---------(Rupees in thousand)---------			
Discount rate	100 bps	(519,759)	616,305	(484,864)	580,461
Future salary increase	100 bps	616,305	519,007	580,461	484,121

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.

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	Note	2022	2021
		(Rupees in thousand)	
			(Restated)
27 DEFERRED TAXATION		(243,963)	(206,775)
27.1 Deferred tax liability arises in respect of following temporary differences:			
Taxable temporary differences on:		(118,917)	(83,769)
- Accelerated tax depreciation		(281,395)	(267,416)
- Surplus on revaluation of depreciable assets		(3,827)	(4,694)
- Right of use asset		(404,139)	(355,879)
Deductible temporary differences on:			
- Employee retirement benefits		155,126	123,684
- Provision for doubtful debts		385	333
- Liability against right of use asset		4,665	4,998
- Provision for WPPF		-	20,089
		160,176	149,104
		(243,963)	(206,775)
27.1.2 Movement in deferred tax liability is as follows:			
Balance as at 01 July		(206,775)	93,723
Recognized in statement of profit or loss:			
- Accelerated tax depreciation		(35,148)	(11,227)
- Right of use asset		867	(4,694)
- Surplus on revaluation of PPE		12,180	2,682
- Reversal of capital loss on short term investments		-	(9,640)
- Provision for WPPF		(20,089)	20,089
- Provision for doubtful debts		52	27
- Liability against right of use asset		(333)	4,998
- Minimum tax		-	(106,333)
		(42,471)	(104,098)
Recognized in statement of comprehensive income / equity:			
- Re-measurement of employee retirement benefits recognized		31,442	36,097
- Surplus arisen during the year on revaluation of property, plant and equipment		-	(220,438)
- Net off against the surplus of revaluation of building		-	-
		31,442	(184,341)
Effect of change in tax rate on account of surplus on revaluation of depreciable assets		(26,159)	(12,059)
Balance as at 30 June		(243,963)	(206,775)

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 total number of outstanding options as at June 30, 2021 were 4,781 thousand. No new options were granted and forfeited during the year. The original exercise price per share is Rs 24.34 and the market value per share at the grant date was Rs. 20.45. Total number of options exercised by the eligible employees during the year are 3,887 thousand and the total number of outstanding options as at June 30, 2022 are 1,198 thousand.

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.

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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 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 appealed 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 was 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, ACIR, 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 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 tax advisor of the Company are confident that the case will be decided in favor of the Company, therefore, no provision has been recorded.

29.1.8 During previous year, with respect to the tax year 2015, ACIR passed an order u/s 122(5A) 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 appealed before CIR(A) which is pending adjudication at the year end.

Being aggrieved with the appellate order the company in the current period filed second appeal before the learned ATIR on 29-April-2022 contesting the portion of annulment which is pending adjudication at this point in time. However, the department were also filed second appeal on account of couple of add backs where adequate relief was not allowed in the first appeal.

Both of the counter appeals are still pending in the ATIR till the year end. Management and tax advisor of the company are confident of favourable outcome of the case.

29.1.9 During the previous years, 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 the tax year 2016 , the additional Commissioner Inland Revenue invoked provision of Section 122(5A) of the Income Tax Ordinance, 2001 on different Issues such as addition u/s 111(1)(d), addition u/s 111(1)(b), allocation of expenses between export and local sale, inter corporate dividend, profit on sales of fixed assets, disposal of investment property addition u/s 111(1)(c), disallowed statutory deprciation allowance, disallowed intial allowance, amortisation of advertisment expenses etc and passed an order dated 31-03-2022 by raising a tax demand amounting to Rs 125,602,103. An appeal has been filed by the entity before the CIR, Lahore on 23-April-2022 which is still pending in Court.

A favourable outcome is expected in the appeal as the learned Additional Commissioner has not properly examined the documents/ records produced before him during the hearing of this case as well as legal provisions as law.

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		2022	2021
		(Rupees in thousand)	
29.2	Commitments		
29.2.1	In respect of:		
	- irrevocable letters of credit	1,385,054	753,082

29.2.2 Guarantees given by banks on behalf of the Company in favour of Sui Northern Gas Pipeline Limited and Sui Southern Gas Limited as at 30 June 2022, amounts to Rs. 5 million and Rs. 2.4 million respectively (2021: Rs. 290.615 million).

29.2.3 Guarantees given by banks on behalf of the Company in favour of Collector of Customs as at 30 June 2022, amounts to Rs. 13.2 million.

30 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2022	2021	2022	2021
	(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 ESOS	14,501,351	10,614,551	145,014	106,146
	178,721,122	174,834,322	1,787,211	1,748,343

30.1	Reconciliation of number of shares	Note	2022	2021
			(Rupees in thousand)	
	At 01 July		1,748,343	1,698,313
	Issued against employee share option scheme	30.2	38,868	50,030
	At 30 June		1,787,211	1,748,343

30.2 During the year, the Company issued 3.8 million (2021: 5 million) fully paid ordinary shares to eligible employees, under the terms of the scheme as disclosed in note 28 to these unconsolidated financial statements. Exercise price fro the issuance of shares was 24.34.

30.3 Syed Shahid Ali (Chief Executive Officer) holds 56,141,899 (2021: 56,141,899) and Syed Sheharyar Ali (Executive Director) holds 13,545,243 (2021: 12,665,543) ordinary shares of Rs. 10 each, representing 31.41% (2021: 32.11%) and 7.58% (2021: 7.24%) of the paid up capital of the Company respectively.

30.4 Loads Limited, an associated company, holds 4,837,958 (2021: 8,887,958) ordinary shares of Rs. 10 each, representing 2.70% (2021: 5.08%) of the paid up capital of the Company.

	Note	2022	2021
		(Rupees in thousand)	
31 RESERVES			
Capital reserves	31.1	4,906,061	4,850,324
General reserves		266,400	266,400
		5,172,461	5,116,724
31.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Share premium	31.1.1	4,905,432	4,849,695
		4,906,061	4,850,324

31.1.1 This reserve can be utilized by the Company only for the purposes specified under section 81(2) of the Companies Act, 2017. The increase in reserve represents share premium at the rate of Rs. 14.34 against issue of shares under employee share option scheme.

	2022	2021
32 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX		
Revaluation surplus as at 01 July	5,599,667	3,869,913
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	(44,324)	(11,712)
- related deferred tax liability on incremental depreciation	(12,180)	(2,682)
	(56,504)	1,729,754
Revaluation surplus as at 30 June	5,543,163	5,599,667
Less: Related deferred tax liability on revaluation surplus as at 01 July	267,416	37,601
- on account of surplus arisen during the year	-	220,438
- on account of incremental depreciation charged	(12,180)	(2,682)
- tax rate adjustment	26,159	12,059
	281,395	267,416
Revaluation surplus as at 30 June - net	5,261,768	5,332,251

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	2022	2021
	(Rupees in thousand)	
33 REVENUE - NET		
Blades and Razors		
Export sales - gross	2,322,780	2,529,456
Less: Trade discount	(9,796)	(16,012)
	2,312,984	2,513,444
Local sales - gross	6,131,407	6,026,833
Less: Sales tax	(945,907)	(930,875)
Less: Trade discount	(97,290)	(93,546)
	5,088,210	5,002,412
Trading income		
Sales - gross	18,757	4,961
Less: Sales tax	(893)	(307)
Less: Trade discount	-	-
	17,864	4,654
Trading income - Chemicals		
Sale of Chemicals - gross	5,672	62,386
Less: Sales tax	(824)	(9,295)
Less: Trade discount	(9)	(58)
	4,839	53,033
Revenue from contracts with customers - net	7,423,897	7,573,543

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	
	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in thousands							
Primary Geographical Markets								
Asia	7,218,383	7,374,006	17,864	4,654	4,839	53,033	7,241,086	7,431,693
Europe	53,681	41,522	-	-	-	-	53,681	41,522
North America	11,288	7,976	-	-	-	-	11,288	7,976
Africa	68,711	69,064	-	-	-	-	68,711	69,064
South America	49,080	23,288	-	-	-	-	49,080	23,288
Australia	51	-	-	-	-	-	51	-
	7,401,194	7,515,856	17,864	4,654	4,839	53,033	7,423,897	7,573,543
Major Products								
Blades and razors	7,401,194	7,515,856	-	-	-	-	7,401,194	7,515,856
Batteries	-	-	17,864	4,654	-	-	17,864	4,654
Chemicals	-	-	-	-	4,839	53,033	4,839	53,033
	7,401,194	7,515,856	17,864	4,654	4,839	53,033	7,423,897	7,573,543
Timing of revenue recognition								
Products transferred at a point in time	7,401,194	7,515,856	17,864	4,654	4,839	53,033	7,423,897	7,573,543

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2022

		Note	2022	2021
			(Rupees in thousand)	
34	COST OF REVENUE			
	Raw and packing materials consumed		2,955,073	3,010,659
	Stores and spares consumed		164,485	140,820
	Salaries, wages and other benefits	34.1	1,285,623	1,522,606
	Fuel and power		427,286	373,429
	Repairs and maintenance		22,664	34,701
	Rent, rates and taxes		4,982	5,763
	Insurance		47,108	24,081
	Travelling and conveyance		13,885	8,049
	Printing and stationery		10,079	6,893
	Postage and telephone		7,143	5,724
	Depreciation on property, plant and equipment	6.1.2	303,091	215,186
	Other expenses		17,483	15,872
			5,258,902	5,363,783
	Opening stock of work in process	13	212,652	74,338
	Closing stock of work in process		(341,213)	(212,652)
	Cost of goods manufactured		5,130,341	5,225,469
	Opening stock of finished goods		465,885	145,359
	Finished goods purchased for resale - batteries and chemicals		10,720	19,551
	Closing stock of finished goods	13	(487,110)	(465,885)
			(10,505)	(300,975)
	Freight, octroi and handling		65,862	70,257
			5,185,698	4,994,751

34.1 Salaries, wages and other benefits include Rs. 120.7 million (2021: Rs. 88.56 million) and Rs. 41.72 million (2021: Rs. 40.95 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2022	2021
35	ADMINISTRATIVE EXPENSES			
	Salaries and other benefits	35.1	398,743	463,897
	Repairs and maintenance		3,264	3,828
	Rent, rates and taxes		1,152	903
	Travelling and conveyance		25,539	12,154
	Entertainment		2,363	2,064
	Postage and telephone		2,641	1,883
	Printing and stationery		12,838	13,489
	Legal and professional charges	35.2	31,801	25,718
	Computer expenses		15,654	17,200
	Meeting fees	44	2,400	1,740
	Subscription		1,050	994
	Depreciation on property, plant and equipment	6.1.2	33,487	24,576
	Amortization on intangible asset	8.1	14,767	14,554
	Others		9,196	5,795
			554,895	588,795

35.1 Salaries and other benefits include Rs. 18.7 million (2021: Rs. 13.07 million) and Rs. 17.25 million (2021: Rs. 14.9 million) in respect of defined benefit schemes and defined contribution schemes respectively.

		Note	2022	2021
			(Rupees in thousand)	
35.2	Legal and professional charges include the following in respect of auditors' remuneration:			
	Statutory audit		2,950	2,675
	Half yearly review		600	555
	Certification charges		165	165
	Out of pocket expenses		372	656
			4,087	4,051

36 DISTRIBUTION COST

	Note	2022	2021
Salaries and other benefits	36.1	390,664	520,198
Repairs and maintenance		3,795	3,605
Advertising		144,579	247,947
Freight, octroi and handling		91,015	31,892
Rent, rates and taxes		632	1,323
Travelling and conveyance		42,105	29,588
Postage and telephone		5,018	4,827
Depreciation on property, plant and equipment	6.1.2	17,743	28,789
Printing and stationery		367	568
Others expenses		18,449	20,271
		714,367	889,008

36.1 Salaries and other benefits include Rs. 9.2 million (2021: Rs. 15.80 million) and Rs. 7.62 million (2021: Rs. 9.94 million) in respect of defined benefit schemes and defined contribution schemes respectively.

37 FINANCE COST

	2022	2021
Markup on short term borrowings	641,927	649,085
Markup on long term borrowings	58,140	12,893
Unwinding of liability against right of use asset	2,333	2,847
Bank charges	21,930	30,874
	724,330	695,699

Notes to the Unconsolidated Financial Statements
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	Note	2022	2021
		(Rupees in thousand)	
38 OTHER OPERATING EXPENSES			
Impairment allowance on investment in			
- Treet Holdings Limited	9.1.1.1	30,430	138,725
Impairment of receivables from related parties			
- Treet Power Limited		2,455	-
- Hi-tech Alloy Wheels Limited		3,472	-
- Loads Limited		6,630	-
Donations	38.1	3,399	40,290
Assets written off		12,896	23,986
Provision for obsolete and slow moving inventory		-	3,265
Markup expense charged by Treet Holding Limited		2,831	2,162
Exchange loss - net	38.2	52,006	23,125
Realized loss on short term investments at fair value through profit or loss		220	-
Realized loss on disposal of FTMM certificates classified as held for sale		-	1,962
Unrealized exchange loss		-	-
Workers' Profit Participation Fund		10,714	107,816
Workers' Welfare Fund	20.5	21,012	69,932
		146,065	411,263

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

	2022	2021
Gulab Devi Chest Hospital	-	758
Lahore Polo Club	-	500
Lahore Race Club	-	200
Society for Cultural Education	-	38,832
Cancer Care Hospital	500	-
Layton Rahmatullah Benevolent Hospital	165	-
Infection Control And Prevention Foundation	200	-
Government College Township	500	-
The Association For Overseas Technical Scholarship	25	-
Lahore Gymkhana Tennis Club	150	-
Haji Muhammad Ghurki Trust	500	-
Institute of Art and Culture	1,359	-
	3,399	40,290

	Note	2022	2021
		(Rupees in thousand)	
38.1.1 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
Society for Cultural Education		-	38,832
		-	39,590

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

39 OTHER INCOME

	Note	2022	2021
Income from financial assets			
Profit on bank deposits	39.1	8,531	7,857
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	14.1	36,208	6,340
Unrealized exchange gain		623	1,648
Dividend income	39.2	1,705	9,681
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	655,756	246,530
Mark-up income from			
- First Treet Manufacturing Modaraba		73,631	433,289
- Treet Holdings Limited		-	2,171
- Renacon Pharma Limited		18,939	15,396
- Global Arts Limited		-	4,409
- 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
		795,393	926,800
Income from non financial assets			
Profit on disposal of property, plant and equipment	6.1.6	27,214	15,658
Realized gain on disposal of long term investment - GAL	39.3	-	794,648
Realized gain on disposal of long term investment	9.3	73	-
Scrap sale		38,501	35,061
Export rebate	39.4	74,647	200,359
Service Charges			
- First Treet Manufacturing Modaraba Limited		4,584	22,586
- Treet Holdings Limited		570	857
- Renacon Pharma Limited		157	65
		145,746	1,069,234
		941,139	1,996,034

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39.1 Income during the year, from savings bank accounts relating to deposits placed under shariah based arrangements amounted to Rs. 1.14 million (2021: Rs. 0.79 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	2022	2021
		(Rupees in thousand)	
39.2 Detail of dividend income received during the year is as follows:			
Shahtaj Textile Limited		135	7,805
Sunrays Textile		-	545
Maqbool Textile Mills Limited		1,565	1,331
		1,700	9,681

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

39.4 Rebate income is net of commission paid to consultant of Rs 4.16 million (2021: Rs. 4.2 million).

40 TAXATION

	Note	2022	2021
Current			
- For the year		141,271	343,448
- For prior years		(5,891)	3,820
Deferred			
- For the year	27.1.2	42,471	104,098
	40.1	177,851	451,366

40.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2022	2021
Profit / (loss) before taxation	1,039,681	1,990,061
Tax at 29% (2021: 29%)	301,507	577,118
Tax effect of:		
- income under FTR, reduced rate and others	(135,951)	(75,205)
- Exempt income and others	-	(55,418)
- Prior year tax	(5,891)	3,820
- Minimum tax adjustment	-	(10,633)
- Permanent difference - donations to unapproved institutions	675	11,684
- Super tax	17,511	-
	177,851	451,366

		2022	2021
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	861,830	1,538,695
ii-Weighted-average number of ordinary shares:			
Weighted average number of shares	Number in thousand	176,505	172,313
Basic earnings / (loss) per share	Rupees	4.88	8.93
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	861,830	1,538,695
ii-Weighted-average number of ordinary shares (diluted):			
Weighted average number of shares (basic)		176,505	172,313
Effect of share options on issue		1,198	1,322
Weighted-average number of ordinary shares (diluted)	Number in thousand	177,703	173,635
Diluted earnings / (loss) per share	Rupees	4.85	8.86

Notes to the Unconsolidated Financial Statements
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	Note	2022	2021
		(Rupees in thousand)	
42 CASH GERERATED FROM OPERATIONS			
Profit before taxation		1,039,681	1,990,061
Adjustments for non cash items:			
Impairment allowance on investment in			
- Treet Holdings Limited	9.1.1.1	30,430	138,725
Reversal of impairment allowance on investment in FTMM	39	655,756	(249,610)
Finance cost	37	724,330	695,699
Depreciation on property, plant and equipment	6.1.2	354,321	268,551
Provision for employees benefit plans	26.13	148,629	117,437
Amortization on intangible asset	35	14,767	14,554
Realized loss on disposal of long term investments - FTMM	39	-	1,962
Provision for Workers' Profit Participation Fund	38	10,714	107,816
Provision for Workers' welfare fund	38	21,012	69,932
Assets written off	38	12,896	23,986
Provision for obsolete and slow moving inventory	38	-	3,265
Profit on bank deposits	39	(8,531)	(7,857)
Realized gain on disposal of short term investments at fair value through profit or loss	38	220	(193,146)
Profit on disposal of property, plant and equipment	39	(27,214)	(15,658)
Realized gain on disposal of long term investments - GAL	39	-	(794,648)
Unrealized gain on short term investments at fair value through profit or loss	39	(36,208)	(6,340)
Unrealized exchange gain	39	(623)	(1,648)
Markup income from related parties	39	(73,631)	(458,518)
Export rebate	39	(74,647)	(200,359)
Dividend income	39	(1,705)	(9,681)
		439,004	(495,538)
Operating profit before working capital changes		1,478,685	1,494,523
Effect on cashflow due to working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(39,061)	(12,558)
Stock in trade		(501,099)	(481,938)
Trade debtors		(3,773)	(1,061)
Loans, advances, deposits, prepayments and other receivables		(1,593,397)	194,360
		(2,137,330)	(301,197)
(Decrease) / increase in current liabilities:			
Trade and other payables		(282,138)	588,228
		(940,783)	1,781,554

43 CASH AND CASH EQUIVALENTS

	Note	2022	2021
Cash and bank balances	17	266,399	645,781
Term Deposit	14	-	270,000
Short term running finance - secured	19	(3,951,237)	(3,268,389)
Musharika running finance		(880,237)	(1,040,292)
		(4,565,075)	(3,392,900)

44 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these unconsolidated financial statements with respect to 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	
	2022	2021	2022	2021	2022	2021	2022	2021
	-----(Rupees in thousand)-----							
Managerial remuneration	46,080	46,080	35,121	30,772	-	-	323,397	260,790
Provident fund	-	-	1,143	1,853	-	-	13,664	13,403
Service fund	-	-	1,143	1,853	-	-	11,363	11,289
Superannuation fund - I	-	-	1,813	11,333	-	-	23,547	42,812
Gratuity fund	-	-	2,617	9,641	-	-	31,231	34,338
Bonus	-	-	14,352	11,292	-	-	129,177	79,667
Incentives	-		-	2,291	-	-	48,302	93,197
Utilities	5,067	5,862	2,324	2,811	-	-	-	-
Medical	3,538	1,500	43	-	-	-	1,662	2,989
Fees	-	-	-	-	2,400	1,740	-	-
	54,685	53,442	58,556	71,846	2,400	1,740	582,343	538,485
Number of persons	1	1	2	2	4	4	58	49

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.

45 NUMBER OF EMPLOYEES

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

	2022	2021
	(Number of persons)	
Closing number of employees	2,119	2,254
Average number of employees	2,187	2,246

Notes to the Unconsolidated Financial Statements
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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	2022	2021
				(Rupees in thousand)	
I	Subsidiaries				
	Treet Holdings Limited	Subsidiary Co. (100% Direct equity interest)	Expenses incurred on behalf of related party	8,584	19,780
			Funds received by the Company - net of payments	5,026	166,774
			Funds transferred by the Company - net of receipts	-	-
			Purchase of bikes by the Company	6,794	5,622
			Interest charged by related party	2,831	2,162
			Interest charged by the Company	-	2,171
			Rentals charged by the Company	571	857
	First Treet Manufacturing Modaraba	Subsidiary Co. (97.11% Direct equity interest)	Expenses incurred on behalf of related party	472,192	292,384
			Funds received by the Company - net of payments	-	151,037
			Funds transferred by the Company - net of receipts	932,110	-
			Purchase of goods by the Company	48,950	31,644
			Sales of goods by the Company	17	-
			Interest charged by the Company	73,630	433,289
			Rentals charged by the Company	4,582	22,586
			Conversion of debt to equity of FTMM	1,835,903	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
		(55.86% Direct equity interest)	Expenses incurred on behalf of related party	71,304	62,985
			Interest charged by the Company	18,939	15,396
			Funds received by the Company - net of payments	27,200	142,979
			Rentals charged by the Company	157	65
			Guarantee provided on behalf of related party	-	444,000
II	Other Related parties				
	Treet HR Management (Private) Limited	Other related party	Purchase of services by the Company	17,022	17,248
		(0% direct holding)	Interest charged by the Company	-	1,774
			Expenses incurred on behalf of related party	451	-
			Funds received by the Company - net of payments	25,000	-
		(100% indirect holding)	Funds transferred by the Company - net of receipts	-	2,500

	Transactions with related parties	Relationship	Nature of transactions	2022	2021
				(Rupees in thousand)	
	Treet Power Limited	Other related party (0% direct holding) (100% indirect holding)	Interest charged by the Company	-	355
	Loads Limited	Associated Company (12.49% Equity held)	Expenses incurred on behalf of related party	-	6,697
			Interest charged by the Company	-	613
	Packages Limited	Other related party	Purchase of goods by the Company	-	4,857
			Purchase of stores and spares	-	-
			Sale of goods by the Company	-	-
	Cutting Edge (Private) Limited	Other related party	Purchase of services by the Company	-	2,789
	Elite Brands Limited	Other related party	Purchase of services by the Company	-	14,393
			Sale of goods by the Company	794,571	890,980
			Discount on sales	29,415	31,335
			Security deposit received by the company	-	-
	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
	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
			Short Term Advance paid by the Company	-	-
	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
	Liaquat National Hospital	Other related party	Sales made by the company	74	-
		Other related party	Sales made by the company	9	-
	Society for Cultural Education	Former related party	Donations made by the company	-	38,843
	IGI Life Insurance	Other related party	Insurance premium charged to the Company	21,343	16,148
	IGI General Insurance	Other related party	Insurance premium charged to the Company	25,761	38,334
III	Employee benefits				
	Provident fund	Other related party	Contribution paid during the year	46,058	44,888
	Service fund	Other related party	Contribution paid during the year	20,529	20,887
	Housing fund	Other related party	Advance paid during the year - net	3,627	21,902
IV	Key management personnel				
	Key management personnel other than directors	Key management personnel	Salaries and other benefits	161,338	175,243

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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	31%
Mr. Syed Sheharyar Ali	Director / Key management personnel	7.6%
Mr. Munir K. Bana	Director / Key management personnel	0.14%
Mr. M. Shafique Anjum	Director / Key management personnel	0.19%
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 Ahmad Rana	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.

47.2.1 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:

	2022	2021
	(Rupees in thousand)	
Financial asset at amortized cost		
Long term security deposits	19,914	19,414
Long term loans	6,310	5,108
Long term deposit	-	270,000
Trade debts	161,603	157,207
Short term investments	-	270,000
Loans, advances and other receivables	3,159,593	1,446,169
Cash at bank	262,818	644,137
	3,610,238	2,812,035

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:

	2022	2021
Customers	161,603	157,207
Banking companies and financial institutions	264,670	1,184,587
Others	3,183,965	1,470,241
	3,610,238	2,812,035

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.

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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			2022	2021
Cash at Bank	Short term	Long term	Agency	(Rupees in thousand)	
Allied Bank Limited	A1+	AAA	PACRA	12	38,707
Albaraka Bank Limited	A-1	b	JCR VIS	146	703
Askari Bank Limited	A1+	AA+	PACRA	45,943	41,842
Bank Alfalah Limited	A1+	AA+	PACRA	9,796	1,070
Bank Islami Pakistan Limited	A1	A+	PACRA	2,801	1,426
Bank of Punjab	A1+	AA+	PACRA	-	551
Dubai Islamic Bank Limited	A1+	AA	JCR VIS	1,360	121,433
Faysal Bank Limited	A1+	AA	PACRA	2,640	72,309
Habib Bank Limited	A1+	AAA	JCR VIS	57,746	78,104
MCB Bank Limited	A1+	AAA	PACRA	24,731	6,462
National Bank of Pakistan	A1+	AAA	PACRA	12,245	22,309
Samba Bank Limited	A1	AA	JCR VIS	7	7
Sindh Bank Limited	A1	A+	JCR VIS	412	412
Soneri Bank Limited	A1+	AA-	PACRA	16,686	25,477
United Bank Limited	A1+	AAA	JCR VIS	6,269	229,038
Silk Bank Limited	A2	A-	JCR VIS	1,947	1,845
MCIB Bank Limited	A1	A	PACRA	80,077	2,442
				262,818	644,137
Deposits - Escrow account					
Habib Bank Limited	A1+	AAA	PACRA	270,000	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	1,852	450
Bank Alfalah Limited	A1+	AA+	PACRA	-	-
				1,852	450
				534,670	1,184,587

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 was determined as follows:

	2022		2021	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	(Rupees in thousand)			
The aging of trade debts at the reporting date is:				
The aging of trade debts at the reporting date is:				
Not past due	12,214	-	11,943	-
Past due:				
1- 90 days	142,675	-	141,616	-
91 - 180 days	2,379		3	
181 - 365 days	2,786	-	5,430	-
365-and more days	3,334	1,785	-	1,785
	163,388	1,785	158,992	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.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2022

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:

	2022				
	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	751,811	751,811	751,811	-	-
Long term deposits	5,603	5,603	-	5,603	-
Long term finances - secured	864,644	865,147	86,551	466,096	312,500
Short term borrowings	6,943,813	6,943,813	6,943,813	-	-
Unclaimed dividend	15,624	15,624	15,624	-	-
Liability against right of use asset	21,639	24,647	9,882	14,765	-
Accrued mark-up	214,337	214,337	214,337	-	-
	8,817,471	8,820,982	8,022,018	486,464	312,500

	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	-

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.

	2022 (Rupees in thousand)		2021 (Rupees in thousand)	
	USD	EUR	USD	EUR
Assets				
- Trade debts	122,977	-	104,487	-
Liabilities				
- Trade creditors and bills payable	-	-	(11,534)	-
Net Statement of financial position exposure	122,977	-	92,953	-
Off statement of financial position items				
- Outstanding letters of credit	1,344,230	40,824	479,485	273,597
Net exposure	(1,221,253)	(40,824)	(386,532)	(273,597)

47.4.2 Exchange rates applied during the year

The following significant exchange rates have been applied:

			Reporting date rate	
	2022	2021	2022	2021
USD	182.00	163.28	205.50	158.50
EURO	201.00	187.81	215	187.00

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.

	2022 (Rupees in thousand)	2021
USD	12,298	9,295

47.4.4 Currency risk management

Since the maximum amount exposed to currency risk is only 0.114% (2021: 0.042%) 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.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2022

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	2022 Financial assets	2022 Financial liabilities	2021 Financial assets	2021 Financial liabilities
		--------------------(Rupees in thousand)--------------------			
Non-derivative financial instruments					
Deposit - Escrow account	11	270,000	-	270,000	-
Short term investment - Term deposit	14	-	-	270,000	-
		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.

47.4.5.2 Variable rate financial instruments

	Note	2022 Financial assets	2022 Financial liabilities	2021 Financial assets	2021 Financial liabilities
		--------------------(Rupees in thousand)--------------------			
Non-derivative financial instruments					
Long term finances - secured	24	-	864,644	-	258,143
Short term borrowings	19	-	6,943,813	-	6,171,512
Bank balances - saving accounts	17	44,927	-	239,873	-
Receivable from subsidiary companies and other related parties (excluding accrued markup)	16	1,580,756	-	988,849	-
		1,625,683	7,808,457	1,228,722	6,429,655

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 2022.

	Profit / (Loss)	
	2022	2021
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(61,828)	(52,009)
Decrease of 100 basis points		
Variable rate instruments	61,828	52,009

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:

	2022	2021
	(Rupees in thousand)	
Effect on profit or loss before taxation	9,889	6,470
Effect on investments	9,889	6,470

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.

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2022

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.

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

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

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

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

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

	Note	Carrying amount					Fair value			
		Fair value through OCI	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousands								
30 June 2022										
Financial assets at fair value										
Long term investments	9	8,167	-	-	-	8,167	-	-	8,167	8,167
Short term investments	14	-	98,894	-	-	98,894	98,894	-	-	98,894
		8,167	98,894	-	-	107,061	98,894	-	8,167	107,061
Financial assets at amortised cost										
Long term security deposits		-	-	19,914	-	19,914	-	-	-	-
Long term loans	10	-	-	6,310	-	6,310	-	-	-	-
Trade debts	15	-	-	161,603	-	161,603	-	-	-	-
Loans, advances, and other receivables	16	-	-	3,159,593	-	3,159,593	-	-	-	-
Cash and bank balances	17	-	-	266,399	-	266,399	-	-	-	-
	47.5.1	-	-	3,613,819	-	3,613,819	-	-	-	-
Financial liabilities - not measured at fair value										
Short term borrowings	19	-	-	-	6,943,813	6,943,813	-	-	-	-
Trade and other payables	20	-	-	-	751,811	751,811	-	-	-	-
Accrued mark-up	21	-	-	-	214,337	214,337	-	-	-	-
Long term deposits	23	-	-	-	5,603	5,603	-	-	-	-
Liability against right of use asset	22	-	-	-	21,639	21,639	-	-	-	-
Unclaimed dividend		-	-	-	15,624	15,624	-	-	-	-
Long term finances - secured	24	-	-	-	864,644	864,644	-	-	-	-
	47.5.1	-	-	-	8,817,471	8,817,471	-	-	-	-

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2022

		Carrying amount					Fair value			
		Fair value through OCI	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
	Note	--------	--------	--------	--------	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	14	-	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	-	-	-	-

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 used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

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:

	2022	2021
	(Rupees in thousand)	
Total debt	7,808,961	6,429,655
Total equity and debt	22,838,810	20,728,464
Debt to equity ratio	34%	31%

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2022

48 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities				
	Lease liabilities	Long term finances - secured	Short term borrowings	Unclaimed Dividend Payable	Total
	--(Rupees in thousand)--				
As at 30 June 2021	26,823	258,143	6,171,512	13,228	6,469,706
Changes from financing cash flows					
Proceeds from issue of share capital under ESOS	-	-	-	-	-
Receipts from long term finances - net	-	607,005	-	-	607,005
Repayments of short term borrowings - net	-		249,508	-	249,508
Principal portion of lease rentals paid	(8,826)				(8,826)
Dividend paid	-	-	-	2,396	2,396
Total changes from financing cash flows	(8,826)	607,005	249,508	2,396	850,083
Other changes including non- cash					
Changes in short term running finance and musharika running finance	-	-	522,793	-	522,793
Liability against right of use asset recognized	1,309	-	-	-	1,309
Interest on unwinding of lease liability	2,333	-	-	-	2,333
Total liability related other changes	3,642	-	522,793	-	526,435
As at 30 June 2022	21,639	865,148	6,943,813	15,624	7,846,224

	Liabilities					
	Lease liabilities	Long term finances - secured	Short term borrowings	Loan from Chief Executive	Unclaimed Dividend Payable	Total
	--(Rupees in thousand)--					
As at 30 June 2020	-	150,295	8,579,451	89,245	13,233	8,832,224
Changes from financing cash flows						
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)	(414,945)
Other changes including non- cash						
Changes in short term running finance and musharika running finance	-	-	(1,982,238)	-	-	(1,982,238)
Liability against right of use asset recognized	31,818	-	-	-	-	31,818
Interest on unwinding of lease liability	2,847	-	-	-	-	2,847
Total liability related other changes	34,665	-	(1,982,238)	-	-	(1,947,573)
As at 30 June 2021	26,823	258,143	6,171,512	-	13,228	6,469,706

	Production capacity		Actual production	
	2022	2021	2022	2021
	(Units in millions)		(Units in millions)	
49 PLANT CAPACITY AND PRODUCTION				
Hyderabad plant	880	880	588	839
Lahore plant	1,350	1,350	1,133	1,255
	2,230	2,230	1,721	2,094

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 2022	Un-Audited 2021
	(Rupees in thousand)	
Size of the fund - total assets	953,137	639,065
Cost of investments made	469,223	465,102
Percentage of investments made	51%	76%
Fair value of investments	490,326	486,351

The break-up of fair value of investments is:

	2022 (Un-audited)		2021 (Un-Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	55,576	11.3%	51,388	10.6%
Shares in unlisted securities	4,149	0.8%	29,095	6.0%
Listed Debt Instruments	50,000	10.2%	50,000	10.3%
Government securities	16,300	3.3%	16,300	3.4%
Mutual funds	301,774	61.5%	314,153	64.6%
Other Investments	62,527	12.8%	25,415	5.2%
	490,326	100%	486,351	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 2022	Un-Audited 2021
	(Rupees in thousand)	
Size of the fund - total assets	252,486	273,526
Cost of investments made	70,724	62,048
Percentage of investments made	28%	22%
Fair value of investments	70,183	61,008

The break-up of fair value of investments is:

Notes to the Unconsolidated Financial Statements
For the year ended 30 June 2022

	2022 (Un-audited)		2021 (Un-Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	36,084	51.4%	24,262	39.8%
Government securities	15,000	21.4%	15,000	24.6%
Mutual funds	19,099	27.2%	21,746	35.6%
	70,183	100%	61,008	100%

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

52 GENERAL

The figures have been rounded off to nearest rupee unless otherwise stated.

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison.

Reclassified	Reclassified to	Rupees in "000"	Reason
Freight, octroi and handling	Distribution Cost	31,892	For better presentation / classification

53 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 28th September 2022 by the Board of Directors of the Company.

54 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors in their meeting held on ______________ have proposed a final cash dividend for the year ended 30 June 2022 of Rs. -- (2021: Rs. 1.00) per share, for members' approval at the Annual General Meeting to be held on ____________. These unconsolidated financial statements do not reflect this dividend.

LAHORE 28th September 2022	Syed Shahid Ali Chief Executive Officer	Mohtashim Aftab Group Chief Financial Officer	Imran Azim Director

CONSOLIDATED

FINANCIAL STATEMENTS

For the year ended 30 June 2022

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 comprises the consolidated statement of financial position as at June 30, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, 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 June 30, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matter(s):

Key audit matter	How the matter was addressed in our audit
Revenue Recognition The Group's sales comprise of revenue from the local and export sale of blades and razors, batteries, soaps, corrugated boxes, bikes, hemodialysis concentrates and others which has been disclosed in note 36 to the consolidated financial statements. Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, revenue recognition criteria has been explained in note 5.18 to the consolidated financial statements. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not have been recognized based on transfer of control of the goods to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to address the Key Audit Matter included the following: • Obtained an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; • Assessed the appropriateness of the Group's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • Checked on a sample basis whether the recorded local and export sales transactions are based on satisfaction of performance obligation (i.e. on delivery of goods and after issue of gate passes for local sales and on shipment of goods for export sales). • Tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents. • Evaluated the adequacy and appropriateness of disclosures made in the unconsolidated financial statements.

Key audit matter(s)	How the matter was addressed in our audit
Valuation of Stock-in-trade Stock in trade has been valued following an accounting policy as stated in note 5.11 to the consolidated financial statements and the value of stock in trade is disclosed in note 14 to the consolidated financial statements. Stock in trade forms material part of the Company's assets comprising around 13% of total assets. The valuation of stock in trade is carried at lower of cost and net realizable value (NRV). Cost as different components, which includes judgement in relation to allocation of overhead costs, which are incurred in bringing the finished goods to its present location and condition. Judgements are also involved in determining the NRV of stock in trade in line with the accounting policy. Due to the above factors, we have considered the valuation of stock in trade as a key audit matter.	Our audit procedures to address the Key Audit Matter included the following: • Obtained an understanding of mechanism of recording purchases and valuation of stock in trade and testing the design and implementation of key internal controls; • On a sample basis, verified supporting documents for purchases of raw materials and the production costs; • Verified calculations of actual production costs and checked allocation of these costs to work in process and finished goods; • Obtained an understanding and assessed reasonableness of the management's process for determination of NRV and the key estimates adopted, including future selling prices, future costs to complete and costs necessary to make the sales and their basis; • Compared the NRV, on a sample basis, to the carrying value of stock in trade to assess whether any adjustments were required to carrying value of inventories in accordance with the policy; and • For valuation of goods in transit, verified the supporting documents on sample basis.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, 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 opinion 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 the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Board of Directors are 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

Independent Auditor's Report

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 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 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 unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to 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 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.

Other Matter

The consolidated financial statements of the Group for the financial year ended June 30, 2021, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements vide their report dated October 29, 2021.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Sufyan.

Yousuf Adil

Yousuf Adil
Chartered Accountants

Lahore
6th October 2022

UDIN: AR202210180sR3PLWg6S

Consolidated statement of financial position
As at 30 June 2022

	Note	2022	2021
		(Rupees in thousand)	
Assets			(Restated)
Non-current assets			
Property, plant and equipment	6	16,989,955	17,100,014
Right of use assets	7	43,397	87,799
Investment property	8	-	12,896
Intangible assets	9	149,002	163,769
Long term investments	10	759,545	786,943
Long term deposits	11	99,375	352,293
Long term loans and advances	12	6,310	5,108
		18,047,584	18,508,822
Current assets			
Stores and spares	13	414,584	343,934
Stock in trade	14	3,222,335	2,714,981
Trade debts	15	1,092,944	958,241
Short term investments	16	102,368	400,613
Loans, advances, deposits, prepayments and other receivables	17	1,926,211	1,824,066
Cash and bank balances	18	516,794	818,701
		7,275,236	7,060,536
Assets held for sale	19	-	380,275
		7,275,236	7,440,811
Liabilities			
Current liabilities			
Current portion of long term liabilities	20	107,541	163,700
Short term borrowings	21	10,052,206	10,405,146
Trade and other payables	22	2,364,941	2,765,597
Unclaimed dividend		15,625	13,262
Accrued mark-up	23	329,207	226,905
Provision for taxation		255,293	451,658
		13,124,813	14,026,268
Net current liabilities		(5,849,577)	(6,585,457)
Non-current liabilities			
Long term deposits	24	5,602	3,464
Deferred liabilities - employee retirement benefits	25	886,938	882,981
Long term finance	27	965,689	197,578
Government grant	28	8,283	9,086
Deferred taxation	29	629,770	665,124
Lease liabilities	30	32,367	60,628
		2,528,649	1,818,861
		9,669,358	10,104,504
Contingencies and commitments	31		
Represented by:			
Authorized capital			
250,000,000 (2021: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
150,000,000 (2021: 150,000,000) preference shares of Rs. 10 each		1,500,000	1,500,000
		4,000,000	4,000,000
Issued, subscribed and paid up capital	32	1,787,211	1,748,343
Reserves	33	5,895,681	5,839,944
Accumulated loss		(4,820,401)	(4,567,281)
Surplus on revaluation of property, plant and equipment - net of tax	34	6,495,360	6,775,227
Equity attributable to owners of the Company		9,357,851	9,796,233
Non - controlling interest	35	311,507	308,271
		9,669,358	10,104,504

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

LAHORE
28th September 2022

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 2022

	Note	2022	2021
		(Rupees in thousand)	
Continuing operations			
Revenue - net	36	15,789,923	14,194,739
Cost of revenue	37	13,120,865	11,647,808
Gross profit		2,669,058	2,546,931
Administrative expenses	38	653,671	769,265
Distribution cost	39	1,195,099	1,345,194
Expected credit loss on trade debts	15.2	26,077	31,143
		1,874,847	2,145,602
Operating profit		794,211	401,329
Finance cost	40	1,129,469	1,055,242
Other operating expenses	41	163,700	250,168
		1,293,169	1,305,410
Other income	42	437,036	1,416,951
Share of profit of associate		6,229	10,922
(Loss) / profit before taxation from continuing operations		(55,693)	523,792
Taxation		216,229	559,935
- Group		31,068	14,616
- Associate	43	247,297	574,551
Loss after tax from continuing operations		(302,990)	(50,759)
Discontinued operations			
Profit / (loss) after tax from discontinued operations	44	-	598,644
(Loss) / profit after tax		(302,990)	547,885
Attributable to:			
Equity holders of the Parent Company		(313,013)	559,075
Non - controlling interest		10,023	(11,190)
		(302,990)	547,885
Basic earnings / (loss) per share from continuing operations	44	(1.77)	3.24
Diluted earnings / (loss) per share from continuing operations	44	(1.76)	3.22

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

LAHORE 28th September 2022	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 2022

	2022	2021
	(Rupees in thousand)	
Loss after tax	(302,990)	547,885
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	(24,403)	(85,637)
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)
Share of loss in associate's defined benefit liability - net of tax	(2,175)	45
Group's share in associate's surplus on revaluation of property, plant and equipment - net of tax	-	212,609
	(26,578)	2,696,076
Total comprehensive income for the year	(329,568)	3,243,961
Attributable to:		
Equity holders of the Parent Company	(339,591)	3,238,474
Non-controlling interest	10,023	5,487
	(329,568)	3,243,961

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

LAHORE 28th September 2022	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 2022

	Note	2022	2021
		(Rupees in thousand)	
Cash generated from operations	50	723,121	2,764,682
Finance cost paid		(1,022,179)	(1,311,816)
Taxes paid		(321,110)	(716,181)
WPPF and WWF paid		(151,365)	(4,086)
Payment to gratuity fund and superannuation fund		(188,087)	(97,668)
Long term loans and deposits - net		251,716	(4,879)
		(1,431,025)	(2,134,630)
Net cash generated from operating activities		(707,904)	630,052
Cash flows from investing activities			
Fixed capital expenditure		(539,879)	(212,310)
Proceeds from sale of property, plant and equipment		585,189	43,714
Proceeds from disposal of long term investments		63,606	2,349,000
Acquisition of associate		-	(124,926)
Profit received on bank deposits		24,102	18,094
Dividend received		1,707	9,682
Net cash generated from investing activities		134,725	2,083,254
Cash flows from financing activities			
Proceeds from issue of shares under employee stock option scheme		94,605	80,125
Payment of lease liabilities		(15,941)	(27,490)
Long term loans - net		718,017	199,363
Loan from Chief Executive Officer - Interest free		-	(89,245)
Short term borrowings - net		89,077	713,212
Dividend paid		(172,470)	(5)
Net cash generated from financing activities		713,288	875,960
Net increase in cash and cash equivalents		140,109	3,589,266
Cash and cash equivalents at beginning of year		(6,534,701)	(10,123,967)
Cash and cash equivalents at end of year	51	(6,394,592)	(6,534,701)

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

LAHORE
28th September 2022

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 2022

			Capital Reserves					Revenue Reserves					
	Share Capital	Share Premium	Capital Reserve	Share in capital reserve of associate	Surplus on revaluation of property, plant and equipment- net of tax	Fair value reserve on investment	Statutory Reserve	Employee Stock Option Compensation Reserve	General Reserve	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 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 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	5,486	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)						17,539	(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
Total comprehensive income for the year													
Loss for the year	-	-	-	-	-	-	-	-	-	(313,013)	(313,013)	10,023	(302,990)
Other comprehensive income	-	-	-	-	-	-	-	-	-	(26,578)	(26,578)	-	(26,578)
	-	-	-	-	-	-	-	-	-	(339,591)	(339,591)	10,023	(329,568)
Incremental depreciation relating to surplus on revaluation of buildings - net of tax	-	-	-	-	(110,495)	-	-	-	-	110,495	-	-	-
Surplus realized on disposal of property, plant and equipment	-	-	-	-	(144,950)	-	-	-	-	144,950	-	-	-
Effect of change in tax rate on account of surplus on revaluation of buildings	-	-	-	-	(25,350)	-	-	-	-	-	(25,350)	-	(25,350)
<u>Change in ownership interest</u>													
Transfer to / acquisition from NCI	-	-	-	-	928	-	-	-	-	5,859	6,787	(6,787)	-
<u>Transactions with owners of the Group, contributions and distributions</u>													
Issuance of shares under employee stock option scheme	38,868	55,737	-	-	-	-	-	-	-	-	94,605	-	94,605
Final dividend for the year ended 30 June 2021 at Rs.1 per share	-	-	-	-	-	-	-	-	-	(174,833)	(174,833)	-	(174,833)
	38,868	55,737	-	-	-	-	-	-	-	(174,833)	(80,228)	-	(80,228)
Balance as at 30 June 2022	1,787,211	4,904,527	629	212,184	6,495,360	-	511,941	-	266,400	(4,820,401)	9,357,851	311,507	9,669,358

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

LAHORE
28th September 2022

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

	2022	2021
	(Holding percentage)	
Subsidiary Companies		
- Treet Holdings Limited	100.00	100.00
- First Treet Manufacturing Modaraba	99.32	99.18
- Treet HR Management (Private) Limited	100.00	100.00
- Treet Power Limited	100	100.00
- Renacon Pharma Limited	55.86	55.86
- Treet Battery Limited	100	100.00
Associate		
- Loads Limited	12.49	12.49
- Global Assets (Private) Limited	28.85	28.85

Treet Corporation Limited

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.

Notes to the consolidated financial statements

For the year ended 30 June 2022

The Modaraba has earned a gross profit of Rs. 284.720 million (2021: gross loss of Rs. 90.144 million) and net loss after tax of Rs. 541.738 million (2021: Rs. 617.470 million) during the year, whereas its accumulated loss of Rs. 8,141.946 million (2021: Rs. 7,810.787 million) stated at 30 June 2022. The Modaraba has also shown adverse current ratio at the reporting 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.

For the year turnover is Rs. 7,678.362 million, registering an increase of Rs. 1,583.499 million (26%) over the previous year. The increase in turnover is mainly attributable to increase in sales of battery and corrugation, partially offset by decreased sales of soap segment.

For the year, net loss is Rs. 541.738 million which shows significant improvement over the last year (2021: net loss Rs. 617.470 million). The improvement is primarily due to increased sales volumes and increase in sales price, resulted in better absorption of fixed overheads hence improvement in gross profit to Rs. 284.720 million (2021: Gross loss Rs. 90.144 million) and improvement in battery plant efficiency and rationalization of costs through rigorous cost controlling measures has helped in reducing the losses.

To continually improve the operation of the Modaraba the management has following plan that has been approved by the Board of Directors (BOD) and is at different stages of implementation.

Following major operational steps have been taken by the management to improve the operations of the business, and these measures are being implemented which will surely improve the business performance:

i) Battery prices rationalization:

Battery pricing was continually reviewed in line with competitors and market dynamics. In line with the pricing strategy since July 2021, eight (8) price increases have been made which were absorbed by the market.

ii) Improvement in plant efficiency:

Continuous improvement in manufacturing strategy that has resulted in better plant utilization and resultantly delivered enhanced production.

iii) 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 period and the Modaraba has successfully passed on the cost increase effect of the factor's inputs to the customers. Apart from this, a better sales management by focusing on high margin customers, cost controlling and improving plant operational efficiency has resulted in improved margins.

iv) Organizational restructuring:

Following organizational restructurings have been made during the year:

A new COO-battery division has been appointed effective August 2022. He is expected to lead remarkable transformation in both domains through improving plant reliability, enhancing production output, implementing lean inventory model and enabling record volumes. He will report to the Executive Director.

A new Head Sales & Marketing – battery divison has been appointed effective August 2022. The incumbent has extensive experience in battery sales in local market nationwide.

A new position has been created to look into the export opportunities of the battery. Head Battery Exports and OEM (Original Equipment Manufacturer) has been appointed. He will use his experience and expertise to enhance Exports and OEM business channels.

v) Financial plan:

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, safeguarding 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 in previous year. Following this approval, 183,590,293 Modaraba certificate of Rs. 10 each have been issued to the parent company during the current year from the amount transferred to deposit for purchase of certificates during last year. Towards the endeavor of providing continued financial assistance, after reporting date the parent company and its sponsoring directors have also committed to lend Rs. 2 billion, to the Modaraba for the repayment of its debt from financial institutions. This loan will eventually be converted into Modaraba equity through "Issue other than right". This financial plan has been approved by the BOD of the company. In view of the above stated facts, the management believes that the Modaraba will continue to operate as a viable venture in foreseeable future.

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.

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.

Notes to the consolidated financial statements
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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 2022. 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 2022 and the audited financial statements of the subsidiaries and associates for the year ended 30 June 2022.

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.

Non-controlling interest

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the 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 NEW ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2022

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021

4.2 New accounting standards, amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from Accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023
Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 01, 2023
Annual Improvements to IFRS Standards 2018-2020 Cycle (related to IFRS 9, IFRS 16 and IAS 41)	Deferred indefinitely

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

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.

5.1 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 2022. 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.

5.2 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.

Notes to the consolidated financial statements

For the year ended 30 June 2022

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.

5.3 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. The plant and machinery is stated at revalued amount, which was 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.

<u>Capital work in progress</u>

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.

5.4 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.

5.5 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.

5.6 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.

5.7 Investments

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

5.8 Impairment

<u>Financial assets</u>

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.

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5.9 Stores and spares

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

5.10 Stock in trade

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.

5.11 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.

5.12 Cash and cash equivalents

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

5.13 Borrowings

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

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

5.14 Trade and other payables

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

5.15 Provisions

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

A provision for warranties is recognised 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.

5.16 Foreign currency translation

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

5.17 Revenue recognition

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:

5.17.1 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.

5.17.2 Dividends

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

5.17.3 Interest income

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

5.18 Contract liabilities

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

5.19 Borrowing costs

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

5.20 Financial instruments

5.20.1 Recognition and initial measurement

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

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

5.20.2 Classification and subsequent measurement

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, long term loans and advances, trade debts, deposits 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 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 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.

5.20.3 Derecognition

Financial assets

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

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

Financial libilities

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

5.21 Research and development costs

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

5.22 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.

5.23 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.

5.24 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.

5.25 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.

5.26 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.

5.27 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.

Notes to the consolidated financial statements
For the year ended 30 June 2022

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		(Rupees in thousand)	
Operating fixed assets	6.1	15,792,559	15,951,252
Capital work in progress	6.2	1,197,396	1,148,762
		16,989,955	17,100,014

6.1 Operating fixed assets

	2022										
	Annual rate of deprecia-tion	Cost / revalued amount as at July 01, 2021	Additions / (Deletions)	Surplus on revaluation during the year	Elimination due to revaluation	Cost / revalued amount as at June 30, 2022	Accumulated depreciation as at July 01, 2021	Elimination due to revaluation	Depreciation charge / (deletions) for the year	Accumulated depreciation as at June 30, 2022	Book value as at June 30, 2022
	%	---------------	---------------	---------------	---------------	(Rupees in thousand)	---------------	---------------	---------------	---------------	---------------
Owned											
Freehold land - note 6.1.1	-	4,948,574	-	-	-	4,948,574	-	-	-	-	4,948,574
Building on freehold land - note 6.1.1	3.33 - 5	4,440,489	-	-	-	4,440,489	-	-	132,489	132,489	4,308,000
Buildings on leasehold land	10	21,432	-	-	-	21,432	-	-	2,143	2,143	19,289
Plant and machinery	10	6,153,484	395,186	-	-	6,548,670	-	-	425,876	425,876	6,122,794
Furniture and equipment	10 - 25	386,749	24,810	-	-	409,559	176,968	-	37,934	213,378	196,181
			(2,000)						(1,524)		
Vehicles	20	436,746	100,036	-	-	460,772	259,255	-	63,179	263,051	197,721
			(76,010)						(59,383)		
		16,387,474	520,032	-	-	16,829,496	436,223	-	659,478	1,036,937	15,792,559
			(78,010)	-	-				(60,907)		

	2021												
	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)	---------------	---------------	---------------	---------------	---------------	---------------
Owned													
Freehold land - note 6.1.1	-	4,728,517	647,885	(380,275)	-	-	-	4,948,574	-	-	-	-	4,948,574
				(25,953)	(21,600)								
Buildings on free hold land - note 6.1.1	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)		
Restated		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)		

Notes to the consolidated financial statements

For the year ended 30 June 2022

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	2022	2021
		(Rupees in thousand)	
			Restated
6.1.3 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold - blades	37.1	303,091	223,746
Cost of goods sold - soaps	37.2	3,588	3,225
Cost of goods sold - corrugated boxes	37.3	28,612	27,907
Cost of goods sold - bikes	37.4	1,810	1,256
Cost of goods sold - battery	37.5	274,432	356,818
Cost of goods sold - pharmaceutical products	37.6	2,561	4,175
		614,094	617,127
Administrative expenses	38	38,250	31,884
Distribution cost	39	18,021	21,907
Capitalized in CWIP		-	3,515
		670,365	674,433

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

	2022	2021
Freehold land	469,885	468,650
Buildings	3,821,834	4,334,808
Plant and Machinery	3,920,264	3,848,138
	8,211,983	8,651,596

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) ----------							
Vehicles								
Honda Civic	2,873	2,081	792	1,833	1,041	Company Policy	Employee	Muhammad Younus
Honda Accord	4,087	2,524	1,563	2,618	1,055	Company Policy	Employee	Feroz Hasan Khan
Toyota Corolla Xli	2,216	998	1,218	1,423	205	Company Policy	Employee	Saadat Ali Khera
Toyota Fortuner	2,774	1,620	1,154	1,457	303	Company Policy	Employee	Shahid Zia
Toyota Yaris	2,803	604	2,199	2,359	160	Company Policy	Employee	Masood ul Hassan
Suzuki Cultus	1,125	59	1,066	1,078	12	Company Policy	Employee	Imran Munawar
2022	15,878	7,886	7,992	10,768	2,776			
2021	51,013	30,256	18,077	37,030	18,953			

	Note	2022	2021
		(Rupees in thousand)	
6.2 Capital work in progress			
Civil works		861,076	672,929
Plant and machinery		240,720	414,161
Plant and machinery - in transit		-	30,452
Furniture and equipment		19,395	2,495
Vehicles		-	185
Advances for capital expenditure		76,205	28,540
		1,197,396	1,148,762

7 RIGHT OF USE ASSETS

	Note	2022	2021
Cost as at 01 July		126,776	93,911
Additions during the year		10,365	32,865
		137,141	126,776
Accumulated depreciation			
As at 01 July		(38,977)	(15,652)
Amortization for the year	7.1	(15,490)	(23,325)
		(54,467)	(38,977)
Cancellation of lease		(39,277)	-
Net book value as at 30 June		43,397	87,799

Annual rate of depreciation - 15% - 35% (2021: 15% - 35%)

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

	Note	2022	2021
Cost of revenue	37.2	8,745	10,534
Distribution cost	39	6,745	12,791
		15,490	23,325

Notes to the consolidated financial statements
For the year ended 30 June 2022

		Note	2022	2021
			(Rupees in thousand)	
8	INVESTMENT PROPERTY			
	Cost as at 01 July		12,896	12,896
	Disposals during the year		(12,896)	-
	Cost as at 30 June	8.1	-	12,896

8.1 This represented land measuring 14 Kanals and 5 Marlas located at 4 km Kacha Road Mouza Kacha Tehsil Model Town, Lahore.

		Note	2022	2021
9	INTANGIBLE ASSETS			
	Oracle computer software and implementation	9.1	15,389	30,156
	Goodwill acquired on acquisition	9.2	133,613	133,613
			149,002	163,769

9.1 Oracle computer software and implementation

Intangible asset represents computer software (ERP system).

	2022	2021
<u>Cost</u>		
As at 01 July	73,836	47,600
Addition during the year	-	26,236
<u>Accumulated amortisation</u>		
As at 01 July	(43,680)	(29,126)
Amortisation for the year	(14,767)	(14,554)
Balance at 30 June	15,389	30,156

Rate of amortisation - 20% (2021: 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 2022 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 20.36% which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill.

		Note	2022	2021
10	LONG TERM INVESTMENTS			
	At FVOCI	10.1	8,167	8,167
	Investment in associates	10.2	751,378	778,777
			759,545	786,944

		Note	2022	2021
			(Rupees in thousand)	
10.1	Fair value through OCI			
	<u>Techlogix International Limited - unquoted</u>			
	711,435 (2021: 711,435) fully paid ordinary shares of par value of USD 0.00014682			
	Equity held: 0.67 % (2021: 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 Group intends to hold this investment of USD 104.5 (2021: USD 112) over the long term and realise its returns. During the year, the Group has not received any return (2021: Rs. Nil).

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	2022	2021
10.2	Investment in associate			
	Loads Limited- quoted			
	31,387,657 (2021: 18,895,057) fully paid ordinary shares of Rs. 10 each			
	Equity held: 12.49% (2021: 12.49%)	10.2.1	733,619	747,896
	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% (2021: 28.74%)	10.2.2	17,759	30,881
	Chief Executive Officer - Syed Shahid Ali			
			751,378	778,777

Notes to the consolidated financial statements

For the year ended 30 June 2022

		2022	2021
		(Rupees in thousand)	
10.2.1	In equity instrument of associate		
	Cost	287,455	162,529
	Brought forward amounts of post acquisition reserves and profits recognized directly in consolidated statement of profit or loss	460,441	224,249
		747,896	386,778
	Investment made during the year	-	124,926
		747,896	511,704
	Share of profit / (loss) for the year	19,350	11,416
	- before taxation	(31,068)	(14,616)
	- provision for taxation	(11,718)	(3,200)
	Share of other comprehensive income	(2,559)	52
	Surplus on revaluation of property, plant and equipment	-	242,519
	Issuance cost of right shares	-	(3,179)
	Balance as at 30 June	733,619	747,896

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.

	2022	2021
	(Rupees in thousand)	
Percentage of direct holding - 12.49% (2021: 12.49%)		
Percentage of effective holding - 12.57% (2021: 12.57%)		
Non-current assets	5,432,763	5,908,238
Current assets	3,682,337	2,812,469
Non-current liabilities	(1,347,689)	(1,319,461)
Current liabilities	(3,819,444)	(3,011,010)
Net assets (100%)	3,947,967	4,390,236
Group's share of net assets	493,204	548,455
Impact of revaluation of property plant and equipment	240,415	199,442
Carrying amount of interest in associate	733,619	747,897
Revenue	7,791,955	4,717,228
Loss from operations	(86,255)	(25,461)
Other comprehensive income	(32,762)	1,929,786
Total comprehensive income (100%)	(119,017)	1,904,325
Group's share of total comprehensive income / (loss)	(14,960)	239,370

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

	2022	2021
Cost	30,000	30,000
Brought forward amounts of post acquisition reserves and (loss) recognized directly in consolidated statement of profit or loss	881	1,375
Share of (loss) / profit for the year	(13,122)	(607)
Other adjustments	-	113
Balance as at 30 June	17,759	30,881

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.

Notes to the consolidated financial statements

For the year ended 30 June 2022

	Note	2022	2021
		(Rupees in thousand)	
Percentage interest held		28.85%	28.85%
Current assets		58,828	118,245
Current liabilities		(326)	(14,250)
Net assets (100%)		58,502	103,995
Group's share of net assets		16,877	29,999
Excess of purchase consideration over net assets		882	882
Carrying amount of interest in associate		17,759	30,881
Total comprehensive (loss)/income		(45,488)	(2,104)
Group's share of total comprehensive (loss) / income		(13,122)	(607)

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 DEPOSITS

	Note	2022	2021
Security deposit		99,335	82,253
Long term deposit		-	270,000
Others		40	40
		99,375	352,293

12 LONG TERM LOANS

	Note	2022	2021
Loans to employees - secured, considered good	12.1	23,817	17,835
Less : Current portion of loan to employees - secured, considered good	17	(17,507)	(12,727)
		6,310	5,108

12.1 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. 2.43 million (2021: Rs. 10.93 million) which further include loan to the following key management personnels;

	2022	2021
Arshad Latif	-	803
M. Mohtashim Aftab	3,600	4,800
Mr. Akhlaq Ahmed	1,686	-
	5,286	5,603

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

	2022	2021
Arshad Latif	803	1,606
M.Mohtashim Aftab	4,800	5,900
Mr. Akhlaq Ahmed	1,686	-

Further, no amount is due from Directors and Chief Executive at the year end (2021: Rs. Nil).

		Note	2022	2021
			(Rupees in thousand)	
13	STORES AND SPARES			
	Stores		264,800	201,181
	Spares		155,307	148,276
		13.1	420,107	349,457
	Provision for obsolete and slow moving inventory		(5,523)	(5,523)
			414,584	343,934

13.1 It includes stores and spares in transit amounting to Rs. 3.11 million (2021: Rs. 2.7 million).

		Note	2022	2021
14	STOCK IN TRADE			
	Blades, razor and other trading operations:			
	Raw and packing material	14.1	1,150,463	799,150
	Work in process	37.1	341,213	212,652
	Finished goods	14.2 & 37.1	487,110	465,885
			1,978,786	1,477,687
	Battery:			
	Raw and packing materials	14.1	464,796	517,480
	Work in process	37.5	332,698	348,360
	Finished goods	14.2 & 37.5	72,681	76,557
			870,175	942,397
	Soaps:			
	Raw and packing materials		35,893	33,993
	Finished goods	37.2	28,198	26,373
			64,091	60,366
	Corrugated boxes:			
	Raw and packing materials		199,788	117,651
	Work in process	37.3	7,975	7,629
	Finished goods	37.3	22,941	8,333
			230,704	133,613
	Bike:			
	Raw and packing materials	14.1	13,730	11,622
	Finished goods	37.4	1,465	1,427
			15,195	13,049
	Pharmaceutical products:			
	Raw and packing materials	14.1	56,687	45,885
	Work in process	37.6	-	2,815
	Finished goods	37.6	10,242	42,714
			66,929	91,414
			3,225,880	2,718,526
	Provision for obsolete and slow moving inventory		(3,545)	(3,545)
			3,222,335	2,714,981

Notes to the consolidated financial statements
For the year ended 30 June 2022

		Note	2022	2021
			(Rupees in thousand)	
14.1	It includes raw material in transit, the break up is as follows;			
	Blades		277	95,810
	Battery		25	3
	Bike		-	393
	Pharmaceutical products		19	9,840
			321	106,046

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 Nil (2021: Rs. 6.22 million). It also includes finished goods in transit amounting to Rs. 1.84 million (2021: Rs. 120.6 million).

15 TRADE DEBTS

	Note	2022	2021
Foreign debtors		122,977	111,830
Local debtors	15.1	1,060,105	909,302
		1,183,082	1,021,132
Less: Impairment allowance	15.2	(90,138)	(62,891)
		1,092,944	958,241

		Note	2022	2021
15.1	It includes unsecured receivable from following related parties:			
	Liaquat National Hospital	15.1.1	4,914	-
	Loads Limited	15.1.2	100	24
	Gulab Devi Chest Hospital	15.1.3	252	-
	Elite Brands Limited	15.1.4	25,053	39,579
	Specialized Autoparts Industries (Pvt) Limited	15.1.5	5	-
	Multiple Autoparts Industries (Pvt) Limited	15.1.6	5	-
			30,329	39,603

15.1.1 This represents receivable in the normal course of business and is due by not more than 90 days. The maximum amount outstanding at the end of any month was Rs. 7.825 million (2021: Nil).

15.1.2 This represents receivable in the normal course of business and is due by less than 90 days. The maximum amount outstanding at the end of any month was Rs. 51.95 million (2021: Rs 0.023 million).

15.1.3 This represents receivable in the normal course of business and is due by less than 90 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. 0.252 million. (2021: Nil)

15.1.4 This represents receivable in the normal course of business and is due by less than 90 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. 25.05 (2021: Rs. 39.6 million).

	Note	2022	2021
		(Rupees in thousand)	

15.1.5 This represents receivable in the normal course of business and is due by less than 90 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. 0.005 (2021: Nil).

15.1.6 This represents receivable in the normal course of business and is due by less than 90 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. 0.102 (2021: Nil).

15.2 The movement in allowance for impairment is as follows:

	2022	2021
Balance as at 01 July	62,891	70,514
Expected credit loss for the year	27,247	31,143
Reversal of expected credit loss for the year	-	(20,091)
Written off against impairment allowance	-	(18,675)
Balance as at 30 June	90,138	62,891

	Note	2022	2021
		(Rupees in thousand)	
			(Restated)
16 SHORT TERM INVESTMENTS			
Investments at fair value through profit or loss			
Listed equity securities	16.1	102,368	70,613
Investment at amortized cost			
Term deposit receipts		-	330,000
		102,368	400,613

Notes to the consolidated financial statements
For the year ended 30 June 2022

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

		2022						
		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)---					
a)	Banks							
	Silk Bank Limited	15,925,000	26,612	18,792	5,549	(220)	(13,218)	(7,820)
b)	Textile							
	Sunrays Textiles Mills Limited	27,026	2,458	5,953	5,919	-	(2,426)	3,495
	Maqbool Textiles Mills Limited	894,500	27,554	77,240	624	-	49,063	49,686
c)	Steel Mills							
	Aisha Steel Mills Limited	32,704	-	361	-	-	361	361
d)	Miscellaneous							
	IGI Holdings Limited	203	31	22	8	-	(17)	(9)
	Transmission Engineering Limited	133,000	-	-	-	-	-	-
		17,012,433	56,655	102,368	12,100	(220)	33,763	45,713

		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	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)	624
c)	Mutual Funds							
	JS investments	-	-	-	344	344	-	-
d)	Miscellaneous							
	IGI Holdings Limited	203	31	39	6	-	2	8
	Transmission Engineering Limited	133,000	-	-	-	-	-	-
		17,979,729	58,513	70,613	(220,966)	223,990	9,764	12,100

	Note	2022	2021
		(Rupees in thousand)	
			(Restated)
17 LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of loan to employees - secured, considered good	12	17,507	12,727
Advances to employees - secured, considered good	17.1	116,263	41,228
Advances to suppliers - unsecured, considered good	17.2	281,644	303,668
Margin deposits - Letter of credits		31,065	4,542
Deposits		277,451	-
Prepayments		-	1,273
Advances to related parties / employee retirement funds - unsecured considered good			
- Loads Limited		6,629	13,259
- Global Assets (Private) Limited		-	59
- Hi-Tech Alloy Wheels Limited		3,473	7,004
- Employees Housing Fund		38,138	34,448
	17.3	48,240	54,770
Due from Global Arts Limited, a former subsidiary company		-	11,571
Balance with statutory authorities			
- Export rebate		144,441	153,730
- Collector of customs - custom duty		11,049	7,418
- Advance income tax		971,831	1,155,087
- Sales tax		18,927	28,308
		1,146,248	1,344,543
Receivable from broker against sale of investments		4,131	19,883
Insurance claim receivable		-	6,000
Other receivables		3,663	23,861
		1,926,212	1,824,066

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. 6.9 million (2021: Rs. 1.79 million) receivable from executives of the Group. Amount of Rs. 3.26 million is advanced to Chief Executive Officer and other directors.

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

17.3 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.

Notes to the consolidated financial statements
For the year ended 30 June 2022

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

	Note	2022	2021
		(Rupees in thousand)	
- Loads Limited		6,629	13,259
- Global Assets (Private) Limited		-	59
- Employees Housing Fund		38,138	34,448
- Hi-Tech Alloy Wheels Limited		3,473	7,004

18 CASH AND BANK BALANCES

	Note	2022	2021
Cash in hand		29,927	40,293
Cash at bank - local currency			
Current accounts	18.1	371,745	485,711
Saving accounts	18.2	198,357	333,357
		570,102	819,068
- Temporary Overdraft		(83,235)	(40,660)
		516,794	818,701

18.1 These include bank accounts of Rs. 82.8 million (2021: Rs. 4.6 million) maintained under Shariah compliant arrangements.

18.2 These carry mark-up at the rates ranging from 2% to 12.25% per annum (2021: 3.42% to 11.46% per annum).

These include bank accounts of Rs. 4 million (2021: Rs. 152.59 million) maintained under Shariah compliant arrangements, which carries profit rate ranging from 3.72% to 5.70% per annum (2021: 3.72% to 5.70% per annum).

	Note	2022	2021
		(Rupees in thousand)	
			(Restated)
19 ASSETS CLASSIFIED AS HELD FOR SALE			
Piece of land classified as held for sale	19.1	-	380,275

19.1 In previous year, the BOD of the management company of the Modaraba in their meeting held on 31 May 2021 decided to sell a piece of land measuring 18 kanals and 11 marlas situated at Mauza Bhoo Battian, Tehsil Raiwind, District Lahore and accordingly a sale deed between the Modaraba and party - Chimera Education (Pvt.) Limited was duly executed against the sale consideration of Rs. 600 million. It was sold in the current year.

	Note	2022	2021
		(Rupees in thousand)	
20 CURRENT PORTION OF LONG TERM LIABILITIES			
Current portion of long term finances	27	90,498	136,151
Current portion of deferred government grant		3,205	6,843
Current portion of lease liabilities	30	13,838	20,706
		107,541	163,700
21 SHORT TERM BORROWINGS			
Short term running finance - secured		6,911,385	7,353,402
Short term advance - secured		1,616,729	1,445,558
Export refinance - secured		1,474,092	1,556,186
Interest free, unsecured		50,000	50,000
		10,052,206	10,405,146
21.1 Particulars of borrowings			
Interest / markup based financing	21.2	5,523,574	4,923,196
Islamic mode of financing			
- Holding Company	21.3	1,518,484	1,346,937
- Subsidiary Company	21.4	2,960,148	4,085,013
Loan from director of subsidiary	21.5	50,000	50,000
		10,052,206	10,405,146

21.2 The Holding company and subsidary company Renacon Pharma has availed following running finance facilities:

- 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 8.01% to 16.02% (2021: 7.55% to 10.58%) per annum payable quarterly in arrears. 'The Company has un-availed running finance facility aggregating to Rs.1375.29 million (2021: Rs. Rs.1,428.19 million) at year end.

- 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 12.93% (2021: 2.5% to 13.34%) per annum payable quarterly in arrears. 'The Company has un-availed export refinance and other facilities aggregating to Rs.1,056.12 million (2021: Rs.395.60 million) at year end.

- Subsidary Company Renacon Pharma has availed running finance facility from MCB Bank Limited and carries markup @ 1 Month KIBOR + 1.5% (June 30, 2021: 1 Month KIBOR + 1.5%) per annum, payable quarterly. Further, this is secured against the 1st pari passu charge over all present and future current assets of the Company (including 25% security margin) and corporate guarantee of Treet Corporation Limited - the Parent Company. The limit will expire on by 31 December 2022 and it is renewable.This facility was utilized for installation of a production plant. The underlying markup relating to this facilities qualifies the capitalization criteria of IAS 23 Borrowing cost. Hence, finance cost amounting to Rs. 12.367 million against running finance has been made part of capital work in progress additions.

Notes to the consolidated financial statements

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21.3 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 9.51% to 15.31% (2021:7.38% to 14.35%) per annum payable quarterly in arrears or on maturity. The Company has un-availed facility aggregating to Rs.668.63 million (2021: Rs. 942.06 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, Murabaha and Karobar Finance facilities obtained from various financial institutions under shariah compliant arrangements to meet working capital requirements, for procurement of raw materials, stocks, chemicals, stores, tools and spare parts and the manufacturing of corrugated boxes, soaps and batteries out of the total sanctioned limits of Rs. 3,854.50 million (2021: Rs. 4,257.50 million).

- All the short term borrowings from the various financial institutions as disclosed carry profit rates ranging from 3 to 9 Month KIBOR + 0.75% to 2.5% (2021: 3 to 9 Month KIBOR + 0.75% to 2.5%) per annum, payable quarterly. Further, these are secured against the 1st/ Joint Pari Passu charge over all present and future current assets, plant and machinery of the Modaraba (including 25% safety margin) and corporate guarantee of Treet Corporation Limited. The limits will expire on various dates by 31 March 2023 but are renewable.

21.5 This loan is from director and is unsecured, markup free and payable at the convenience of the Company and the Company has no intention to repay any amount during the following year. This has been disclosed/ classified in accordance with TR -32 “Directors’ Loan” clause 3.3 “Contractual Directors’ loan that is interest free and repayable at the discretion of the Company”, issued by the Institute of Chartered Accountants of Pakistan.

	Note	2022	2021
		(Rupees in thousand)	
			(Restated)
22 TRADE AND OTHER PAYABLES			
Trade creditors			
- Related parties	22.1	358	1,311
- Others		894,029	1,148,790
		894,387	1,150,101
Other creditors - related parties	22.2	343	52
Accrued liabilities		616,040	793,326
Contract liabilities	22.3	444,848	192,545
Employees deposits		80,790	76,193
Withholding sales tax payable		6,989	2,750
Withholding income tax payable		29,585	40,071
Advance against sales of land		-	60,000
Provision for warranty		127,696	160,533
Retention money payable		14,394	12,953
Workers' profit participation fund	22.4	11,324	129,877
Workers' welfare fund	22.5	22,386	67,796
Sales tax payable		13,961	361
Other payables		99,415	56,325
Payable to employee retirement benefit funds:			
- Service fund		573	6,197
- Employees provident fund		2,210	16,517
		2,783	22,714
		2,364,941	2,765,597

22.1 This represents unsecured balances due to:

	2022	2021
Elite Brands Limited	11	1,063
Cutting Edge (Private) Limited	-	215
Packages Limited	314	-
Gulab Devi Chest Hospital	33	33
	358	1,311

These are interest free in the normal course of business.

Notes to the consolidated financial statements
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		Note	2022	2021
			(Rupees in thousand)	
				(Restated)
22.2	This represents unsecured balances due to:			
	IGI General Insurance Limited		343	52

22.3 This represents advance received from customers for future sale of goods. During the year, the Group has recognized revenue amounting to Rs. 153.4 million, out of the contract liability as at 30 June 2022.

		Note	2022	2021
22.4	Workers' profit participation fund			
	Balance as at 01 July		129,877	20,539
	Interest on funds unutilized		9,065	789
	Payments during the year		(107,816)	-
	Payments to employees on behalf of WPPF		(24,073)	-
	Reversal for the prior year		(17,930)	-
	Charge for the year		22,206	108,549
			(118,548)	109,338
	Balance as at 30 June		11,329	129,877
22.5	Workers' welfare fund			
	Balance as at 01 July		67,796	1,528
	Charge for the year	41	22,387	71,143
	Prior year adjustment		(48,326)	-
	Paid during the year		(19,471)	(4,875)
	Balance as at 30 June		22,386	67,796

23 ACCRUED MARK-UP

	2022	2021
Accrued markup / return on:		
Long term borrowings	7,352	1,283
Short term borrowings	321,855	225,622
	329,207	226,905

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	2022	2021
		(Rupees in thousand)	
25 DEFERRED LIABILITIES - EMPLOYEE RETIREMENT BENEFITS			
Gratuity fund		470,993	449,008
Superannuation fund		415,945	433,973
	25.1	886,938	882,981

	Note	Gratuity 2022	Gratuity 2021	Superannuation 2022	Superannuation 2021
		(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	564,644	588,195	529,250	550,087
Fair value of plan assets	25.4	(93,651)	(139,187)	(113,305)	(116,114)
Net retirement benefit obligation	25.2	470,993	449,008	415,945	433,973
25.2 Movement in net obligation					
Net liability as at 01 July		449,008	372,053	433,973	341,986
Charge to statement of profit or loss		85,286	75,482	80,180	55,987
Re-measurements chargeable in statement of comprehensive income		51,108	61,380	12,015	73,761
Contribution made by the Company		(114,409)	(59,907)	(110,223)	(37,761)
Net liability as at 30 June		470,993	449,008	415,945	433,973
25.3 Movement in the liability for funded defined benefit obligations					
Liability for defined benefit obligations as at 01 July		588,195	461,091	550,087	430,040
Benefits paid by the plan		(139,409)	(40,378)	(110,223)	(21,679)
Current service costs		46,230	46,502	36,088	28,552
Past service costs		-	-	6,286	-
Interest cost		51,725	37,378	49,417	35,603
Benefits due but not paid (payables)		(2,472)	(2,308)	(1,620)	(679)
		544,269	502,285	530,035	471,837
Re-measurements on obligation:					
Actuarial losses on present value					
-Changes in demographic assumptions		-	-	-	-
-Changes in financial assumptions		1,430	634	1,416	627
-Experience adjustments		18,945	85,276	(2,201)	77,623
		20,375	85,910	(785)	78,250
Present value of defined benefit obligations as at 30 June		564,644	588,195	529,250	550,087

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		Gratuity		Superannuation	
		2022	2021	2022	2021
		(Rupees in thousand)		(Rupees in thousand)	
25.4	Movement in fair value of plan assets				
	Fair value of plan assets as at 01 July	139,187	89,038	116,114	88,054
	Contributions into the plan	114,409	59,907	110,223	37,761
	Benefits paid by the plan	(139,409)	(40,378)	(110,223)	(21,679)
	Interest income on plan assets	12,669	8,398	11,611	8,168
	Benefits due but not paid	(2,472)	(2,308)	(1,620)	(679)
	Return on plan assets excluding interest income	(30,733)	24,530	(12,800)	4,489
	Fair value of plan assets as at 30 June	93,651	139,187	113,305	116,114
25.5	Plan assets				
	Plan assets comprise:				
	Listed securities	45,803	36,740	24,990	19,709
	Unlisted securities	6,246	5,521	1,730	13,323
	Deposits with banks	2,979	30,547	54,364	46,224
	Investment in mutual funds	4,628	5,423	-	-
	Government securities	36,000	36,000	33,000	33,000
	Others	467	27,264	841	4,537
	Less: Payables	(2,472)	(2,308)	(1,620)	(679)
		93,651	139,187	113,305	116,114

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:

		Gratuity		Superannuation	
		2022	2021	2022	2021
		(Rupees in thousand)		(Rupees in thousand)	
	Interest cost	51,725	37,378	49,417	35,603
	Current service cost	46,230	46,502	36,088	28,552
	Past service costs	-	-	6,286	-
	Interest income on plan assets	(12,669)	(8,398)	(11,611)	(8,168)
	Total, included in salaries and wages	85,286	75,482	80,180	55,987
25.7	Actual return on plan assets	(18,064)	32,928	(1,189)	12,657
25.8	Actuarial losses recognized directly in other comprehensive income				
	Cumulative amount at 01 July	(305,483)	(244,103)	(358,326)	(284,565)
	Losses recognized during the year	(51,108)	(61,380)	(12,015)	(73,761)
	Cumulative amount at 30 June	(356,591)	(305,483)	(370,341)	(358,326)

The Company expects to pay Rs. 119 million in contributions to gratuity fund during the year ending 30 June 2023.

The Company expects to pay Rs. 101 million in contributions to superannuation fund during the year ending 30 June 2023.

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

	2022		2021	
	Gratuity fund per annum	Superannuation fund per annum	Gratuity fund per annum	Superannuation fund per annum
Discount rate used for profit and loss charge	10.00%	10.00%	8,50%	8.50%
Discount rate used for year-end obligation	13.25%	13.25%	10.00%	10.00%
Expected rates of salary increase	12.25%	12.25%	9.00%	9.00%
Expected rates of return on plan assets	13.25%	13.25%	10.00%	10.00%

Mortality rate

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

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

26 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 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 total number of outstanding options as at June 30, 2021 were 4,781 thousand. No new options were granted and forfeited during the year. The original exercise price per share is Rs 24.34 and the market value per share at the grant date was Rs. 20.45. Total number of options exercised by the eligible employees during the year are 3,887 thousand and the total number of outstanding options as at June 30, 2022 are 1,198 thousand.

Notes to the consolidated financial statements

For the year ended 30 June 2022

		Note	2022	2021
			(Rupees in thousand)	
27	LONG TERM FINANCES - SECURED			
	Holding Company:			
	Meezan Bank Limited - Diminishing Musharika	27.1	58,202	87,303
	Habib Bank Limited - Term Finance Loan	27.2	56,442	163,493
	Pakistan Kuwait Investment Company - Term Finance Loan	27.3	750,000	-
	Subsidiary Company:			
	Bank Islami Limited - Terf Facility	27.4	101,183	82,933
	Term Finance	27.5	90,360	-
			1,056,187	333,729
	Less: Current portion of long term finances	20	(90,498)	(136,151)
			965,689	197,578

27.1 This represents diminishing Musharika facility amounting to Rs. 58.2 million (2021: 87.3 million), obtained from Meezan Bank Limited during previous years. The tenor of the facility is 4 years inclusive of 1-year grace period. The facility is secured by way of 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 3 month kibor + 2% spread per annum. The effective markup rate ranging from 9.40% to 16.83% (2021: 9.40% to 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 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% (2021: 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 ICAP.

27.3 This represents facility amounting to Rs. 750 million , obtained from Pakistan Kuwait Investment Company (Private) Limited during current year for balance sheet re-profiling. The tenor of the facility is upto 8 years inclusive of 2-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 twenty four quarterly equal installments (after grace period of 2 Year) amounting to Rs. 31.25 million, commencing from March 22, 2024. The facility carries markup at 3 month kibor + 1.65% spread per annum. The effective markup rate ranging from 11.69% to 16.26% per annum, payable quarterly in arrears.

27.4 This represents long term loan obtained from Bank Islami Pakistan Limited under 'Islamic Temporary Economic Refinance Facility' (ITERF). According to conditions of the ITERF, the Company will use this facility for the retirement of LC established through bank. The facility carries markup @ SBP + 4% p.a. (below market intrest) and is secured against lien over asset imported, ranking charge over fixed asset of the Company, corporate guarantee of Treet Corporation Limited (Parent Company) and personal gurantee of Director. The principal is repayable in quarterly instalments starting from July 2023.

27.5 Term finance facilitiy of Rs. 505 million (2021: Rs. Nil) has been obtained from Bank Alflah Limited. This loan is secured against first pari passu/ hypothecation charge over all present and future fixed assets of the Company and corporate guarantee of Treet Corporation Limited (Parent Company). The facility will be repaid in quarterly instalments beginning from 17 April 2026 and ending on 17 January 2028. This carries markup @ 3 month KIBOR + 0.25 % p.a.

		Note	2022	2021
			(Rupees in thousand)	
				(Restated)
28	GOVERNMENT GRANT			
	Balance as at 01 July		15,929	4,648
	Recognized during the year	27.2	2,402	24,832
	Amortization during the year		(6,843)	(13,551)
	Balance as at 30 June		11,488	15,929
	Current portion		(3,205)	(6,843)
	Non-current portion		8,283	9,086
29	DEFERRED TAXATION	29.1	(629,770)	(665,124)

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

	Note	2022	2021
Taxable temporary differences on:			
- Accelerated tax depreciation		(852,045)	(723,117)
- Surplus on revaluation of depreciable assets		(656,568)	(672,816)
- Group share of profits and revaluation surplus of associates		(71,460)	(72,071)
- Right of use asset		(3,827)	(4,694)
		(1,583,900)	(1,472,698)
Deductible temporary differences on:			
- Employee retirement benefits		155,126	123,684
- Provision for doubtful debts		24,817	18,024
- Provision for slow moving/obsolete stores		1,683	1,678
- Provision for warranty		37,032	46,405
- Minimum tax		10,559	104,962
- Unused tax losses	29.1.1	817,087	2,090,485
- Liability against right of use asset		11,789	20,755
- Provision for WPPF		-	20,089
		1,058,093	2,426,082
- Deferred tax asset not recognized in the profit and loss account of subidiaries		(103,963)	(1,618,507)
		(629,770)	(665,124)

29.1.1 This represents deferred tax asset on unused tax losses amounting to Rs. 7,810.57 million (2021: Rs. 7,208.56 million). This includes business loss accounting to Rs. 5,282.36 million (2021: Rs. 5,213.32 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. 2,528.21 million (2021: Rs. 1,995.24 million) which is available for infinite period.

Notes to the consolidated financial statements
For the year ended 30 June 2022

		2022	2021
		(Rupees in thousand)	
			(Restated)
29.1.2	Movement in deferred tax liability is as follows:		
	Balance as at 01 July	(665,124)	41,817
	Recognized in statement of profit or loss:		
	- Accelerated tax depreciation	(125,882)	128,616
	- Provision for slow moving/obsolete stores	5	94
	- Right of use asset	867	(6,734)
	- Surplus on revaluation of buildings	28,642	2,682
	- Reversal of capital loss on short term investments	-	(9,640)
	- Share of loss of associate	227	480
	- Provision for warranties	(9,373)	14,796
	- Provision for WPPF	(20,089)	20,089
	- Unused tax losses	159,893	(143,465)
	- Provision for doubtful debts	6,793	(2,050)
	- Liability against right of use asset	(8,966)	533
	- Related deferred tax asset related to revauation surplus arisen during the year	-	2,750
	- Minimum tax	(2,430)	(98,576)
		29,687	(90,425)
	Recognized in other comprehensive income / equity:		
	- Re-measurement of employee retirement benefits recognized	31,442	36,097
	- Share of other comprehensive income of associate	384	(29,918)
	- Surplus arisen during the year on revaluation of property, plant and equipment	-	(611,445)
		31,826	(605,266)
	Effect of change in tax rate on account of surplus on revaluation of depreciable assets	(26,159)	(11,250)
	Balance as at 30 June	(629,770)	(665,124)

		2022	2021
30	LEASE LIABILITY	32,367	60,628
	Liability against right of use asset	46,205	81,334
	Current portion of liability against right of use asset	(13,838)	(20,706)
		32,367	60,628

	2022	2021
	(Rupees in thousand)	
Maturity analysis of liability against right of use asset is as follows:		
Less than one year	17,727	28,823
One to five years	36,225	97,832
More than five years	-	-
Total undiscounted liability against right of use asset as at 30 June	53,952	126,655
Impact of discounting on liability against right of use asset	(7,747)	(45,321)
	46,205	81,334
Movement of liability against right of use liability is as follows:		
Opening balance	81,334	70,491
Liability against right of use asset recognized during the year	1,309	31,818
Interest on unwinding of liability against right of use assets	4,988	6,515
Cancellation of Lease liability	(34,542)	-
Modification of Lease Liability	9,056	-
Payments during the year	(15,940)	(27,490)
Closing balance	46,205	81,334

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

<u>Contingencies - The Holding Company</u>

- 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.

- 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.

- During previous years, with respect to the tax year 2013, the Additional Commissioner Inland Revenue (ACIR) passed an order dated 28 February 2020, 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 Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these unconsolidated 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 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 was 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.

- 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.

- During previous years, with respect to the tax period from July 2013 to June 2018, ACIR, 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.

- During previous years, the 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 tax advisor of the Company are confident that the case will be decided in favor of the Company, therefore, no provision has been recorded.

- During previous year, with respect to the tax year 2015, ACIR passed an order u/s 122(5A) 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 appealed before CIR(A) which is pending adjudication at the year end.

- Being aggrieved with the appellate order the company in the current period filed second appeal before the learned ATIR on 29-April-2022 contesting the portion of annulment which is pending adjudication at this point in time. However, the department were also filed second appeal on account of couple of add backs where adequate relief was not allowed in the first appeal.

  Both of the counter appeals are still pending in the ATIR till the year end. Management and tax advisor of the company are confident of favourable outcome of the case.

- During the previous years, 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.

- During the tax year 2016 , the additional Commissioner Inland Revenue invoked provision of Section 122(5A) of the Income Tax Ordinance, 2001 on different Issues such as addition u/s 111(1)(d), addition u/s 111(1)(b), allocation of expenses between export and local sale, inter corporate dividend, profit on sales of fixed assets, disposal of investment property addition u/s 111(1)(c), disallowed statutory deprciation allowance, disallowed intial allowance, amortisation of advertisment expenses etc and passed an order dated 31-03-2022 by raising a tax demand amounting to Rs 125,602,103. An appeal has been filed by the entity before the CIR, Lahore on 23-April-2022 which is still pending in Court.

  A favourable outcome is expected in the appeal as the learned Additional Commissioner has not properly examined the documents/ records produced before him during the hearing of this case as well as legal provisions as law.

<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.

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- 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.

- For the tax period July 2011 to June 2013 a sale tax demand of Rs. 9,526,018 along with default surcharge of Rs. 35,463 and penalty amounting to Rs. 508,485 was created by ACIR, Audit Unit-03, Zone-VI, CRTO, Lahore after conducting audit u/s 25 of the Sales Tax Act, 1990 mainly on the issue of inadmissibility of input sales tax. Against this order, the Modaraba filed appeal before the Commissioner Inland Revenue (Appeals), Zone-II, Lahore and the learned CIR-Appeals has decided the case in favor of the Modaraba. Against this order, the department went into an appeal before ATIR, pending adjudication until the year end.

- For the tax period July 2017 to June 2018 a sale tax demand of Rs. 14,753,014 along with penalty of Rs. 855,726 (aggregating to Rs. 15,608,740) was created by Deputy Commissioner Inland Revenue, Unit-08, Audit-01, LTO, Lahore after conducting audit u/s 25 of the Sales Tax Act, 1990 mainly on the issue of inadmissible claim of input tax Rs. 13,574,483, non-compliance of 73 etc. Against this order the Modaraba filed appeal before the CIR (Appeals), Zone-1, Lahore on 26-05-2022 and the appeal was heard on 01-08-2022 but decision awaited. As per the opinion of legal advisor of the Modaraba, a favourable outcome is expected.

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

<u>Contingencies - Treet Holdings Limited</u>

- 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 Company filed an appeal, dated 09 August 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore and the learned CIR -Appeals has remanded the case back for re-adjuducation.

  Against this order, the company filed second appeal before the ATIR on January 21, 2022 and is still pending at the year end. The management and the tax advisor of the company are confident of favourable outcome.

- 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 Company filed an appeal, dated 9 August 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore. During the year favourable decision was given on November 24, 2021 and the case was remaded back to the department. Furthermore, the company filed an Appeal on legal issues and the appeal is still pending in the court. The management and the tax advisor of the comany are confident of favorable outcome of the case, therefore, no provision has been recorded in these financial statements.

  Against this order, the company filed second appeal before the ATIR on January 21, 2022 and is still pending at the year end. The management and the tax advisor of the company are confident of favourable outcome.

- 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 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 an appeal before Commissioner Inland Revenue (Appeals) which was decided in favor of the 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, and on 24 August 2021 the decison was made against company. The company filed an appeal against the errors committed by the learned ATIR vide it's order dated 24 August 2021 which is related to order u/s 221. Furthermore, company also filed an appeal against learned ATIR u/s 122(5A) whih was adjudciated against company on 24 August 2021. A favourable outocme is expeted in both the appeals by management and the tax advisor therefore, no provision has been recorded in these 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 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, and on 24 August 2021 the decison was made against company. The company filed an appeal against the errors committed by the learned ATIR vide it's order dated 24 August 2021 which is related to order u/s 221. Furthermore, company also filed an appeal against learned ATIR u/s 122(5A) whih was adjudciated against company on 24 August 2021. A favourable outocme is expeted in both the appeals by management and the tax advisor therefore, no provision has been recorded in these 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 Company filed an appeal, dated 28 June 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore and the learned CIR appeals has remanded the case back for re-adjudication.

  Against this order, company filed second appeal before the ATIR on January 19, 2022 on the issues of remand back which is pending adjudication at year end. Company and the tax advisor expect a favourable outcome of the case.

- 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 Company filed an appeal, dated 05 December 2018, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore which was remanded back fro re-adjudcation.

  Against this order company filed second appeal before the ATIR on 19 January 2022 on issue of remand back which is pending adjudictaion at year end. The 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 Company are confident of favorable outcome of the case; therefore, no provision has been recorded in these financial statements.

Notes to the consolidated financial statements

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- 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 Company filed an appeal, dated 01 February 2019, before the Commissioner Inland Revenue (Appeals), Zone-1, Lahore which which was remanded back fro re-adjudcation.

  Against this order company filed second appeal before the ATIR on 19 January 2022 on issue of remand back which is pending adjudictaion at year end.

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

- During previous years, with respect to tax year 2009, the Deputy Commissioner Inland Revenue, Enforcement Unit-04 & 08, Zone- 1, Large Tax Payer Unit, Lahore passed an order u/s 161/205 and arbitrarily created an income tax demand of Rs. 34.65 million. Against this order, the Company filed an appeal before the commisioner inland revenue, Appeals-1, Lahore and the leasrned CIR-Appeals has accepted all the grounds taken before him except discount of Rs. 22.87 million given to wholesellers and dealers having tax impat of Rs. 2.29 million.

  The company filed second appeal before the ATIR on 10 January 2014 and case is pending adjudication at year end. The management and company are of the view that a favourable outcome is expected.

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

<u>Contingencies - Loads Limited</u>

- Income Tax Return e-filed for Tax Year 2021 is presently deemed to have been assessed u/s.120 of Income Tax Ordinance, 2001,

  Subsequent to the year a Notice has been received under Rule 44(4) for monitoring of withholding-tax on 26.08.2022. The case was instituted on August 26, 2022.

- Tax Year 2019 was selected for audit by the Tax authorities under section 177 of the Income Tax Ordinance, 2001. The Company received a notice dated 10 January 2020 which has been responded along with the provision of required details, documents and evidences. Proceedings in this regard have not yet been finalized and hence no provision has been recognized in these financial statements. The case was instituted on January 10, 2020.

- For tax year 2019, notice dated 16 July 2020 was received by the Company regarding monitoring of withholding taxes Parent Company 16 July 2020 of Revenue which has been responded by the Company by filing documents and details. Proceedings in this regard have not yet been finalized. The case was instituted on July 16, 2020.

- For the Tax Year 2015, notice dated 26 April 2021 was received by the Company under section 177 of the Income Tax Ordinance, 2001 which was responded the Company through its tax advisor during the month of May 2021 and June 2021. The concerned Assessing Officer finalized the audit proceeding in haste, without providing the opportunity for substantial additions and disallowances made in the amended order under section 122(4) dated 30 June 2021 and created factually incorrect and disputed demand of Rs. 750,761,241. The case was instituted on April 26, 2021.

Company had challenged the above amended order in appeal filed before Commissioner Inland Revenue (Appeals) against Order dated 30.06.2021 u/s.122(4) for the above mentioned tax year, the appeal has adjudicated by Commissioner (Appeals) vide Appeal Order dated 29.10.2021 where substantial direct relief has been allowed to the company.

- For Tax Year 2019-20, Notice dated 18.10.2021 was received u/s.25 for audit under S.25 of the Sales Tax Act, 1990 for the period from 01-07-2019 to 30-06-202In In response, all the requisitioned details/documents/evidences, etc., submitted and accordingly, audit proceedings was culminated in Order dated 11.02.2022 creating an aggregate demand of Rs.1,577,663/- + Penalty of Rs.78,883/- + default surcharge Rs.505,198/- aggregating to Rs.2,161,744/- for sales-tax period 2019-20, which has been deposited by the company. No appeal has been filed against the sales-tax assessment order. The case was instituted on October 10, 2021.

- Proceedings were initiated under S.11(2) of the Sales Tax Act, 1990 vide Notice dated 31.05.2022 for alleged non-realization of 17% sales-tax on deletion of Fixed Assets at WDV value in Tax Year 2017 (Income Year ended 30-06-2017), whereas such sales tax has been charged on sales proceeds resulting in substantial tax gain, which has also been offered for tax in tax year 2017, which has been responded but no further action has been taken. The case was instituted on May 31, 2022.

- Income Tax Returns e-filed upto and including Tax Year 2021 are presently deemed to have been accepted andassessed u/s.120 of Income Tax Ordinance, 2001, unless amended u/s.122 on selection of case for auditu/s.214C/S.177 or amended u/s.122(5A) of the Income Tax Ordinance, 2001.

- Notice was received on 11.04.2022, proposing rectification u/s.221(2) of alleged mistake of adjustment of refund of Rs.2,046,459/- of prior years against admitted-tax for Tax Year 2021 by rectifying Deemed Order u/s.120(1), for which response dated 18.04.2022 was filed. However, Assistant/Deputy Commissioner passed Rectification order u/s.221(1) dated 24.05.2022 for Tax Year 2021 creating demand of Rs.2,046,459/- for tax year 2019. The case was instituted on March 11, 2022.

- Notice u/s.161(1A) dated 25.01.2022 was received for Monitoring of withholding tax of Income Tax Ordinance, 2001 for tax year 2021 for which proceedings were finalized, and culminated in order u/s.161/205 dated 18.02.2022 creating a demand for defaulted tax of Rs.136,258/- + surcharge u/s.205 thereof Rs.16,351/-+ Penalty u/s.182(15) of Rs. 40,000/- aggregating to Rs.192,609/- which demand has been deposited by the Company. The case was instituted on January 25, 2022.

- Notice was received on 11.04.2022, proposing rectification u/s.221(2) of alleged mistake of adjustment of refund of Rs.1,938,372/- of prior years against admitted-tax for Tax Year 2018 by rectifying Deemed Order u/s.120(1), for which response dated 18.04.2022 was filed. However, Assistant/Deputy Commissioner passed Rectification order u/s.221(1) dated 24.05.2022 for Tax Year 2018 mistakenly determining 'NIL' demand instead of Rs.1,938,372/-. The case was instituted on April 11, 2022.

- Further, we have filed letter dated 03.06.2022 forwarded details/documents/evidences for determination of pending Income Tax Refund due of Rs.13,238,814/- for Tax year 2019 and requesting for adjustment of demand for tax year 2018, which is not yet finalized and is pending.

- Notice was received on 10.03.2022 was issued by officer, SRB for deposit of Sindh Workers Welfare Fund (SWWF) for 6-years from 2016 to 2021 which was responded by letter dated 05.04.2022 which evidences and also attended the proceedings. The case was instituted on March 10, 2022.

- Notice was received on 11.03.2022 for payment of Sindh Companies Profits (Worker's Participation) Fund for 6-years from 2016 to 2021 was issue, which was also responded vide letter dated 05.04.2022 with voluminous details/evidences and on which no further action taken. The case was instituted on March 10, 2022.

- Income Tax Returns e-filed upto and including Tax Year 2021 are presently deemed to have been assessed u/s.120 of Income Tax Ordinance, 2001.

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- FBR had issued Show Cause Notice dated 28.04.2022, proposing rectification u/s.221(2) of alleged mistake of adjustment of refund of Rs.4,346,200/- of prior years against admitted-tax liability for Tax Year 2021 by rectifying Deemed Order u/s.120(1), to which response dated 09.05.2022 has been filed. However, no further action has been taken. The case was instituted on April 28, 2022.

- Notice was received on 21-05-2022, Issued under S.221(2) for rectification of mistake in assessment order read with S.4 of the Workers Welfare Fund, 1971 proposing levy and recovery of WWF of Rs.1,158,998/- along with default surcharge as provided in subsection (8) of Section 4 of the Workers Welfare Fund, 1971 for Tax Year 2021, which has been responded but no further action has been taken, as WWF has already been deposited with Sindh Revenue Board (SRB). The case was instituted on May 21, 2022.

- Show Cause Notice was received on 28.04.2022, proposing rectification u/s.221(2) of alleged mistake of adjustment of refund of Rs.3,157,053/- of prior years against admitted-tax liability for Tax Year 2020 by rectifying Deemed Order u/s.120(1), to which response dated 09.05.2022 has been filed. However, no further action has been taken. The case was instituted on April 28, 2022.

- Notice was received on 14.01.2021 under Rule 44(4) for monitoring of WHT and the response, was submitted along with all details/documents/evidences etc., but proceedings were not finalized yet. The case was instituted on January 14, 2021.

- Notice was received on 30.03.2022 by FBR Officer in respect of pending show cause notice u/s.11(2) dated 03.01.2022 on alleged inadmissible input tax claimed/adjusted of Rs.1.644(M) on purchase made during the period Aug, 2016 to January, 2020 from Dawood Engineering + Traders a Blacklisted/suspended person, to which detailed response has been submitted vide letter dated 06.04.2022 on which no further action has yet been taken and hopefully matter is closed now. The case was instituted on March 3, 2022.

- Notice was received from SRB on 10.03.2022 for deposit of Sindh Workers Welfare Fund (SWWF) for 6-years from 2016 to 2021 which was responded by letter dated 05.04.2022 with evidences. Similarly, another Notice dated 11.03.2022 for payment of Sindh Companies Profits (Worker's Participation) Fund for 6-years from 2016 to 2021 was also received, which was responded vide letter dated 05.04.2022 with voluminous details/evidences. No further action has been taken by the department. The case was instituted on March 10, 2022.

- Notice U/s.122(9)/122(1)(5) was received on 16-02-2022 for tax year 2019 identifying several issues, being erroneous in so far as prejudicial to the interest of revenue, and proposed amendment u/s.122(1)(5) for which response dated 17.02.2022 filed taking various objections on point of law and facts. After hearing before Additional Commissioner, the above proceedings were culminated in Amended Order u/s.122(1)(5) dated 22.02.2022 creating a gross Net Refund of Rs.2,652,611/-. The case was instituted on February 16, 2022.

- Notice u/s.161(1A) was received on 10.03.2021 was issued for Monitoring of withholding tax of Income Tax Ordinance, 2001 for tax year 2019 for which proceedings were finalized, and culminated in Order u/s.161/205 dated 16.02.2022 creating a demand for defaulted tax of Rs.692,699/- + surcharge u/s.205 thereof Rs.144,840/-+ Penalty u/s.182(15) of Rs.69,270/- aggregating to Rs.906,809/- which demand has been deposited by the Company. The case was instituted on March 10, 2022. No appeal is filed against of the above order.

- Income Tax Return e-filed for tax year 2020 is presently deemed to have been assessed u/s.122 on selection of case for audit u/s.214C/S.177 or amended u/s.122(5A) of the Income Tax Ordinance.

- Income Tax Return e-filed for Tax Year 2021 are presently deemed to have been assessed u/s.120 of Income Tax Ordinance, 2001.

- Income Tax Returns e-filed upto and including Tax Year 2021 are presently deemed to have been assessed u/s.120 of Income Tax Ordinance, 2001. However, refund application e-filed for Refund of Rs.522,564/- is yet pending.

- Notice was received on 23.05.2022, proposing rectification u/s.221(2) of alleged mistake of adjustment of refund of Rs.125,227/- of prior years against admitted tax for Tax Year 2020 by rectifying Deemed Order u/s.120(1), for which response dated 27.05.2022 was filed. Assistant/Deputy Commissioner has passed Rectification order u/s.221(1) dated 28.06.2022 for Tax Year 2020 creating demand of Rs.125,227/- for adjustment of undetermined income-tax refund in the Return of Income.

- However, subsequently Refund Order dated 05.07.2022 has been passed u/s.170(3) of Income Tax Ordinance, 2001 for Tax year 2015, determining refund and also adjusting the above demand of Rs.125,227/- for tax year 2020 against said refund. The matter is closed now.

- Notice was received on 30.05.2022, proposing rectification u/s.221(2) of alleged mistake of adjustment of refund of Rs.1,390,922/- of prior years against demand for Tax Year 2016 by rectifying Deemed Order u/s.120(1), for which response dated 01.06.2022 was filed. Assistant/Deputy Commissioner has passed Rectification order u/s.221(1) for Tax Year 2016 and created demand of Rs.1,390,922/- for adjustments of undetermined income-tax refund.

- However, subsequently Refund Order dated 05.07.2022 has been passed u/s.170(3) of Income Tax Ordinance, 2001 for Tax year 2015, determining refund and also adjusting the above demand of Rs.1390,922/- for tax year 2016 against said refund. The matter is closed now.

- For Tax years 2018, 2020 and 2021, Notices were received for u/s.176 seeking information for purposes of monitoring of withholdingtaxes for all aforesaid years were responded and no further action has been taken.

  The matter seems to be closed now is no further action taken for issue of show cause notices.

  De-Registration from Sales Tax of the Company as per Order dated 08.07.2021 show cause notices were issued u/s.11(2) of the Sales Tax Act, 1990 for levy of penalty of Rs.10,000/- each for alleged non-filing of Monthly Sales Tax Returns from July-December, 2021 which were responded by letters dated March 02, 2022 and April 07, 2022. The matter is closed and no further action has been taken.

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 2022 amounted to Rs. 72.71 million (2021: Rs. 868.63 million).

- Outstanding capital commitments as at 30 June 2022 amounted to Rs. 174.98 million (2021: Rs. 217.56 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 2022, amounts to Rs. 7.40 million (2021: Rs. 290.615 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 2022 amounts to Rs. 2,758 million (2021: Rs. 2,758 million) and Rs. 444 million (2021: Rs. 444 million) respectively. These guarantees carry commission at the rate of 0.02% (2021: 0.02%) per annum, payable annually in arears.

  Other guarantees given by group companies as at June 30, 2022 amounts to Rs. 29.25 million.

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32 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	2022	2021	2022	2021
	(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	14,501,351	10,614,551	145,014	106,146
	178,721,122	174,834,322	1,787,211	1,748,343

		Note	2022	2021
			(Rupees in thousand)	
32.1	Reconciliation of number of shares			
	At 01 July		1,748,343	1,698,313
	Issued on conversion of PTCs	32.2	38,868	50,030
	At 30 June		1,787,211	1,748,343

32.2 During the year, the Holding Company issued 3.8 million (2021: 5 million) fully paid ordinary shares to eligible employees, under the terms of the scheme as disclosed in note 26 to these consolidated financial statements. Exercise price for the issuance of shares was Rs. 24.34.

	Note	2022	2021
		(Rupees in thousand)	
33 RESERVES			
Capital reserves	33.1	5,629,281	5,594,318
General reserves		266,400	266,400
		5,895,681	5,860,718

	Note	2022	2021
33.1 Capital reserves			
Excess of net worth over purchase consideration of assets of Wazir Ali Industries Limited		629	629
Capital reserve of associate		212,184	212,184
Share premium	33.1.1	4,904,527	4,848,790
Statutory reserves	33.1.2	511,941	511,941
		5,629,281	5,573,544

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.

34 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

	Note	2022	2021
Surplus attributed to:			
Property, plant and equipment		6,568,659	6,797,407
Surplus on revaluation of property, plant and equipment as at 01 July		7,470,223	5,005,172
Surplus arisen during the year		-	3,180,505
Surplus transferred to equity on account of incremental depreciation charged during the year - net of deferred tax	34.1	(109,957)	(14,343)
- Related deferred tax liability		(28,642)	(2,892)
Realized on disposal of subsidary		-	(683,584)
Realized on disposal of assets during the year		(144,950)	(14,635)
		(283,549)	2,465,051
Revaluation surplus as at 30 June		7,186,674	7,470,223
Related deferred tax liability:			
- On revaluation as at 01 July		(672,816)	(53,013)
- on surplus arisen during the year		-	(611,445)
- on account of incremental depreciation charged during the year		28,642	2,892
- tax rate adjustment		26,159	(11,250)
		(618,015)	(672,816)
Surplus on revaluation of property, plant and equipment as at 30 June	34.4	6,568,659	6,797,407

Notes to the consolidated financial statements

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		Note	2022	2021
			(Rupees in thousand)	
34.1	Charge of incremental depreciation for the year net of tax attributable to:			
	Owners of the Group		(110,495)	(14,286)
	Non-controlling interests		538	(57)
			(109,957)	(14,343)
34.2	Balance as at 30 June attributable to:			
	Owners of the Group		(144,950)	(8,175)
	Non-controlling interests		(538)	(6,460)
			(145,488)	(14,635)
34.3	Surplus on revaluation of property, plant and equipment - net of tax:			
	Owners of the Group		-	2,552,381
	Non-controlling interests		-	16,679
			-	2,569,060
34.4	Balance as at 30 June attributable to:			
	Owners of the Group		6,495,360	6,775,227
	Non-controlling interests		73,299	22,180
			6,568,659	6,797,407

34.5 Land, buildings and plant and machinery had been revalued last year 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 out-look, 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 2022 Amount in Rupees	First Treet Manufacturing Modaraba	Renacon Pharma Limited	Total
NCI percentage	0.68%	44.14%	
Non current assets	8,452,930	838,039	
Current assets	3,126,218	559,124	
Non-current liabilities	333,309	245,375	
Current liabilities	6,874,178	513,184	
Net assets	4,371,661	638,604	
Carrying amount of NCI	29,630	281,877	311,507
Revenue - net	7,678,361	544,969	
(Loss) / profit after taxation	(541,738)	9,718	
Other comprehensive income	-	-	
Total comprehensive income	(541,738)	9,718	
Total comprehensive (loss) / income allocated to NCI	(3,864)	13,887	
Total comprehensive loss till acquisition of further equity interest in subsidiaries during the year		-	10,023
Net cash flows used in operating activities	(1,056,975)	90,371	
Net cash flows (used in) / generated from investing activities	461,736	(168,497)	
Net cash flows generated from financing activities	676,467	110,635	
Net decrease in cash and cash equivalents	81,228	32,509	

Notes to the consolidated financial statements
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		Note	2022	2021
			(Rupees in thousand)	
36	**REVENUE - NET**			
	Blades and trading income	36.1	7,423,880	7,573,543
	Soaps	36.2	489,760	745,362
	Corrugated boxes	36.3	2,227,652	1,740,331
	Bikes	36.4	51,376	30,198
	Battery	36.5	4,881,872	3,561,713
	Hemodialysis concentrates (Pharmaceutical products)	36.6	715,383	543,592
	Services of THRM	36.7	-	-
			15,789,923	14,194,739

		2022	2021
36.1	Blades and trading income		
	Blades and razors		
	Export sales	2,322,780	2,529,456
	Less: Trade discount	(9,796)	(16,012)
		2,312,984	2,513,444
	Local sales	6,131,392	6,026,833
	Less: Sales tax	(945,909)	(930,875)
	Trade discount	(97,290)	(93,546)
		5,088,193	5,002,412
	Trading income		
	Sale of batteries - gross	18,757	4,961
	Less: Sales tax	(893)	(307)
		17,864	4,654
	Trading income		
	Sale of Chemical - gross	5,672	62,386
	Less: Sales tax	(824)	(9,295)
	Trade discount	(9)	(58)
		4,839	53,033
		7,423,880	7,573,543

		2022	2021
36.2	Soaps		
	Local Sales	590,169	903,350
	Less: Sales tax	(100,017)	(156,625)
	Trade discount	(392)	(1,363)
		(100,409)	(157,988)
		489,760	745,362

		2022	2021
		(Rupees in thousand)	
36.3	Corrugated boxes		
	Local Sales	2,620,234	2,014,977
	Less: Sales tax	(392,340)	(272,857)
	Trade discount	(242)	(1,789)
		(392,582)	(274,646)
		2,227,652	1,740,331
36.4	Bikes		
	Local Sales	61,745	35,459
	Less: Sales tax	(10,186)	(5,158)
	Trade discount	(183)	(103)
		(10,369)	(5,261)
		51,376	30,198
36.5	Battery		
	Local sales	6,153,927	5,078,280
	Export sales	-	19,741
	Less: Sales tax	(1,017,756)	(718,113)
	Trade discount	(254,299)	(818,195)
		(1,272,055)	(1,536,308)
		4,881,872	3,561,713
36.6	Hemodialysis concentrates (Pharmaceutical products)		
	Export sales	54,178	55,169
	Local sales	661,205	493,103
	Less: Trade discount	-	(4,680)
		661,205	488,423
		715,383	543,592
36.7	Services of THRM		
	Local sales	4,320	4,321
	Less: Sales tax	(4,320)	(4,321)
		-	-

Notes to the consolidated financial statements
For the year ended 30 June 2022

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	-----Rupees in thousands-----															
Primary Geo-graphical Markets																
Asia	7,241,069	7,431,693	489,760	745,362	2,227,652	1,740,331	51,376	30,198	4,881,872	3,561,713	715,382	543,592	-	-	15,607,111	14,052,889
Africa	68,711	69,064	-	-	-	-	-	-	-	-	-	-	-	-	68,711	69,064
Europe	53,681	41,522	-	-	-	-	-	-	-	-	-	-	-	-	53,681	41,522
US	60,368	31,264	-	-	-	-	-	-	-	-	-	-	-	-	60,368	31,264
Australia	51	-	-	-	-	-	-	-	-	-	-	-	-	-	51	-
	7,423,880	7,573,543	489,760	745,362	2,227,652	1,740,331	51,376	30,198	4,881,872	3,561,713	715,382	543,592	-	-	15,789,922	14,194,739
Major Products / Service Lines																
Blades and trading operations	7,423,880	7,573,543	-	-	-	-	-	-	-	-	-	-	-	-	7,423,880	7,573,543
Soap	-	-	489,760	745,362	-	-	-	-	-	-	-	-	-	-	489,760	745,362
Corrugated boxes	-	-	-	-	2,227,652	1,740,331	-	-	-	-	-	-	-	-	2,227,652	1,740,331
Bikes	-	-	-	-	-	-	51,376	30,198	-	-	-	-	-	-	51,376	30,198
Battery	-	-	-	-	-	-	-	-	4,881,872	3,561,713	-	-	-	-	4,881,872	3,561,713
Hemodialysis concentrates	-	-	-	-	-	-	-	-	-	-	715,382	543,592	-	-	715,382	543,592
Human resource services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	7,423,880	7,573,543	489,760	745,362	2,227,652	1,740,331	51,376	30,198	4,881,872	3,561,713	715,382	543,592	-	-	15,789,922	14,194,739
Timing of revenue recognition																
Products transferred at a point in time	7,423,880	7,573,543	489,760	745,362	2,227,652	1,740,331	51,376	30,198	4,881,872	3,561,713	715,382	543,592	-	-	15,789,922	14,194,739
Services provided over the time	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	7,423,880	7,573,543	489,760	745,362	2,227,652	1,740,331	51,376	30,198	4,881,872	3,561,713	715,382	543,592	-	-	15,789,922	14,194,739

	Note	2022	2021
		(Rupees in thousand)	

37 COST OF REVENUE

	Note	2022	2021
Blades and trading operations	37.1	5,115,280	4,984,869
Soaps	37.2	463,651	719,444
Corrugated boxes	37.3	2,202,873	1,758,130
Bikes	37.4	57,068	40,939
Battery	37.5	4,717,145	3,696,638
Hemodialysis concentrates (Pharmaceutical products)	37.6	564,848	447,788
		13,120,865	11,647,808

37.1 Blades and trading operations

	Note	2022	2021
Raw and packing material consumed		2,899,329	2,982,379
Stores and spares consumed		164,485	140,820
Salaries, wages and other benefits	37.1.1	1,270,949	1,507,737
Fuel and power		427,286	373,429
Freight, octroi and handling		65,862	102,149
Repair and maintenance		22,664	21,056
Rates and taxes		4,982	5,763
Insurance		47,108	30,541
Travelling and conveyance		13,885	8,049
Printing and stationery		10,079	6,893
Postage and telephone		7,143	5,724
Depreciation on property, plant and equipment	6.1.3	303,091	223,746
Others		17,483	15,872
		5,254,346	5,424,158
Opening stock of work in process	14	212,652	74,338
Closing stock of work in process		(341,213)	(212,652)
Cost of goods manufactured		5,125,785	5,285,844
Opening stock of finished goods	14	465,885	145,359
Finished goods purchased for resale - batteries and chemicals		10,720	19,551
Closing stock of finished goods		(487,110)	(465,885)
		5,115,280	4,984,869

37.1.1 Salaries, wages and other benefits include Rs. 120.7 million (2021: Rs. 88.56 million) and Rs. 41.72 million (2021: Rs. 40.95 million) in respect of defined benefit schemes and defined contribution schemes respectively.

Notes to the consolidated financial statements

For the year ended 30 June 2022

		Note	2022	2021
			(Rupees in thousand)	
37.2	Soaps			
	Raw and packing material consumed		403,876	630,103
	Stores and spares consumed		3,396	4,229
	Salaries, wages and other benefits	37.2.1	24,769	43,947
	Fuel and power		15,875	11,243
	Freight and forwarding		8,065	12,608
	Travelling and conveyance		579	488
	Repair and maintenance		1,051	515
	Insurance		401	715
	Depreciation on property, plant and equipment	6.1.3	3,588	3,225
	Depreciation on right of use assets	7.1	-	10,534
	Manufacturing charges		3,876	4,374
			465,476	721,981
	Opening stock of work-in-process	14	-	223
	Closing stock of work-in-process		-	-
	Cost of goods manufactured		465,476	722,204
	Opening stock of finished goods	14	26,373	23,613
	Closing stock of finished goods		(28,198)	(26,373)
			463,651	719,444

37.2.1 Salaries, wages and other benefits include Rs. Rs. 0.855 million (2021: Rs. 1.35 million) in respect of defined benefit and contributions schemes.

		Note	2022	2021
37.3	Corrugated boxes			
	Raw and packing material consumed		1,729,657	1,299,032
	Stores and spares consumed		37,680	60,170
	Salaries, wages and other benefits	37.3.1	193,888	149,514
	Fuel and power		115,156	85,957
	Freight and forwarding		68,855	71,766
	Repair and maintenance		28,164	31,258
	Rates and taxes		766	725
	Insurance		3,784	2,860
	Travelling and conveyance		3,967	2,803
	Depreciation on property, plant and equipment	6.1.3	28,612	27,907
	Other expenses		7,298	7,889
			2,217,827	1,739,881
	Opening stock of work in process		7,629	10,596
	Closing stock of work in process	14	(7,975)	(7,629)
	Cost of goods manufactured		2,217,481	1,742,848
	Opening stock of finished goods		8,333	23,615
	Closing stock of finished goods	14	(22,941)	(8,333)
			2,202,873	1,758,130

37.3.1 Salaries, wages and other benefits include Rs. 5.977 million (2021: Rs. 5.86 million) in respect of defined benefit and contributions schemes.

		Note	2022	2021
			(Rupees in thousand)	
37.4	Bikes			
	Raw and packing material consumed		42,736	25,060
	Carriage inward		415	95
	Salaries, wages and other benefits	37.4.1	9,447	11,058
	Service charges		37	-
	Repair and maintenance		118	116
	Printing and stationery		160	101
	Freight and Handling		1,918	1,058
	Travelling and conveyance		40	20
	Depreciation on property, plant and equipment	6.1.3	1,810	1,256
	Other expenses		425	261
			57,106	39,025
	Opening stock of finished goods	14	1,427	3,341
	Closing stock of finished goods		(1,465)	(1,427)
			57,068	40,939

37.4.1 Salaries, wages and other benefits include Rs. 0.57 million (2021: Rs. 0.80 million) in respect of defined benefit and contributions schemes.

		Note	2022	2021
37.5	Battery			
	Raw material and packing material consumed		3,589,306	2,520,776
	Stores and spares consumed		10,380	37,532
	Salaries, wages and other benefits	37.5.1	294,638	294,544
	Fuel and power		335,482	255,524
	Freight and forwarding		89,869	66,029
	Repair and maintenance		35,636	21,011
	Rates and taxes		872	1,238
	Insurance		24,004	20,478
	Traveling and conveyance		10,851	10,327
	Depreciation on property, plant and equipment	6.1.3	274,432	356,818
	Other manufacturing expenses		23,805	20,408
			4,689,275	3,604,685
	Opening stock of work in process	14	348,360	418,361
	Closing stock of work in process		(332,698)	(348,360)
	Cost of goods manufactured		4,704,937	3,674,686
	Opening stock of finished goods	14	76,557	98,509
	Closing stock of finished goods		(64,349)	(76,557)
			4,717,145	3,696,638

37.5.1 Salaries, wages and other benefits include Rs.4.201 million (2021: Rs. 2.98 million) in respect of defined benefit and contributions schemes.

Notes to the consolidated financial statements

For the year ended 30 June 2022

	Note	2022	2021
		(Rupees in thousand)	
37.6 Hemodialysis concentrates (Pharmaceutical products)			
Raw and packing material consumed	37.6.1	397,479	362,068
Salaries wages and other benefits	37.6.2	61,150	57,881
Repair and maintenance		6,259	6,074
Fuel and power		7,931	5,135
Rates and taxes		12	1,767
Printing and stationery		1,058	670
Postage and telephone		1,153	1,493
Legal and professional		-	-
Entertainment		352	73
Travelling		3,142	1,537
Insurance		2,948	1,655
Depreciation on property, plant and equipment	6.1.3	2,561	4,175
Other manufacturing expenses		45,516	34,106
		529,561	476,634
Opening stock of work in process	14	2,815	924
Closing stock of work in process		-	(2,815)
Cost of goods manufactured		532,376	474,743
Opening stock of finished goods	14	42,714	15,759
Closing stock of finished goods		(10,242)	(42,714)
		564,848	447,788

37.6.1 These includes imported items amounting to Rs. 156.27 million (2021: Rs. 170.769 million).

37.6.2 Salaries, wages and other benefits include Rs. 4.73 million (2021: Rs. 3.72 million) in respect of defined benefit and contributions schemes.

38 ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries, wages and other benefits	38.1	430,076	492,755
Repairs and maintenance		3,314	3,851
Rates and taxes		1,242	991
Traveling and conveyance		29,948	13,937
Entertainment		2,363	2,064
Postage and telephone		2,926	2,153
Printing and stationery		13,609	14,004
Legal and professional charges	38.2	74,114	120,455
Donations	38.3 & 38.4	-	40,290
Computer expenses		15,654	17,220
Directors' fee		2,820	2,148
Subscription		1,050	994
Depreciation on property, plant and equipment	6.1.3	38,250	31,884
Amortization on intangible asset		14,767	14,554
Other expenses		23,538	11,965
		653,671	769,265

38.1 Salaries and other benefits include Rs. 20.00 million (2021: Rs. 28.49 million) in respect of defined benefit and contributions schemes.

	Note	2022	2021
		(Rupees in thousand)	
38.2 Legal and professional charges include the following in respect of auditors' remuneration:			
Audit fees of Holding Company		2,950	2,675
Audit fees of Subsidiary Companies		2,946	1,881
Half yearly reviews		900	830
Out of pocket expenses		493	738
Other services		323	16,524
		7,612	22,648
38.3 During the year, donations have been given to the followings:			
Gulab Devi Chest Hospital (GDCH)		-	758
Lahore Polo Club		-	500
Lahore Race Club		-	200
Institute for Arts & Culture		-	38,832
		-	40,290
38.4 Other than disclosed below, none of the Directors or their spouse has any interest in donees.			
Gulab Devi Chest Hospital (GDCH)		-	758
Society for Cultural Education		-	38,832
		-	39,590

39 DISTRIBUTION COST

	Note	2022	2021
Salaries, wages and other benefits	39.1	498,743	626,987
Repair and maintenance		6,753	7,269
Electricity and gas		1,265	892
Advertisement		151,510	258,890
Rates and taxes		62,256	46,123
Freight, octroi and handling		91,015	31,892
Traveling and conveyance		63,357	8,882
Printing and stationery		595	734
Postage and telephone		8,042	6,895
Depreciation on property, plant and equipment	6.1.3	24,766	21,907
Depreciation on right of use assets	7.1	-	12,791
Warranty claims and provisions		239,548	289,846
Legal and professional charges		-	637
Other expenses		47,249	63,341
		1,195,099	1,377,086

Notes to the consolidated financial statements
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39.1 Salaries and other benefits include Rs. 20.35 million (2021: Rs. 28.10 million) in respect of defined benefit and contribution schemes.

	Note	2022	2021
		(Rupees in thousand)	
40 FINANCE COST			
Mark-up on:			
Markup on short term borrowings		1,035,166	996,751
Markup on long term borrowings		58,140	12,893
Unwinding of lease liability against right of use assets		4,988	6,515
Interest on Workers' Profit Participation Fund		1,204	-
Exchange loss		-	2,230
Bank charges		29,971	36,853
		1,129,469	1,055,242
41 OTHER OPERATING EXPENSES			
Realized exchange loss	41.1	71,948	23,130
Workers' Profit Participation Fund	22.4	12,137	108,549
Impairment of other receivables		10,197	7,520
Interest on Workers' Profit Participation Fund	22.4	-	789
Donations	22.4	3,399	-
Workers' Welfare Fund	22.5	22,387	71,143
Assets written off		22,031	30,305
Provision for obsolete and slow moving inventory		-	3,545
Unrealized loss on short term investments at fair value through profit or loss		2,445	–
Provision for sales tax		71	5,187
Realized loss on disposal of short term investments at fair value through profit or loss		220	-
Others		18,865	-
		163,700	250,168

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

41.2 During the year, donations have been given to the followings:

	2022	2021
Cancer Care Hospital	500	-
Layton Rahmatullah Benevolent Hospital	165	-
Infection Control And Prevention Foundation	200	-
Government College Township	500	-
The Association For Overseas Technical Scholarship	25	-
Lahore Gymkhana Tennis Club	150	-
Haji Muhammad Ghurki Trust	500	–
Institute of Art and Culture	1,359	-
	3,399	-

	Note	2022	2021
		(Rupees in thousand)	
42 OTHER INCOME			
Income from financial assets			
Profit on bank deposits	42.1	24,102	18,094
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		36,208	9,764
Unrealized exchange gain		623	3,791
Markup income on advances to related parties	42.4	-	1,124
Realized gain on disposal of long term investment - FTMM		73	-
Dividend income	42.2	1,707	9,683
		62,713	235,602
Income from non-financial assets			
Profit on disposal of property, plant and equipment	6.1.5	229,811	4,566
Scrap sale		43,787	37,363
Export rebate	42.3	75,998	200,359
Reversal of expected credit loss	15.2	-	20,091
Reversal of deficit on revaluation		-	915,965
Others		24,727	3,005
		374,323	1,181,349
		437,036	1,416,951

42.1 This includes income from savings accounts relating to deposits placed under shariah based arrangement amounting to Rs. 1.14 million (2021: Rs. 5.69 million). This also includes income from term deposit of Rs. 270 million which carries markup at the rate of 3.65 percent per annum. This also includes profit amounting to Rs. 2.08 million (2021: Rs. 2.01 million) on deposit kept with Faysal bank in favor of FESCO.

42.2 Dividend income is received from the following:

	2022	2021
Shahtaj Textile Limited	135	7,805
Sunrays Textile Mills Limited	-	545
Maqbool Textile Mills Limited	1,565	1,332
	1,700	9,682

42.3 Rebate income is net of commission paid to consultant of Rs 4.16 million (2021: Rs. 4.2 million).

42.4 Markup income from following related parties:

	2022	2021
- Hi-Tech Alloy Wheels Limited	-	507
- Global Assets (Private) Limited	-	4
- Loads Limited	-	613
	-	1,124

Notes to the consolidated financial statements

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	Note	2022	2021
		(Rupees in thousand)	
43 TAXATION			
Current			
- For the year		255,066	451,637
- For prior years		(9,376)	17,873
Deferred			
- For the year	29.1.2	(29,461)	90,425
		216,229	559,935
Associate	10.2.1	31,068	14,616
	43.1	247,297	574,551

43.1 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting loss

	2022	2021
Profit / (loss) before taxation	(55,694)	1,122,436
Tax at 29% (2021: 29%)	(16,151)	325,506
Tax effect of:		
- Income under FTR	(135,951)	(75,205)
- Impact of tax related to associate	29,383	11,428
- Exempt income and others	-	34,509
- Prior year tax	(9,376)	17,873
- Minimum tax adjustment	133,900	81,999
- Permanent difference - donations to unapproved institutions	675	11,684
- Deferred tax asset not recognised-net	227,305	166,757
- Super tax	17,512	-
	247,297	574,551

			2022	2021
44	LOSS PER SHARE - BASIC AND DILUTED FROM CONTINUING OPERATIONS			
44.1	Basic earnings / (loss) per share			
	i-Loss attributable to ordinary share holders:			
	Loss for the year after taxation attributable to equity holders of the parent	Rupees in thousand	(313,014)	559,075
	ii-Weighted-average number of ordinary shares:			
	Weighted average number of shares	Number in thousand	176,505	172,313
	Loss per share	Rupees	(1.77)	3.24
44.2	Diluted earnings / (loss) per share			
	i-Profit attributable to ordinary share holders (Diluted):			
	Profit / (loss) for the year after taxation (diluted)	Rupees in thousand	(313,014)	559,075
	ii-Weighted-average number of ordinary shares (diluted):			
	Weighted average number of shares (basic)		176,505	172,313
	Effect of share options on issue		1,198	1,322
	Weighted-average number of ordinary shares (diluted)	Number in thousand	177,703	173,635
	Diluted earnings / (loss) per share	Rupees	(1.76)	3.22

45 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Executive Directors		Non- Executive Directors		Executives	
	2022	2021	2022	2021	2022	2021	2022	2021
	---(Rupees in thousand)---							
Managerial remuneration	57,854	46,080	35,121	30,772	-	-	391,330	469,228
Provident fund	1,177	-	1,143	1,853	-	-	17,441	18,749
Service fund	1,177	-	1,143	1,853	-	-	15,140	16,691
Housing fund	5,298	-			-	-	18,171	-
Superannuation fund - II	-	-	-	-	-	-	-	-
Benevolent fund	-	-	-	-	-	-	-	-
Superannuation fund - I	-	-	1,813	11,333	-	-	23,547	49,227
Gratuity fund	1,182	-	2,617	9,641	-	-	31,377	42,585
Bonus	6,000	-	14,352	11,292	-	-	130,553	93,671
Incentives	-	-	-	2,291	-	-	48,302	101,682
Utilities	6,244	5,862	2,324	2,811	-	-	4,038	-
Medical	4,715	1,500	43	-	-	-	8,170	2,989
Other	6,837	-		-		-	31,806	-
Fees	-	-	90	70	2,730	2,068	-	-
	90,484	53,442	58,646	71,916	2,730	2,068	719,875	794,822
Number of persons	1	1	2	2	4	4	79	79

45.1 The chief executive officer, directors and executives are provided with free use of Company maintained cars and telephone facility, as well as production bonus according to their entitlement.

46 NUMBER OF EMPLOYEES

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

	2022	2021
	(Number of persons)	
As at 30 June:	2,674	2,800
Average number of employees:	2,737	2,868

47 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:

	Relationship with the group	Relationship	Nature of transactions	2022	2021
				(Rupees in thousand)	
I	Related Parties				
	Packages Limited	Other related party	Purchase of goods by the Group	30,969	16,289
			Purchase of stores and spares	-	-
			Sale of goods by the Group	-	-
	Cutting Edge (Private) Limited	Other related party	Purchase of services by the Group	-	2,789
	Elite Brands Limited	Other related party	Purchase of services by the Group	-	14,393
			Sale of goods by the Group	794,571	890,980
			Discount on sales	29,415	31,335
			Security deposit received by the Group	-	-
	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
			Sale of Goods	1,352	-
	Loads Limited	Associated Company (12.49% Equity held)	Expenses incurred on behalf of related party	-	6,697
			Interest charged by the Company	-	613
			Sale of batteries	-	205
	Liaquat National Hospital	Other related party	Sales made by the company	3,079	-
			Sales made by the company	9	-
			Services received	479	-
	Hi - Tech Alloy Wheels Limited	Other related party	Interest charged by the Group	-	507
	Global Assets (Private) Limited	Associated Company (28.74% Equity held)	Interest charged by the Company	-	4
			Expenses incurred on behalf of related party	-	55

Notes to the consolidated financial statements

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Relationship with the group	Relationship	Nature of transactions	2022	2021
			(Rupees in thousand)	
IGI Life Insurance Limited	Other related party	Insurance premium charged to the Group	52,262	16,148
		Claims received against insurance	6,000	-
IGI General Insurance Limited	Other related party	Insurance premium charged to the Group	30,960	177,659
Multiple AutoParts Industries (Pvt) Limited	Other related party	Sale of batteries by the Group	5	12
Specialized AutoParts Industries (Pvt) Limited	Other related party	Sale of batteries by the Group	102	68
Employee benefits				
Provident fund	Other related party	Contribution paid during the year	48,348	47,542
Service fund	Other related party	Contribution paid during the year	22,676	22,929
Housing fund	Other related party	Contribution paid during the year	497	-
Housing fund	Other related party	Advance paid during the year	3,627	35,912
Benevolent fund	Other related party	Contribution paid during the year	-	-
Superannuation fund - II	Other related party	Contribution paid during the year	243	-
Gratuity fund	Other related party	Contribution expense for the year	724	-
Defined benefit plans			1,953	-
Key management personnel				
Key management personnel	Key management personnel	Salaries and other benefits	164,599	178,318

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	31%
Mr. Syed Sheharyar Ali	Director / Key management personnel	7.6%
Mr. Munir K. Bana	Director / Key management personnel	0.14%
Mr. M. Shafique Anjum	Director / Key management personnel	0.19%
Mr. Dr. Salman Faridi	Director / Key management personnel	0%
Mr. Imran Azim	Director / Key management personnel	0%
Ms. Sidra Sheikh	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 Ahmad Rana	Key management personnel	N/A
Mr. Nasir Mahmood	Key management personnel	N/A
Mr. Hamad Mahmood	Key management personnel	N/A

48 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:

48.1 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.

48.1.1 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:

	2022	2021
	(Rupees in thousand)	
Long term deposits	99,375	352,293
Long term loans and advances	6,310	5,108
Trade debts	1,092,944	958,241
Short term investments	-	330,000
Loans, advances, deposits, prepayments and other receivables	382,056	437,022
Bank balances	570,102	819,068
	2,150,787	2,901,732

48.1.2 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:

	2022	2021
	(Rupees in thousand)	
Customers	1,092,944	958,241
Banking companies and financial institutions	840,102	1,419,068
Others	217,741	524,423
	2,150,787	2,901,732

48.1.3 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.

48.1.3(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 2022 was determined as follows:

	2022		2021	
	Gross carrying amount	Loss Allowance	Gross carrying amount	Loss Allowance
	(Rupees in thousand)			
Not past due	604,037	1,425	321,675	-
Less than 30 days	204,459	-	261,838	25,947
Past due 1 - 3 months	178,812	11,490	370,884	24,053
Above 3 months	195,774	77,223	66,735	12,891
	1,183,082	90,138	1,021,132	62,891

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.

48.1.3(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:

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For the year ended 30 June 2022

	Rating		Rating	2022	2021
Banks	Short term	Long term	Agency	(Rupees in thousand)	
MCB Islamic Bank Limited	A1	A	JCR VIS	80,637	337,769
Faysal Bank Limited	A1+	AA	PACRA	10,280	81,099
United Bank Limited	A1+	AAA	JCR VIS	16,874	230,700
Habib Bank Limited	A1+	AAA	PACRA	431,970	359,132
Askari Bank Limited	A1+	AA+	PACRA	46,413	42,634
National Bank of Pakistan	A1+	AAA	PACRA	42,942	78,871
Bank of Punjab	A1+	AA+	PACRA	-	551
MCB Bank Limited	A1+	AAA	JCR VIS	46,801	16,649
Silk Bank Limited	A2	A-	JCR VIS	1,947	1,845
Samba Bank Limited	A1	AA	JCR VIS	7	7
Bank Alfalah Limited	A1+	AA+	PACRA	13,827	4,873
Bank Islami Pakistan Limited	A1	A+	PACRA	3,772	2,465
Soneri Bank Limited	A1+	AA-	PACRA	23,689	32,099
Sindh Bank Limited	A1	A+	JCR VIS	412	412
Dubai Islamic Bank Limited	A1+	AA	JCR VIS	34,563	121,123
Allied Bank Limited	A1+	AAA	PACRA	23,643	55,885
Albaraka Bank (Pakistan) Limited	A1	A+	PACRA	1,964	1,753
JS Bank Limited	A1+	AA-	PACRA	25	25
Bank Al Habib Limited	A1+	AAA	PACRA	491	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,006	16,536
Meezan Bank Limited	AA+	AAA	JCR VIS	57,839	34,640
				840,102	1,419,068

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:

	2022				
	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	10,052,206	10,052,206	10,052,206	-	-
Lease liability against right of use assets	46,205	53,952	17,727	36,225	-
Trade and other payables	1,624,236	1,624,236	1,624,236	-	-
Unclaimed dividend	15,625	15,625	15,625	-	-
Accrued mark-up	329,207	329,207	329,207	-	-
Long term deposits	5,603	5,603	-	5,603	-
Long term finances - secured	1,056,187	1,385,897	420,209	653,188	312,500
Redeemable capital	-	-	-	-	-
	13,129,269	13,466,726	12,459,210	695,016	312,500

	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	-

48.3 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.

48.3.1 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.

Notes to the consolidated financial statements

For the year ended 30 June 2022

	2022 (Rupees in thousand)		2021 (Rupees in thousand)	
	USD	EUR	USD	EUR
Assets				
- Trade debts	122,977	-	111,830	-
Liabilities				
- Trade creditors and bills payable	-	-	(11,534)	-
Net Statement of financial position exposure	122,977	100,296	100,296	-
Off statement of financial position items				
- Outstanding letters of credit	1,344,230	40,824	595,033	273,597
Net exposure	(1,221,253)	59,472	(494,737)	(273,597)

Exchange rates applied during the year

The following significant exchange rate has been applied:

	Average rate		Reporting date rate	
	2022	2021	2022	2021
USD	182.00	163.28	205.50	158.50
EURO	201.00	187.81	215.00	187.00

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.

	2022 (Rupees in thousand)	2021
USD	12,298	10,030

48.3.2 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.

48.3.2.1 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	2022 Financial assets	2022 Financial liabilities	2021 Financial assets	2021 Financial liabilities
		--------------------(Rupees in thousand)--------------------			
Non-derivative financial instruments					
Long term deposit - Escrow account	12	270,000	-	270,000	-
Short term investment - Term deposit	16	-	-	330,000	-
		270,000	-	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.

48.3.2.2 Variable rate financial instruments

	Note	2022 Financial assets	2022 Financial liabilities	2021 Financial assets	2021 Financial liabilities
		--------------------(Rupees in thousand)--------------------			
Non-derivative financial instruments					
Long term finances - secured	27	-	-	-	-
Short term borrowings	21	-	10,052,206	-	10,405,146
Bank balances - saving accounts	18	198,357	-	333,357	-
Receivable from related parties and others	17	10,102	-	31,893	-
		208,459	10,052,206	365,250	10,405,146

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 2022.

	Profit / (Loss)	
	2022	2021
	(Rupees in thousand)	
Increase of 100 basis points		
Variable rate instruments	(98,437)	(100,399)
Decrease of 100 basis points		
Variable rate instruments	98,437	100,399

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.

48.3.2.3 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.

48.2.3 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:

	2022	2021
	(Rupees in thousand)	
Effect on profit or loss	1,024	706
Effect on investments	1,024	706

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

48.4 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.

Notes to the consolidated financial statements
For the year ended 30 June 2022

	Note	Carrying amount					Fair value			
		Fair value through OCI	Fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousands								
30 June 2022										
Financial assets at fair value										
Long term investments		8,167	-	-	-	8,167	-	-	8,167	8,167
Short term investments		-	102,368	-	-	102,368	102,368	-	-	102,368
		8,167	102,368	-	-	110,535	102,368	-	8,167	110,535
Financial assets at amortised cost										
Long term deposits		-	-	99,375	-	99,375	-	-	-	-
Long term loans and advances		-	-	6,310	-	6,310	-	-	-	-
Trade debts		-	-	1,092,944	-	1,092,944	-	-	-	-
Short term investments		-	-	-	-	-	-	-	-	-
Loans, advances, deposits, and other receivables		-	-	382,056	-	382,056	-	-	-	-
Cash and bank balances		-	-	600,029	-	600,029	-	-	-	-
	48.4.1	-	-	2,180,714	-	2,180,714	-	-	-	-
Financial liabilities measured at fair value		-	-	-	-	-	-	-	-	-
Financial liabilities - not measured at fair value										
Short term borrowings		-	-	-	10,052,206	10,405,146	-	-	-	-
Lease liability against right of use assets		-	-	-	46,205	81,334	-	-	-	-
Trade and other payables		-	-	-	1,624,236	2,035,471	-	-	-	-
Unclaimed dividend		-	-	-	15,625	13,262	-	-	-	-
Accrued mark-up		-	-	-	329,207	226,906	-	-	-	-
Long term deposits		-	-	-	5,603	3,464	-	-	-	-
Long term finances - secured		-	-	-	1,056,187	342,311	-	-	-	-
	48.4.1	-	-	-	13,129,269	13,107,894	-	-	-	-

	Note	Carrying amount					Fair value			
		Fair value through OCI	Fair value through profit or 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	-	-	-	-
		-	-	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	-	-	-	-
		-	-	-	13,107,894	13,107,894	-	-	-	-

Notes to the consolidated financial statements

For the year ended 30 June 2022

48.4.1 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.

48.4.2 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 34. 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:

	2022	2021
	(Rupees in thousand)	
Total debt	11,108,393	13,179,901
Total equity and debt	20,466,244	19,747,219
Debt to equity ratio	54%	67%

49 OPERATING SEGMENTS

49.1 Geographical Information

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

	2022	2021
	(Rupees in thousand)	
Pakistan	13,422,762	11,595,928
Saudi Arabia	440,811	448,423
United Arab Emirates	407,390	472,693
China	496,643	524,459
Bangladesh	85,726	164,484
Jordan	-	14,132
Singapore	167,346	209,472
Sri Lanka	91,260	95,689
Yemen	204,946	140,564
Brazil	25,669	-
Lebanon	119,396	118,485
Uzbekistan	23,239	103,833
Tajikistan	14,182	34,069
Other countries	290,552	272,509
	15,789,922	14,194,739

Sales are attributed to countries on the basis of the customer`s location.

49.2 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).

Notes to the consolidated financial statements
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49.3

	Note	Blades and Razors 2022	Blades and Razors 2021	Battery 2022	Battery 2021	Soaps 2022	Soaps 2021	Corrugated boxes 2022	Corrugated boxes 2021	Bikes 2022	Bikes 2021	Pharmaceutical Products 2022	Pharmaceutical Products 2021	Others 2022	Others 2021	Total 2022	Total 2021
		Rupees in thousand															
Revenue																	
- external customers		8,454,172	8,556,289	6,153,927	5,098,021	590,169	903,350	2,620,234	2,014,977	61,745	35,459	715,382	548,272	24,429	67,347	18,620,058	17,223,715
		8,454,172	8,556,289	6,153,927	5,098,021	590,169	903,350	2,620,234	2,014,977	61,745	35,459	715,382	548,272	24,429	67,347	18,620,058	17,223,715
Less : Sales tax		945,909	930,875	1,017,756	718,113	100,017	156,625	392,340	272,857	10,186	5,158	-	-	1,717	9,295	2,467,925	2,092,923
Trade discount		107,086	109,558	254,299	818,195	392	1,363	242	1,789	183	103	-	4,680	9	365	362,211	936,053
		1,052,995	1,040,433	1,272,055	1,536,308	100,409	157,988	392,582	274,646	10,369	5,261	-	4,680	1,726	9,660	2,830,136	3,028,976
Net revenue	36	7,401,177	7,515,856	4,881,872	3,561,713	489,760	745,362	2,227,652	1,740,331	51,376	30,198	715,382	543,592	22,703	57,687	15,789,922	14,194,739
Cost of revenue - raw and packing material consumption		2,880,019	2,934,974	3,588,907	2,520,776	403,876	630,103	1,730,056	1,299,032	42,736	25,060	397,479	362,068	19,310	47,405	9,062,383	7,819,418
Cost of revenue - other than raw and packing material consunption		2,215,951	2,002,491	1,127,839	1,175,862	59,775	89,340	473,216	459,098	14,332	15,879	167,369	85,720	-	-	4,058,482	3,828,390
Gross profit / (loss)		2,305,207	2,578,391	165,126	(134,925)	26,109	25,919	24,380	(17,799)	(5,692)	(10,741)	150,534	95,804	3,393	10,282	2,669,057	2,546,931
Inter company / inter segment - net sales				141	141	-	-	47,316	47,316	-	-	1,377	1,377	27,005	27,005	75,839	75,839
Inter company / inter segment - purchases		(43,149)	(43,149)			(84)	(84)	(10,711)	(10,711)	(616)	(616)	(21,279)	(21,279)	-	-	(75,839)	(75,839)
Gross profit / (loss) - segment wise		2,262,058	2,535,242	165,267	(134,784)	26,025	25,835	60,985	18,806	(6,308)	(11,357)	130,632	75,902	30,398	37,287	2,669,057	2,546,931
Administrative expenses	38																
Allocated		554,897	629,085	44,248	104,991	4,490	11,917	29,559	6,824	3,541	3,053	16,336	12,448	436	722	653,507	769,040
Unallocated		-	-	-	-	-	-	-	-	-	-	-	-	-	-	164	9,277
																653,671	778,317
Distribution cost	39	714,367	869,584	384,599	381,607	35,356	-	1,673	35,379	12,742	10,929	46,362	32,928	-	14,768	1,195,098	1,359,113
Segment results - Operating loss		992,794	1,036,573	(263,579)	(621,382)	(13,821)	13,918	29,752	(23,397)	(22,591)	(25,339)	67,934	30,526	29,962	21,797	820,287	409,501
Impairment loss on ECL																(26,077)	(31,143)
Finance cost	40															(1,129,469)	(1,055,242)
Other operating expenses	41															(163,700)	189,845
Other income	42															437,036	1,416,951
																(61,9323)	512,870
Share of profit of associate																6,229	10,922
Loss before taxation from continuing operations																(55,694)	523,792
Taxation																(247,297)	(574,551)
Loss after taxation from continuing operations																(302,991)	(50,759)
49.3.1 Segment assets		11,270,665	11,770,022	9,078,297	9,191,227	231,139	(38,291)	2,184,895	2,653,896	147,401	112,226	1,620,170	1,406,431	30,709	67,179	24,563,276	25,162,689
Unallocated assets																759,545	786,944
Total Assets																25,322,822	25,949,633
49.3.2 Segment liabilities		10,231,923	9,394,191	3,934,986	1,607,109	63,437	1,779,633	202,527	1,990,220	67,196	11,050	504,797	382,259	18,827	15,544	15,023,693	15,180,006
Unallocated liabilities																629,770	665,124
																15,653,463	15,845,129

49.3.3 Unallocated assets includes deferred tax laibility, investment in associate and results of Treet Power Limited and Treet Battery Limited

		Note	2022	2021
			(Rupees in thousand)	
50	CASH GENERATED FROM / (USED IN) OPERATIONS			
	Profit / (loss) before taxation		(55,695)	1,122,436
	Adjustments for non cash items:			
	Finance cost	40	1,129,469	1,055,242
	Depreciation on property, plant and equipment		670,365	674,433
	Depreciation on right of use assets	7.1	15,490	23,325
	Unrealised exchange gain - net	41 & 42	(623)	(3,791)
	Amortization on intangible asset	9.1	14,767	14,554
	Provision for gratuity	25.2	85,286	75,482
	Provision for superannuation	25.2	80,180	55,987
	Provision for warranty	39	239,548	289,846
	Profit on bank deposits	42	(24,102)	(18,094)
	Expected credit loss on trade debts	15.2	26,077	31,143
	Reversal of impairment under expected credit loss		-	(20,091)
	Profit on disposal of property, plant and equipment	42	(229,811)	(4,566)
	Realized gain on disposal of subsidiary company - GAL	44.1	-	(637,886)
	Reversal of revaluation deficit	42	-	(915,965)
	Provision for WPPF and WWF		(12,598)	179,692
	Unrealized (gain) / loss on investment at fair value through profit or loss		(36,208)	(9,765)
	Provision for sales tax	41	71	5,187
	Assets written off	41	22,031	30,305
	Provision for obsolete and slow moving inventory	41	-	3,545
	Share of (profit) / loss from associates		(6,229)	(10,922)
	Dividend income	42	(1,707)	(9,682)
			1,972,006	807,979
	Operating profit before working capital changes		1,916,311	1,930,415
	Decrease / (Increase) in current assets:			
	Stores and spares		(70,650)	6,372
	Stock in trade		(507,354)	(421,650)
	Trade debtors		(160,157)	(86,856)
	Short term investment		298,245	(146,170)
	Loans, advances, deposits, prepayments and other receivables		(279,172)	461,374
			(719,088)	(186,930)
	Increase / (Decrease) in current liabilities:			
	Trade and other payables		(476,241)	1,028,947
	Increase in long term deposits		2,139	(7,750)
			723,121	2,764,682
51	CASH AND CASH EQUIVALENT			
	Cash and bank balances	18	516,793	818,701
	Short term running finance - secured	21	(6,911,385)	(7,353,402)
			(6,394,592)	(6,534,701)

Notes to the consolidated financial statements
For the year ended 30 June 2022

52 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 2021</u>	3,001,744	50,000	13,262	81,334	342,311	15,929	6,597,133	-	10,101,713
<u>Cash flows</u>									
Proceeds from issue of shares under employee stock option scheme	-	-	-	-	-	-	94,605	-	94,605
Short term borrowings - net	89,077	-	-	-	-	-	-	-	89,077
Payment of lease liability against right of use assets	-	-	-	(15,940)	-	-	-	-	(15,940)
Long term loans - net	-	-	-	-	713,876	-	-	-	713,876
Dividend paid	-	-	2,363	-	-	-	-	-	2,363
Total changes from financing cash flows	89,077	-	2,363	(15,940)	713,876	-	94,605	-	883,981
<u>Non-cash changes</u>									
Liability against right of use assets reognised during the year	-	-	-	-	-	-	-	-	-
Cancellation of lease liability	-	-	-	(25,486)	-	-	-	-	(25,486)
Interest on unwinding of liability against right of use assets	-	-	-	6,297	-		-	-	6,297
Government grant recognised	-	-	-	-	-	2,402	-	-	2,402
Government grant amortised	-	-	-	-	-	(6,843)	-	-	(6,843)
Total liability related other changes	-	-	-	(19,189)	-	(4,441)	-	-	(23,630)
As at 30 June 2022	3,090,821	50,000	15,625	46,205	1,056,187	11,488	6,691,738	-	10,962,064

	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 amortised					(16,250)	16,250			-
Total liability related other changes	-	-	-	-	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

Notes to the consolidated financial statements

For the year ended 30 June 2022

	Production capacity		Actual production	
	2022	2021	2022	2021
53 PLANT CAPACITY AND PRODUCTION				
Blades - units in millions	2,230	2,230	1,721	2,094
Corrugated boxes - in metric tones	30,000	30,000	23,578	20,513
Bikes - in units	18,000	18,000	1,245	677
Soap - in metric tones	5,000	5,000	-	2,780
Batteries - numbers	1,200,000	1,200,000	672,711	575,009
Hemodialysis concentrates - in thousand session	2,400	2,400	2,294	2,189

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

54 PROVIDENT FUND TRUST

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

	Un-audited	Un-audited
	2022	2021
	(Rupees in thousand)	
Size of the fund - total assets	953,137	639,065
Cost of investments made	469,223	465,102
Percentage of investments made	51%	76%
Fair value of investments	490,326	486,351

The break-up of fair value of investments is:

	2022 (Un-audited)		2021 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	55,576	11.3%	51,388	10.6%
Shares in unlisted securities	4,149	0.8%	29,095	6.0%
Listed Debt Instruments	50,000	10.2%	50,000	10.3%
Government securities	16,300	3.3%	16,300	3.4%
Mutual funds	301,774	61.5%	314,153	64.6%
Other Investments	62,527	12.8%	25,415	5.2%
	490,326	100%	486,351	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.

55 SERVICE FUND TRUST

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

	Un-audited 2022	Un-audited 2021
	(Rupees in thousand)	
Size of the fund - total assets	252,486	273,526
Cost of investments made	70,724	62,048
Percentage of investments made	28%	22%
Fair value of investments	70,183	61,008

The break-up of fair value of investments is:

	2022 (Un-audited)		2021 (Audited)	
	Rs. in '000	Percentage	Rs. in '000	Percentage
Shares in quoted securities	36,084	51.4%	24,262	39.8%
Government securities	15,000	21.4%	15,000	24.6%
Mutual funds	19,099	27.2%	21,746	35.6%
	70,183	100%	61,008	100%

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

56 PRIOR PERIOD ADJUSTMENTS

In the prior year, the 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 had 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 (IFRS 5). Out of 20 million modaraba certificates, the Company sold 831,000 certificates till 31 December 2021. Board of Directors of the Company, through resolution by circulation dated 27 October 2021, reversed their initial plan to sell these modaraba certificates.

In the current year, for the preparation of consolidated financial statements noticed that the accounting treatment for these modaraba certificates is incorrect as per IFRS 5 paragraph 8A which states that the investment in subsidiary can only be classified as held for sale if the parent company loses control over the subsidiary. Since the disposal of 20 million modaraba certificates does not constitute loss of control, hence financial statements for the prior year require restatement.

Furthermore, in the prior year financial statements of Renacon Pharma Limited (Subsidiary), the management has made an adjustment of long term finance relating to prior periods. The Company erroneously recognized long term finance without considering the impact of government grant in prior period relating to ITERF Loan obtained on reduced markup rate.

Notes to the consolidated financial statements

For the year ended 30 June 2022

	As at June 30, 2021		
	As previously reported	Restatement	As restated
	(Rupees in thousand)		
Effect on statement of financial position (extract)			
Non Current Assets			
Property, plant and equipment	16,861,421	238,593	17,100,014
Right of use assets	86,062	1,737	87,799
Long term deposits	351,046	1,247	352,293
Current Assets			
Stores and spares	341,522	2,412	343,934
Stock in trade	2,683,456	31,525	2,714,981
Trade debts	938,767	19,474	958,241
Short term investments	398,949	1,664	400,613
Loans, advances, deposits, prepayments and other receivables	1,801,486	22,580	1,824,066
Cash and bank balances	816,688	2,013	818,701
Current Liabilities			
Short term borrowings	10,291,822	113,324	10,405,146
Trade and other payables	2,731,280	34,317	2,765,597
Unclaimed dividend	13,261	1	13,262
Accrued mark-up	225,195	1,710	226,905
Current portion of long term liabilities	163,301	399	163,700
Provision for taxation	449,101	2,557	451,658
Non Current Liabilities			
Deferred taxation	654,408	10,716	665,124
Lease liabilities	59,515	1,113	60,628
Long term finance	206,160	(8,582)	197,578
Government grant	504	8,582	9,086

Both of the above, errors have been accounted for retrospectively under International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8). The impact on each of the line item has been tabulated below:

57 GENERAL

The figures have been rounded off to nearest rupee unless otherwise stated.

Corresponding figures have been rearranged and reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison.

Reclassified	Reclassified to	Rupees in "000"	Reason
Freight, octroi and handling	Distribution Cost	31,892	For better presentation / classification

58 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on September 28, 2022 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 September 28, 2022 have proposed a final cash dividend for the year ended 30 June 2022 at Rs. Nil per share i.e. 0% (2021: Rs. 1 per share) for approval of the members at the Annual General Meeting to be held on October 27, 2022. These financial statements do not reflect this dividend.

LAHORE 28th September 2022	Syed Shahid Ali Chief Executive Officer	Mohtashim Aftab Group Chief Financial Officer	Imran Azim Director

INVESTORS'

INFORMATION

SHAREHOLDERS
INFORMATION

PATTERN OF SHAREHOLDING

	Shareholdings		
No. of Shareholders	From	To	Total Shares Held
1,410	1	100	48,308
1,731	101	500	654,842
1,566	501	1,000	1,388,436
3,036	1,001	5,000	8,016,162
836	5,001	10,000	6,339,547
327	10,001	15,000	4,135,129
189	15,001	20,000	3,440,423
122	20,001	25,000	2,803,194
76	25,001	30,000	2,134,460
40	30,001	35,000	1,321,409
23	35,001	40,000	889,356
16	40,001	45,000	702,046
42	45,001	50,000	2,067,594
25	50,001	55,000	1,336,042
15	55,001	60,000	879,296
12	60,001	65,000	747,045
12	65,001	70,000	820,700
6	70,001	75,000	438,584
8	75,001	80,000	625,336
5	80,001	85,000	412,500
3	85,001	90,000	264,030
9	90,001	95,000	840,102
15	95,001	100,000	1,494,500
5	100,001	105,000	518,795
5	105,001	110,000	536,693
3	110,001	115,000	336,500
2	115,001	120,000	234,436
3	120,001	125,000	371,177
7	125,001	130,000	887,792

	Shareholdings		
No. of Shareholders	From	To	Total Shares Held
3	130,001	135,000	391,775
4	135,001	140,000	555,500
1	140,001	145,000	144,000
4	145,001	150,000	600,000
2	150,001	155,000	307,464
1	160,001	165,000	163,000
2	165,001	170,000	336,000
2	170,001	175,000	345,500
2	185,001	190,000	371,500
3	195,001	200,000	600,000
3	200,001	205,000	611,851
1	205,001	210,000	209,134
2	210,001	215,000	424,000
2	215,001	220,000	434,500
3	220,001	225,000	665,802
2	225,001	230,000	454,250
1	230,001	235,000	232,000
4	245,001	250,000	998,000
2	250,001	255,000	501,813
1	260,001	265,000	264,000
1	270,001	275,000	274,134
2	275,001	280,000	551,267
1	280,001	285,000	283,334
1	295,001	300,000	300,000
1	300,001	305,000	303,500
1	305,001	310,000	307,430
1	310,001	315,000	314,500
2	315,001	320,000	635,700
2	320,001	325,000	648,694
1	325,001	330,000	330,000
1	350,001	355,000	352,022
1	355,001	360,000	355,453

SHAREHOLDERS
INFORMATION

	Shareholdings		
No. of Shareholders	From	To	Total Shares Held
2	365,001	370,000	733,000
1	395,001	400,000	400,000
1	410,001	415,000	415,000
1	445,001	450,000	448,000
1	455,001	460,000	457,000
1	460,001	465,000	463,500
1	495,001	500,000	500,000
1	500,001	505,000	501,500
1	545,001	550,000	550,000
1	575,001	580,000	575,500
1	595,001	600,000	596,500
1	615,001	620,000	619,606
1	620,001	625,000	622,128
1	640,001	645,000	644,000
1	695,001	700,000	700,000
1	795,001	800,000	799,000
1	905,001	910,000	907,000
1	995,001	1,000,000	1,000,000
2	1,090,001	1,095,000	2,182,000
1	1,700,001	1,705,000	1,703,108
1	1,885,001	1,890,000	1,890,000
1	1,915,001	1,920,000	1,919,000
1	2,655,001	2,660,000	2,658,577
1	2,960,001	2,965,000	2,964,000
1	3,720,001	3,725,000	3,724,000
1	3,995,001	4,000,000	4,000,000
1	4,835,001	4,840,000	4,837,958
1	5,365,001	5,370,000	5,367,909
1	11,560,001	11,565,000	11,563,714
1	13,454,001	13,459,000	13,545,243
1	53,480,001	53,485,000	53,483,322
9,642			178,721,122

SHAREHOLDERS
INFORMATION

		No. of Share-holders	No. of Shares Held	No. of Share-holders	No. of Shares Held	No. of Share-holders	No. of Shares Held	
		CDC*	CDC*	Physical	Physical	TOTAL	TOTAL	%
Syed Shahid Ali	Director	2	53,483,322	1	2,658,577	3	56,141,899	31.41%
Syed Sheharyar Ali	Director	2	13,545,243	-	-	2	13,545,243	7.58%
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	Director	1	110	-	-	1	110	0.00%
Shafique Anjum	Director	1	307,430	1	27,555	2	334,985	0.18%
Loads Limited	Associated Company	1	4,837,958	-	-	1	4,837,958	2.70%
IGI Inurance Limited	Associated Company	-		-	-	-	0	0.00%
NIT & ICP		2	11,563,762	-	-	2	11,563,762	6.47%
Foreign Company		1	150,000	-	-	1	150,000	0.08%
Bank, DFI, Insurance		8	6,447,674	-	-	8	6,447,674	3.60%
Joint Stock Companies		90	12,997,255	5	11,147	95	13,008,402	7.28%
Mutual & Pension Funds		5	1,831,588		-	5	1,831,588	1.02%
Federal Board of Revenue	Government Holding	1	274,134	-	-	1	274,134	0.15%
Modaraba		1	37,000	-	-	1	37,000	0.02%
Others		9	423,222	-	-	9	423,222	0.23%
Individual		7975	67,806,967	1,534	2,067,865	9,509	69,874,832	39.10%
		8,101	173,955,978	1,541	4,765,144	9,642	178,721,122	100%

*based on no. of accounts in CDC / folios

Shareholders Holding 5% Shares or More

Sr. No.	Name of Shareholder	Shares
1	MR. SYED SHAHID ALI	56,141,899
2	MR. SYED SHEHARYAR ALI (CDC)	13,545,243
3	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	11,563,714
		81,250,856

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 Thursday, October 27, 2022 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 June 28, 2022.

2. To receive, consider and adopt the Annual Audited Financial Statements (Standalone & consolidated) of the Company for the year ended June 30, 2022, together with the Directors' and Auditors' Reports thereon.

3. To appoint External Auditors of the Company for the year ending June 30, 2023 and to fix their remuneration. M/S Yousaf Adil & Co, Chartered Accountant have offered themselves for re-appointment..

SPECIAL BUSINESS:

4. (i) The shareholders are informed that Scheme of Arrangement (the "Scheme") under Sections 279-283 of the Companies Act, 2017 for the transfer and vesting of the Treet Battery Project and related assets and liabilities from First Treet Manufacturing Modaraba ("FTMM") to Treet Battery Limited ("TBL") has been filed before the Hon'ble Lahore High Court and is awaiting the sanction of the Court – earlier in separate Extra Ordinary General Meeting of the Company, held on March 02, 2022 where the requisite percentage of certificate holders/shareholders of both TBL and FTMM have approved the Scheme. If and when the Scheme is sanctioned by the Hon'ble Court, in accordance with the terms thereof, the Treet Battery Project and related assets and liabilities shall stand transferred to TBL.

   The shareholders are further informed that the Company has decided to extend a loan of Rs. 3,000,000,000/- (Rupees Three Billion Only) to FTMM for the purposes of meeting the working capital needs of the Treet Battery Project, which loan shall stand effectively transferred to TBL in terms of the Scheme, if and when the Scheme is sanctioned by the Hon'ble Court. Under the provisions 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") approval of the shareholders is being sought by the Company for extending loan of Rs. 3,000,000,000/- (Rupees Three Billion Only) to its associated company/undertaking FTMM for a period of one (1) year which loan shall stand transferred to its associated company/undertaking TBL if and when the Scheme is sanctioned by the Hon'ble Court. This loan shall be in addition to earlier loan of Rs. 3,000,000,000/- (Rupees Three Billion Only) approved by the shareholders of the Company in extraordinary general meeting dated June 28, 2022. It has also been decided by the Company to extend the validity of the earlier loan of Rs. 3,000,000,000/- (Rupees Three Billion Only) by a period of 4 months till October 28, 2023.

   The shareholders are further informed that to secure finance facilities of up to Rs. 3,400,000,000/- (Rupees Three Billion and Four Hundred Million Only) being obtained by FTMM for the Treet Battery Project, the Company has decided 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 3,400,000,000/- (Rupees Three Billion and Four Hundred Million Only) to FTMM, which shall stand effectively transferred to TBL in terms of the Scheme, if and when the Scheme is sanctioned by the Hon'ble Court. Under Section 199 of the Companies Act, 2017 and Regulation 5(5) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 approval of the shareholders is being sought 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 3,400,000,000/- (Rupees Three Billion and Four Hundred Million Only) to FTMM, being an associated undertaking, for a period of one year starting from the date of approval by shareholders, which shall stand transferred to its associated company/ undertaking TBL if and when the Scheme is sanctioned by the Hon'ble Court.

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, for the purposes of debt retirement of FTMM and to meet the working capital needs of the Treet Battery Project for a period of one year starting from the date of approval by shareholders, which loan shall stand transferred to Treet Battery Limited ("TBL") if and when the Scheme of Arrangement under Sections 279-283 of the Act (the "Scheme") for separation and transfer of the Treet Battery Project from FTMM to TBL is sanctioned by the Hon'ble Lahore High Court.

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 and subject to sanction of the Scheme by the Hon'ble Lahore High Court to transfer the aforementioned loan of up to PKR 3,000,000,000/- (Rupees Three Billion Only) from FTMM to TBL, being an associated company, on same terms and conditions as granted to FTMM.

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 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 3,400,000,000/- (Rupees Three Billion Four Hundred Million Only) to, being an associated undertaking, for a period of one year starting from the date of approval by shareholders, which shall stand transferred to TBL if and when the Scheme for separation and transfer of the Treet Battery Project from FTMM to TBL is sanctioned by the Hon'ble Lahore High Court.

FURTHER RESOLVED THAT, the rate of return for the cross corporate guarantees and/or ear marked un-funded facilities pursuant to the above resolutions shall be charged to the subsidiary/associated company at the same rate as charged by the bank to the Company.

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 and subject to sanction of the Scheme by the Hon'ble Lahore High Court to transfer of the aforementioned facilities of up to PKR 3,400,000,000/- (Rupees Three Billion Four Hundred Million Only) from FTMM to TBL, being an associated company, on same terms and conditions as granted to FTMM.

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 to extend the validity period of previous loan of Rs. 3,000,000,000/- extended to FTMM and approved by the shareholders in extraordinary general meeting dated June 28, 2022 by Rs. 3,000,000,000/- (Rupees Three Billion Only) by a period of 4 months till October 28, 2023.

(ii) 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):

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 350,000,000/- (Rupees Three Hundred and Fifty Million Only) to Renacon Pharma Limited ("RPL"), being an associated undertaking, in the form of a working capital loan, for a period of

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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 1,321,000,000/- (Rupees One Billion Three Hundred and Twenty One 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, the rate of return for the cross corporate guarantees and/or ear marked un-funded facilities pursuant to the above resolutions shall be charged to the subsidiary/associated company at the same rate as charged by the bank to the Company.

(iii) 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 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 7,000,000/- (Rupees Seven Million Only) to Treet Power Limited ("TPL"), 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.

(iv) 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 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/- (Rupees Three Million Only) to Treet HR Management (Private) Limited ("THRM"), 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.

(v) 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 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 50,000,000/- (Rupees Fifty 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 pursuant to the above resolutions shall be charged to the subsidiary/associated company at the same rate as charged by the bank to the Company.

(vi) 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 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 4,600,000,000/- (Rupees Four Billion and Six Hundred Million 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, the rate of return for the cross corporate guarantees and/or ear marked un-funded facilities pursuant to the above resolutions shall be charged to the subsidiary/associated company at the same rate as charged by the bank to the Company.

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.

5. **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, 2022 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, 2022 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.

6. **To authorize the Board of Directors of the Company to approve transactions with related parties for the financial year ending June 30, 2023 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, 2023;

   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.

7. **To transact any other business with the permission of the Chair.**

By Order of the Board

(Zunaira Dar)
Company Secretary

Lahore: October 05, 2022

(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)

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Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS

The share transfer Books of the Company will remain closed from October 20, 2022 to October 27, 2022 (both days inclusive) for the purpose of attending Annual General Meeting. Transfers received in order at the office of our Share Registrar M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore at the close of business on October 19, 2022 will be treated in time for payment of the final dividend to the transferees.

2. 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 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.

3. 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.

4. 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.

Shareholders who by any reason, could not claim their dividend are advised to contact our Share Registrar to Collect/ enquire about their unclaimed dividends, if any. Please note any dividend unclaimed for more than three years may be deposited with the Federal Government under Section 244(2), of the Companies Act, 2017,

5. The Financial Statements of the Company for the year ended June 30, 2022 along with reports have been placed on the website of the Company: https://www.treetonline.com.

   Annual Report 2022 and Notice of Annual General Meeting (AGM) are being circulated electronically via email to all those shareholders whose email addresses are available with the CDC or the Share Registrar of the Company.

   Members who desire to receive annual financial statements and notice of the Company through email in future (instead of receiving through CD/DVD) are requested to register their email address with CDC. Members holding physical shares shall provide their email to the Share Registrar of the Company.

6. 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 scripless 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").

Description	First Treet Manufacturing Modaraba	Treet Battery Limited	Renacon Pharma Limited	Treet Power Limited	Treet HR Management (Private) 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.	Treet Battery Limited ("TBL") is a subsidiary of the Company by indirectly owning 100.00% share capital through its directly owned subsidiary THL. TBL is under process to take over operations of Treet Battery Project through demerger from FTMM in terms of a Scheme of Arrangement under Sections 279-283 of the Companies Act, 2017 awaiting sanction of the Hon'ble Lahore High Court and will continue battery manufacturing operation if and when the Scheme is sanctioned by the Hon'ble Court	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 Power Limited (TPL) is a subsidiary by indirectly owning 100.00% share capital through its directly owned subsidiary THL.	Treet HR Management (Private) Limited (THRM) is a subsidiary by indirectly owning 100.00% share capital through its directly owned subsidiary THL.	First Treet Manufacturing Modaraba Renacon Pharma Limited Treet Battery Limited Treet Holdings Limited

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Earnings per share for the last three years	2019: (12.23) 2020: (15.34) 2021: (2.42)	2019: 0.18 2020: 0.72 2021: 0.13	2019: (0.30) 2020: 0.46 2021: (0.08)	2019: (.13) 2020: (.08) 2021: (.52)	2019: 19.69 2020: 18.42 2021: 7.36	Not Applicable
Breakup value per share, based on latest audited financial statements	RS. 4.95 per certificate	RS. 11.19 per share	RS. 13.18 per share	RS. (4.82) per share	RS. 76.72 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, 2022 is attached herewith	Current Assets: .004 million Current Liabilities: .088 million Other Income: .074 million Net profit: .031 million Detailed Profit & Loss Account and Balance Sheet as on June 30, 2022 is attached herewith	Total Assets: 1,530 million Total Liabilities: 708.00 million Revenue: 715.38 million Net Profit: 31.46 million Detailed Profit & Loss Account and Balance Sheet as on June 30, 2022 is attached herewith	Current Assets: 0.66 million Current Liabilities: 5.485 million Other Income: 0.137 million Net loss: 0.519 million Detailed Profit & Loss Account and Balance Sheet as on June 30, 2022 is attached herewith	Total Assets: 94.88 million Total Liabilities: 18.16 million Revenue: 27.0 million Net Profit: 19.1 million Detailed Profit & Loss Account and Balance Sheet as on June 30, 2022 is attached herewith	Detailed accounts are available at www.treetonline.com However, Profit & Loss Account and Balance Sheet as on June 30, 2022 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	TBL is under process to take over operations of Treet Battery Project through demerger from FTMM in terms of a Scheme of Arrangement under Sections 279-283 of the Companies Act, 2017 awaiting sanction of the Hon'ble Lahore High Court and will continue battery manufacturing operation if and when the Scheme is sanctioned by the Hon'ble Court	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 2021-2022) of the Company.	The company was incorporated m Pakistan on September 18, 2006 as a private company limited by shares under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act. 2017). The company Is engaged in the business of rendering professional & technical services and providing related workforce to the host companies / customers under service agreements. The name of the company have been changed from that of TCL Labor Hire Company (Private) Limited to that of Treet HR Management (Private) Limited w.e.f December 31, 2014 after complying with the legal formalities. The registered office of the company is situated at 72-B. industrial Area Kot lakh pat, Lahore The company is a wholly owned subsidiary of M/s Treet Holdings Limited, which is also a wholly owned subsidiary of M/s Treet Corporation Limited an ultimate parent, a listed company.	Tree! Power Limited is incorporated on November 20, 2007 in Pakistan The company is a wholly owned subsidiary of Tree! Holdings Limited, which is also a wholly owned subsidiary of Treet Corporation Limited - an ultimate parent, a listed company. At present the company is planning to set up an Electric Power Generation Project for generating, distribution 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 lakh pat, Lahore.	Not Applicable
starting date and expected date of completion;	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

time by which such project shall become commercially operational;	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable
expected return on total capital employed in the project; and	Not Applicable	Not Applicable	Not Applicable	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	Not Applicable
Total amount of loans or advances or guarantee;	Up to an extent of Rs. 6,000 million (including loan of Rs. 3,000 million already approved by the shareholders in EOGM dated June 28, 2022)	The loan extended to FTMM shall stand transferred to TBL on the same terms and conditions, if and when the Scheme of Arrangement for the separation and transfer of the Treet Battery Project from FTMM to TBL is sanctioned by the Hon'ble Court	Up to an extent of Rs. 350 million	Up to an extent of Rs. 7.0 million	Up to an extent of Rs. 3.0 million	FTMM: 3,400 million RPL: 1,321 million TBL: 4,600 million THL: 50 million
purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;	Debt retirement and to meet the working capital requirements of the Treet Battery Project.	The loan extended to FTMM shall stand transferred to TBL on the same terms and conditions, if and when the Scheme of Arrangement for the separation and transfer of the Treet Battery Project from FTMM to TBL is sanctioned by the Hon'ble Court	To meet the Capital Expenditure requirements of RPL.	To meet the working capital requirements 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. 3,000 million was taken from shareholders in extra ordinary general meeting held on June 28, 2022 and an Extension of four months, of the said approval is being sought from shareholders. Also, approval of an additional amount of Rs. 3,000 million has been sought for debt retirement and working capital.	The loan extended to FTMM shall stand transferred to TBL on the same terms and conditions, if and when the Scheme of Arrangement for the separation and transfer of the Treet Battery Project from FTMM to TBL is sanctioned by the Hon'ble Court	Approval from shareholders is being sought to Avail borrowing levels upto Rs. 350 million.	Approval from shareholders is being sought to Avail borrowing levels upto Rs. 7.0 million.	Approval from shareholders is being sought to Avail borrowing levels upto Rs. 3.0 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	The loan extended to FTMM shall stand transferred to TBL on the same terms and conditions, if and when the Scheme of Arrangement for the separation and transfer of the Treet Battery Project from FTMM to TBL is sanctioned by the Hon'ble Court	Average borrowing cost of the investing company	Average borrowing cost of the investing company	Average borrowing cost of the investing company	Not Applicable

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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	The loan extended to FTMM shall stand transferred to TBL on the same terms and conditions, if and when the Scheme of Arrangement for the separation and transfer of the Treet Battery Project from FTMM to TBL is sanctioned by the Hon'ble Court	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	The rate of return for the cross corporate guarantees and/ or ear marked un-funded facilities pursuant to the above resolutions shall be charged to the subsidiary/ associated company at the same rate as charged by the bank to the Company.
sources of funds from where loans or advances will be given;	Own Source	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	Not Applicable
justification for granting loan or advance out of borrowed funds;	Not Applicable	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	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	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	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	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	Not Applicable

salient feature of all agreements entered or to be entered with its associated company or associated undertaking with regards to proposed investment;	Agreements with subsidiary will be available at the AGM for review of the shareholders	Agreements with subsidiary will be available at the AGM for review of the shareholders	Agreements with subsidiary will be available at the AGM for review of the shareholders	Agreements with subsidiary will be available at the AGM for review of the shareholders	Agreements with subsidiary will be available at the AGM for review of the shareholders	Agreements with subsidiary will be available at the AGM for review of the shareholders
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 Management Company).	Syed Shahid Ali, Syed Sheharyar Ali and Munir Karim Bana are directors in the Company and on the board of TBL	Syed Shahid Ali, Syed Sheharyar Ali are directors in the Company	Muhammad Shafique Anjum is director in the Company	Syed Shahid Ali, Syed Sheharyar Ali, Muhammad Shafique Anjum and Munir Karim Bana are directors in the Company and on the Board of Treet Power Limited.	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	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	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, Treet Power Limited and Treet HR Management (Private) Limited shall be made available for inspection by the members at the meeting, namely:

Annual Audited Accounts for the year ended June 30, 2022
Annual Audited Accounts for the year ended June 30, 2021
Annual Audited Accounts for the year ended June 30, 2020

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;

KEY OPERATING
FINANCIAL DATA

Rs. In 000	2022	2021	2020*	2019*	2018	2017
Sales	15,789,923	14,191,739	11,111,578	11,972,060	9,410,276	8,418,188
Export Sales	2,312,984	2,529,246	2,058,400	2,538,191	2,087,699	1,877,190
Gross Profit	2,669,058	2,546,931	1,309,592	1,246,890	1,757,390	2,014,884
Profit before Taxation	(55,693)	1,122,436	(2,555,424)	(1,948,764)	(478,835)	304,576
Profit after Taxation	(302,990)	547,885	(2,655,891)	(2,125,246)	(630,512)	215,910
Shareholders' Equity+ Revaulation Surpulus	9,669,358	10,104,504	6,794,847	9,060,834	9,065,394	9,281,533
Fixed Asset-Net	17,033,352	16,947,483	13,990,499	16,256,605	13,308,050	11,383,772
Total Assets	25,322,820	25,785,498	22,723,219	24,731,935	21,001,871	17,777,635
Total Liabilities	15,653,462	15,680,993	15,928,372	15,671,101	11,936,477	8,496,102
Current Assets	7,275,236	6,980,868	5,996,172	7,740,609	7,025,973	5,717,417
Current Liabilities	13,124,813	13,873,960	15,021,936	15,188,379	11,419,384	7,828,940
Cash Dividend	0%	10%	0%	0%	0%	0%
Stock Dividend	0%	0%	0%	0%	0%	10%
Share Outstanding	178,721,122	174,834,322	169,831,322	165,450,9420	160,084,685	142,143,666

* Restated

Important Ratios					2018	2017
Profitability						
Gross Profit	16.90%	17.95%	11.79%	10.41%	18.68%	23.93%
Profit before Tax	-0.35%	7.91%	-23.00%	-16.28%	-5.09%	3.62%
Profit after Tax	-1.92%	3.86%	-23.90%	-17.75%	-6.70%	2.56%
Return to Equity						
Return on Equity before Tax	-0.58%	11.11%	-37.61%	-21.51%	-5.28%	3.28%
Return on Equity after Tax	-3.13%	5.42%	-39.09%	-23.46%	-6.96%	2.33%
Earning per share	(3.97)	(3.97)	(3.97)	(3.97)	(3.97)	1.45
Liquidity/Leverage						
Current ratio	0.55	0.50	0.40	0.51	0.62	0.73
Break-up value per Share	54.10	57.79	40.01	54.76	56.63	65.30
Total Liability to Equity	1.62	1.55	2.34	1.73	1.32	0.92

% Change					2018	2017
Sales	11.26%	27.72%	-7.19%	27.22%	11.79%	10.54%
Export Sales	-8.55%	22.87%	-18.90%	21.58%	11.21%	0.10%
Gross Profit	4.80%	94.48%	5.03%	-29.05%	-12.78%	11.67%
Profit Before Taxation	-104.96%	-143.92%	31.13%	306.98%	-257.21%	13.73%
Profit after Taxation	-155.30%	-120.63%	24.97%	237.07%	-392.03%	0.74%
Shareholders' Equity+Revaulation Surpulus	-4.31%	48.71%	-25.01%	-0.05%	-2.33%	5.49%
Fixed Asset-Net	0.51%	21.14%	-13.94%	22.16%	16.90%	45.19%
Total Assets	-1.79%	13.48%	-8.12%	17.76%	18.14%	41.72%
Total Liabilities	-0.18%	-1.55%	1.64%	31.29%	40.49%	126.82%
Current Assets	4.22%	16.42%	-22.54%	10.17%	22.89%	31.89%
Current Liabilities	-5.40%	-7.64%	-1.10%	33.01%	45.86%	173.10%
Dividend						-100.00%
Shares Outstanding	2.22%	2.95%	2.65%	3.35%	12.62%	3.15%

FORM
OF PROXY

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 Thursday, October 27th 2022 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 October 2022

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.

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