FIRST TREET MANUFACTURING MODARABA

Head Office:
72-B, Industrial Area Kot Lakhpat
Lahore - 54770, Pakistan.
NTN: 2551646-9 STRN: 03-02-4819-105-55
042-1111-TREET (87338) 042-35114127
info@ftmm.com www.ftmm.com

October 27, 2023

General Manager,
Pakistan Stock Exchange,
Stock Exchange Building,
Stock Exchange Road,
Karachi, Pakistan

Subject: **Audited Financial Statements of First Treet Manufacturing Modaraba and Treet Battery Limited pursuant to the transfer of assets and liabilities.**

Dear Sir/Madam,

Treet Battery Limited ("**Company**") and First Treet Manufacturing Modaraba ("**FTMM**") had entered into a scheme of arrangement ("**Scheme**") pursuant to the provisions of Section 279 to 282 of the Companies Act, 2017, to provide for the segregation of certain assets and business of FTMM along with respective liabilities and share premium allocated for such assets and businesses and to transfer these assets and business to the Company.

The Scheme was subsequently approved by the Honorable Lahore High Court, through its Order dated January 10, 2023 ("**Order**") issued in C.O. No. 4388 of 2022, whereby the effective date of the Scheme was altered to January 1, 2019 to April 1, 2019. In compliance of the Order and the Scheme, we hereby confirm that the respective assets, liabilities and battery business of FTMM have been transferred to the Company.

For the information of the certificate holders of FTMM, we are disseminating the audited financial statements of FTMM for the financial year ended on June 30, 2023 approved during the Board of Directors meeting held on September 28, 2023 and the audited financial statements of the Company for the financial year ended on June 30, 2023 approved during the Board of Directors meeting held on September 27, 2023.

You may please inform the TREC Holders accordingly.

Regards,

Zunaira Dar
Company Secretary
First Treet Manufacturing Modaraba

ANNUAL REPORT
2023

OUR DIVERSIFIED BUSINESS PORTFOLIO

FIRST TREET
MANUFACTURING
MODARABA

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Company Information

BOARD OF DIRECTORS:	Mr. Imran Azim	Non-Executive Director/Chairman
	Syed Shahid Ali	Chief Executive Officer
	Syed Sheharyar Ali	Non-Executive Director
	Dr. Salman Faridi	Independent Director
	Ms. Sidra Fatima Sheikh	Female/Independent Director
	Mr. Munir K. Bana	Non-Executive Director
	Dr. Haroon Latif Khan	Independent Director
AUDIT COMMITTEE:	Dr. Salman Faridi	Chairman/Member
	Mr. Imran Azim	Member
	Mr. Munir K. Bana	Member
CHIEF ACCOUNTANTS:	Mr. Moazzam Hussain Hashmi	Modaraba Management Company
	Mr. Muhammad Zubair	Modaraba
COMPANY SECRETARY:	Ms. Zunaira Dar	
EXTERNAL AUDITORS:	M/s Rahman Sarfaraz Rahim Iqbal Rafiq	Chartered Accountants
EXTERNAL AUDITORS OF MODARABA MANAGEMENT COMPANY:	M/s Yousuf Adil	Chartered Accountants
LEGAL ADVISORS:	Asad & Asad Attorney at Law	Advocates
CORPORATE ADVISORS:	Cornelius, Lane & Mufti	Advocates
SHARIAH ADVISOR:	Mufti Muhammad Javed Hassan	
BANKERS:	Al-Baraka Bank Pakistan Limited	Habib Bank Limited
	Allied Bank Limited	Meezan Bank Limited
	Bank Al Habib Limited	Askari Bank Limited
	BankIslami Pakistan Limited	MCB Bank Limited
	Faysal Bank Limited	National Bank of Pakistan
	Habib Metropolitan Bank Limited	The Bank of Punjab
	MCB Islamic Bank Ltd.	Dubai Islamic Bank Pakistan Limited
	Bank Alfalah Limited	JS Bank Limited
	The Soneri Bank Limited	United Bank Limited
REGISTERED OFFICE/ PLACE OF BUSINESS:	72-B, Industrial Area, Kot Lakhpat, Lahore. Tel: 042-35830881, 35156567 & 35122296 Fax: 042-35114127 & 35215825 E-mail: info@treetonline.com Home Page: www.ftmm.com.pk	
SHARES REGISTRAR:	Corplink (Private) Limited Winges Arcade, 1-K, Commercial Model Town, Lahore	
PACKAGING SOLUTIONS	Kacha Tiba Rohi Nala, 22-KM	
CORRUGATION:	Ferozpur Road, Lahore	
SOAP PLANT:	Ghakkar 80 KM, G.T. Road, Ghakkar Mandi, Gujranwala	

Directors' Profile

Mr. Imran Azim
Chairman

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

He is presently on Board of following Companies:

- Habib Asset Management Limited
- Fecto Sugar Mills Limited
- Treet Holdings Limited
- Treet Corporation Limited
- Global Arts Limited

Mr. Syed Shahid Ali
Chief Executive Officer

Holding a Master's degree in economics, a graduate diploma in development economics from Oxford University and a graduate diploma in management sciences from the University of Manchester, Syed Shahid Ali became Chief Executive Officer for the Treet Group in 1995. Apart from holding directorships in various companies, he is also actively involved in social and cultural activities and holds senior positions on several hospitals.

His portfolio includes:

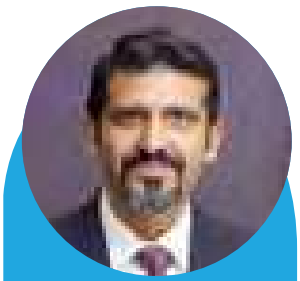
- Packages Limited
- IGI Insurance Limited
- Treet Power Limited
- Treet Corporation Limited
- Global Arts Limited
- Loads Limited
- Multiple Autoparts Industries (Pvt.) Limited
- Specialized Autoparts Industries (Pvt.) Limited
- Treet Holdings Limited
- Gulab Devi Chest Hospital
- High-Tech Autoparts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

Mr. Syed Sheharyar Ali
Non-Executive Director

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

His portfolio includes:

- Treet Power Limited
- Treet Corporation Limited
- 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



Dr. Haroon Latif Khan
Independent Director

Dr. Haroon Latif Khan brings a wealth of experience in healthcare management to First Treet Manufacturing Modaraba as an Independent Director on its Board. He has been associated with the Lahore Institute of Fertility & Endocrinology (LIFE) as a Clinical Embryologist since 2006, eventually becoming the Lab Director and Chief Executive of the clinic.
He is also a Board Member of the Asia Pacific Initiative on Reproduction (ASPIRE) and a General Secretary of the IVF Society of Pakistan and the Pakistan Society of Andrology & Sexual Medicine (PSASM).
Dr. Khan holds a Fellowship in Sexual Medicine from Holland and an Executive Education Degree in Management of Healthcare Delivery from Harvard Business School, Boston, USA. With his extensive experience and expertise, he plays a vital role in contributing to the growth and success of the company

Directors' Profile

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
- Treet Corporation 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
- Treet Corporation Limited
- Global Arts Limited

Ms. Sidra Fatima Sheikh
(Female /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.

Mission, Vision Statements

MISSION STATEMENT

Our MISSION is, to satisfy and meet the needs of our customers, providing our products and services with the quality, adjusted to their needs and preferences and to create value for our stakeholders through originality and strict adherence to our principles. We being a conscientious producer, and having stood the test of time, will continue our emphasis on responding to customer need with value added products and services. It is our belief that we can fulfill this mission through a unique combination of industry vision, effective supply chain management and innovative technology.

VISION STATEMENT

To be innovative in our field to the benefit of society, we will fairly compete in quality, technology, sales and marketing expertise, while ensuring sound financial and sustainable growth of the Treet Group for the sake of its stakeholders and reputation.

PRINCIPLE

We will base our human resources systems on our proven principles reflective of our core values and our commitment to attract, reward, develop and motivate sophisticated people. They will reflect the global scope of our business while demonstrating responsibility and flexibility with respect to cultural diversity, statutory and regional business realties.

EMPHASIS

Our emphasis on continuous improvement in all aspects of our business will enable us to reward our certificate holders and employees.

SOCIAL RESPONSIBILITY

We will continually strive to be environmentally responsible and support the communities where we operate and the industries in which we participate.

CORPORATE VALUES

- Total Customer Services
- Long-Term Business Focus
- Technology Oriented
- Quality & Reliability
- Staff Development & Teamwork
- Effective Resources & Cost Management
- Corporate Responsibility

Chairman's Review Report

I am pleased to place before you the annual report together with audited financial statements of First Treet Manufacturing Modaraba for the year ended as on 30th June 2023 and the auditors' report thereon.

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 Modaraba and its certificate holders. As Chairman 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 (director representing minority certificate holders) 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 2022-2023, 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 Modaraba 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 First Treet Manufacturing Modaraba employees and partners for their hard work throughout the year and our certificate holders and customers for their continued support and look forward to a successful 2023-2024.

Mr. Imran Azim
Chairman

September 28, 2023
Lahore

Directors' Report

We are pleased to present the Directors' Report together with the audited Financial Statements for the year ended June 30, 2023.

These accounts have been audited by statutory auditors of the Modaraba and are accompanied by their audit report.

The Modaraba has witnessed significant enhancements in its operating and financial profile across various key indicators, such as sales, liquidity, cost control, and plant operations. The improved performance during the fiscal year 2023 can be attributed to several factors, including increased sales volume, enhanced plant efficiency, improved cost management, rationalized pricing, and decreased financial costs. Despite challenging economic conditions and the impact of the flood, the Modaraba outperformed the previous year, leading to improved outcomes.

DEMERGER OF BATTERY SEGMENT

In the financial year and following the court order, the demerger of the Battery segment from First Treet Manufacturing Modaraba (FTMM) has been successfully completed. All assets, liabilities, and the entire associated business, as they existed just before the effective date, have been smoothly separated from FTMM and are now under the entity known as Treet Battery Limited (TBL).

The demerger officially took effect on April 1, 2023. The financial statements of FTMM now include a separate mention of the loss from discontinued operations related to the Battery segment. These financial statements encompass the operations of the Battery segment for the nine months leading up to March 30, 2023.

FINANCIAL HIGHLIGHTS

The Modaraba is primarily engaged in three segments: Battery, Corrugated Boxes, and Soaps. Effective April 1, 2023, the Battery segment was demerged from the Modaraba as per a court order. The financial results of FY 2023, encompass nine months of the Battery segment's performance and the full year results for the Corrugated Boxes and Soaps segments. Overall, FY 2023 demonstrated remarkable growth and financial performance for the Modaraba, characterized by significant increases in revenue, gross profit, operating profit, leading to improved profitability, and a reduced net loss compared to the previous year.

The Battery segment experienced robust revenue growth, increasing from Rs. 4,881 million to Rs. 6,207 million, representing a substantial 27% rise. Similarly, the Corrugated Boxes and Soaps segments also witnessed impressive revenue growth, reaching Rs. 3,911 million, a 40% increase from Rs. 2,796 million in the previous year.

Remarkably, from continuous operations, the Modaraba achieved a gross profit of Rs. 303.2 million, a significant improvement from the Rs. 129.5 million recorded the previous year. This achievement can be attributed to enhanced cost management and the Modaraba's efforts in price rationalization, effectively passing on the impact of inflation through regular price revisions throughout the year. Furthermore, the Modaraba's operating profit surged to Rs. 126.87 million, a substantial leap from the Rs. 16.9 million reported in the previous year.

This outstanding performance resulted from effective cost management practices.

Regarding profitability, the Modaraba achieved a net profit of Rs. 165 million from its continued operations in FY 2023, compared to Rs. 152 million in the previous year. Simultaneously, the Modaraba successfully reduced its losses from discontinued operations, decreasing them from Rs. 694 million in the previous year to Rs. 292 million, mainly due to the remarkable performance of the Battery segment.

The main challenge to our margins was the increase in financing costs, primarily driven by the significant rise in borrowing rates in the monetary policy throughout the year, which had a substantial impact on our bottom line. Consequently, the net loss for the year amounted to Rs. 126 million, compared to a loss of Rs. 542 million in the previous year.

(Rupees in millions)

Descriptions	2022-2023	2021-2022	% Change
Sales (net)	3,911	2,796	40%
Gross Profit	303	130	134%
Operating Profit	127	17	649%
Net Profit from Continued operations	165	152	9%
Net Loss from Discontinued operations	(292)	(694)	-58%
Net Loss	(126)	(542)	-77%
Earnings/(Loss) per Certificate	(0.15)	(0.63)	-76%
Transfer to Statutory Reserve	Nil	Nil	
Book Value per Certificate	3.48	5.08	-32%

SEGMENT-WISE ANALYSIS

Rs. in 000	Corrugated Packaging		Soap		Battery	
	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023*	2021-2022
Gross Sales	3,433,866	2,699,311	1,198,563	590,169	7,802,437	6,153,927
Inter-Segment Sales	8,163	2,833				
Less: Sales Tax & Discounts	-518,793	-395,415	210,376	100,409	-1,595,118	-1,272,055
Total Sales	2,923,236	2,306,729	988,187	489,760	6,207,319	4,881,872
Gross Profit/(Loss)	165,913	103,439	137,304	26,109	864,696	155,170
Gross Profit /(Loss) %	6%	5%	14%	5%	14%	3%
Operating Profit/(Loss)	54,178	35,886	72,695	-18,956	255,129	-296,605
Operating Profit/(Loss) %	2%	2%	7%	-4%	4%	-6%

**FY 2023 numbers are for nine (9) months*

BATTERY - DISCONTINUED OPERATION

The battery segment's net revenue for the first nine months of FY 2022-23 reached Rs. 6,207 million, reflecting a substantial 27% increase compared to the previous full financial year. The business experienced a significant boost in gross profit, rising from Rs. 155 million in the previous year to Rs. 865 million. This notable improvement in gross profit margin can be attributed to effective price rationalization and efficient cost control measures.

Directors' Report

Furthermore, it is noteworthy that for the first time since the inception of the business, an operating profit of Rs. 255 million was achieved, representing an impressive 216% increase over the previous year. However, the steep rise in finance costs, amounting to Rs. 531 million, signifying a 12% increase compared to the previous year, resulted in a loss from discontinued operations of Rs. 292 million, as opposed to a loss of Rs. 771 million in the prior year.

CORRUGATED PACKAGING

The corrugation segment achieved a net revenue of Rs. 2,923 million for the fiscal year 2022-23, marking a significant 27% increase compared to the previous financial year. The business recorded a gross profit of Rs. 166 million, a notable improvement from the Rs. 103 million achieved last year. This improvement can be primarily attributed to enhanced sales management, with a focus on high-margin customers, effective cost control measures, and improvements in plant operational efficiency.

To further expand the customer base, efforts are underway to diversify into new markets. Additionally, pricing strategies are being adjusted in response to increased costs, including those related to raw materials and salaries, although there may be a time lag in the full impact of these adjustments.

SOAPS

In the fiscal year 2022-23, the net revenue amounted to Rs. 988 million, demonstrating a substantial increase of 102% compared to the previous financial year. The improved performance in soaps sales can be attributed to a more effective marketing strategy and cost absorption methods. There are plans to rationalize prices in the upcoming months with the aim of further enhancing margins.

ECONOMIC MELTDOWN

Pakistan's economy is currently grappling with significant challenges, marked by declining foreign reserves, a depreciating currency, and elevated inflation rates. Several factors have contributed to the contraction of economic activity, including stringent monetary policies, the adverse impact of floods, restrictions on imports, rising borrowing costs, and uncertainty in both policy and political realms. Furthermore, the manufacturing sector in Pakistan has been negatively affected by dwindling foreign reserves, limitations on imports, disruptions caused by floods, escalating fuel prices, policy uncertainties, and a slowdown in both domestic and global demand.

The Government of Pakistan is confronted with a complex policy dilemma as it strives to maintain progress toward achieving macroeconomic stability. The economic outlook depends heavily on the timely and comprehensive implementation of critical policy reforms, although there are substantial downside risks looming on the horizon.

DIVIDEND

Cash dividend is Nil % (2022: Nil) due to loss in Modaraba.

Directors' Report

APPROPRIATIONS

	Rs. in '000
(Loss) for the Year	(126,388)
Un-appropriated loss brought forward	(8,141,947)
Transferred to Statutory Reserves (0.0%) for the year ended June 30, 2023	-
Incremental depreciation charged during the year	29,551
Transfer of Un-appropriated loss on demerger	8,211,666
Un-appropriated loss carried forward	(27,118)
Final Dividend for the year ended June 30, 2023 @ Rs. Nil	Nil

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

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

- The financial statements, prepared by the management of Modaraba, fairly present its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies are consistently applied by your Modaraba in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements and any departure therefrom, if any, has been adequately disclosed.
- The system of Internal Controls, being implemented in your Modaraba is sound and has been effectively persisted throughout the year.
- Keeping in view the financial position of your Modaraba, we do not have any significant doubt upon its continuance as a going concern.
- There has not been any material departure from the best practices of corporate governance, as detailed in the listing regulations, during the year under review.

MEETINGS OF THE BOARD OF DIRECTORS:

During the year, the Board of Directors of Modaraba has met 04 times and the attendance at each of these meetings is as follows:

Sr. No.	Name	Designation	27/ Sep/22	27/ Oct/22	14/ Feb/23	26/ Apr/23	2022-2023
1	Mr. Imran Azim	Non-Executive Director/ Chairman	P	P	P	P	4/4
2	Syed Shahid Ali	Chief Executive Officer	P	P	P	P	4/4
3	Syed Sheharyar Ali	Non-Executive Director	P	P	P	P	4/4
4	Dr. Salman Faridi	Independent Director	P	P	P	P	4/4
5	Ms. Sidra Fatima Sheikh	Independent Director	P	P	P	P	4/4
6	Mr. Munir Karim Bana	Non-Executive Director	P	P	P	P	4/4
7	Dr. Haroon Latif Khan	Independent Director	P	P	P	P	4/4
	Quorum of Meetings		7/7	7/7	7/7	7/7	

P	Present in the Meeting
A	Leave of Absence

Directors' Report

AUDIT COMMITTEE

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

Sr. No.	Name	Designation	28/ Sep/22	27/ Oct/22	24/ Feb/23	26/ Apr/23	2022-2023
1	Dr. Salman Faridi	Chairman/Member	P	P	P	P	4/4
2	Mr. Imran Azim	Member	P	P	P	P	4/4
3	Mr. Munir Karim Bana	Member	P	P	P	P	4/4
	Quorum of Meetings		3/3	3/3	3/3	3/3	

P	Present in the Meeting
A	Leave of Absence

SHARI'AH ADVISOR:

Mufti Muhammad Javed Hassan is the Shari'ah advisor to the Modaraba. Annual Shari'ah Advisor's Report is attached with this report.

PATTERN OF CERTIFICATE-HOLDING:

The pattern of certificate-holding of your Modaraba as on June 30, 2023 is annexed with this report. This statement is in accordance with the amendments made through the Code.

HR & ADMINISTRATION:

Complete HR Function is outsourced to associated Modaraba Treet HR Management (Private) Limited who is labor hire Modaraba specialized in providing workforce to host companies under service agreement and is taking all responsibilities of the workforce.

ACKNOWLEDGEMENT:

The Board would like to take this opportunity to express gratitude and thanks to our valuable customers for their patronage and support, the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange Limited and Modaraba Association of Pakistan for their continuous support and guidance.

Special thanks to our certificate holders for the trust and confidence reposed in us.

For and on behalf of the Board

_____

Syed Shahid Ali
Chief Executive Officer

Dated: September 28, 2023
Lahore

شریعہ مشیر

مفتی محمد جاوید حسن مضاربہ کے شریعہ مشیر ہیں۔ شریعہ مشیر کی سالانہ رپورٹ لف ہذا ہے۔

پیٹرن آف سرٹیفکیٹ ہولڈنگ

30 جون 2023ء کو آپ کے مضاربہ کی سرٹیفکیٹ ہولڈنگ کا پیٹرن رپورٹ کے ساتھ منسلک ہے۔ یہ بیان ضابطہ میں ترامیم کے عین مطابق ہے۔

HR اور ایڈمنسٹریشن

HR کا فنکشن الحاق شدہ کمپنی ٹریٹ HR مینجمنٹ (پرائیویٹ) لمیٹڈ کے حوالے کیا گیا ہے جو سروسز معاہدہ کے تحت میزبان کمپنیوں کو افرادی قوت فراہم کرنے کے لئے مزدوروں کی بھرتی کی ایک تجربہ کار کمپنی ہے اور افرادی قوت کی تمام ذمہ داریاں نبھا رہی ہے۔

اظہار تشکر

بورڈ اس موقعے کا بھرپور فائدہ اٹھاتے ہوئے اپنے معزز صارفین کی حمایت اور تعاون اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان سٹاک ایکسچینج لمیٹڈ اور مضاربہ ایسوسی ایشن آف پاکستان کی مسلسل رہنمائی کے لئے تہہ دل سے شکر گزار ہیں۔

ہمارے اوپر بھروسہ اور اعتماد کے لئے ہم اپنے سرٹیفکیٹ ہولڈرز کا خصوصی شکریہ ادا کرتے ہیں۔

منجانب/ برائے بورڈ

سید شاہد علی
چیف ایگزیکٹو آفیسر

مؤرخہ: 28 ستمبر **2023**ء
بمقام: لاہور

بورڈ آف ڈائریکٹرز کے اجلاس

سال بھر میں مضاربہ کے بورڈ آف ڈائریکٹرز کے چار (04) اجلاس منعقد ہوئے ہر اجلاس میں حاضری حسب ذیل ہے:

نام	عہدہ	27 ستمبر 2022ء	27 اکتوبر 2022ء	14 فروری 2023ء	26 اپریل 2023ء	2022-23
مسٹر عمران عظیم	چیئرمین/ نان ایگزیکٹو ڈائریکٹر	P	P	P	P	4/4
مسٹر سید شاہد علی	چیف ایگزیکٹو آفیسر	P	P	P	P	4/4
مسٹر سید شہریار علی	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	4/4
ڈاکٹر سلمان فریدی	خودمختار ڈائریکٹر	P	P	P	P	4/4
مس سدرہ فاطمہ شیخ	خودمختار ڈائریکٹر	P	P	P	P	4/4
مسٹر منیر کریم بانا	نان ایگزیکٹو ڈائریکٹر	P	P	P	P	4/4
ڈاکٹر ہارون لطیف خان	خودمختار ڈائریکٹر	P	P	P	P	4/4
اجلاس کا کورم		7/7	7/7	7/7	7/7	

P اجلاس میں حاضر

A اجلاس سے غیر حاضر

آڈٹ کمیٹی

سال بھر میں بورڈ آڈٹ کمیٹی کے 04 اجلاس منعقد ہوئے۔ ان اجلاسوں میں ہر رکن کی حاضری حسب ذیل ہے:

نام	عہدہ	28 ستمبر 2022ء	27 اکتوبر 2022ء	14 فروری 2023ء	26 فروری 2023ء	2022-23
ڈاکٹر سلمان فریدی	چیئرمین/ رکن	P	P	P	P	4/4
مسٹر عمران عظیم	رکن	P	P	P	P	4/4
مسٹر منیر کریم بانا	رکن	P	P	P	P	4/4
اجلاس کا کورم		3/3	3/3	3/3	3/3	

P اجلاس میں حاضر

A اجلاس سے غیر حاضر

تخصیصات

	000'روپوں میں
سال بھر میں (خسارہ)	(126,388)
غیر تخصیص شدہ خسارہ جو آگے لایا گیا	(8,141,947)
30 جون 2023ء کو اختتام پذیر سال کے لئے لازمی ذخائر میں منتقلی (0.0%)	-
سال بھر میں عائد فرسودگی	29,551
علیحدگی پر غیر تخصیص شدہ خسارے کی منتقلی	8,211,666
غیر تخصیص شدہ خسارہ جو آگے لایا گیا	(27,118)
حتمی منافع منقسمہ برائے سال مختتمہ 30 جون 2023 بشرح صفر روپے	صفر

کاروباری و مالیاتی رپورٹنگ فریم ورک

کوڈ کی تعمیل میں مضاربہ کے بورڈ آف ڈائریکٹرز بیان کرتے ہیں:

- مضاربہ کی انتظامیہ کی تیار کردہ مالیاتی اسٹیٹمنٹس کمپنی کے کاروباری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی درست عکاسی کرتی ہیں۔
- مضاربہ کے کھاتوں کی باقاعدہ کتابیں تیار کی گئی ہیں۔
- مالیاتی اسٹیٹمنٹس کی تیاری میں مضاربہ کی انتظامیہ 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 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۔
- آپ کے مضاربہ کی مالیاتی حالت کو مدنظر رکھتے ہوئے ہمیں کمپنی کی کاروبار جاری رکھنے کی صلاحیت میں کوئی شک نہیں۔
- زیر جائزہ سال کے دوران کارپوریٹ گورننس کی بہترین عمل داری میں کوئی ابہام نہیں ہے جیسا کہ لسٹنگز ضوابط میں بیان کیا گیا ہے۔

بیٹری - بند آپریشنز

مالیاتی سال 23-2022 کے نو ماہ کے عرصہ کے لئے بیٹری کے شعبہ کی خالص آمدنی 6,207 ملین روپے رہی جو گذشتہ مالیاتی سال کے مقابلے میں 27% نمایاں اضافہ دکھا رہی ہے۔ کاروبار نے خالص منافع میں نمایاں بہتری دکھائی جو گذشتہ برس 155 ملین روپے کے مقابلے میں 865 ملین روپے رہا۔ کل پرافٹ مارجن میں یہ بہتری قیمتوں میں بروقت تبدیلی اور لاگت پر مؤثر کنٹرول سے منسوب کی جا رہی ہے۔

مزید برآں، کاروبار کے آغاز سے پہلی مرتبہ 255 ملین روپے کا آپریٹنگ منافع درج ہوا جو گذشتہ برس کی نسبت 216% کا متاثر کن اضافہ ظاہر کرتا ہے۔ البتہ قرضوں پر لاگت میں 531 ملین روپے کا ہوشربا اضافہ گذشتہ برس کی نسبت 12% اضافے کی عکاسی کرتا ہے جس کے باعث بند آپریشنز سے پہنچنے والا نقصان 292 ملین روپے تک پہنچ گیا جو گذشتہ برس میں 771 ملین روپے تھا۔

کاروگیٹڈ پیکیجنگ

سال 23-2022 کے لئے خالص آمدنی 2,923 ملین روپے رہی جس میں گذشتہ مالیاتی سال کی نسبت 27 فی صد اضافہ ہوا۔ کاروبار میں گذشتہ برس کے دوران 103 ملین روپے کے مقابلے میں 166 ملین روپے کا خاطر خواہ مجموعی منافع درج ہوا۔ اس منافع کو زیادہ منافع دینے والے صارفین پر بھرپور توجہ، لاگت پر مؤثر کنٹرول اور پلانٹ آپریشن کی کارکردگی میں بہتری سے منسوب کیا جا رہا ہے۔

مارکیٹ میں تنوع کے ذریعے صارفین کی تعداد میں اضافہ کے لئے کوششیں جاری ہیں۔ مزید برآں، (خام مال، تنخواہ وغیرہ) کی مد میں اضافی لاگت کی وجہ سے قیمتوں میں متواتر ردوبدل کیا جا رہا ہے۔

صابن

گذشتہ برس کی نسبت سال 23-2022 کے لئے خالص آمدنی 102 فی صد اضافے کے ساتھ 988 ملین روپے رہی۔ صابن کی فروخت میں بہتر کارکردگی کو مؤثر تشہیری حکمت عملی اور لاگت پر کنٹرول سے منسوب کیا جا سکتا ہے۔ آئندہ مہینوں میں منافع کا مارجن بڑھانے کے لئے قیمتوں میں ردوبدل کیا جا رہا ہے۔

اقتصادی بحران

فی الوقت پاکستان کی معیشت گھٹتے ہوئے غیر ملکی ذخائر، روپے کی قدر میں کمی اور افراط زر کی شرح میں اضافے جیسی شدید مشکلات کا شکار ہے۔ متعدد عوامل نے معاشی سرگرمیوں کے جامد ہونے میں اہم کردار ادا کیا جس میں سخت مانیٹری پالیسی، سیلاب کی تباہ کاریاں، درآمدات پر پابندی، قرضوں کی لاگت میں اضافہ اور پالیسی اور سیاسی دھارے میں بے یقینی جیسے عوامل شامل ہیں۔ مزید برآں، پاکستان کا صنعتی شعبہ کم ہوتے ہوئے غیر ملکی زرمبادلہ کے ذخائر، درآمدات پر پابندیوں، سیلاب کے باعث پیداوار کا وٹوں، پالیسی میں عدم استحکام اور ملکی و غیر ملکی سطح پر طلب میں سست روی کی وجہ سے بہت متاثر ہوا ہے۔

کلی اقتصادی استحکام کی جانب کوششوں کے ساتھ ساتھ حکومت پاکستان پیچیدہ پالیسیوں کے المیہ سے مقابلہ کر رہا ہے۔ معاشی منظر نامہ مربوط پالیسی اصلاحات کے بروقت اور جامع اطلاق پر انحصار کرتا ہے جب کہ مستقبل بعید میں کئی مشکلات نظر آ رہی ہیں۔

منافع منقسمہ

مضاربہ میں نقصان کے باعث نقد منافع منقسمہ صفر فی صد رہا (2022: صفر)

جاتا ہے۔ نتیجتاً، مذکورہ برس میں خالص خسارہ 126 ملین روپے ہوگیا جو گذشتہ برس میں 542 ملین روپے تھا۔

000' روپوں میں

	2022-2023	2021-2022	فی صد تبدیلی
فروخت (خالص)	3,911	2,796	40%
کل نفع	303	130	134%
آپریٹنگ نفع	127	17	649%
جاری آپریشنز سے خالص منافع	165	152	9%
غیر فعال آپریشنز سے خالص خسارہ	(292)	(694)	-58%
خالص خسارہ	(126)	(542)	-77%
فی سٹرفکیٹ آمدنی/(خسارہ)	(0.15)	(0.63)	-76%
ذخائر میں منتقلی	صفر	صفر	
بک ویلیو فی سٹرفکیٹ	3.48	5.08	-32%

شعبہ کے لحاظ سے تجزیہ

(000' روپوں میں)

	کوروگیٹڈ پیکیجنگ		صابن		بیٹری*	
	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022
مجموعی فروخت	3,433,866	2,699,311	1,198,563	590,169	7,802,437	6,153,927
شعبوں کے مابین فروخت	8,163	2,833	-	-	-	-
منفی: سیلز ٹیکس اور رعایت	(518,793)	(395,415)	210,376	100,409	(1,595,118)	(1,272,055)
کل سیلز	2,923,236	2,306,729	988,187	489,760	6,207,319	4,881,872
مجموعی نفع/(نقصان)	165,913	103,440	137,304	26,108	864,696	155,170
مجموعی نفع/(نقصان)%	6%	5%	14%	5%	14%	3%
آپریٹنگ نفع/(نقصان)		35,587	72,695	(18,957)	255,129	(296,605)
آپریٹنگ نفع/(نقصان)%	2%	2%	7%	-4%	4%	-6%

*مالیاتی سال کے اعداد نو (9) ماہ کے لئے ہیں

ڈائریکٹرز کی رپورٹ

30 جون 2023ء کو اختتام پذیر سال کے لئے ہم کمپنی کی پڑتال شدہ مالیاتی اسٹیٹمنٹس کے ہمراہ ڈائریکٹرز کی رپورٹ ازراہِ مسرت پیش کرتے ہیں۔
ان کھاتوں کی مضاربہ کے قانونی آڈیٹرز نے پڑتال کی ہے اور ان کی آڈٹ رپورٹ لف ہذا ہے۔
مضاربہ بنیادی اشاریوں یعنی فروخت، تحلیل، کاسٹ کنٹرول اور پلانٹ آپریشنز کے ذریعے اپنے آپریٹنگ و مالیاتی پروفائل کو مضبوط کرنے میں کامیاب ہوا ہے ۔ مالیاتی سال 2023ء کے دوران سیلز کے حجم میں اضافہ، پلانٹ کی توسیعی کارکردگی، بہتر کاسٹ مینجمنٹ، قیمتوں میں کمی بیشی اور قرضوں پر لاگت میں کمی جیسے عوامل کو مالیاتی سال 2023ء میں بہتر کارکردگی سے منسوب کیا جا سکتا ہے۔ مشکل ترین معاشی حالات اور سیلاب کے بدترین اثرات کے باوجود مضاربہ گذشتہ برس کی کارکردگی پر حاوی ہونے میں کامیاب ہوا جس کے نتیجے میں بہتر نتائج سامنے آئے۔

بیٹری کے شعبے کی علیحدگی

عدالتی حکم کے بعد، بیٹری کے شعبے کا کامیابی کے ساتھ فرسٹ ٹریٹ مینوفیکچرنگ مضاربہ (FTMM) سے علیحدہ کیا گیا۔ اجازت سے قبل تمام اثاثہ جات، واجبات اور متعلقہ کاروبار کو FTMM سے ٹریٹ بیٹری لمیٹڈ (TBL) کو منتقل کر دیا گیا۔ جس کے باعث یہ شعبہ آسانی سے FTMM سے علیحدہ ہو گیا اور اب یہ ٹریٹ بیٹری لمیٹڈ (TBL) نام سے آپریٹ کر رہا ہے۔
علیحدگی کا عمل یکم اپریل 2023ء کو مؤثر ہوا۔ FTMM کی مالیاتی اسٹیٹمنٹس میں بیٹری کے شعبے کے غیر فعال آپریشن سے خسارے کو علیحدہ سے شامل کیا گیا ہے۔ ان مالیاتی اسٹیٹمنٹس میں 30 جون 2023ء تک عرصہ نو ماہ کے لئے بیٹری کے شعبے کے آپریشنز شامل ہیں۔

مالیاتی خلاصہ

FTMM بنیادی طور پر تین شعبوں: بیٹری، کاروگیٹڈ باکسز اور صابن میں آپریٹ کرتی ہے۔ عدالتی حکم کے مطابق بیٹری کے شعبے کو FTMM سے علیحدہ کر دیا گیا جو یکم اپریل 2023ء سے شروع ہوا۔ مالیاتی نتائج بیٹری کے شعبہ کی نو ماہ، کاروگیٹڈ باکسز اور صابن کے شعبہ کی ایک سال کی کارکردگی ظاہر کرتے ہیں۔
مالیاتی سال 2023ء نے FTMM کی متاثر کن نمو اور مالیاتی کارکردگی دکھائی جس سے آمدنی، مجموعی منافع، آپریٹنگ منافع میں نمایاں بہتری ہوئی اور نفع میں بھرپور اضافہ ہوا جب کہ گذشتہ برس کی نسبت خالص سیلز میں کمی دیکھنے کو ملی۔

بیٹری کے شعبہ میں 27% کے متاثر کن اضافہ کے ساتھ آمدنی میں 4,881 ملین روپے سے 6,207 ملین روپے اضافے نے ٹھوس نمو کو ظاہر کیا۔ اسی طرح سے، کاروگیٹڈ باکسز اور صابن کے شعبہ نے بھی گذشتہ برس میں 2,796 ملین روپے کے مقابلہ میں 40% اضافے کے ساتھ 3,911 ملین روپے کی متاثر کن آمدنی ریکارڈ کی۔
واضح رہے کہ جاری آپریشنز سے مضاربہ نے 303.2 ملین روپے کا کل منافع حاصل کیا۔ جو گذشتہ برس میں 129.5 ملین روپے کے مقابلہ میں واضح بہتری ظاہر کر رہا ہے۔ یہ کامیابی لاگت پر مؤثر کنٹرول اور قیمتوں میں ردوبدل کی کمپنی کی کوششوں اور اس کے ذریعے مہنگائی کے اثرات کو منتقل کر کے حاصل کی گئی۔
نفع کو مدنظر رکھتے ہوئے، مضاربہ نے مالیاتی سال 2023ء میں جاری آپریشنز سے 165 ملین روپے کا منافع حاصل کیا۔ جو گذشتہ برس میں 152 ملین روپے تھا۔ اسی طرح مضاربہ غیر فعال آپریشنز سے پہنچنے والے نقصان کو کامیابی سے کم کیا۔ جو بیٹری کے شعبے کی شاندار کارکردگی کے باعث گذشتہ برس (694) ملین روپے سے کم ہو کر 292 ملین روپے تک ہو گیا۔
ہمارے مارجن کو درپیش بنیادی چیلنج میں قرضوں پر لاگت اہم ترین ہے جسے سال بھر میں مانیٹری پالیسی میں قرضوں کی شرح میں نمایاں اضافے سے منسوب کیا

Statement of Ethics and Business Practices

Guidlines to Business Conduct

EMPLOYEES

- No one should ask any employee to break the law, or go against Treet Group policies and values.
- We treat all employees equally and fairly.
- We do not tolerate any form of harassment.
- Information and necessary facilities are provided to perform jobs in a safe manner.
- Employees must not use, bring, or transfer illegal drugs or weapons on Treet Group property.
- Employees should report suspicious people and activities.

BUSINESS PARTNERS

- Avoid conflicts of interest and identify situations where they may occur.
- Do not accept or give gifts, favors, or entertainment if it will appear to obligate the person who receives it.
- Use and supply only safe, reliable products and services.
- Respect our competitors and do not use unfair business practices to hurt our competition.
- Do not have formal or informal discussions with our competitors on prices, markets or products, or production or inventory levels.
- Manufacture and produce products according to contract specifications.
- Market our products and services in an honest and fair manner.
- Do not compromise our values to make a profit.

BUSINESS RESOURCES

- Do not use inside information about the Treet Group for personal profit. Do not give such information to others.
- Do not use Treet Group resources for personal gain or any non-business purpose.
- Protect confidential and proprietary information.
- Do not use Treet Group resources to send, receive, access or save electronic information that is sexually explicit, promotes hate, violence, gambling, illegal drugs, or the illegal purchase or use of weapons.
- Do not make false or misleading entries into the companies' books or records (within a Treet Group).

COMMUNITIES

- Follow all laws, regulations and Treet Group policies that apply to your work.
- Do not entice or give money or anything of value to government officials to influence their decisions.
- We measure and assess our performance, and are open and clear in our environmental communications.
- When Treet Group's standards are higher than what is required by local law, we meet the higher standards.

Corporate Social Responsibility

TREET GROUP believes that a responsible attitude toward society and the environment can make a business more competitive, more resilient to shocks, and more likely to attract and hold both consumers and the best employees.

TREET GROUP feels that social attitude is a significant part of its risk management and reputation strategy. In a world where brand value and reputation are increasingly seen as a Treet Group's most valuable assets, responsible social attitude can build the loyalty and trust that ensure a bright sustainable future.

Fundamental to success for Treet Group (and to our vision and corporate values) are based on following premises:

CUSTOMERS

Our future existence relies on understanding and satisfying our customers' present and future needs. Our goal is to be recognized by our customers as a high quality, innovative and cost effective supplier, and the most desirable to do business with. We recognize that, as a result, the next person in the process is our customer.

OUR PEOPLE

We value our family of employees as essential to the success of our Treet Group. We aim to develop a long term trusting relationship with each employee, encouraging their contributions and assisting in their personal development and education. In all dealings we will be fair and consistent.

PRODUCTS AND SERVICES

We are recognized at large by our end products and services. We will endeavor to produce technologically advanced products and services that offer superior quality and value. Continued innovation and improvement are critical to our survival and growth.

SUPPLIERS

We view suppliers of goods and services as an extension of our Treet Group, with whom we wish to develop long term trusting relationships. We expect our suppliers to embrace our quality improvement philosophy in their dealing with us.

CERTIFICATE HOLDERS

We aim to be a Group in whom our certificate holders have trust and pride. We will keep our certificate holders properly informed of our Treet Group's performance and prospects. We recognize the need to provide our certificate holders with an excellent return on investment, consistent with long term growth.

PLANNING

All short term decisions will be consistent with long term objectives that balance the needs of our people, customers, suppliers and certificate holders. Each year these objectives will be widely communicated within our Treet Group.

Corporate Social Responsibility

QUALITY IMPROVEMENT

We believe in step by step continual improvement of everything that we are engaged in, including our administration, marketing, sales, design, service, distribution and manufacturing. We will encourage crossfunctional communication and co-operation to aid this.

ENVIRONMENT

Reflecting our commitment to a cleaner world, we aim to develop products and manufacturing processes which are as friendly to the environment as practicable.

SOCIETY

We will conduct our business at all times in a fair, ethical, consistent and professional manner. We accept our responsibilities to be a responsible community neighbour, and will continue to support community affairs.

HEALTH, SAFETY AND ENVIRONMENT POLICY

It is Treet Group policy to;

- Minimize its environmental impact, as much as economically and practically possible
- Save raw material, water and energy and avoid wastage (and reprocess the waste to the maximum possible extent)
- Ensure that all its present and future activities are conducted safely without endangering the health of its employees, its customers and the public
- Develop plans and procedures and provide resources to successfully implement the policy and for dealing effectively with any emergency
- Provide environmental, health and safety training to all employees and other relevant persons to enable them to carry out their duties safely without causing harm to themselves, others and to the environment
- Ensure that all its activities comply with national environmental, health and safety regulations

DONATIONS , CHARITIES , CONTRIBUTIONS AND OTHER PAYMENTS OF A SIMILAR NATURE ;

Companies within Treet Group are, subject to Board's approval, encouraged to provide support to local communities through donations, charities etc. to fulfill its duty towards social cause. But companies in our Treet Group will not, in any case, contribute any amount;

(a) to any political party; or
(b) for any political purpose to any individual or body.

Moreover, companies in **Treet Group** shall not distribute gifts in any form to its members in its meeting.

Investment / Funding and Dividend Policies

INVESTMENT POLICY

- The Executive Committee of the Directors is responsible for seeking/evaluating and recommending either;
- Portfolio Investments (i.e. in Shares/ Securities etc. (Fresh Issues or Market Purchase) or Financial claims); or
- Investment in New Projects (either equity based or loan based); or
- Joint Ventures; or
- Investment in Intangibles (Goodwill/ Trade Marks/ Patents etc.)

Moreover, Executive Committee ensures that Proposed Investments are set out in Treet Group's vision and Strategic domain.

FUNDING POLICY

It is Treet Group's policy not only to utilize funds efficiently but also to seek funds from the cheapest source(s).

Treet Group advertently evaluates, from time to time, different funding options for;

- Working Capital Requirements (including import/export financing)
- Medium Term Rollovers/Capital Requirements
- Long Term Project Based Requirements

These funding options may include;

- Internally Generated Funds*
- Bank Borrowings (Short Term as well as Long Term)
- Trade & Sundry Credits
- Debt Instruments (Commercial Papers/ Bonds/ TFC etc.) issued to Institutions or Public in general
- Subordinate- Debts
- Leasing (Operating as well as Capital)
- Equity Financing etc.

*This includes Intra-Treet Group resource sharing. Corporate strategy (by the parent Company i.e. Treet Corporation Limited) will seek to develop synergies by sharing and coordinating staff and other resources across business units, investing
financial resources across business units, and using business units to complement other corporate business activities.

Moreover, the above funding options may augment other ancillary financial products (i.e. derivatives like shares options etc.).

DIVIDEND POLICY

The companies in Treet Group in general meeting may declare dividends; but no dividend shall exceed the amount recommended by the directors; and

Investment / Funding and Dividend Policies

- No dividend shall be declared or paid by a Company for any financial year out of the profits of the Company made from the sale or disposal of any immovable property or assets of a capital nature comprised in the undertaking or any of the undertaking of the Company; and
- No dividend shall be paid by a Company otherwise than out of profits of the Company; and
- The Board may approve and pay to the Members such interim dividends as appears to be justified by the profits of the Company; and
- The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums as they think proper as a reserve(s), which shall, at the discretion of the Board, be applicable for meeting contingencies etc.; and
- Company's dividend decision will be auxiliary to Company's Financing Policy

Dividend Policy for First Treet Manufacturing Modaraba

Not less than 90% of the net income in respect of the Modaraba's business [non-trading] activities, determined after setting aside the mandatory reserves as per Prudential Regulations for Modaraba, is to be distributed at least once in every year to the certificate holders in proportion to the number of certificates held by them. Distribution will be in the form of cash dividend. No dividend shall be paid otherwise than out of the profits of the Modaraba for the year or any other distributed profits.

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

for the Year Ended June 30, 2023

Treet Holdings Limited (the Management Company) managing First Treet Manufacturing Modaraba (the Modaraba) has complied with the requirements of the Regulations in the following manner:

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

a) Male: 6

b) Female: 1

2. The composition of the Board is as follows:

Category	Name of Directors
i. Independent Director	Dr. Salman Faridi
	Dr. Haroon Latif Khan
ii. Non-Executive Directors	Mr. Imran Azim (Chairman)
	Mr. Munir Karim Bana
	Mr. Syed Sheharyar Ali
iii. Executive Directors	Mr. Syed Shahid Ali (Chief Executive)
iv. Female / Independent Director	Ms. Sidra Fatima Sheikh

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Modaraba.

4. The Modaraba has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Modaraba along with its supporting policies and procedures.

5. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Modaraba. 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 Modaraba.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / certificate holders 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. The Board has arranged Directors' Training Program (DTP) for the following directors during the year.

(i) Ms. Sidra Fatima Sheikh

CCG regulations encourages the director training program of all directors. Being a responsible and compliant, Modaraba has already arranged DTP for one director whereas four directors are exempt on the basis of their education and prior experience. The remaining one directors are expected to attain DTP certification in due course.

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

for the Year Ended June 30, 2023

10. The Board has approved appointment of Chief Financial Officer, company secretary and head of internal Audit, including their remuneration and term and conditions of employment and complied with relevant requirements of the Regulations. No new appointments have been made during the year.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

Audit Committee

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

Human Resource Committee

Human Resource committee has not been formed as all the work force is outsourced.

13. The terms of reference of the aforesaid committee 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)

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 Modaraba 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, Modaraba Secretary or Director of the Modaraba.

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.

Mr. Imran Azim
Chairman

Dated: September 28, 2023

Independent Auditor's Review Report

To the Certificate Holders of First Treet Manufacturing Modaraba
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 Holdings Limited (the Company) managing the First Treet Manufacturing Modaraba for the year ended 30 June, 2023 in accordance with the requirements of Regulation No. 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2023.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Engagement Partner: Adnan Rasheed

Lahore

UDIN: CR202310701jXMCDcN2p

Shari'ah Advisor's Report
First Treet Manufacturing Modaraba (June 30, 2023)

I have conducted the Shari'ah review of First Treet Manufacturing Modaraba managed by Treet Holdings Limited for the financial year ended June 30, 2023 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles.
ii. The agreement(s) entered by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the forrmats as approved by the Religious Board of SECP and all the related conditions have been met.
iii. Modaraba has saving accounts in conventional branches of MCB and HBL which is not in compliance with Shariah rules & principles. However, the company has now submitted requests to these banks to close these Savings accounts or to change their status from Savings to Current account.
iv. Modaraba has obtained car and machinery break down insurance policy from an Insurance Company. However, now the car insurance policy has been shifted to takaful policy while the machinery break down is still insured by the insurance company.
v. A workshop on Zakat calculation of personal zakatable assets and Modaraba company assets was organized during the year.
vi. Charity/donation of interest amount on saving accounts of the said conventional banks will now be calculated from July 1st 2022 to June 30th 2023 and to be paid during the ongoing financial year i.e. FY 2023-24.

Observation(s):
It is observed that Modaraba has opened saving accounts in conventional banks and obtained an insurance policy from an insurance company. It is urged that savings accounts in conventional banks should be closed promptly and accounts should be operated in Islamic banks or their status should be "Current Account" instead of "Savings Account". Similarly, machinery break down insurance policy should also be transferred into Takaful policy from any Takaful company.

Conclusion:
Besides the above mentioned improvements, it is opined that to the best of my knowledge and according to the explanations given to me, the business transactions undertaken by the Modaraba, and overall business operations during the year are in compliance with the rules & principles of Shari'ah.

May Allah make us successful in this world and hereafter and forgive our mistakes.

Mufti Muhammad Javed
Shari'ah Advisor

Dated: September 28, 2023

Financial Statements

For the year ended June 30, 2023

Auditors' Report to The Certificate-Holders

We have audited the annexed balance sheet of First Treet Manufacturing Modaraba (the Modaraba) as at 30 June 2023 and the related profit and loss account and the statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended 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 our audit.

These financial statements are the modaraba management company's (Treet Holdings Limited) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the modaraba management company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) In our opinion, proper books of accounts have been kept by the modaraba management company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
(b) In our opinion:

i. the balance sheet and profit and loss account and the statement of other comprehensive income together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
ii. the expenditure incurred during the year was for the purpose of the Modaraba's business; and
iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

(c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2023 and of the loss and other comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Emphasis of Matter

We draw users' attention to notes 1.3 to 1.6 to the financial statements, which disclose the demerger of the battery segment of the Modaraba and transfer of the said segment to Treet Battery Limited (TBL) as per the

Auditors' Report to The Certificate-Holders

Scheme of arrangement approved by the certificate and shareholders of the Modaraba and TBL respectively and sanctioned by the Honourble Lahore High Court, Lahore.

Our opinion is not modified in respect of this matter.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
(Engagement Partner: Rashid Rahman Mir)

Lahore
September 28, 2023

UDIN: AR2023107018WmGY2IgM

BALANCE SHEET

As at 30 June 2023

	Note	2023	2022
		(Rupees in thousand)	
PROPERTIES AND ASSETS			
Non-current assets			
Property, plant and equipment	5	693,031	8,368,276
Right-of-use (ROU) asset	6	-	25,641
Long term deposits	7	21,724	59,013
		714,755	8,452,930
Current assets			
Stores and spares	8	88,102	117,501
Stock in trade	9	414,991	1,164,970
Trade debtors	10	860,067	765,525
Advances, deposits, prepayments and other receivables	11	602,475	156,382
Taxes recoverable/ adjustable	12	960,053	684,804
Cash and bank balances	13	65,313	237,036
		2,991,001	3,126,218
Total properties and assets		3,705,756	11,579,148
EQUITY AND LIABILITIES			
Certificate capital and reserves:			
Certificate capital	14	8,835,903	8,835,903
Deposits for purchase of certificates	15	1	1
Capital reserves			
Statutory reserve	16	511,941	511,941
Certificate premium	17	-	1,952,870
Surplus on revaluation of property, plant and equipment	18	553,025	1,212,893
Demerger reserve	19	(6,879,903)	-
		(5,814,937)	3,677,704
Revenue reserves			
Unappropriated loss		(27,118)	(8,141,947)
Certificate holders' equity		2,993,849	4,371,661
Non-current liabilities			
Lease liability	20	-	18,962
Deferred taxation	21	87,584	314,347
		87,584	333,309
Current liabilities			
Retention money payable		11,363	11,590
Current portion of lease liability		-	5,604
Short term borrowings	22	-	5,569,103
Trade and other payables	23	486,476	1,090,167
Accrued profit on secured borrowings		-	101,734
Provision for taxation		126,484	95,980
		624,323	6,874,178
Contingencies and commitments	24	-	-
Total equity and liabilities		3,705,756	11,579,148

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE	**Syed Shahid Ali**	**Mohtashim Aftab**	**Syed Shahid Ali**	**Ms. Sidra Fatima Sheikh**
28th September 2023	Chief Executive Officer	Group Chief Financial Officer	Director	Director

PROFIT AND LOSS ACCOUNT & THE STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	2023	2022
		(Rupees in thousand)	
Revenue - net	25	3,911,423	2,796,489
Cost of sales	26	(3,608,206)	(2,666,941)
Gross profit		303,217	129,548
Operating expenses			
Administration and general expenses	27	(50,264)	(34,049)
Selling and distribution expenses	28	(102,053)	(37,029)
Other expenses	29	(24,027)	(41,540)
		(176,344)	(112,618)
Operating profit		126,873	16,930
Finance cost	30	(3,875)	(55,555)
Other income	31	78,567	229,346
Profit before taxation		201,565	240,721
Taxation	32	(36,390)	(11,335)
Profit from continuing operations		165,175	229,386
Loss from discontinued operations - net of tax	34	(291,563)	(771,124)
Loss for the year		(126,388)	(541,738)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss account		-	-
Items that may be reclassified to profit and loss account		-	-
Total comprehensive loss		(126,388)	(541,738)
Loss per Modaraba certificate - basic and diluted	33	(0.15)	(0.63)

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE	**Syed Shahid Ali**	**Mohtashim Aftab**	**Syed Shahid Ali**	**Ms. Sidra Fatima Sheikh**
28th September 2023	Chief Executive Officer	Group Chief Financial Officer	Director	Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

			Capital Reserves				Revenue Reserve	
	Certificate capital	Deposit for purchase of Certificates	Certificate premium	Statutory reserve	Surplus on revaluation of Property, plant & equipment	Demerger reserve	Accumu-lated loss	Total
	----------(Rupees in thousand)----------							
Balance as at 30 June 2021	7,000,000	1,835,904	1,952,870	511,941	1,423,472	-	(7,810,787)	4,913,400
Total comprehensive income for the year								
Loss after taxation	-	-	-	-	-	-	(541,738)	(541,738)
Other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(541,738)	(541,738)
Transactions with the entity's owners								
Surplus transferred to accumulated loss on account of:								
Incremental depreciation charged during the year	-	-	-	-	(65,629)	-	65,629	-
Disposal of assets held for sale	-	-	-	-	(144,950)	-	144,950	-
Issuance of certificate capital to Treet Corporation Limited from deposit for purchase of certificates	1,835,903	(1,835,903)	-	-	-	-	-	-
Balance as at 30 June 2022	8,835,903	1	1,952,870	511,941	1,212,893	-	(8,141,947)	4,371,661
Total comprehensive income for the year								
Loss after taxation	-	-	-	-	-		(126,388)	(126,388)
Other comprehensive income	-	-	-	-	-		-	-
	-	-	-	-	-		(126,388)	(126,388)
Transactions with the entity's owners								
Surplus transferred to accumulated loss on account of:								
Incremental depreciation charged during the year	-	-	-	-	(29,551)	-	29,551	-
Transferred to Treet Battery Limited pursuant to Scheme of demerger (note 1.4)	-	-	(1,952,870)	-	(630,317)	-	8,211,666	5,628,479
Demerger reserve	-	-	-	-	-	(6,879,903)	-	(6,879,903)
Balance as at 30 June 2023	8,835,903	1	-	511,941	553,025	(6,879,903)	(27,118)	2,993,849

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE
28th September 2023

Syed Shahid Ali
Chief Executive Officer

Mohtashim Aftab
Group Chief Financial Officer

Syed Shahid Ali
Director

Ms. Sidra Fatima Sheikh
Director

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023	2022
		(Rupees in thousand)	
Cash flows from operating activities			
Profit/ (loss) before taxation		201,565	(518,809)
Adjustments for non-cash and other items:			
Depreciation on operating fixed assets		36,540	310,641
Depreciation on ROU asset		-	6,745
Gain on disposal of property, plant and equipment		(31)	(201,776)
Profit on bank and other deposits		(9,349)	-
Finance cost		3,875	480,392
Allowance for expected credit loss		-	24,534
Reversal of impairment under expected credit loss		(43,891)	-
Provision for warranty		-	127,696
Exchange loss		3,397	17,342
Loss on lease cancellation		-	4,735
		(9,459)	770,309
Operating cash flows before working capital changes		192,106	251,500
Changes in working capital			
(Increase)/ decrease in current assets:			
Stores and spares		(26,623)	(30,549)
Stock in trade		(750,501)	(28,594)
Short term investment		-	60,000
Trade debtors		(377,357)	(62,605)
Advances, deposits, prepayments and other receivables		(530,293)	(69,213)
Taxes recoverable/ adjustable		(275,249)	25,038
		(1,960,023)	(105,923)
Increase/ (decrease) in current liabilities:			
Retention money payable		(227)	(1,363)
Trade and other payables		884,918	(318,781)
Cash used in operations		(883,226)	(174,567)
Income tax paid		(96,366)	(74,133)
Financial cost paid		(4,158)	(794,216)
Net cash used in operating activities		(983,750)	(1,042,916)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments made in property, plant and equipment		(141,145)	(78,315)
Profit received on bank deposits		9,349	-
Proceeds from disposal of property, plant and equipment		31	540,051
Long term deposits		761	(14,058)
Net cash (used in)/ generated from investing activities		(131,004)	447,678
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		947,118	(1,143,521)
Lease liability		(4,087)	(7,114)
Borrowings from related party - parent company - net		-	1,827,101
Net cash generated from financing activities		943,031	676,466
Net (decrease)/ increase in cash and cash equivalents		(171,723)	81,228
Cash and cash equivalents at the beginning of the year		237,036	72,573
Cash and cash equivalents at the end of the year	13	65,313	153,801
The reconciliation in cash and cash equivalents is as follows:			
Cash and bank balances	13	65,313	237,036
Temporary book overdraft - unsecured	23	-	(83,235)
Cash and cash equivalents at the end of the year		65,313	153,801

The annexed notes 1 to 42 form an integral part of these financial statements.

LAHORE	**Syed Shahid Ali**	**Mohtashim Aftab**	**Syed Shahid Ali**	**Ms. Sidra Fatima Sheikh**
28th September 2023	Chief Executive Officer	Group Chief Financial Officer	Director	Director

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 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 thereunder and is managed by Treet Holdings Limited (a wholly owned subsidiary of Treet Corporation Limited, the parent Company of the Modaraba), incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba and its management company is situated at 72 - B, Kot Lakhpat, Industrial Area, Lahore. The Modaraba is listed on Pakistan Stock Exchange Limited. During the year, the Modaraba, which was previously engaged in the manufacturing and sale of corrugated boxes, soaps and batteries, demerged and transferred its battery segment undertaking and business to Treet Battery Limited. For details, refer notes 1.3, 1.4, 1.5 and 1.6.

1.2 Treet Battery Limited

Treet Battery Limited (TBL) was incorporated on February 22, 2019 as a public company limited by shares under the provisions of the Companies Act, 2017. The principal activities of TBL is to carry 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 cadmium 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. TBL is a wholly owned subsidiary of Messrs Treet Holdings Limited which is a wholly owned subsidiary of Messrs Treet Corporation Limited - the ultimate parent company, a listed company. The registered office of TBL and its holding entities is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore, whereas the manufacturing plant is situated at Plot Number 1, Phase 2, M-3 Industrial City (FIEDMC), Sahianwala Interchange, Faisalabad

1.3 Demerger of battery segment

The Modaraba and Treet Battery Limited (TBL) filed a joint petition before the Honourable Lahore High Court, Lahore (the Court) seeking approval of the Court for a Scheme of Arrangement (the Scheme) for demerger, bifurcation and reconstruction of the battery undertaking and business of the Modaraba (the Business) under sections 279 to 282 of the Companies Act, 2017. The Scheme was also approved by the certificate holders and shareholders of the Modaraba and TBL in their separate Extra Ordinary General Meetings of the members held on March 02, 2022 and other related formalities have also been completed. On January 10, 2023, the Court sanctioned the Scheme. The Court, in its order, specified April 01, 2019 as the Effective Date of demerger.

1.4 Vesting and transfer of the Business to TBL

As per the Scheme, from and on the effective date the Business was duly transferred and vested in TBL in the following manner:

(i) the battery undertaking and business subsisting immediately preceding the sanction date was, without any further act or deed, matter or thing, process or procedure, be separated from the Modaraba and transferred to and vested in TBL on the sanction date. The transfer and vesting of the battery undertaking was free from all mortgages or charges or other encumbrance.

(ii) the separation from the Modaraba and transfer to and vesting in TBL of the Business was treated as having taken effect from the effective date i.e. April 01, 2019, and as from that time and until the sanction date i.e. April 01, 2023, the Business was deemed to have been owned and held for and on account and for the benefit of TBL and all profits, dividends, bonus shares, right shares and entitlements accruing or arising to the Modaraba from or on account of the Business were treated as profits, dividends, bonus share, right shares and entitlements accruing or arising to TBL.

Notes to the Financial Statements

For the year ended 30 June 2023

(iii) As consideration for transfer and vesting of the Business into TBL, TBL was to allot ordinary shares to the certificate holders of the Modaraba as explained in note 1.5.

1.5 **Main features of the Scheme are summarized below:**

(i) 883.2773 million shares of TBL having face value of Rs. 8,832.773 million were to be issued to the certificate holders of the Modaraba. Consequently certificate capital of the Modaraba, attributable to the Business was to be reduced by 687.99 million certificates having face value of Rs. 6,879.903 million and remaining 195.287 million shares of TBL having face value of Rs. 1,952.870 million were to be issued against certificate premium of Rs. 1,952.870 million of the Modaraba.

(ii) The balance of surplus on revaluation of property, plant and equipment were to be segregated between the Business and subsisting businesses of the Modaraba on the basis of the valuation determined by an independent valuer on June 30, 2021.

(iii) The properties, assets, rights, liabilities and obligations comprised in the Business including, without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated losses of the Modaraba relating to the Business as at the day preceding the effective date and immediately preceding the sanction date were to be accounted for in the books of TBL.

(iv) All suits, appeals, arbitration governmental investigations and other legal proceedings instituted by or against the Modaraba in respect of the Business, and pending before any court, tribunal, regulatory body, or any other authority were to be treated as suit, appeals and legal proceedings by or against TBL and may be continued, prosecuted and enforced by or against TBL accordingly.

1.6 **TRANSFER OF BATTERY SEGMENT BALANCES**

The Modaraba transferred the following assets and liabilities pertaining to the battery segment to TBL on sanction date as detailed below:

	(Rs in 000's)
Assets	
Non-current assets	
Property, plant and equipment	7,572,111
Right-of-use asset (ROU)	19,872
Long term deposits	36,528
	7,628,511
Current assets	
Stores and spares	56,022
Stock in trade	1,500,480
Trade debtors	282,815
Advances, deposits, prepayments and other receivables	84,200
	1,923,517
Total assets	9,552,028
Non-current liabilities	
Lease liability	13,833
Deferred taxation	154,102
	167,935
Current liabilities	
Current portion of lease liability	6,646
Short term borrowings	6,516,221
Trade and other payables	1,512,226
Accrued markup on secured borrowings	97,576
	8,132,669
Net assets transferred	1,251,424

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan, provisions of and directives issued under Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by Securities and Exchange Commission of Pakistan (SECP). In case requirements of IFRS differ, the provisions of or directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Modaraba Companies and Modaraba Rules, 1981 and directives issued by SECP shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for land, buildings and plant and machinery which are carried at revalued amount, recognition of staff retirement benefits, which is based on actuarial values and financial instruments which are stated at fair values and stock in trade which is carried at the lower of cost and net realizable value.

2.3 Presentation

The financial statements have been presented in Pak Rupees, which is also the Modaraba's presentation and functional currency. Figures have been rounded off to the nearest Rupee in thousands. According to the requirements of IFRS 5, corresponding figures of the statement of financial position along with relevant notes represent three segments, corrugated boxes, soaps and batteries whereas the corresponding figures of the profit and loss account along with relevant notes represent two segments, corrugated boxes and soaps for better presentation, unless specifically stated otherwise. The corresponding figures are regrouped/ rearranged for the purpose of comparison. Appropriate disclosure is given in relevant note in case of material rearrangement.

2.4 Significant accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with the 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 are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the 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. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Financial Statements

For the year ended 30 June 2023

The areas where assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows:

2.4.1 Useful life and residual values of property, plant and equipment

The Modaraba reviews the useful life and residual value of property, plant and equipment on regular basis to determine that expectations are not significantly changed from the previous estimates. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Modaraba uses the technical resources available with it. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation/ amortization charge and impairment, if any.

2.4.2 Useful life of right-of-use asset and lease liabilities

The Modaraba determines the lease term as the non cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Modaraba has a lease contract that include extension and termination options. The Modaraba applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Modaraba reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customization to the leased asset).

2.4.3 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 to five years.

2.4.4 Recoverable amount of non financial assets and impairment

The management of the Modaraba 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.

2.4.5 Stock in trade and stores and spare parts

The Modaraba reviews the net realizable value of items of stores, spare parts and loose tools and stock in trade to assess any possible impairment on annual basis. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Any change in the estimates in the future might affect the carrying amount of respective item of store, spare parts and loose tools and stock in trade, with corresponding effects on the provision for impairment, if any.

2.4.6 Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward looking information for macro economic factors i.e. interest rates, inflation rates, unemployment rates, GDP rates etc.

2.4.7 Employees' retirement benefits

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 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.

2.4.8 Contingencies

The Modaraba has disclosed significant contingent liabilities for the pending litigations and claims against it based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the balance sheet date. However, based on the best judgment of the Modaraba and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the balance sheet date.

2.4.9 Provision for income taxes

Instances where the Modaraba's view differs with the view taken by the income tax department at the assessment stage and where the Modaraba considers that its view on items of a material nature is in accordance with the law, the amounts are shown as contingent liabilities.

3 INITIAL APPLICATION OF A STANDARD, AMENDMENT OR AN INTERPRETATION TO AN EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

a) Standards and interpretations that became effective but are not relevant to the Modaraba:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Modaraba other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework).
- IFRS 9 - Financial Instruments - (Amendments to 10 percent test for derecognition of financial liabilities in fee).
- IAS 16- Property, Plant and Equipment - (Amendments regarding proceeds before intended use).

Notes to the Financial Statements

For the year ended 30 June 2023

- IAS 16- Property, Plant and Equipment - (Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company.
- IAS 37- Provisions, Contingent Liabilities and Contingent Assets - (Amendments regarding the costs to include when assessing whether a contract is onerous).

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations became effective for annual periods beginning on or after the mentioned dates but are either not relevant or do not have any material effect on the financial statements of the Modaraba other than increased disclosures in certain cases:

- IAS 1- Presentation of Financial Statements - (Amendments regarding the disclosure of accounting policies)- (Effective for annual periods beginning on or after 1 January 2023).
- IAS 1- Presentation of Financial Statements - (Amendments regarding the classification of debt with covenants)-(effective for annual periods beginning on or after 1 January 2024).
- IAS 1 - Presentation of financial statements - Amendments regarding the classification of liabilities - (applicable on annual periods beginning on or after 1 January 2024).
- IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors - (Amendments regarding the definition of accounting estimates)- (Effective for annual periods beginning on or after 1 January 2023).
- IAS 12- Income Taxes - (Amendments regarding deferred tax related to assets and liabilities arising from single transaction)-(effective for annual periods beginning on or after 1 January 2023).
- IFRS 7 - Financial Instruments - Amendments regarding supplier finance arrangements - (applicable on annual periods beginning on or after 1 January 2024).
- IFRS 16 - Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions - (applicable on Annual periods beginning on or after 1 January 2024).
- IAS 7 - Statement of cash flows - Amendments regarding supplier finance arrangements - (applicable on annual periods beginning on or after 1 January 2024).
- IAS 41 - Agriculture - (Amendment regarding taxation in fair value measurement) - (effective for annual periods beginning on or after 1 January 2023).
- IFRS 10/ IAS 28 - Consolidated Financial Statements and Investment in Associates - (Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture) - (Application date not yet finalized).

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies has been consistently applied to all periods presented in these financial statements.

4.1 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or minimum tax u/s 113 of the Income Tax Ordinance 2001 or Alternative Corporate Tax at the rate of 17% of accounting profit adjustable as per income tax laws, whichever is higher. The charge for current tax includes adjustments to charge for prior years, if any. For income covered under final tax regime, provision for taxation is made as per the tax rules applicable to that regime in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is accounted for by using the balance sheet liability method in respect of all temporary timing differences arising from difference between the carrying amount of assets and liabilities in the financial statements and corresponding tax basis used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income 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 liability is settled based on tax rates 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 (ICAP).

Deferred tax is charged or credited in the profit and loss account, except where deferred tax arises on the items directly credited or charged to equity in which case it is included in equity. Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where these relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.2 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land, buildings, leasehold improvements and plant and machinery. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less impairment loss, if any (refer to note - 5.1.5). Buildings, leasehold improvements and plant and machinery are stated at revalued amounts carried out by independent valuers by reference to its current market price less accumulated depreciation and impairment loss, if any (refer to note - 5.1.5). Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings, and the net amount is restated to the revalued amount of the plant and machinery. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their use as intended by the management.

Notes to the Financial Statements

For the year ended 30 June 2023

Depreciation is provided on straight line method at rates specified in note 5.1 to the financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. 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 retired from active use or the asset is disposed off.

Residual value and the useful life of assets are reviewed at each financial year end, and adjusted if expectations differ significantly from previous estimates and impact on depreciation is significant.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

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 Modaraba and cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized as income or expense in the profit and loss account.

Capital work in progress

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. Capital work in progress is stated at cost, less any identified impairment loss.

Impairment tests for property, plant and equipment are performed annually or whenever there is an indication of impairment.

4.3 Right-of-use asset (ROU)

The Modaraba recognizes a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises 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 incentives received.

The ROU asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of ROU assets are determined on the same basis as those of property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.4 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 profit and loss account.

4.5 Stores and spares

These are valued at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost plus directly attributable expenses incidental thereto accumulated up to the date of balance sheet. The Modaraba 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, spares and loose tools.

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

4.6 Stock in trade

Stock of raw materials and packing materials 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 prime cost and appropriate proportion of production overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the cost necessary to be incurred to make the sales.

4.7 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Modaraba has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

4.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks net of overdrawn book balances, if any.

Notes to the Financial Statements

For the year ended 30 June 2023

4.9 Equity, reserves and profit distribution

Certificate capital represents the face value of certificates that have been issued. Any transaction costs associated with the issuing of certificates are deducted from share certificate capital, net of any related income tax benefits, if any.

Retained earnings/ accumulated loss include all current and prior period retained profits/ losses.

Profit distribution to the certificate holders is recognized in the period in which it is approved.

4.10 Surplus on revaluation of property, plant and equipment

The surplus arising on revaluation of property, plant and equipment, computed by eliminating the accumulated depreciation as at the date of revaluation, is credited to the "Surplus on revaluation of property, plant and equipment"' presented and recognized in the statement of comprehensive income and accumulated in the statement of changes in equity as a capital reserve. Following amounts are transferred from "Surplus on revaluation of property, plant and equipment" to retained earnings/ (accumulated loss) through statement of changes in equity to record realization of surplus:

- an amount equal to incremental depreciation - net of tax on revaluation surplus on property, plant and equipment for the year, if any; or

- an amount equal to carrying amount of revaluation surplus on property, plant and equipment, if any, on its disposal.

4.11 Borrowings and borrowing costs

These are initially recognized at fair value less directly attributable transaction costs, if any. Difference between the fair value and proceeds of borrowings is recognized as income or expense in the profit and loss account. Subsequently these are measured at amortized cost using the effective interest method.

Borrowing costs are interest or other costs incurred by the Modaraba in connection with the borrowing of funds. Borrowing cost that is directly attributable to qualifying assets is capitalized as part of cost of that assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account whenever incurred.

4.12 Lease liability

The lease liability is initially measured at 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 Modaraba's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise of the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable under a residual guarantee; and
- the exercise under purchase option that the Modaraba is reasonably certain to exercise, lease payments in an optional renewal period if the Modaraba is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Modaraba is reasonably certain not to terminate early.

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

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 and loss account. Short term leases are leases with a lease term of 12 months or less without a purchase option.

4.13 Trade and other payables

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business, if longer), if not, they are classified as non-current liabilities.

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 Modaraba.

4.14 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting period to reflect the best current estimate. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

4.15 Contingencies

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

a) 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 Modaraba; or

b) 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.

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Modaraba, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/ non occurrence of the uncertain future events.

4.16 Financial instruments

<u>Recognition and measurement</u>
Financial assets and liabilities are recognized, when the Modaraba becomes a party to the contractual provisions of the instrument and derecognized when the Modaraba loses control of the contractual rights to receive cash flows from the assets that comprise the financial asset or the rights have been transferred and the Modaraba has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise financial assets or a portion of financial assets. In case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Notes to the Financial Statements

For the year ended 30 June 2023

Financial assets are long term investments, short term investments, trade and other receivables, advances adjustable in cash and cash and bank balances. The Modaraba derecognizes a financial asset or a portion of financial asset when, and only when, the right to receive the cash flows from the assets have been expired or have been transferred; and the Modaraba has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise the financial assets or a portion of financial assets.

The Modaraba has classified its financial assets based on the requirements as set out in IFRS-9 'Financial Instruments'. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items and contains three principal classifications categories of financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets are generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.

4.16.1 Financial assets

(a) Financial Asset at Amortized Cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

(b) Financial Asset at Fair Value through Other Comprehensive Income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

(c) Financial Asset at Fair Value through Profit or Loss

A financial asset shall be measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

Recognition and measurement

Financial assets at initial recognition are measured at its fair value of the consideration given. Subsequent to initial recognition, financial assets shall be classified at amortized cost using effective interest method, fair value through other comprehensive income with changes in fair value recognized in other comprehensive income and fair value through profit or loss with changes in fair value recognized in the profit and loss account.

The Modaraba follows trade date accounting for purchase and sale of investment.

4.16.2 Financial liabilities

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. At the time of initial recognition, all financial liabilities shall be measured at fair value plus or minus transaction cost that are directly attributable to the issue of a financial liability. Financial liabilities shall subsequently be measured at amortized cost. Significant financial liabilities are short term borrowings, due to related party, retention money payable, trade and other payables.

Any gain or loss on subsequent remeasurement to fair value of financial assets and financial liabilities is taken to profit and loss account in the year in which it arises.

Offsetting of financial assets and financial liabilities

A financial asset and liability is offset against each other and the net amount is reported in the balance sheet if the Modaraba has legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the asset and settle the liability simultaneously.

4.16.3 ***Derecognition***

Financial assets

The Modaraba 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 Modaraba neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

'The Modaraba 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 Modaraba derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Modaraba 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 the profit and loss account.

4.16.4 ***Impairment***

Financial assets

A financial asset is impaired if the credit risk on that financial asset has increased significantly since the initial recognition. Loss allowance for ECL on a financial asset is recognized to account for impairment.

If a financial asset has low credit risk at the date of initial application of IFRS 9, then the Modaraba has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

Notes to the Financial Statements

For the year ended 30 June 2023

The Modaraba recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Modaraba measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Non-financial assets

The Modaraba assesses at each statement of financial position date, whether there is any indication that assets may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognized in the profit and loss account. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

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. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount of the asset had there been no impairment loss. A reversal of the impairment loss is recognized in the profit and loss account.

4.17 Employees retirement benefits - related party

Defined contribution scheme

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

Another recognized contributory fund scheme is "Treet Corporation Limited - Group Employee Service Fund" 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 the basic pay from the date the employee gets permanent status. Additional contributions may be made by the Modaraba for those employees who have at the most 15 years of service remaining before reaching retirement age, however, employee can start their additional contribution above the threshold limit of 10% of basic pay at any time.

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 @ 10% of employees basic salary on monthly basis by both employee and the Group. Periodic bonuses by the Modaraba to all the employees in any year, not exceeding one month's basic salary of an employee, is credited to his personal account in the Fund at the sole discretion of the Modaraba. The BOD of the parent company of the Modaraba has freezed this fund w.e.f. 04 February 2020 and no contribution is being credited to the fund since that date.

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 Modaraba. 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. The BOD of the parent company of the Modaraba has freezed this fund w.e.f. 04 February 2020 and no contribution is being credited to the fund since that date.

Defined benefit scheme

An approved funded gratuity scheme and a funded superannuation schemes 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 Modaraba'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. When calculation results in a potential assets for the Modaraba, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reduction in future contributions to the plan.

Remeasurement of net defined benefit liability, which comprise of 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 other comprehensive income. The Modaraba determines net interest expense/ (income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

4.18 Related party transactions

All transactions with related parties are executed at arm's length prices, determined in accordance with the pricing method as approved by the BOD, except in rarely extreme circumstances, where subject to the approval of the BOD, it is in the interest of the Modaraba to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Modaraba.

4.19 Foreign currency translation

Foreign currency transactions are translated into Pak Rupees which is the Modaraba'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 Pak Rupees using the exchange rate at the balance sheet 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 profit and loss account. All non monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

4.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the BOD of the Modaraba that makes strategic decisions. Segments reported are corrugated boxes and soaps which also reflects the management structure of the Modaraba.

Notes to the Financial Statements

For the year ended 30 June 2023

4.21 Revenue recognition

Revenue arises mainly from the sale of corrugated boxes and soaps, and is measured according to IFRS-15 (Revenue from Contracts with Customers) at the fair value of the consideration received or receivable as defined in sales contract, including variable consideration; sales tax and other duties collected on behalf of third parties are not taken into account. However, variable consideration is only included if it is highly probable that a significant reversal of revenue will not occur once the uncertainty related to the variable consideration is resolved.

Revenue is recognized when control of a promised goods passes to a customer at a specific point in time. The customer obtains control of the goods 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.

Contract liabilities, which is the Modaraba's obligation to transfer goods to a customer for which the entity has already received consideration, relate mainly to advance payments from customers. A trade receivable is recognized when the products are delivered to a customer as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due.

Income from the following sources is recognized as under:

i) Return on bank deposits is accounted for on a time proportion basis using the effective rate of return/ profit.

ii) Other revenues are recorded on accrual basis.

4.22 Earning per Modaraba certificate (EPC)

Basic EPC is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of certificate outstanding during the year.

Diluted EPC is calculated by adjusting basic EPC by the weighted average number of Modaraba certificates that would be issued on conversion of all dilutive potential Modaraba certificates into ordinary certificates and post tax effect of changes in profit and loss account attributable to certificates of the Modaraba that would result from conversion of all dilutive potential Modaraba certificates into ordinary certificates.

4.23 Reserves and profit distribution

The demerger reserve (as shown in the note 19 to these financial statements) was created on demerger of the Battery Business and Undertaking from the Modaraba pursuant to the Scheme. 883.277 million shares of TBL having face value of Rs. 8,832.773 million were issued to the certificate holders of the Modaraba, consequently certificate capital of the Modaraba, attributable to TBL is to be reduced by 687.99 million certificates having face value of Rs. 6,879.903 million and remaining 195.287 million shares having face value of Rs. 1,952.870 million were issued against certificate premium of Rs. 1,952.870 million of the Modaraba on the effective date which was treated as equity injected by the certificate holders of the Modaraba for TBL and while implementing the Scheme, 0.9984 shares in TBL were issued to the certificate holders of the Modaraba against 1 (one) certificate in the Modaraba.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		(Rupees in thousand)	
Operating fixed assets - tangible	5.1	663,783	8,303,376
Capital work in progress	5.2	29,248	64,900
		693,031	8,368,276

5.1 Operating fixed assets - tangible

PARTICULARS	2023												
	COST / REVALUED AMOUNT						RATE %	DEPRECIATION					
	As at 01 July 2022	Direct additions	Transferred from CWIP	Disposals	Balances transferred to TBL pursuant to the scheme (Note 1.6)	As at 30 June 2023		As at 01 July 2022	Charge for the year	Disposals	Balances transferred to TBL pursuant to the scheme (Note 1.6)	As at 30 June 2023	Net book value as at 30 June 2023
	----------(Rupees in thousand)----------												
Owned													
Freehold land	580,850	-	-	-	(328,000)	252,850	0	-	-	-	-	-	252,850
Building on freehold land	3,721,898	-	12,842	-	(3,515,876)	218,864	2.44 - 5	96,383	75,089	-	(149,585)	21,887	196,977
Leasehold improvements	21,432	-	-	-	-	21,432	10	2,143	2,143	-	-	4,286	17,146
Plant and machinery	4,161,850	27,889	75,576	-	(4,039,769)	225,546	4.35 - 10	193,450	151,567	-	(300,494)	44,523	181,023
Furniture, fittings and equipments	163,494	11,820	25,710	-	(191,213)	9,811	10	66,639	12,528	-	(73,841)	5,326	4,485
Computer equipments	14,106	-	2,829	(114)	(13,606)	3,215	25	12,393	653	(114)	(10,069)	2,863	352
Vehicle	10,945	-	20,131	-	(17,883)	13,193	20	191	2,299	-	(247)	2,243	10,950
	8,674,575	39,709	137,088	(114)	(8,106,347)	744,911		371,199	244,279	(114)	(534,236)	81,128	663,783

PARTICULARS	2022												
	COST / REVALUED AMOUNT						RATE %	DEPRECIATION					
	As at 01 July 2021	Direct additions	Transferred from CWIP	Disposals	Balances transferred to TBL pursuant to the scheme (Note 1.6)	As at 30 June 2022		As at 01 July 2021	Charge for the year	Disposals	Balances transferred to TBL pursuant to the scheme (Note 1.6)	As at 30 June 2022	Net book value as at 30 June 2022
	----------(Rupees in thousand)----------												
Owned													
Freehold land	580,850	-	-	-	-	580,850	0	-	-	-	-	-	580,850
Building on freehold land	3,721,898	-	-	-	-	3,721,898	2.44 - 5	-	96,383	-	-	96,383	3,625,515
Leasehold improvements	21,432	-	-	-	-	21,432	10	-	2,143	-	-	2,143	19,289
Plant and machinery	4,161,850	-	-	-	-	4,161,850	4.35 - 10	-	193,450	-	-	193,450	3,968,400
Furniture, fittings and equipments	162,663	-	831	-	-	163,494	10	50,315	16,324	-	-	66,639	96,855
Computer equipments	12,656	-	1,639	(189)	-	14,106	25	10,432	2,150	(189)	-	12,393	1,713
Vehicle	-	-	10,945	-	-	10,945	20	-	191	-	-	191	10,754
	8,661,349	-	13,415	(189)	-	8,674,575		60,747	310,641	(189)	-	371,199	8,303,376

5.1.1 The carrying amount of the assets other than freehold land and building as at 30 June 2023 includes fully depreciated assets amounting to Rs. 2.685 million (2022: Rs. 11.150 million) but are still in use of the Modaraba.

5.1.2 The Modaraba got its freehold land, building, leasehold improvement, plant and machinery revalued, details of which are given in note 18. "The forced sale value of the revalued assets was Rs. 599,334,038/- as on 30 June 2021."

Notes to the Financial Statements

For the year ended 30 June 2023

		Note	2023	2022
			(Rupees in thousand)	
5.1.3	**The depreciation charge for the year has been allocated as under:**			
	Cost of sales			
	-Corrugated boxes	26	33,482	28,612
	- Soap	26	416	3,588
	- Battery	5.1.3.1	207,740	274,432
	Administrative and general expenses	27	1,741	3,861
	Selling and distribution expenses	28	900	148
			244,279	310,641

5.1.3.1 This represents depreciation charge related to battery segment before demerger pursuant to the scheme.

5.1.4 Had the assets not revalued, the net book values of freehold land and plant and machinery would have amounted to:

Freehold land	25,000	290,524
Buildings on freehold land	153,487	2,735,512
Plant and machinery	9,025	2,794,977
	187,512	5,821,013

Current year figures comprise of the corrugation and soap segments, whereas the comparative figures comprise of corrugation, soap and battery segments.

5.1.5 Freehold land, buildings on freehold land and plant and machinery of the Modaraba were revalued on 30 June 2021 by Messrs Medallion Services (Pvt) Ltd. (PBA approved independent valuators) resulting in fresh surplus of Rs. 228.896 million pertaining to the assets of corrugation and soap segments. The basis used for revaluation 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. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land and is valued at current market value. Valuator had also considered all relevant factors as well.

Buildings

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and Machinery

Material, make and design specifications were noted for each component of plant and machinery and different machinery suppliers and consultants both in and outside the country were contacted for the collection of information as regards to the valuation of plant and machinery and new rates were applied according to physical condition, usage, maintenance and design specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

5.2 Capital work in progress

The movement under this head of account is as follows:

Description	Opening balance	Additions during the year	Transferred to operating fixed assets	Closing balance
	----------(Rupees in thousand)----------			
Civil work	12,160	5,042	(12,842)	4,360
Plant and machinery	51,604	47,451	(75,576)	23,479
Vehicles	-	21,062	(20,131)	931
Furniture, fittings and equipments	1,136	25,018	(25,710)	444
Computer, equipments	-	2,863	(2,829)	34
	64,900	101,436	(137,088)	29,248

		Note	2023	2022
			(Rupees in thousand)	
6	**RIGHT-OF-USE ASSET**			
	Opening balance		25,641	62,607
	Cancellation of lease		-	(39,277)
	Modification		-	9,056
	Less: depreciation charge for the year	6.1	(5,769)	(6,745)
	Balance transferred to TBL pursuant to the Scheme	1.6	(19,872)	-
	Net book value as at 30 June		-	25,641
	Useful life / lease term		-	6 years

6.1 Depreciation charged for the year relates to the battery segment for nine months preceding demerger and is charged to discontinued operations (note 34). During the preceding year, it was grouped under selling and distribution expenses (note 28).

7	**LONG TERM DEPOSITS**			
	Against:			
	- Rented premises		4,267	4,685
	- Utility deposits		8,096	8,096
	- Deposit - FESCO	7.1	-	35,550
	- Deposit - PSO		9,321	10,642
	- Others		40	40
			21,724	59,013

7.1 This represented security deposit kept with Faysal Bank Limited for the issuance of guarantee in favor of FESCO and beared profit @ 11.2% per annum in 2022.

Pursuant to the Scheme, the deposit was transferred from the Modaraba to TBL (note 1.6). However, at the reporting date this is confirmed by the bank in the name of the Modaraba, which shall be transferred in the name of TBL on completion of due process.

Notes to the Financial Statements

For the year ended 30 June 2023

		Note	2023	2022
			(Rupees in thousand)	
8	**STORES AND SPARES**			
	Stores			
	Corrugation boxes		77,513	85,279
	Soap		1,047	5,243
	Battery		-	28,558
			78,560	119,080
	Spares			
	Corrugation boxes		15,065	2,720
	Battery		-	1,224
			15,065	3,944
	Less: Provision for slow moving/obsolete stores		(5,523)	(5,523)
			88,102	117,501
9	**STOCK IN TRADE**			
	Raw material	9.1		
	Corrugation		195,734	198,600
	Soap		54,342	25,782
	Battery		-	449,814
			250,076	674,196
	Packing material			
	Corrugation		1,907	1,188
	Soap		30,244	10,111
	Battery		-	14,982
			32,151	26,281
	Work in process			
	Corrugation		11,197	7,975
	Soap		-	-
	Battery		-	332,698
			11,197	340,673
	Finished goods			
	Corrugation		38,669	22,941
	Soap		82,898	28,198
	Battery		-	72,681
			121,567	123,820
			414,991	1,164,970

9.1 This includes raw material in transit amounting to Rs. 0.053 million (2022: Rs. 25.088 million).

		Note	2023	2022
			(Rupees in thousand)	
10	**TRADE DEBTORS**			
	Trade debtors - unsecured:	10.1	869,830	819,179
	Less: Impairment loss of trade debtors under expected credit loss	10.2	(9,763)	(53,654)
			860,067	765,525
10.1	**This includes balances receivable from the following related parties:**			
	Renacon Pharma Limited		87	789
	Multiple Autoparts Industries (Pvt.) Limited		-	5
	Specialized Autoparts Industries (Pvt.) Limited		-	5
	Loads Limited		-	74
	Elite Brands Limited		14,177	3,353
			14,264	4,226
10.1.1	**The maximum aggregate of amount due from related parties at the end of any month during the year was as follows:**			
	Renacon Pharma Limited		87	942
	Multiple AutoParts Industries (Pvt) Limited		-	5
	Specialized AutoParts Industries (Pvt) Limited		-	81
	Loads Limited		-	75
	Elite Brands Limited		14,177	7,838
	The ageing analysis of unimpaired and past due balances receivable from the above named related parties is as follows:			
	Not past due			
	Past due but not impaired		-	-
	Past due 1 - 90 days		14,264	4,226
	Past due 90 - 180 days		-	-
	Past due 180 days		-	-
			14,264	4,226
10.2	**The reconciliation in this head of account is as follows:**			
	Opening balance		53,654	32,057
	(Reversal)/ Allowance for expected credit loss made during the year	31	(43,891)	24,535
	Bad debts written off during the year		-	(2,938)
	Balance as at 30 June		9,763	53,654

Notes to the Financial Statements

For the year ended 30 June 2023

		Note	2023	2022
			(Rupees in thousand)	
11	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to:			
	Employees against expenses - secured and considered good	11.1	50,169	55,509
	Related parties:	11.2		
	Treet Corporation Limited - parent company		97,674	-
	Renacon Pharma Limited - associated undertaking		1,938	860
	Treet Battery Limited - associated undertaking		350,875	-
	IGI General Insurance Limited - associated undertaking		21	22
	Suppliers - unsecured and considered good - local		93,096	91,890
			593,773	148,281
	Trade deposits		7,451	7,451
	Other receivables - unsecured and considered good			
	Balance with statutory authorities	11.3	332	650
	Others		919	-
			1,251	650
			602,475	156,382

11.1 These advances are given to employees for routine nature expenses at site.

11.2 The maximum aggregate balance due from related parties at the end of any month during the year was as follows:

Treet Corporation Limited - parent company	113,914	-
Renacon Pharma Limited - associated undertaking	1,938	860
Treet Battery Limited - associated undertaking	431,851	-
IGI General Insurance Limited - associated undertaking	21	22

11.2.1 The aging of Renacon Pharma Limited at the reporting date is:

Not past due	-	-
Past due 1 - 90 days	449,648	882
Past due 90 - 180 days	-	-
Past due 180 days	860	-
	450,508	882

11.3 This represents amounts given to Collector of Customs which will be adjusted against the letters of credit. This is unsecured, interest free and adjusted subsequent to the balance sheet date.

12	**TAXES RECOVERABLE/ ADJUSTABLE**		
	Sales tax adjustable	666,916	552,631
	Income tax refundable	293,137	132,173
		960,053	684,804

		Note	2023	2022
			(Rupees in thousand)	
13	CASH AND BANK BALANCES			
	Cash in hand		1,282	4,597
	Cash at banks in:			
	Current accounts		26,527	110,873
	Saving accounts	13.1	37,504	121,566
			64,031	232,439
			65,313	237,036

13.1 These carry profit rates ranging between 12.5% to 19.5% (2022: 6% to 8.63%) per annum.

14 CERTIFICATE CAPITAL

2023	2022		2023	2022
(Number of Certificates)			(Rupees in thousand)	
Authorized certificate capital				
900,000,000	900,000,000	Modaraba Certificates of Rs. 10 each	9,000,000	9,000,000
Issued, subscribed and paid-up certificate capital				
883,590,287	883,590,287	Modaraba Certificates of Rs. 10 each fully paidup in cash	8,835,903	8,835,903

14.1 As at 30 June 2023, Treet Corporation Limited, the holding company holds 97.11% (2022: 97.11%) of the entire capital comprising of Rs. 10 each i.e. 858,010,993 (2022: 858,010,993) certificates of the Modaraba. In addition 2.22% (2022: 2.22%) of the certificate capital comprising 19,590,562 (2022: 19,590,562) certificates of Rs. 10 each are held by the management company of the Modaraba i.e. Treet Holdings Limited.

15	DEPOSIT FOR PURCHASE OF CERTIFICATES	15.1	1	1

15.1 During the preceeding financial year, after necessary regulatory approvals, 1,835,903 certificates were issued on 16 August 2021 to the parent company from the deposit for purchase of certificates.

16	STATUTORY RESERVES		511,941	511,941

This represents profit set aside in compliance with the requirements of Prudential Regulations for Modaraba's along with circular 11 of 2006 issued by the Securities and Exchange Commission of Pakistan and can be utilized only for the purpose specified in regulation 2 of part III of the Prudential Regulations. Since the Modaraba is in losses, therefore no transfer to the fund is applicable in the instant case.

17	CERTIFICATE PREMIUM		-	1,952,870

Upon demerger of Battery segment and its transfer to TBL, this reserve was transferred to TBL for the issuances of its shares on the sanction date.

Notes to the Financial Statements

For the year ended 30 June 2023

		Note	2023	2022
			(Rupees in thousand)	
18	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT**		553,025	1,212,893
18.1	The reconciliation of this head of account is as follows:			
	Opening balance		1,212,893	1,423,472
	Add: Fresh surplus arose during the year		-	-
	Transfer to TBL pursuant to the Scheme (note 1.6)		(630,317)	-
	Less: Transferred to retained earnings on account of:			
	- Incremental depreciation		(29,551)	(65,629)
	- Revaluation surplus related to disposal of non-current asset held for sale		-	(144,950)
			553,025	1,212,893
	Less: Deferred tax attributable to fresh revaluation surplus		-	-
			553,025	1,212,893
	Surplus attributed to:			
	Land, buildings plant and machinery		553,025	1,212,893

This reserve is not available for distribution to the certificate holders in accordance with section 241 of the Companies Act, 2017.

19	**DEMERGER RESERVE**	19.1	6,879,903	-

19.1 As fully explained in note 1.6, 883.277 million shares of TBL having face value of Rs. 8,832.773 million were to be issued to the certificate holders of the Modaraba, consequently certificate capital of the Modaraba, attributable to TBL was to be reduced by 687.99 million certificates having face value of Rs. 6,879.903 million and remaining 195.287 million shares having face value of Rs. 1,952.870 million were to be issued against share premium of Rs. 1,952.870 million of the Modaraba (note 17).

20	**LEASE LIABILITY**		-	18,962
	The movement in this head of account is as follows:			
	Opening Liability		24,566	54,511
	Payments made during the year		(5,822)	(7,114)
	Interest on unwinding of liability against right of use assets	20.1	1,735	2,655
	Cancellation of lease liability		-	(34,542)
	Modification of lease liability		-	9,056
	Balance transferred to TBL pursuant to the Scheme	1.6	(20,479)	-
	Balance as at 30 June		-	24,566
	Less: current portion shown under current liabilities		-	(5,604)
			-	18,962

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

	Minimum lease payments (MLP)		Present value of MLP	
	2023	2022	**2023**	2022
	(Rupees in thousand)		(Rupees in thousand)	
Not later than one year	-	7,845	-	5,604
Later than one year but not later than five years	-	21,460	-	18,962
	-	29,305	-	24,566
Less: finance cost allocated to future periods	-	(4,739)	-	-
	-	24,566	-	24,566
Less: current portion shown under current liabilities	-	(5,604)	-	(5,604)
	-	18,962	-	18,962

20.1 Interest on unwinding of lease liability has been transferred to TBL pursuant to the Scheme. Previously, it had been charged to finance cost (note 30).

		Note	**2023**	2022
			(Rupees in thousand)	
21	**DEFERRED TAXATION**			
	Deferred tax	21.1	87,584	314,347
21.1	**Taxable temporary differences:**			
	Property, plant and equipment		105,582	1,093,224
	Right-of-use assets		-	312
	Deductible temporary differences:			
	Provision for slow moving/obsolete stores		(1,602)	(1,602)
	Provision for doubtful debts		(2,831)	(15,560)
	Provision for warranty		-	(37,032)
	Unused tax depreciation loss		(13,565)	(724,995)
			87,584	314,347
21.1.1	**Deferred tax liability as at June 30, recognized in the balance sheet**		87,584	314,347
	Less:			
	Opening deffered tax liability		314,347	(386,279)
	Opening deferred tax related to battery segment, transferred to TBL pursuant to the Scheme		(216,008)	-
	Deferred tax liability attributable to other comprehensive income		-	-
	Opening deferred tax liability related to corrugation and soap segments		(98,339)	(386,279)
	Deferred tax income recognized in the profit and loss account	32	(10,755)	(71,932)

21.2 The deferred tax assets on unused business tax losses and tax credits have not been recognized in these financial statements in view of uncertainty regarding avaliability of the taxable profits / taxable differences in the foreseeable future.

Notes to the Financial Statements

For the year ended 30 June 2023

		Note	2023	2022
			(Rupees in thousand)	
22	SHORT TERM BORROWINGS			
	From banking companies - secured and profit bearing			
	Running finances - Islamic mode of financing	22.1	-	3,283,892
	From related parties - unsecured			
	Treet Corporation Limited - parent company	22.2	-	2,218,590
	Treet Holdings Limited - management company		-	66,621
			-	5,569,103

22.1 Running finances - Islamic mode of financing

These represented 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 batteries out of the total sanctioned limits of Rs. 3,854.50 million.

All the short term borrowings from the various financial institutions as disclosed, carried profit rates ranging from 3 to 9 Months KIBOR + 0.75% to 2.5% (2022: 3 to 9 Months KIBOR + 0.75% to 2.5%) per annum, payable quarterly. Further, these were 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 expired on various dates by 31 March 2023 but were subsequently renewed.

Pursuant to the Scheme and the court order, the following short term borrowings were transferred from the Modaraba to TBL (note 1.6). However, at the reporting date, the banks' offer letters are not yet issued in favour of TBL and outstanding balances of the borrowings are confirmed by the relevant banks in the name of the Modaraba, which shall be tranferred in the name of TBL on completion of due process as the banks are in process of arranging approval for issuance of financing offer letters in favour of TBL:

Name of financial institution	Facility limit	Balance confirmed in name of the Modaraba
	----------(Rs in 000's)----------	
Bank Al Habib Limited	500,000	398,600
BankIslami Pakistan Limited	500,000	500,000
MCB Islamic Limited	350,000	222,165
Al Baraka Bank Limited	370,000	370,000
Faysal Bank	500,000	500,000
Soneri Bank Limited	400,000	400,000

22.2 Treet Corporation Limited - parent company

This represented loan obtained from the above named related party to meet the working capital requirements of the Modaraba. It was unsecured, carried profit at the weighted average cost of capital of the parent company and was stated to be payable on demand, particularly when the Modaraba will have profitable operations and generate sufficient cash flows.

During the preceding financial year, an amount of Rs. 342.40 million was raised as running finance from a financial institution but was inadvertently classified as loan from the parent company. The facility pertained to the Battery segment of the Modaraba. In the current financial year, the aforementioned misclassification has been rectified in the corresponding figure (note 22).

		Note	2023	2022
			(Rupees in thousand)	
23	**TRADE AND OTHER PAYABLES**			
	Creditors			
	-Foreign		-	178
	-Local	23.1	354,324	624,115
			354,324	624,293
	Accrued liabilities		93,779	152,045
	Provision for warranty		-	127,696
	Withholding sales tax payable		2,575	3,493
	Temporary book overdraft - unsecured	23.2	-	83,235
	Contract liabilities	23.3	22,665	82,380
	Income tax deducted at source payable		5,885	11,325
	Unclaimed dividend		34	34
	Payable to charity	23.4	6,290	4,606
	Other payables		924	1,060
			486,476	1,090,167

23.1 These include balances payable to IGI Insurance Limited (related party) amounting to Rs. 0.002 million (2022: Rs. Nil).

23.2 This represents unpresented cheques at the terminal date, which have been cleared subsequent to the balance sheet date.

23.3 These represent advances received from customers against the onward sale of goods by the Modaraba. These include Rs. Nil (2022: Rs. 3.352 million) received from Elite Brands Limited (related party).

23.4 This represents amount payable to charitable organisations registered under Pakistan Law as charitable organisation under Rule V of Shariah Compliance and Shahriah Audit Mechanism (SCSAM) for Mudarbas as per circular no. 8 of 2012 on SCSAM for Mudarbas.

Notes to the Financial Statements

For the year ended 30 June 2023

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 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.

24.1.2 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 and CIR Appeals has remanded the case back for re-adjudication. Against this order, the department filed a second appeal before the ATIR on 29-12-2022 which is pending adjudication at the year end. As per the opinion of legal advisor of the Modaraba, a favourable outcome is expected.

24.1.3 For the the tax period April 2016 to April 2019, a refund of input sales tax refund of Rs. 43,412,131 has been rejected alongwith default surcharge (to be calculated at the time of payment/ recovery) and penalty amounting to Rs. 2,331,682 by DCIR, Unit-8, Audit-01, LTU, Lahore after conducting post refund audit in terms of rule 36 of the sales tax rules, 2006. Against this order the Modaraba filed an appeal before the commisioner inland revenue (appeals), Zone-01, Lahore on 02-09-2022. As per the opinion of legal advisor of the Modaraba, a favourable outcome is expected.

		2023	2022
		(Rupees in thousand)	
24.2	**Commitments**		
24.2.1	**Guarantees**	58,178	16,049

Pursuant to the Scheme and the court order, the following bank guarantees were transferred from the Modaraba to TBL. However, at the reporting date these are confirmed by the relevant banks outstanding in the name of the Modaraba, which shall be tranferred in the name of TBL on completion of due process:

Name of financial institution		
Faysal Bank Limited	35,547	-
MCB Islamic Bank Limited	22,631	-
	58,178	-

24.2.2	**Letters of credit**		
	Outstanding letters of credit	44,048	71,328

	Note	Corrugated Boxes 2023	Corrugated Boxes 2022	Soaps 2023	Soaps 2022	Total 2023	Total 2022
		(Rupees in thousand)					
25	**Revenue - net**						
	External customers - Local	3,139,750	2,440,773	1,198,563	590,169	4,338,313	3,030,942
	Related parties:	-	-	-	-	-	-
	- Treet Corporation Limited - Associated undertaking	71,713	48,950	-	-	71,713	48,950
	- Renacon Pharma Limited - Associated undertaking	35,479	30,127	-	-	35,479	30,127
		3,246,942	2,519,850	1,198,563	590,169	4,445,505	3,110,019
	Inter segment sales	8,163	2,833	-	-	8,163	2,833
	Sale of scrap (waste paper and lead)	186,924	179,461	-	-	186,924	179,461
		3,442,029	2,702,144	1,198,563	590,169	4,640,592	3,292,313
	Less:						
	Sales tax	(510,443)	(392,340)	(210,237)	(100,017)	(720,680)	(492,357)
	Trade discount	(187)	(242)	(139)	(392)	(326)	(634)
		(510,630)	(392,582)	(210,376)	(100,409)	(721,006)	(492,991)
	Elimination of Inter segment sales	(8,163)	(2,833)	-	-	(8,163)	(2,833)
		2,923,236	2,306,729	988,187	489,760	3,911,423	2,796,489
26	**Cost of goods sold**						
	Opening stock- raw and packing material	199,788	117,651	35,893	33,993	235,681	151,644
	Add: Purchases						
	Inter-segment	-	-	8,163	2,833	8,163	2,833
	Others	2,174,685	1,812,193	842,190	405,776	3,016,875	2,217,969
		2,174,685	1,812,193	850,353	408,609	3,025,038	2,220,802
	Less: Closing stock	(195,734)	(199,788)	(54,342)	(35,893)	(250,076)	(235,681)
	Elimination of Inter segment purchases	-	-	(8,163)	(2,833)	(8,163)	(2,833)
	Raw and packing material consumed	2,178,739	1,730,056	823,741	403,876	3,002,480	2,133,932
	Stores and spares consumed	41,879	37,680	1,871	3,396	43,750	41,076
	Outsourcing of manpower 26.1	203,713	193,905	11,968	24,769	215,681	218,674
	Fuel and power	155,912	115,156	-	15,875	155,912	131,031
	Freight and forwarding	97,035	68,855	25,199	8,065	122,234	76,920
	Depreciation on operating fixed assets 5.1.3	33,482	28,612	416	3,588	33,898	32,200
	Repair and maintenance	40,338	28,164	1,105	1,051	41,443	29,215
	Traveling and conveyance	6,388	3,967	874	579	7,262	4,546
	Insurance	3,499	3,784	318	401	3,817	4,185
	Rent, rates and taxes	855	766	-	-	855	766
	Other manufacturing expenses	14,433	7,299	40,091	3,876	54,524	11,175
		2,776,273	2,218,244	905,583	465,476	3,681,856	2,683,720
	Work in process						
	Add: Opening stock	7,975	7,629	-	-	7,975	7,629
	Less: Closing stock	(11,197)	(7,975)	-	-	(11,197)	(7,975)
	Cost of goods manufactured	2,773,051	2,217,898	905,583	465,476	3,678,634	2,683,374
	Finished goods						
	Add: Opening stock	22,941	8,333	28,198	26,373	51,139	34,706
	Less: Closing stock	(38,669)	(22,941)	(82,898)	(28,198)	(121,567)	(51,139)
		2,757,323	2,203,290	850,883	463,651	3,608,206	2,666,941

26.1 Outsourcing of manpower include Rs. 15.583 million (2022: Rs. 5.977 million) for corrugation boxes segment and Rs. 2.545 million (2022: Rs. 0.855 million) for soap segment in respect of contribution to staff retirement benefit plans.

Notes to the Financial Statements

For the year ended 30 June 2023

		Note	2023	2022
			(Rupees in thousand)	
27	**Administration and general expenses**			
	Outsourcing of manpower	27.1	36,558	20,450
	Auditors' remuneration	27.2	2,358	1,458
	Legal and professional		5,798	4,312
	Printing and stationery		945	642
	Travelling and conveyance		1,618	617
	Postage and telephone		294	140
	Depreciation on operating fixed assets	5.1.3	1,741	677
	Others		952	5,753
			50,264	34,049

27.1 Outsourcing of manpower include Rs. 2.069 million (2022: Rs. 0.851 million) for corrugation segment and Rs. 0.534 million (2022: Rs. 0.169 million) for soap segment in respect of contribution to staff retirement benefit plans.

27.2	**Auditors' remuneration**		
	Audit fee	700	1,000
	Half year review	300	300
	Other services	1,358	158
		2,358	1,458

28	**Selling and distribution expenses**			
	Outsourcing of manpower	28.1	38,338	26,361
	Rent, rates and taxes		196	46
	Repair and maintenance		1,403	1,032
	Advertisement		46,130	-
	Travelling and conveyance		9,100	4,536
	Postage and telephone		181	454
	Printing and stationery		-	12
	Depreciation on operating fixed assets	5.1.3	900	148
	Depreciation on ROU asset	6.1	-	2,559
	Others		5,805	1,880
			102,053	37,028

28.1 Outsourcing of manpower include Rs. 2.945 million (2022: Rs. 1.153 million) for corrugation segment in respect of contribution to staff retirement benefit plans.

		Note	2023	2022
			(Rupees in thousand)	
29	**Other Expenses**			
	Provision for doubtful debts	**10.2**	20,630	22,526
	Exchange loss		3,397	662
	Other		-	18,352
			24,027	41,540
30	**Finance Cost**			
	Bank charges		3,875	5,555
			3,875	5,555
31	**Other Income**			
	Income from financial assets			
	Profit on bank and other deposits	31.1	9,349	6,084
	Profit earned on advance to related parties:			
	Treet Battery Limited - associated undertaking		19,128	-
	Treet Corporation Limited - parent company		505	-
			28,982	6,084
	Income from non financial assets			
	Sale of scrap		3,898	3,363
	Reversal of impairment under expected credit loss	10.2	43,891	-
	Intercompany rental income		1,729	-
	Gain on disposal of property, plant and equipment		31	201,755
	Others		36	18,144
			49,585	223,262
			78,567	229,346

31.1 These profits are earned on accounts and deposits maintained under Shariah permissible arrangement.

Notes to the Financial Statements

For the year ended 30 June 2023

		Note	2023	2022
			(Rupees in thousand)	
32	**Taxation**			
	Current			
	Minimum Tax		48,893	61,023
	Prior year		(1,748)	-
	Deferred		47,145	61,023
	For the year	21.1.1	(10,755)	(49,689)
			36,390	11,334

32.1 Due to loss for the year, no provision for income tax under the normal tax regime or alternate corporate tax is required in the instant case. However, the provision of minimum tax chargable under section 113 of Income Tax Ordinance, 2001 has been accounted for in these financial statements. Accordingly, the reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is also not applicable.

33 Loss Per Modaraba Certificate - Basic and Diluted

Loss after taxation	**Rupees in thousand**	(126,388)	(541,738)
Weighted average number of certificates	**Number in thousand**	859,950	859,950
Loss per certificate (basic) :	**(Rupees)**	(0.15)	(0.63)

There is no dilutive effect on the basic loss per modaraba certificate as the Modaraba has no potentially issuable certificates or such commitments at the reporting date.

		Period ended 01 April 2023	For the year ended 30 June 2022
		(Rupees in thousand)	
34	**Loss from discontinued operations**		

As described in note 1, the profit and loss account and cash flows statement of the discontinued operations as a result of the demerger of the battey segment from the Modaraba and transfer to TBL are given below:

Revenue - net	6,207,319	4,881,872
Cost of sales	(5,342,623)	(4,726,702)
Gross profit	864,696	155,170
Operating expenses		
Administration and general expenses	(147,263)	(44,248)
Selling and distribution expenses	(423,467)	(384,599)
Other expenses	(38,837)	(22,928)
	(609,567)	(451,775)
Operating profit/ (loss)	255,129	(296,605)
Finance cost	(530,729)	(474,837)
Other income	1,855	11,912
Loss before taxation	(273,745)	(759,530)
Taxation	(17,818)	(11,594)
Loss after tax	(291,563)	771,124)
Cash flows from the demerged battery segment for the period ended 01 April 2023:		
Net cash flows from operating activities	(712,893)	-
Net cash flows from investing activities	(251,091)	-
Net cash flows from financing activities	952,654	-
Net decrease in cash and cash equivalents	(11,330)	-

35 Operating segment results

During the year, the Modaraba was engaged into three main business segments, these are as follows:

(i) Manufacture and sale of corrugated boxes
(ii) Manufacture and sale of soaps
(iii) Manufacture and sale of batteries

		Corrugated boxes		Soaps		Total	
		2023	2022	**2023**	2022	**2023**	2022
	Note	Rupees in thousands					
Revenue	25						
Inter-segment		8,163	2,833	-	-	8,163	2,833
Others		3,433,866	2,699,311	1,198,563	590,169	4,632,429	3,289,480
		3,442,029	2,702,144	1,198,563	590,169	4,640,592	3,292,313
Less:							
Inter-segment sales		(8,163)	(2,833)	-	-	(8,163)	(2,833)
Sales tax		(510,443)	(392,340)	(210,237)	(100,017)	(720,680)	(492,357)
Trade discount		(187)	(242)	(139)	(392)	(326)	(634)
		(518,793)	(395,415)	(210,376)	(100,409)	(729,169)	(495,824)
Net revenue		2,923,236	2,306,729	988,187	489,760	3,911,423	2,796,489
Cost of sales excluding inter-segment purchases	26	(2,757,323)	(2,203,290)	(850,883)	(463,651)	(3,608,206)	(2,666,941)
Gross profit		165,913	103,439	137,304	26,109	303,217	129,548
Administration and general expenses		(44,306)	(29,559)	(5,958)	(4,490)	(50,264)	(34,049)
Selling and distribution expenses		(45,362)	(1,673)	(56,691)	(35,356)	(102,053)	(37,029)
Other expenses		(22,067)	(36,321)	(1,960)	(5,219)	(24,027)	(41,540)
		(111,735)	(67,553)	(64,609)	(45,065)	(176,344)	(112,618)
Segment results - Operating profit		54,178	35,886	72,695	(18,956)	126,873	16,930
Finance cost						(3,875)	(5,555)
Other income						78,567	229,346
Loss before taxation						201,565	240,721
Taxation						(36,390)	(11,335)
Loss after taxation						165,175	229,386

35.1 Transactions among the business segments are recorded at market value.

35.2 Inter segment sales and purchases have been eliminated from total figures.

Notes to the Financial Statements

For the year ended 30 June 2023

		Corrugated boxes		Soaps		Unallocated		Total	
		2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
		Rupees in thousands							
35.3	Segment assets	2,542,127	2,184,895	1,163,629	231,139	-	-	3,705,756	2,416,034
35.4	Segment liabilities	469,539	202,527	154,784	63,437	87,584	98,339	711,907	364,303
35.5	Depreciation on property, plant and equipment	36,124	29,358	416	3,667	-	-	36,540	33,025

35.6 The Battery segment was demerged and transferred to TBL on 01 April 2023 as fully explained in note 1.4 (refer note 34 also).

36 Financial instruments

The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The BOD of the Modaraba management company has overall responsibility for the establishment and oversight of Modaraba's risk management framework. The BOD is also responsible for developing and monitoring the Modaraba's risk management policies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Modaraba's activities.

This note presents information about the Modaraba's exposure to each of the above risks, the Modaraba's objectives, policies and processes for measuring and managing risk, and the Modaraba's management of capital.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. The Modaraba does not engage in the trading of financial assets for speculative purposes nor does it write options.

The Modaraba's risk management policies are established to identify and analyze the risks faced by the Modaraba, to set appropriate risk limits and controls, to monitor risks and adherence to limits and focuses on actively securing its short to medium term cash flows by minimizing the exposure to financial markets. The Modaraba through its training and management standards and procedures aims to maintain a disciplined and constructive control environment in which employees understand their roles and responsibilities.

The Audit Committee of the Modaraba management company oversees how management monitors compliance with the Modaraba's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Modaraba. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Management shall conduct financial risk assessments regularly so as to identify exposures, set priorities and quantify how the same, affect the business objectives, such as, profitability and shareholder value. These assessments shall cover all the aspects of corporate structure starting at the apex levels of management and working through all the functional levels. Head of Internal Auditor (IA) shall report to the Audit Committee of the Board on a regular basis, his assessment of the exposures of the entities to various risks, and checks and controls established by the management.

The overall financial risk management programme and specific internal control procedures focus on the mitigation of risks identified above due to business inherent limitations, volatile financial markets and changing circumstances of the economic situation locally and internationally that effect the business directly or indirectly.

Notes to the Financial Statements
For the year ended 30 June 2023

a) **Credit risk**

Credit risk is the risk of financial loss to the Modaraba if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Modaraba 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. The credit risk arises principally from the Modaraba's receivables from customers, refundable deposits and advances, other receivables and bank balances. Out of the total financial assets of Rs. 1,414.826 million (2022: Rs. 1,069.024 million) financial assets which are subject to credit risk amounted to Rs. 1,413.544 million (2022: Rs. 1,062.428 million).

The Modaraba has a policy of cash sales or for very limited credit period in case of corrugation segment. Therefore, the Modaraba's exposure to credit risk is minimum. Timely realization of sale proceeds under the credit period are critical for cash flow management, reduced level of borrowing, efficient utilization of funds and, meeting financial obligations on a timely basis. Wherever the entity allows credit to its customer, the credit period will be determined on the basis of customer credit history, sales volume, customer financial standing, sponsors profile. All resources should be realized within the stipulated credit period. In case of any delays or default, it must be reported through aging report, and the concerned entity head shall be responsible for the realization of funds.

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

	Note	2023	2022
		(Rupees in thousand)	
FINANCIAL ASSETS			
Long term deposits	7	21,724	59,013
Trade debtors	10	869,830	765,525
Advances, deposits, prepayments and other receivables	11	457,960	8,333
Bank balances	13	64,031	232,439
		1,413,545	1,065,310

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Banks and financial institutions have external credit ratings determined by various credit rating agencies. Credit quality of customers and other receivables are assessed by reference to historical default rates and present aging.

Customers are counterparties to local trade debts against sale of corrugated boxes and soaps. New customer is analyzed individually for creditworthiness before the Modaraba's standard payment and delivery terms and conditions are offered. Sales limits are established for each customer based on internal rating criteria and reviewed regularly. Any sales exceeding these limits require special approval. Outstanding customer receivables are regularly monitored. The analysis of ages of trade debts of the Modaraba as at the reporting date was as follows:

	2023	2022
	(Rupees in thousand)	
Not past due	577,036	589,631
Past due but not impaired		
Less than 30 days	66,971	87,957
Past due 1 - 3 months	83,362	17,723
Past due 3 - 6 months	43,152	15,826
Past due 6 - 12 months	27,153	4,965
Above one year	72,156	49,423
	869,830	765,525

Management believes that the unimpaired amounts that are past due more than 30 days are still collectable in full based on historical payment behavior and extensive analysis of customer credit risk. Credit risk in case of customers is largely mitigated by the fact that majority of the sales of the Modaraba are on cash basis or on credit to corporate parties with reasonable financial standing and limited credit period. The Modaraba has also established dealerships and retail networks with strong relationship with customers. The Modaraba does not expect non performance by its customers. Hence, the credit risk in case of customers is minimal.

The external credit ratings determined by various credit rating agencies are as follows.

	Rating		Rating	2023	2022
Banks	**Short term**	**Long term**	Agency	(Rupees in thousand)	
MCB Bank Limited	A-1+	AAA	PACRA	55	16,779
United Bank Limited	A-1+	AAA	JCR-VIS	3,318	10,156
Bank Islami Pakistan Limited	A-1	AA-	PACRA	1,053	680
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,275	10,688
Habib Bank Limited	A-1+	AAA	JCR-VIS	16,067	101,429
Bank Alfalah Limited	A-1+	AA+	PACRA	2,363	2,363
Al Baraka Bank Limited	A-1	A+	JCR-VIS	404	1,818
Faysal Bank Limited	A-1+	AA	PACRA	4,187	981
Dubai Islamic Bank Limited	A-1+	AA	JCR-VIS	22,032	30,502
Soneri Bank Limited	A-1+	AA-	PACRA	3,659	7,003
JS Bank Limited	A-1+	AA-	PACRA	25	25
Askari Bank Limited	A-1+	AA+	PACRA	3	468
Meezan Bank Limited	A-1+	AAA	JCR-VIS	1,064	36,855
Bank Al Habib Limited	A-1+	AAA	PACRA	386	491
Allied Bank Limited	A-1+	AAA	PACRA	4,896	9,634
Habib Metropolitan Bank Limited	A-1+	AA+	PACRA	1,002	2,007
MCB Islamic Bank Limited	A-1	A	PACRA	1,242	560
				64,031	232,439

Notes to the Financial Statements
For the year ended 30 June 2023

Exposure to credit risk

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Due to the Modaraba's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Modaraba. Accordingly, the credit risk is minimal.

Any new relationship with a bank/ financial institution will be entered into with the prior approval of the BOD. Such relationships include, but are not limited to, obtaining any banking facilities and entering into any modes of financing through banks or financial institutions. The Modaraba's Chief Financial Officer (CFO) where applicable, will approve quotes for each piece of new business on a stand alone basis from all the banks/ financial institutions on the Company's panel so as to ensure the competitiveness of business being carried out with the selected bank(s)/ financial institution(s).

Corporate information and relationship with banks.

The Modaraba has relationship with both islamic and conventional banks. Profits earned through conventional banks are recognized as liability to approved charitable organizations according to shariah rules.

36.1 Liquidity risk

Liquidity risk is the risk that the Modaraba will not be able to meet its financial obligations as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. For this purpose, the Modaraba has effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. Management closely monitors the Modaraba's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

The BOD has built an appropriate liquidity risk management framework for the management of the Modaraba's short, medium and long-term funding and liquidity management requirements. The Modaraba 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 table below summarizes the maturity profiles of Modaraba's financial liabilities as on 30 June 2023 based on contractual undiscounted payments date and present market interest rates:

	2023				
	Carrying Amount	Contractual cash flows	Six Months or less	Six to twelve years	More than one years
	(Rupees in thousand)				
Retention money payable	11,363	11,363	-	11,363	-
Trade and other payables	455,351	455,351	455,351	-	-
	466,714	466,714	455,351	11,363	-

	2022				
	Carrying Amount	Contractual cash flows	Six Months or less	Six to twelve years	More than one years
	(Rupees in thousand)				
Lease liability	24,566	24,566	2,802	2,802	18,962
Retention money payable	11,590	11,590	-	11,590	-
Trade and other payables	865,274	865,274	776,338	88,936	-
Short term borrowings	5,569,103	5,569,103	-	5,569,103	-
Accrued profit on secured borrowings	101,734	101,734	101,734	-	-
	6,572,267	6,572,267	880,874	5,672,431	18,962

36.2 Market risk

Market risk is the risk that changes in market prices will affect the Modaraba's income or the value of its holdings of financial instruments. The objective of the Modaraba's market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. There are three types of market risk, which are as follows:

36.2.1 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the change in foreign exchange risk. The Modaraba is exposed to currency risk to the extent that there is a mismatch between the currencies in which receivables and purchases are denominated and the respective functional currency of the Modaraba i.e. Pakistan Rupee. The Modaraba is exposed to currency risk on import of raw materials and stores and spares mainly denominated in US dollars. Receivables and payables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging. The Modaraba's exposure to foreign currency risk for US Dollars is as follows:

	2023	2022
	($ in thousand)	
Creditors in foreign currency	-	1

The following significant exchange rate has been applied:

	Average rate		**Reporting date rate**	
	2023	2022	**2023**	2022
USD to PKR	-	182.03	-	206.52

Cash flow sensitivity analysis for foreign currency instruments

At 30 June 2023, if the Rupee had (weakened)/ strengthened by 5% against the US dollar with all other variables held constant, loss for the year would have been (higher)/ lower by Rs. nil (2022: Rs. 0.0089 million), mainly as a result of foreign exchange gains/ losses on translation of US dollar denominated trade payables.

Notes to the Financial Statements
For the year ended 30 June 2023

36.2.2 Profit rate risk

Profit rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in profit rates. The Modaraba's exposure to the profit rates risk arises from the borrowings it has obtained from various banks/ financial institutions at variable rates and any contractual obligation that carries any penal or markup clauses on delayed payments. The profit rate risk is mitigated through managing borrowing at optimal levels that are essential to run the business. Short term borrowings shall be done to match the timing differences between fund receipt and disbursements. Any penal clauses or markup on delayed payments shall be negotiated with the vendor at the time of placement of orders. Chief Financial Officer (CFO) of the Modaraba shall be responsible to ensure that profit rates from banks/ financial institutions is market based that commensurate with the financial standing of the Modaraba. CFO shall also ensure that all contracts/ purchase orders are well negotiated to reduce the exposure. Sensitivity to profit rates risk arises from mismatch of financial assets and financial liabilities that mature or reprice in a given period. The Modaraba manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowings and cash at bank kept in saving accounts by the Modaraba has variable rate pricing that is mostly dependent on Karachi Inter Bank Offer Rate ("KIBOR") as indicated in respective notes.

The Modaraba's profit bearing financial instruments as at the reporting date are as follows:

	2023	2022
	(Rupees in thousand)	
Variable pricing rate financial assets		
Deposit - FESCO	-	35,550
Bank balances at PLS accounts	37,504	121,566
	37,504	157,116
Variable pricing rate financial liabilities		
Short term borrowings	-	5,569,103

The effective profit rates for profit bearing financial instruments are mentioned in the relevant notes to these financial statements.

Cash flow sensitivity analysis for variable rate instruments

Sensitivity analysis for variable rate financial assets
If profit rates at the year end date, fluctuates by 1% higher/ lower with all other variables held constant, loss after taxation would have been decreased/ (increased) by Rs. 0.375 million (2022: Rs. 0.157 million). This analysis is prepared without taking in account taxation effect and applying +/-1% discount factor on cash at banks in saving accounts and deposits with FESCO reported in these financial statements.

Sensitivity analysis for variable rate financial liabilities
If profit rates at the year end date, fluctuates by 1% higher/ lower with all other variables held constant, loss after taxation would have been (increased) / decreased by Rs. nil (2022: Rs. 55.691 million). This analysis is prepared without taking in account taxation effect and applying +/-1% discount factor on short term borrowings reported in these financial statements.

36.2.3 Other price risk

Other price risk is the risk that the fair values 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), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments trading in market.

Exposure to price risk

The Modaraba is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

	Note	2023	2022
		(Rupees in thousand)	
36.3 Financial instruments by category			
Financial assets as per balance sheet			
At amortized cost			
Long term security deposits	7	21,724	59,013
Trade debtors	10	869,830	765,525
Advances, deposits and other receivables	11	457,960	8,333
Cash and bank balances	13	65,313	237,036
		1,414,827	1,069,907
Financial liabilities as per balance sheet			
At amortized cost			
Lease liability	20	-	24,566
Retention money		11,363	11,590
Trade and other payables	23	455,351	865,274
Accrued profit on secured borrowings		-	101,734
Short term borrowings	22	-	5,569,103
		466,714	6,572,267

36.4 Operational risk

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

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

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

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans ;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

36.5 Investment risk

All capital nature investments and disposals shall only be approved by the BOD and shareholders of the Group.

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) shall formulate the proposal for any new investment, clearly indicating future benefits associated with the investment in term of returns, using Capital expenditure techniques - discounted cash flows (DCF), Discounted Dividend Model (DDM) and/ or Capital Asset Pricing Model (CAPM). The investment proposal should also indicate the source of funding and its terms and conditions.

Investments of the surplus funds will be made after the approval from Group CFO in banks/ financial institutions and Asset Management Companies (AMC). Investment decisions will be made based on the highest rate of return offered by any bank or AMC. It would normally be the highest bidder, but can be any other bank/ financial institution as deemed fit by the CFO with the concurrence of the CEO/ ED.

Placement and investments will made on the basis of forecasted cash flows and surplus funds available with the Modaraba. In order to mitigate the level of exposure with any one bank/ financial institution, the funds will not be placed for more than three (3) months and not more than Rs. 350 million.

The Modaraba's funds will not be invested in speculative business, i.e. investment will be only in banks/ financial institutions and AMC where a guaranteed fixed return is identified.

36.6 Regulatory risk

The Modaraba is exposed to regulatory risk when it raises capital through the capital market, issuance of Sukuk, and right shares, private and equity placement, etc. The Modaraba shall seek prior approval from the BOD and/ or shareholders of its management company as per the requirement and seek all relevant regulatory authorities approvals, in respect of any proposed financing. All borrowing arrangements entered into by the Modaraba shall be compliant with the relevant regulatory requirements.

36.7 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 Modaraba 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 Modaraba 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:

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

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred. However, no transfers between levels of fair value during the year have occurred.

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. As all the financial assets and financial liabilities are carried at cost, therefore, no fair value hierarchy levels have been disclosed in these financial statements being not applicable in the instant case.

Land, buildings and plant and machinery are carried at revaluation model and the fair values have been determined using the valuation methods/ techniques as disclosed in note 5.1.5. The fair value hierarchy is Level 2 for these non-financial assets.

36.8 Capital management

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board monitors the return on capital employed, which the Modaraba defines as operating income divided by total capital employed.

The Modaraba's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for certificate holders and benefits for other stakeholders, and to provide an adequate return to certificate holders.

The Modaraba 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 Modaraba may, for example, adjust the amount of dividends paid to certificate holders, issue new certificates, or sell assets to reduce debt.

Notes to the Financial Statements

For the year ended 30 June 2023

	2023	2022
	(Rupees in thousand)	
The gearing ratios as at June 30, 2023 are as follows:		
Total debt - short term borrowings	-	5,569,103
Total equity	2,993,849	4,371,661
Gearing ratio	N/A	127%

Neither there were any changes in the Modaraba's approach to capital management during the year nor the Modaraba is subject to externally imposed capital requirements, except those related to compliance of debt covenants including maintenance of adequate current and liquidity ratios for which the Modaraba has been granted relaxation from various institutions.

37 Related Parties Transactions

A. Related party relationships

The related parties comprise of parent company, subsidiaries, associated undertakings, directors of management company of the Modaraba, key management personnel and post employment benefit plans. The Modaraba in the normal course of business carries out transactions with various related parties which comprise of the following:

Name of Related party	Nature of relationship	Basis of relationship	Percentage of shareholding
Treet Corporation Limited	Holding company	Shareholding and common directorship	97%
Treet Holdings Limited	Management Company	Shareholding and common directorship	2%
Treet Power Limited Treet HR Management (Private) Limited Treet Battery Limited Renacon Pharma Limited Packages Limited IGI Holdings Limited IGI Life Insurance Limited IGI Insurance Limited Loads Limited Cutting Edge (Pvt) Limited Global Assets (Pvt) Limited Multiple Autoparts Industries (Pvt) Limited Specialized Autoparts Industries (Pvt) Limited Specialized Motorcycle (Pvt) Limited Hi-Tech Alloy Wheels Limited Elite Brands Limited Liaquat National Hospital Gulab Devi Chest Hospital Roboarts (Pvt) Limited	Associated Undertaking	Common Directorship	NIL

Name of Related party	Nature of relationship	Basis of relationship	Percentage of shareholding
Frag Games (Pvt) Limited Spell Digital Movies (Pvt) Limited Auto Technical Services (Pvt) Limited Hamid Latif Hospital Yugo (Pvt) Limited Get Gaari Technologies (Pvt) Limited	Associated Undertaking	Common Directorship	NIL

B. Related party transactions

Amounts due from/ to related parties are disclosed in respective notes to these financial statements. Other significant transactions with related parties are as follows:

Name of the party	Nature of transactions	2023	2022
		(Rupees in thousand)	
Parent company			
Treet Corporation Limited	Sale of corrugated boxes	71,713	48,950
	Rental charged by the parent company	4,195	4,582
	Finance cost charged by the parent company	183,043	73,630
	Expenses born by the parent company	450,932	472,192
	Funds paid to the parent company - net of receipts	-	932,110
	Funds recieved from the parent company - net of payments	318,525	-
	Purchase of goods from the parent company	-	17
	Issuance of modraba certificate capital	-	1,835,903
Modaraba Management Company			
Treet Holdings Limited	Finance cost charged by the Modaraba management company	-	3,736
	Funds received from the modarba management company	-	33,000
	Expenses born by the Modaraba management company	-	209

Notes to the Financial Statements

For the year ended 30 June 2023

Name of the party	Nature of transactions	2023	2022
		(Rupees in thousand)	
Associated undertakings			
Treet Battery Limited		1,238	-
	Rental charged to the associate		
	Funds received from associate - net of payments	201,800	-
	Expenses incurred on behalf of associate	113,362	-
	Profit earned by the Modaraba	19,128	-
Packages Limited	Purchase of goods	-	30,969
IGI General Insurance Limited	Services received	31,272	28,750
	Claims received against insurance	-	6,000
IGI Life Insurance Limited	Services received	5,628	5,199
Treet HR Management (Private) Limited	Services received	9,740	11,550
Liaquat National Hospital	Services received	1,796	479
Elite Brands Limited	Sale of goods	60,962	-
Loads Limited	Sale of batteries	-	213
Specialized Autoparts Industries (Pvt) Limited	Sale of batteries	-	102
Renacon Pharma Limited	Purchase of goods	-	28
	Sale of corrugated boxes	35,479	30,127
	Rental charged	-	281
	Expenses paid on behalf of associate	-	579

37.1 All the transactions with the related parties are executed in the normal course of business on the basis of mutually agreed terms and conditions.

37.2 All the executives, officers and other employees of the Modaraba have been outsourced from its related party namely Treet HR Management (Private) Limited.

37.3 One of the directors is working as CEO of the Modaraba Management Company. No remuneration has been paid to CEO or any director of the Modaraba. No fees for attending the meeting has been paid to directors during the year (2022: Rs. Nil).

37.4 Remuneration of Executives

The aggregated amounts charged in these financial statements for the remuneration, including all benefits, to the executives of the Modaraba were as follows:

	Charged to battery segment for the period ended 01 April 2023	2023	2022
	---------- (Rupees in thousand) ----------		
Managerial remuneration	42,190	22,748	65,076
Bonus	1,324	3,577	1,376
Medical allowance	4,219	2,275	6,508
House rent allowance	5,552	10,237	18,171
Utilities allowance	1,234	2,275	4,038
Other perquisites	13,494	12,946	31,806
Employees' funds			
-Provident fund	1,067	1,571	3,648
-Service fund	1,067	1,571	3,648
	2,134	3,142	7,296
	70,147	57,200	134,271
Number of executives	4	8	15

37.4.1 Executives and operations of the battery segment were transferred to TBL on 01 April 2023 pursuant to the Scheme as described in note 1.4 and 1.5. The remuneration paid to such executives for the period from 01 April 2023 to 30 June 2023 has been disclosed in the financial statements of TBL.

37.5 In addition to the above, the company maintained vehicles are provided to the executives of the Modaraba for official purposes only by the parent company of the Modaraba as per the employment rules and policies.

	UOM	Annual rated capacity 2023	Annual rated capacity 2022
38 Plant capacity and production			
Corrugated boxes	Metric Tons	30,000	30,000
Soaps	Metric Tons	N/A	N/A
Batteries	Numbers	1,200,000	1,200,000

	UOM	Annual production 2023	Annual production 2022
Corrugated boxes	Metric Tons	20,466	23,578
Soaps	Metric Tons	2,462	1,957
Batteries	Numbers	646,941	672,711

Notes to the Financial Statements
For the year ended 30 June 2023

The reason for shortfall in actual production when compared with installed capacity is primarily on account of demand and supply in the market conditions and the product mix.

38.1 Soap actual capacity is not disclosed as the production has been shifted to toll manufacturing with effect from 1 July 2021.

38.2 The actual production quantity of batteries pertains to the production carried out during the period from 01 July 2023 to 01 April 2023 as the battery segment of the Modaraba was transferred and vested into TBL on 01 April 2023 pursuant to the Scheme (note 1.3 to 1.5). The actual production for the period from 01 April 2023 to 30 June 2023 has been disclosed in the financial statements of TBL.

39 Entity-wide information and disclosure

These financial statements have been prepared on the basis of two reportable segments namely; corrugation boxes and soap.

39.1 Information about products

Sale of corrugation boxes and soaps represents 74.74% (2022: 30.04%) and 25.26% (2022: 6.38%) respectively of the total revenue of the Modaraba.

39.2 Information about geographical areas

100% (2022: 100%) of the sales of Modaraba relate to customers in Pakistan.

All non-current assets of the Modaraba as at 30 June 2023 and 2022 are also located in Pakistan.

39.3 Information about customers

There is no single customer to whom the Modaraba had made sales more than 10% of the total revenue of each segment.

40 Number of Employees

The total and average number of employees during the year as at 30 June 2023 and 2022 respectively are as follows:

	2023	2022
	Number	
Total number of employees at the year end	**178**	441
Average number of employees during the year	**181**	434

All the executives, officers and other employees of the Modaraba have been arranged through outsourcing from its related party namely "Treet HR Management (Private) Limited". The Modaraba has been making payments/ contributions of its outsourced employees on account of retirement benefits, which have been maintained by the parent company "Treet Corporation Limited". Accordingly, the related disclosures regarding employees benefits have been disclosed in the financial statements of the parent company.

41 Events After the Statement of Financial Position Date

There is no event after the statement of financial position date causing adjustment/ disclosure in these financial statements.

42 Date of authorization for issue

These financial statements were authorized for issue on September 28, 2023 by the Board of Directors of Treet Holdings Limited, the Modaraba Management Company.

LAHORE 28th September 2023	**Syed Shahid Ali** Chief Executive Officer	**Mohtashim Aftab** Group Chief Financial Officer	**Syed Shahid Ali** Director	**Ms. Sidra Fatima Sheikh** Director

THE COMPANIES ACT, 2017
(Section 227(2)(f))

1.1 Name of Company First Treet Manufacturing Modaraba

2.1 Pattern of holding of the shares held by the shareholders as at 30-6-2023

2.2 NO. OF SHAREHOLDERS	SHAREHOLDINGS From	SHAREHOLDINGS To	TOTAL SHARES HELD
65	1	100	765
53	101	500	25,870
26	501	1,000	24,826
74	1,001	5,000	218,616
29	5,001	10,000	242,708
13	10,001	15,000	176,500
6	15,001	20,000	115,500
10	20,001	25,000	239,947
6	25,001	30,000	161,000
2	30,001	35,000	68,000
3	35,001	40,000	119,000
2	40,001	45,000	83,500
3	45,001	50,000	147,000
5	50,001	55,000	263,500
2	55,001	60,000	116,000
1	60,001	65,000	61,000
2	65,001	70,000	136,000
1	95,001	100,000	100,000
1	105,001	110,000	110,000
1	110,001	115,000	114,500
1	115,001	120,000	120,000
1	125,001	130,000	129,000
1	145,001	150,000	150,000
1	160,001	165,000	164,000
1	170,001	175,000	170,500
1	195,001	200,000	200,000
1	215,001	220,000	215,500
1	295,001	300,000	300,000
1	325,001	330,000	329,000
1	405,001	410,000	410,000
1	425,001	430,000	426,500
1	750,001	755,000	753,000
1	845,001	850,000	850,000
1	19,590,001	19,595,000	19,590,562
1	857,255,001	857,260,000	857,257,993
320			**883,590,287**

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, Chief Executive Officer, and their spouse and minor children		
Syed Sheharyar Ali	21,447	0.0024%
2.3.2 Associated Companies,		
Treet corporation limited (CDC)	858,010,993	97.1051
Treet holdings limited (CDC)	19,590,562	2.2172
		99.3222
2.3.3 NIT and ICP	0	0.0000%
2.3.4 Banks Development	0	0.0000%
Financial Institutions, Non Banking Financial Institutions.		
2.3.5 Insurance Companies	0	0.0000%
2.3.6 Modarabas and Mutual Funds	500	0.0001%
2.3.7 Shareholders holding 10% or more	500	0.0001%
Treet Corporation Limited	858,010,993	97.1051%
2.3.8 General Public		
a. Local	5,405,785	0.6118%
b. Foreign	0	0.0000%
2.3.9 Others (to be specified)		
1- Joint Stock Companies	561,000	0.0635%

Categories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2023

Associated Companies, Undertakings and Related Parties (Name Wise Detail):

1. TREET CORPORATION LIMITED (CDC)	858,010,993	97.1051
2. TREET HOLDINGS LIMITED (CDC)	19,590,562	2.2172

2.3 Categories of Shareholders	Shares Held	Percentage
Mutual Funds (Name Wise Detail)		
SYED SHERYAR ALI (CDC)	21,447	0.0024
SYED SHAHID ALI	-	-
MR. IMRAN AZIM	-	-
MR. MUNIR KARIM BANA (CDC)	-	-
MR. SALMAN FARIDI (CDC)	-	-
DR. HAROON LATIF KHAN	-	-
MS. SIDRA FATIMA SHEIKH	-	-
Executives	0	0
Public Sector Companies & Corporation	0	0
Banks, Development Finance Institutions, Non Banking Finance	0	0
Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		
Shareholders Holding five percent or more voting interest in the listed companies (Name Wise Detail)		
Treet Corporation Limited (CDC)	858,010,993	97.1051

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Key Operating and Financial Results

Rs.(000)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Sales	3,911,423	7,678,361	6,094,863	4,477,787	4,653,603	2,713,128	2,621,735	2,663,830	2,649,491
Gross Profit	303,217	284,719	-90,144	-772,495	-955,231	49,409	348,867	366,140	295,444
Profit before Taxation	201,565	-518,809	-535,738	-2,983,616	-2,391,792	-357,120	204,577	244,358	136,322
Profit after Taxation	165,175	-541,738	-617,470	-2,984,794	-2,391,792	-357,120	204,577	244,358	136,322
Certificateholders Equity	2,993,849	4,371,661	4,913,400	-2,366,788	618,006	4,068,591	4,542,753	4,460,817	1,692,437
Fixed Assets - Net	693,031	8,393,918	8,600,603	7,057,967	7,258,050	8,480,844	6,871,790	3,780,937	665,119
Total Assets	3,705,756	11,579,148	11,999,821	10,191,016	11,750,858	12,219,365	8,867,304	5,191,000	2,052,772
Total L1abil1t1es	711,907	7,207,487	7,086,421	12,557,804	11,132,852	8,150,774	4,324,551	730,183	360,335
Current Assets	2,991,001	3,126,218	3,291,655	3,011,539	4,481,876	3,723,048	1,971,272	1,382,380	1,357,475
Current Liabilities	624,323	6,874,178	6,660,017	12,494,021	11,123,580	8,150,774	4,268,125	617,334	191,242
Dividend Declared	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.98%	6.27%	6.20%
Certificates Outstanding	883,590,287	883,590,287	699,999,994	195,599,994	195,599,994	195,599,994	195,599,994	195,599,994	130,399,996

Important Ratios	2023	2022	2021	2020	2019	2018	2017	2016	2015
Prof1tability									
Gross Profit / Loss	7.75%	3.71%	-1.48%	-17.25%	-20.53%	1.82%	13.31%	13.74%	11.15%
Profit / Loss before Tax	5.15%	-6.76%	-8.79%	-66.63%	-51.40%	-13.16%	7.80%	9.17%	5.15%
Profit / Loss after Tax	4.22%	-7.06%	-10.13%	-66.66%	-51.40%	-13.16%	7.80%	9.17%	5.15%
Return to Equity									
Return on Equity before Tax	6.73%	-11.87%	-10.90%	126.06%	-387.02%	-8.78%	4.50%	5.48%	8.05%
Return on Equity after Tax	5.52%	-12.39%	-12.57%	126.11%	-387.02%	-8.78%	4.50%	5.48%	8.05%
Earning / (Loss) per Certificate	-0.15	-0.63	-2.42	-15.26	-12.23	-1.83	1.05	1.25	1.05
Liquidity/ Leverage									
Current Ratio	4.79	0.45	0.49	0.24	0.40	0.46	0.46	2.24	7.10
BreaK-up Value per Certificate	3.39	4.95	7.02	-12.10	3.16	20.80	23.22	22.81	12.98
Total Liabilities to Equity	0.24	1.65	1.44	-5.31	18.01	2.00	0.95	0.16	0.21

% Change	2023	2022	2015	2014	2013	2012	2011	2012	2011
Sales	-49.06%	25.98%	36.11%	-3.78%	71.52%	3.49%	-1.58%	0.54%	6.33%
Gross Profit / Loss	6.50%	-415.85%	-88.33%	-19.13%	-2033.31%	-85.84%	-4.72%	23.93%	57.58%
Profit / Loss before Taxation	138.85%	-3.16%	-82.04%	24.74%	569.74%	-274.57%	-16.28%	79.25%	58.68%
Profit / Loss after Taxation	130.49%	-12.26%	-79.31%	24.79%	569.74%	-274.57%	-16.28%	79.25%	58.68%
Certificateholder's Equity + Revaluation									
Surplus	-31.52%	-11.03%	-307.60%	-482.97%	-84.81%	-10.44%	1.84%	163.57%	5.70%
Fixed Assets - Net	-91.74%	-2.40%	21.86%	-2.76%	-14.42%	23.42%	81.75%	468.46%	44.10%
Total Assets	-68.00%	-3.51%	17.75%	-13.27%	-3.83%	37.80%	70.82%	152.88%	18.70%
Total Liabi1ities	-90.12%	1.71%	-43.57%	12.80%	36.59%	88.48%	492.26%	102.64%	181.03%
Current Assets	-4.33%	-5.03%	9.30%	-32.81%	20.38%	88.87%	42.60%	1.83%	10.43%
Current Liabilities	-90.92%	3.22%	-46.69%	12.32%	36.47%	90.97%	591.38%	222.80%	49.15%
Dividend.						-100.00%	-4.63%	1.13%	79.71%
Cert1f1cates Outstanding	0.00%	26.23%	257.87%	0.00%	0.00%	0.00%	0.00%	50.00%	0.00%

Notice of 17th Annual Review Meeting

Notice is hereby given that 17th Annual Review Meeting of Certificate Holders of **First Treet Manufacturing Modaraba ("Company")** will be held on Friday, October 27, 2023 at 10:30 A.M at 72-B, Industrial Area, Kot Lakhpat, Lahore (Registered Address) to transact the following business: -

ORDINARY BUSINESS:

1. To confirm the Minutes of last Annual Review Meeting held on October 27, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Modaraba for the Year Ended June 30, 2023, together with the Directors' and Auditors' Reports thereon.
3. To appoint External Auditors of the Modaraba for the year ending June 30, 2024 and to fix their remuneration. M/S Rehman Sarfaraz Rahim Iqbal Rafiq & Co, Chartered Accountant have offered themselves for re-appointment.
4. The approval of shareholder in accordance with S.R.O. 389 (I)/2023.- In exercise of the powers conferred by Section 510(1), 223(6) and 223(6) of the Companies Act, 2017 (the "Act"), with the provision of the Electronic Transaction Ordinance, 2002 and in supersession/partial modification of the notification S.R.O 787 (I)/2014, to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc ("Annual Audited Financial Statements") to its shareholders through QR enable code and weblink subject to fulfilment of requirements.

SPECIAL BUSINESS:

AGENDA NO 5 – Amendment in Prospectus.

To consider, and thought fit, to pass with or without modification(s), the following special resolution for amendment in the Prospectus of the Company.

Resolved That subject to approval of the Modaraba Division/Wing of Securities Exchange Commission of Pakistan, the Prospectus of the First Treet Manufacturing Modaraba be and is hereby amended by way of addition of the following clause in Part I of the Prospectus:

"The Modaraba may, by Special Resolution, reduce its Modaraba Fund/Paid-up Capital in any manner, subject to confirmation by the Court and/or any incidental authorisation and consent required under applicable law"

FURTHER RESOLVED THAT, the Chief Executive Officer and/or Chief Financial Officer and/or the Company Secretary be and are hereby jointly and severally authorised to sign all such forms and returns and other documents and to do all such acts, deeds and things as may be necessary to give effect to the aforesaid resolution.

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

By order of the Board

(Zunaira Dar)
Company Secretary

LAHORE:
October 05, 2023

Notice of 17th Annual Review Meeting

Notes:

1. The Certificate Transfer Books will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive) for the purpose of determination of names of the certificate holders for attendance of Annual Review Meeting. The Certificate Holders whose names appear on the Register of Certificate Holders of First Treet Manufacturing Modaraba as on October 20, 2023 will be eligible to attend the Annual Review Meeting.
2. In case of individuals, the account holder and/or person whose securities are in CDC sub account or investor account shall show their identity by showing original computerized national identity card (CNIC) or original passport at the time of attending the meeting, CDC sub account holders/investor account holders are also requested to bring their account numbers maintained with CDC.
3. In case of corporate entity, board of director's resolution/power of attorney with specimen signatures of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
4. The Individual Certificate Holders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Modaraba Share Registrar, are once again reminded to send the same at the earliest directly to Modaraba's Share Registrar (Corplink (PVT) Limited, Wing Arcade, 1-k, Commercial, Model town Lahore. In case of non-receipt of the copy of a valid CNIC, the Modaraba would be constrained under section 243 (3) of the Companies Act, 2017 to withhold dividend of such certificate holders.
5. The Financial Statements of the Modaraba for the year ended June 30, 2023 along with reports have been placed on the website of the Modaraba: https://www.ftmm.com.pk.

   . Annual Report 2022-23 and Notice of Annual Review Meeting (ARM) are being circulated electronically via email to all those Certificate holders whose email addresses are available with the CDC or the Share Registrar of the Modaraba.

   Members who desire to receive annual financial statements and notice of the Modaraba through email in future (instead of receiving through CD/DVD) are requested to register their email address with CDC. Members holding physical certificates shall provide their email to the Share Registrar of the modaraba.
6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its certificate holders 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 certificate holder'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 certificate holder.

   Certificate holders 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.
7. As per Section 72(2) of the Companies Act, 2017, every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four (4) years from the commencement of the Act, i.e., May 30, 2017. Those Shareholders having physical shareholding are encouraged to open a CDC Sub - Account with any Broker or Investor Account directly with CDC to place their physical shares into scrip less form. This will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

Notice of 17th Annual Review Meeting

STATEMENTS OF MATERIAL FACTS UNDER MODARABA REGULATIONS, 2021, READ WITH SECTION 134(3) OF THE COMPANIES ACT, 2017 RELATING TO THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING.

AGENDA ITEM 1:

The Board of Directors of the Company at its meeting held on 28th September 2023 recommended that the Prospectus of the Company be altered with the proposed text as set out in the resolution. In light of the Section 33 of the Companies Act, 2017 (mutatis-mutandis to the Agenda), it has been proposed by the Board of Directors that the consent of certificate holders be acquired passed by way of special resolution.

A copy of the Prospectus has been kept at the registered office of the Company and may be inspected during business hours on any working day from the date of publication of this notice till the conclusion of the meeting.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

Form of Proxy

Signature of Proxy _____

TREET GROUP

treetonline.com

HEAD OFFICE

72-B, Industrial Area Kot Lakhpat,
Lahore - 54770, Pakistan
Phone: (+92-42) 111 187 338

TREET BATTERY LIMITED

Financial Statements for The

Year Ended 30 June 2023

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RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

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54-P, Gulberg-II,
Lahore-54660, Pakistan.
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E-mail: rsrir.pc.lhr@gmail.com
rsrirlhr@gmail.com
Other Offices: Islamabad - Karachi

INDEPENDENT AUDITORS' REPORT

To the members of Treet Battery Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Treet Battery Limited,** which comprise the statement of financial position as at **30 June 2023**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2023** 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 Auditors' Responsibilities for the Audit of the 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.

Emphasis of Matter

We draw users' attention to notes 1.2 to 1.6 to the financial statements, which disclose the demerger of the battery segment of First Treet Manufacturing Modaraba (FTMM) and transfer of the said segment to the Company as per the Scheme of arrangement approved by the certificate and shareholders of FTMM and the Company respectively and sanctioned by the Honourble Lahore High Court, Lahore.

Our opinion is not modified in respect of this matter.

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Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Director's Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 not been provided with the Director's Report hence we have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is Mr. Adnan Rasheed.

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Lahore: 27 SEP 2023
UDIN: AR2023107011DKXcS3y4

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TREET BATTERY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023	2022
PROPERTIES AND ASSETS		(Rs in 000's)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	7,521,895	-
Right-of-use asset (ROU)	6	17,949	-
Long term security deposits	7	36,525	-
		7,576,369	-
CURRENT ASSETS			
Stores and spares	8	56,638	-
Stock in trade	9	1,141,068	-
Trade debtors	10	450,605	-
Advances, deposits, prepayments and other receivables	11	51,366	10
Income tax recoverable/ adjustable		23,647	4
Cash and bank balances	12	24,969	1,193
		1,748,293	1,207
Total properties and assets		9,324,662	1,207
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	13	8,822,765	1,000
Capital reserves			
Reserve for issuance of shares	14	11,008	-
Demerger deficit		(8,211,666)	-
Surplus on revaluation of property, plant and equipment	15	618,172	-
		1,240,279	1,000
Revenue reserve			
Unappropriated profit		70,255	119
Shareholders' equity		1,310,534	1,119
NON-CURRENT LIABILITIES			
Lease liability	16	11,943	-
Deferred taxation	17	144,366	-
		156,309	-
CURRENT LIABILITIES			
Current portion of lease liability	16	7,020	-
Short term borrowings	18	6,806,544	-
Trade and other payables	19	899,018	75
Accrued markup on secured borrowings		119,730	-
Provision for taxation		25,507	13
		7,857,819	88
CONTINGENCIES AND COMMITMENTS	20	-	-
Total equity and liabilities		9,324,662	1,207

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Director

TREET BATTERY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		(Rs in 000's)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		73,764	44
Adjustments for non-cash and other items:			
Depreciation		70,912	-
Profit on bank deposits		(3,034)	(74)
Finance cost		132,744	-
Impairment allowance for expected credit loss		(3,564)	-
Exchange loss		4,286	-
Workers' Welfare Fund		1,505	-
Provision for warranty		2,304	-
Reversal of excess provision charged		(60,000)	-
		145,153	(74)
Operating cash flows before working capital changes		218,917	(30)
Changes in working capital			
(Increase)/ decrease in current assets:			
Stores and spares		(616)	-
Stock in trade		359,412	-
Trade debtors		(167,790)	-
Advances, deposits, prepayments and other receivables		32,844	(10)
Income tax recoverable/ adjustable		(23,643)	-
		200,207	(10)
Increase/ (decrease) in current liabilities:			
Trade and other payables		(557,816)	30
Cash used in operations		(138,692)	(10)
Income tax paid		(13)	(10)
Financial cost paid		(110,590)	-
Net cash used in operating activities		(249,295)	(20)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments made in property, plant and equipment		(18,773)	-
Profit received on bank deposits		3,034	74
Long term security deposits		3	-
Net cash (used in)/ generated from investing activities		(15,736)	74
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings		290,323	-
Lease liability		(1,516)	-
Net cash generated from financing activities		288,807	-
Net increase in cash and cash equivalents		23,776	54
Cash and cash equivalents at the beginning of the year		1,193	1,139
Cash and cash equivalents at the end of the year	12	24,969	1,193

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

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5.1 Operating fixed assets - tangible

PARTICULARS	2023											
	COST / REVALUED AMOUNT						DEPRECIATION					
	As at 01 July 2022	Balances transferred from the Modaraba persuant to the Scheme (note 1.6)	Transferred from CWIP	Disposals	As at 30 June 2023	Rate %	As at 01 July 2022	Balances transferred from the Modaraba persuant to the Scheme (note 1.6)	Charge for the period 01 April 2023 to 30 June 2023	Disposals	As at 30 June 2023	Net book value as at 30 June 2023
	(Rupees in '000)											
Owned												
Freehold land	-	328,000	-	-	328,000	-	-	-	-	-	-	328,000
Building on freehold land	-	3,515,876	-	-	3,515,876	2.44	-	149,585	19,456	-	169,041	3,346,835
Plant and machinery	-	4,039,769	-	-	4,039,769	4.35	-	300,494	43,790	-	344,284	3,695,485
Furniture, fittings and equipments	-	191,213	-	-	191,213	10	-	73,841	4,772	-	78,613	112,600
Computer equipments	-	13,606	-	-	13,606	25	-	10,069	79	-	10,148	3,458
Vehicles	-	17,883	-	-	17,883	20	-	247	892	-	1,139	16,744
	-	8,106,347	-	-	8,106,347		-	534,236	68,989	-	603,225	7,503,122

PARTICULARS	2022											
	COST / REVALUED AMOUNT						DEPRECIATION					
	As at 01 July 2021	Balances transferred from the Modaraba persuant to the Scheme (note 1.6)	Transferred from CWIP	Disposals	As at 30 June 2022	Rate %	As at 01 July 2021	Balances transferred from the Modaraba persuant to the Scheme (note 1.6)	Charge for the year	Disposals	As at 30 June 2022	Net book value as at 30 June 2022
	(Rupees in '000)											
Owned												
Freehold land	-	-	-	-	-	-	-	-	-	-	-	-
Building on freehold land	-	-	-	-	-	2.44	-	-	-	-	-	-
Plant and machinery	-	-	-	-	-	4.35	-	-	-	-	-	-
Furniture, fittings and equipments	-	-	-	-	-	10	-	-	-	-	-	-
Computer equipments	-	-	-	-	-	25	-	-	-	-	-	-
Vehicles	-	-	-	-	-	20	-	-	-	-	-	-
	-	-	-	-	-		-	-	-	-	-	-

5.1.1 Land measuring 40 acres having value of Rs. 328 million situated at Sahianwala Faisalabad, purchased from Faisalabad Industrial Estate Development and Management Company in the year 2015 for the battery project by the Modaraba. This land had been in possession and use of the battery project since acquisition. However, legal title of the land is in the process of being transferred to the Company as at the statement of financial position date.

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TREET BATTERY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Share capital	Capital reserves			Revenue reserve	Total
		Reserve for issuance of shares	Demerger deficit	Surplus on revaluation of Property, plant and equipment	Unappropriated profit	
	(Rs in 000's)					
Balance as at 01 July 2021	1,000	-	-	-	88	1,088
Total comprehensive income for the year						
Profit after taxation	-	-	-	-	31	31
Balance as at 30 June 2022	1,000	-	-	-	119	1,119
Transfer of net assets from the Modaraba (note 1.6)	-	8,832,773	(8,211,666)	630,317	-	1,251,424
Total comprehensive income for the year	-	-	-	-	57,991	57,991
Surplus transferred to unappropriated profit on account of:						
Incremental depreciation charged during the year	-	-	-	(12,145)	12,145	-
Issuance of shares	8,821,765	(8,821,765)	-			-
	8,822,765	11,008	(8,211,666)	618,172	70,255	1,310,534

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Director

TREET BATTERY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPHEREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023	2022
		(Rs in 000's)	
Sales - net	21	2,040,584	-
Cost of sales	22	(1,555,955)	-
Gross profit		484,629	-
Operating expenses			
Administration and general expenses	23	(10,527)	(30)
Selling and distribution expenses	24	(158,416)	-
Other expenses	25	(7,353)	-
		(176,296)	(30)
Operating profit/ (loss)		308,333	(30)
Finance cost	26	(301,167)	-
Other income	27	66,598	74
Profit before taxation		73,764	44
Taxation	28	(15,773)	(13)
Profit after taxation		57,991	31
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified to profit or loss		-	-
Total comprehensive income for the year		57,991	31
Earnings per share - basic and diluted	29	0.07	0.31

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive Officer **Director**

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TREET BATTERY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

1 STATUS AND NATURE OF BUSINESS

1.1 Treet Battery Limited

Treet Battery Limited (the Company) was incorporated on February 22, 2019 as a public company limited by shares under the provisions of the Companies Act, 2017. The principal activities of the Company is to carry 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 hydrid batteries, absorbed glass mat (AGM) batteries, gel batteries used in or required for industrial, transport, commercial and domestic and any other purpose. The Company is a wholly owned subsidiary of Treet Holdings Limited which is a wholly owned subsidiary of Treet Corporation Limited - the ultimate parent company, a listed company. The registered office of the Company and its holding entities is situated at 72-B, Industrial Area, Kot Lakhpat, Lahore, whereas the manufacturing plant is situated at Plot Number 1, Phase 2, M-3 Industrial City (FIEDMC), Sahianwala Interchange, Faisalabad

1.2 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 thereunder and is managed by Treet Holdings Limited (a wholly owned subsidiary of Treet Corporation Limited, the parent company of the Modaraba), incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and registered with the Registrar of Modaraba Companies. The registered office of the Modaraba and its management company is situated at 72 - B, Kot Lakhpat, Industrial Area, Lahore. The Modaraba is listed on Pakistan Stock Exchange Limited. During the year, the Modaraba, which was previously engaged in the manufacturing and sale of corrugated boxes, soaps and batteries, demerged and transferred its battery segment undertaking and business to the Company. For details, refer notes 1.3, 1.4, 1.5 and 1.6.

1.3 Demerger of battery segment

The Company and the Modaraba filed a joint petition before the Honourable Lahore High Court, Lahore (the Court) seeking approval of the Court for a Scheme of Arrangement (the Scheme) for demerger, bifurcation and reconstruction of the battery undertaking and business of the Modaraba (the Business) under sections 279 to 282 of the Companies Act, 2017. The Scheme was also approved by the certificate holders and shareholders of the Modaraba and the Company in separate Extra Ordinary General Meetings of the members held on March 02, 2022. On January 10, 2023, the Court sanctioned the Scheme. The Court, in its order, specified April 01, 2019 as the effective date of demerger.

1.4 Vesting and transfer of the Business to the Company

As per the Scheme, from and on the effective date the Business was duly transferred and vested in the Company in the following manner:

(i) the battery undertaking and business subsisting immediately preceding the sanction date was, without further act or deed, matter or thing, process or procedure, be separated from the Modaraba and transferred to and vested in the Company on the sanction date. The transfer and vesting of the battery undertaking was free from all mortgages or charges or other encumbrance.

(ii) the separation from the Modaraba and transfer to and vesting in the Company of the Business was treated as having taken effect from the effective date i.e. April 01, 2019, and as from that time and until the sanction date i.e. April 01, 2023, the Business was deemed to have been owned and held for and on account and for the benefit of the Company and all profits, dividends, bonus shares, right shares and entitlements accruing or arising to the Modaraba from or on account of the Business were treated as profits, dividends, bonus share, right shares and entitlements accruing or arising to the Company.

(iii) As consideration for transfer and vesting of the Business into the Company, the Company were to allot ordinary shares to the certificate holders of the Modaraba as explained in note 1.5.

1.5 Main features of the Scheme are summarized below:

(i) 883.2773 million shares of the Company having face value of Rs. 8,832.773 million were to be issued to the certificate holders of the Modaraba. Consequently certificate capital of the Modaraba, attributable to the Business were to be reduced by 687.99 million certificates having face value of Rs. 6,879.903 million and remaining 195.287 million shares of the Company having face value of Rs. 1,952.870 million were to be issued against share premium of Rs. 1,952.870 million of the Modaraba.

(ii) The balance of surplus on revaluation of property, plant and equipment were to be segregated between the Business and subsisting businesses of the Modaraba on the basis of the valuation determined by an independent valuer on June 30, 2021.

(iii) The properties, assets, rights, liabilities and obligations comprised in the Business including, without limitation, the capital reserves, revenue reserves, revaluation surplus and accumulated losses of the Modaraba relating to the Business as at the day preceding the effective date and immediately preceding the sanction date were to be accounted for in the books of the Company.

(iv) All suits, appeals, arbitration governmental investigations and other legal proceedings instituted by or against the Modaraba in respect of the Business, and pending before any court, tribunal, regulatory body, or any other authority were to be treated as suit, appeals and legal proceedings by or against the Company and may be continued, prosecuted and enforced by or against the Company accordingly.

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1.6 **Transfer of Battery Segment balances**

On the sanctioned date, the Modaraba has transferred the following assets and liabilities to the Company as per the Scheme sanctioned by the Honourable Lahore High Court, Lahore:

	(Rs in 000's)
ASSETS	
Non-current assets	
Property, plant and equipment	7,572,111
Right of use asset (ROU)	19,872
Long term deposits	36,528
	7,628,511
Current assets	
Stores and spares	56,022
Stock in trade	1,500,480
Trade debtors	282,815
Advances, deposits, prepayments and other receivables	84,200
	1,923,517
Total assets	9,552,028
Non-current liabilities	
Lease liability	13,833
Deferred taxation	154,102
	167,935
Current liabilities	
Current portion of lease liability	6,646
Short term borrowings	6,516,221
Trade and other payables	1,512,226
Accrued markup on secured borrowings	97,576
	8,132,669
Total liabilities	8,300,604
Net assets transferred to the Company	1,251,424

2 **BASIS OF PREPARATION**

2.1 **Statement of compliance**

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 **Basis of measurement**

These financial statements have been prepared under the "historical cost convention" except for land, building, plant and machinery, which are carried at revalued amounts, recognition of staff retirement benefits which is based on actuarial values and financial instruments which are stated at fair value. The financial statements, except for cash flows information, have been prepared under the accrual basis of accounting.

2.3 **Presentation**

These financial statements are presented in Pak Rupees which is also the Company's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand of Rupees. Figures for previous year are rearranged wherever necessary to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangement.

2.4 **Use of estimates and judgments**

The preparation of financial statements in conformity with the approved accounting standards requires the Company 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.

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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 Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
- Provision for taxation	4.1
- Residual values and useful lives of depreciable assets	4.2/ 5.1
- Residual values and useful lives of right-of-use assets	4.3/ 6
- Surplus on revaluation of property, plant and equipment	4.13
- Employees retirement benefits	4.15
- Provisions	4.16
- Contingencies	4.17

3 INITIAL APPLICATION OF A STANDARD, AMENDMENT OR AN INTERPRETATION TO AN EXISTING STANDARD AND FORTHCOMING REQUIREMENTS

a) Standards and interpretations that became effective but are not relevant to the Company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company other than increased disclosures in certain cases:

- IFRS 3 - Business Combinations - (Amendments updating a reference to the Conceptual Framework).
- IFRS 9 - Financial Instruments - (Amendments to 10 percent test for derecognition of financial liabilities in fee).
- IAS 16- Property, Plant and Equipment - (Amendments regarding proceeds before intended use).
- IAS 16- Property, Plant and Equipment - (Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company.
- IAS 37- Provisions, Contingent Liabilities and Contingent Assets - (Amendments regarding the costs to include when assessing whether a contract is onerous).

b) Forthcoming requirements not effective in current year and not considered relevant:

The following standards (revised or amended) and interpretations became effective for annual periods beginning on or after the mentioned dates but are either not relevant or do not have any material effect on the financial statements of the Company other than increased disclosures in certain cases:

- IAS 1- Presentation of Financial Statements - Amendments regarding the disclosure of accounting policies - (Effective for annual periods beginning on or after 1 January 2023).
- IAS 1- Presentation of Financial Statements - Amendments regarding the classification of debt with covenants - (effective for annual periods beginning on or after 1 January 2024).
- IAS 1 - Presentation of financial statements - Amendments regarding the classification of liabilities - (applicable on annual periods beginning on or after 1 January 2024).
- IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of accounting estimates - (Effective for annual periods beginning on or after 1 January 2023).
- IAS 12- Income Taxes - Amendments regarding deferred tax related to assets and liabilities arising from single transaction - (effective for annual periods beginning on or after 1 January 2023).
- IFRS 7 - Financial Instruments - Amendments regarding supplier finance arrangements - (applicable on annual periods beginning on or after 1 January 2024).
- IFRS 16 - Leases - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions - (applicable on Annual periods beginning on or after 1 January 2024).
- IAS 7 - Statement of cash flows - Amendments regarding supplier finance arrangements - (applicable on annual periods beginning on or after 1 January 2024).
- IAS 41 - Agriculture - Amendment regarding taxation in fair value measurement - (effective for annual periods beginning on or after 1 January 2023).
- IFRS 10/ IAS 28 - Consolidated Financial Statements and Investment in Associates - Amendment regarding the sale or contribution of assets between an investor and its associate or joint venture - (Application date not yet finalized).

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

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of the financial statement are set out below:

4.1 Taxation

Income tax on the profit or loss for the year comprises of current and deferred tax.

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or minimum taxation at the rate of 1.25% of the turnover, in case there is a gross profit, or alternative corporate tax at the rate of 17% of accounting profit adjustable as per income tax laws, whichever is higher. For income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime. The charge for current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred taxation is provided on all temporary timing differences by using the balance sheet liability method.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax assets and unused tax losses can be utilized. No deferred tax asset has been recognized in these financial statements.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit 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 liability is settled based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

4.2 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land, buildings, leasehold improvements and plant and machinery. Freehold land is stated at revalued amount carried out by independent valuers by reference to its current market price less impairment loss, if any. Buildings, leasehold improvements and plant and machinery are stated at revalued amounts carried out by independent valuers by reference to its current market price less accumulated depreciation and impairment loss, if any. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the buildings, and the net amount is restated to the revalued amount of the plant and machinery. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their use as intended by the management.

Depreciation is provided on straight line method at rates specified in note 5.1 to the financial statement so as to write off the cost of property, plant and equipment over their estimated useful life. 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 retired from active use or the asset is disposed off.

Residual value and the useful life of assets are reviewed at each financial year end, and adjusted if expectations differ significantly from previous estimates and impact on depreciation is significant.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

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 Business 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.

Gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized as income or expense in the statement of profit or loss.

Capital work in progress

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. Capital work in progress is stated at cost, less any identified impairment loss.

Impairment tests for property, plant and equipment are performed annually or whenever there is an indication of impairment.

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4.3 Right-of-use asset

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises 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 incentives received.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.4 Lease liability

The lease liability is initially measured at 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 included in the measurement of the lease liability comprise of the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index, or a rate, initially measured using the index or rate as at commencement date;
- amount expected to be payable under a residual guarantee; and
- the exercise under purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of lease unless the Business is reasonably certain not to terminate early.

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

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 and loss account. Short term leases are leases with a lease term of 12 months or less without a purchase option.

4.5 Stores and spares

These are valued at the lower of cost and net realizable value. The cost of inventory is based on moving average cost. Items in transit are stated at cost plus directly attributable expenses incidental thereto accumulated up to the date of balance sheet. The management 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, spares and loose tools.

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

4.6 Stock in trade

Stock of raw materials and packing materials 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 prime cost and appropriate proportion of production overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the cost necessary to be incurred to make the sales.

4.7 Share capital

Ordinary shares are classified as equity and recognized at their face value.

4.8 Demerger deficit

The deficit (as described in the note 1 and 14 to these financial statements) is created on demerger of the Business from the Modaraba, pursuant to the Scheme.

4.9 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The management has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

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4.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise cash in hand, current and deposit account balances with banks and highly liquid short term investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value.

4.11 Trade and other payables

Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business, if longer), if not, they are classified as non-current liabilities.

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

4.12 Financial instruments

Recognition and measurement

Financial assets and liabilities are recognized, when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights to receive cash flows from the assets that comprise the financial asset or the rights have been transferred and the Company has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise financial assets or a portion of financial assets. In case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets are long term investments, short term investments, trade and other receivables, advances adjustable in cash and cash and bank balances. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the right to receive the cash flows from the assets have been expired or have been transferred; and the Company has transferred substantially all the risks and rewards of ownership or the enterprise loses control of the contractual rights that comprise the financial assets or a portion of financial assets.

The Company has classified its financial assets based on the requirements as set out in IFRS-9 'Financial Instruments'. IFRS 9 sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items and contains three principal classifications categories of financial assets: measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss. The classification of financial assets are generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.

4.12.1 Financial assets

(a) Financial asset at amortized cost

A financial asset shall be measured at amortized cost if both of the following conditions are met:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and;

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

(b) Financial asset at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

i) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

(c) Financial asset at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

Recognition and measurement

Financial assets at initial recognition are measured at its fair value of the consideration given. Subsequent to initial recognition, financial assets shall be classified at amortized cost using effective interest method, fair value through other comprehensive income with changes in fair value recognized in other comprehensive income and fair value through profit or loss with changes in fair value recognized in profit or loss.

The Company follows trade date accounting for purchase and sale of investments.

12.2 Financial liabilities

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. At the time of initial recognition, all financial liabilities shall be measured at fair value plus or minus transaction cost that are directly attributable to the issue of a financial liability. Financial liabilities shall subsequently be measured at amortized cost. Significant financial liabilities are due to related party, trade and other payables.

Any gain or loss on subsequent remeasurement to fair value of financial assets and financial liabilities is taken to the statement of profit or loss in the year in which it arises.

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Offsetting of financial assets and financial liabilities

A financial asset and liability is offset against each other and the net amount is reported in the statement of financial position if the Company has legally enforceable right to set off the recognized amount and intends either to settle on net basis or realize the asset and settle the liability simultaneously.

4.12.3 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 the statement of profit or loss.

4.12.4 Impairment

Financial assets

A financial asset is impaired if the credit risk on that financial asset has increased significantly since the initial recognition. Loss allowance for ECL on a financial asset is recognized to account for impairment.

If a financial asset has low credit risk at the date of initial application of IFRS 9, then the Modaraba has assumed that the credit risk on the asset had not increased significantly since its initial recognition.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Non-financial assets

The Company assesses at each statement of financial position date, whether there is any indication that assets may be impaired. If such an indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed their respective recoverable amounts, assets are written down to their recoverable amount and resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is higher of an asset's fair value less costs to sell and value in use.

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. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount of the asset had there been no impairment loss. A reversal of the impairment loss is recognized in the statement of profit or loss.

4.13 Surplus on revaluation of property, plant and equipment

The surplus arising on revaluation of property, plant and equipment, computed by eliminating the accumulated depreciation as at the date of revaluation, is credited to the "Surplus on revaluation of property, plant and equipment" presented and recognized in the statement of comprehensive income and accumulated in the statement of changes in equity as a capital reserve. Following amounts are transferred from "Surplus on revaluation of property, plant and equipment" to retained earnings/ (accumulated loss) through statement of changes in equity to record realization of surplus:

- an amount equal to incremental depreciation - net of tax on surplus on revaluation of property, plant and equipment for the year, if any; or
- an amount equal to carrying amount of surplus on revaluation of property, plant and equipment, if any, on its disposal.

4.14 Borrowings and borrowing costs

These are initially recognized at fair value less directly attributable transaction costs, if any. Difference between the fair value and proceeds of borrowings is recognized as income or expense in the statement of profit or loss. Subsequently these are measured at amortized cost using the effective interest method.

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Borrowing costs are interest or other costs incurred by the Company in connection with the borrowing of funds. Borrowing cost that is directly attributable to qualifying assets is capitalized as part of cost of that assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to the statement of profit or loss whenever incurred.

4.15 Employees retirement benefits

Defined contribution scheme

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

Another recognized contributory fund scheme is "Treet Corporation Limited - Group Employee Service Fund" 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 the basic pay from the date the employee gets permanent status. Additional contributions may be made by the Company for those employees who have at the most 15 years of service remaining before reaching retirement age, however, employee can start their additional contribution above the threshold limit of 10% of basic pay at any time.

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 @ 10% of employees basic salary on monthly basis by both employee and the Group. Periodic bonuses by the Company to all the employees in any year, not exceeding one month's basic salary of an employee, is credited to his personal account in the Fund at the sole discretion of the Company. The Board of Directors of the parent company has frozen this fund w.e.f. 04 February 2020 and no contribution is being credited to the fund since that date.

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 Business. 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. The BOD of the parent company has frozen this fund w.e.f. 04 February 2020 and no contribution is being credited to the fund since that date.

Defined benefit scheme

An approved funded gratuity scheme and a funded superannuation schemes 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. When calculation results in a potential assets for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reduction in future contributions to the plan.

Remeasurement of net defined benefit liability, which comprise of 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 other comprehensive income. The Company determines net interest expense/ (income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the statement of profit or loss.

4.16 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting period to reflect the best current estimate. If it is no longer probable that an outflow of economic resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

4.17 Contingencies

These are not accounted for in the financial statements unless these are actual liabilities and are only disclosed when:

a) 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

b) 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.

The assessment of contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/ non occurrence of the uncertain future events.

4.18 Related party transactions

All transactions with related parties are executed at arm's length prices, determined in accordance with the pricing method as approved by the BOD, except in rarely extreme circumstances, where subject to the approval of the BOD, it is in the interest of the Company to do so. Parties are said to be related if they are able to influence the operating and financial decisions of the Company.

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4.19 Foreign currency translation

Foreign currency transactions are translated into Pak 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 Pak Rupees using the exchange rate at the statement of financial position 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 the statement of profit or loss. All non-monetary assets and liabilities are translated in Pak Rupees using the exchange rates prevailing on the date of transaction or at the date when the fair value was determined.

4.20 Warranty costs

The Company, based on actual claims by the customers which are admitted by the Company, recognizes the estimated costs of product warranties (which are assurance warranties) as an expense in the statement of profit or loss in accordance with IAS-37. Management establishes the amount of warranty expense on the basis of past trends relating to the frequency and average cost of under-warranty repairs and replacement.

4.21 Revenue recognition

Revenue arises mainly from the sale of batteries, and is measured according to IFRS-15 (Revenue from Contracts with Customers) at the fair value of the consideration received or receivable as defined in sales contract, including variable consideration; sales tax and other duties collected on behalf of third parties are not taken into account. However, variable consideration is only included if it is highly probable that a significant reversal of revenue will not occur once the uncertainty related to the variable consideration is resolved.

Revenue is recognized when control of a promised goods passes to a customer at a specific point in time. The customer obtains control of the goods 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.

Contract liabilities, which is the Company's obligation to transfer goods to a customer for which the entity has already received consideration, relate mainly to advance payments from customers. A trade receivable is recognized when the products are delivered to a customer as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due.

Income from the following sources is recognized as under:

i) Return on bank deposits is accounted for on a time proportion basis using the effective rate of return/ profit.

ii) Other revenues are recorded on accrual basis.

4.22 Earning per share (EPS)

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

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

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2023	2022
		(Rs in 000's)	
Operating fixed assets - tangible	5.1	7,503,122	-
Capital work in progress	5.2	18,773	-
		7,521,895	-

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5.1.2 The depreciation charge for the year has been allocated as under:

	Note	2023	2022
		(Rs in 000's)	
Cost of sales	22	68,537	-
Administrative and general expenses	23	431	-
Selling and distribution expenses	24	21	-
		68,989	-

5.1.3 Had the assets not revalued, the net book value of freehold land and plant and machinery would have amounted to:

Freehold land	162,693	-
Buildings on freehold land	2,490,478	-
Plant and machinery	2,459,304	-
	5,112,475	-

5.1.4 Freehold land, buildings on freehold land and plant and machinery of the Company were revalued on 30 June 2021 by Messrs Medallion Services (Pvt) Ltd. (PBA approved independent valuators) resulting in fresh surplus of Rs. 2,092.272 million. The basis used for revaluation 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. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land and is valued at current market value. Valuator had also considered all relevant factors as well.

Buildings

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Material, make and design specifications were noted for each component of plant and machinery and different machinery suppliers and consultants both in and outside the country were contacted for the collection of information as regards to the valuation of plant and machinery and new rates were applied according to physical condition, usage, maintenance and design specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

5.2 Capital work in progress

The movement under this head of account is as follows:

Description	Opening balance	Additions during the year	Transferred to operating fixed assets	Closing balance
	(Rs in '000)			
Plant and machinery	-	18,266	-	18,266
Furniture, fittings and equipments	-	63	-	63
Computer equipments	-	444	-	444
	-	18,773	-	18,773

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		Note	2023	2022
			(Rs in 000's)	
6	**RIGHT-OF-USE ASSET**			
	Opening balance		-	-
	Balance transferred from the Modaraba persuant to the Scheme (note 1.6)	1.6	19,872	-
	Less: depreciation charge for the period 01 April 2023 to 30 June 2023	6.1	(1,923)	-
	Net book value as at 30 June		17,949	-
	Useful life/ lease term		5 years	-

6.1 The depreciation charge for the period on the right-of-use assets has been allocated to selling and distribution expenses (note 24).

7	**LONG TERM SECURITY DEPOSITS**			
	Against:			
	Rented premises		978	-
	Deposit - FESCO	7.1	35,547	-
			36,525	-

7.1 This represents security deposit kept with Faysal Bank Limited for the issuance of guarantee in favor of FESCO and bears profit @ 16% (2022: 11.2%) per annum.

Pursuant to the Scheme, the deposit was transferred from the Modaraba to the Company (note 1.6). However, at the reporting date this is confirmed by the bank in the name of the Modaraba, which shall be tranferred in the name of the Company on completion of due process.

8	**STORES AND SPARES**			
	Stores		55,515	-
	Spares		1,123	-
			56,638	-
9	**STOCK IN TRADE**			
	Raw material and packing material	9.1	853,846	-
	Work in process		238,743	-
	Finished goods		48,479	-
			1,141,068	-

9.1 It includes raw material in transit amounting to Rs. 125.729 million.

10	**TRADE DEBTORS**			
	Trade debtors - unsecured	10.1	451,053	-
	Less: Impairment loss of trade debtors under expected credit loss	10.2	(448)	-
			450,605	-
10.1	These include balances receivable from the following related parties:			
	Specialized Autoparts Industries (Pvt) Limited		75	-
	Loads Limited		22	-
			97	-
10.1.1	The maximum aggregate of amount due from related parties at the end of any month during the year was as follows:			
	Specialized Autoparts Industries (Pvt) Limited		75	-
	Loads Limited		22	-

The ageing analysis of unimpaired and past due balances receivable from the above named related parties is as follows:

Not past due	97	-
Past due but not impaired	-	-
Past due 1 - 90 days	-	-
Past due 90 - 180 days	-	-
Past due 180 days	97	-

10.2	**The reconciliation in this head of account is as follows:**			
	Opening balance		-	-
	Balance transferred to the Company persuant to the Scheme		4,012	-
	Reversal of expected credit loss made during the year		(3,564)	-
	Bad debts written off during the year		-	-
	Balance as at 30 June		448	-
11	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to:			
	Employees against expenses - secured, considered good		5,557	-
	Suppliers - unsecured, considered good - local		18,515	-
			24,072	-
	Prepayments		55	-
	Trade deposits		15,664	-
	Balance with statutory authorities		11,575	-
	Others		-	10
			51,366	10

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12 CASH AND BANK BALANCES

	Note	2023	2022
		(Rs in 000's)	
Cash in hand		368	-
Cash at banks in:			
Current accounts		23	-
Saving accounts	12.1	24,578	1,193
		24,601	1,193
		24,969	1,193

12.1 These bank accounts are placed under interest/ markup arrangements and carry profit rates ranging from 12.5% to 19.5% (2022: 10% - 12.25%) per annum.

13 SHARE CAPITAL

2023	2022		2023	2022
(Number of shares)				
Authorized share capital				
1,001,000,000	10,000,000	Ordinary shares of Rs. 10 each	10,010,000	10,000
Issued, subscribed and paid-up share capital				
100,000	100,000	Ordinary shares of Rs. 10 each fully paid-up in cash	1,000	1,000
882,176,543	-	Issued as paid-up for consideration other than cash	8,821,765	-
882,276,543	100,000		8,822,765	1,000

All the shares are similar with respect to their rights on voting, board selection, first refusal and block voting.

During the financial year, the battery segment of the Modaraba was demerged and transferred to the Company according to the scheme of demerger after the sanction of Lahore Hight Court, Lahore. Accordingly, after the approval of increase in the authorized share capital, shares of the Company were issued to the certificate holders of the Modaraba persuant to the Scheme.

13.1 Reconciliation of number of shares

	(Number of shares)	
At the beginning of the year	100,000	100,000
Issued pursuant to the Scheme	882,176,543	-
As at 30 June	882,276,543	100,000

14 RESERVE FOR ISSUANCE OF SHARES

	11,008	-

14.1 883.277 million shares of the Company having face value of Rs. 8,832.773 million were to be be issued to the certificate holders of the Modaraba, consequently certificate capital of the Modaraba, attributable to the Company was to be reduced by 687.99 million certificates having face value of Rs. 6,879.903 million and remaining 195.287 million shares having face value of Rs. 1,952.870 million were to be issued against share premium of Rs. 1,952.870 million of the Modaraba.

882.177 million shares having face value of Rs. 8,821.765 million were issued through CDC. The remaining shares (1,100,800) will be issued to Treet Corporation Limited, the ultimate parent after finalizing legal formalities with CDC.

15 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	618,172	-

15.1 The reconciliation of this head of account is as follows:

Opening balance	-	-
Add: Fresh surplus arose during the year	-	-
Transfer from the Modaraba persuant to the scheme (note 1.6)	630,317	
Less: Transferred to retained earnings on account of:		
- Incremental depreciation	(12,145)	-
	618,172	-
Less: Deferred tax attributable to fresh revaluation surplus	-	-
	618,172	-
Surplus attributed to:		
Land, buildings plant and machinery	618,172	-

This reserve is not available for distribution to the shareholders in accordance with section 241 of the Companies Act, 2017.

16 LEASE LIABILITY

		11,943	-
The movement in this head of account is as follows:			
Opening liability		-	-
Balance transferred to the Company from the Modaraba upon demerger of battery segment		20,479	-
Payments made during the year		(2,022)	-
Interest on unwinding of liability against right-of-use assets	26	506	-
Balance as at 30 June		18,963	-
Less: current portion shown under current liabilities		(7,020)	-
		11,943	-

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

	Minimum lease payments (MLP)		Present value of MLP	
	2023	2022	2023	2022
	(Rs in 000's)		(Rs in 000's)	
Not later than one year	8,630	-	7,020	-
Later than one year but not later than five years	12,830	-	11,943	-
	21,460	-	18,963	-
Less: finance cost allocated to future periods	(2,497)	-	-	-
	18,963	-	18,963	-
Less: current portion shown under current liabilities	(7,020)	-	(7,020)	-
	11,943	-	11,943	-

		Note	2023	2022
			(Rs in 000's)	
17	**DEFERRED TAXATION**			
	Deferred taxation	17.1	144,366	-
17.1	**Taxable temporary differences:**			
	Property, plant and equipment		1,043,922	-
	Deductible temporary differences:			
	Impairment allowance for expected credit loss		(130)	-
	Provision for warranty		(37,700)	-
	Right-of-use assets		(294)	-
	Unused tax depreciation loss		(861,431)	-
			144,367	-
17.1.1	**Deferred tax asset not recognized in the statement of profit or loss**		-	-
	Deferred tax liability as at June 30, recognized in the balance sheet		144,367	-
	Less:			
	Opening deffered tax liability		-	-
	Deferred tax liability related to battery segment transferred persuant to demerger		(154,102)	-
	Deferred tax liability attributable to other comprehensive income		-	-
			(154,102)	-
	Deferred tax income recognized in the statement of profit or loss	28	(9,734)	-
18	**SHORT TERM BORROWINGS**			
	From banking companies - secured and profit bearing			
	Running finances - Islamic mode of financing	18.1	2,518,285	-
	From related parties - unsecured			
	Treet Corporation Limited - ultimate parent company	18.2	3,859,167	-
	First Treet Manufacturing Modaraba - associated undertaking	18.3	350,875	-
	Treet Holdings Limited- parent company	18.3	78,217	-
			6,806,544	-

18.1 These represent 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 batteries out of the total sanctioned limits of Rs. 3,767 million.

All the short term borrowings from the various financial institutions as disclosed carry profit rates ranging from 3 to 9 Month KIBOR + 1.00% to 2.5% (2022: 3 to 9 Month KIBOR + 1.00% 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 16 July 2023 but are renewable.

Pursuant to the Scheme and court order, the following short term borrowings were transferred from the Modaraba to the Company (note 1.6). However, at the reporting date, bank's offer letters are not yet issued in favour of the Company and outstanding balances of the borrowings are confirmed by the relevant banks in the name of the Modaraba, which shall be tranferred in the name of the Company on completion of due process as the banks are in the process of arranging approval for issuance of financing offer letters in favour of the Company:

Name of financial institution	Facility limit	Balance confirmed in name of the Modaraba
	(Rs in 000's)	
Bank Al Habib Limited	500,000	398,600
BankIslami Pakistan Limited	500,000	500,000
MCB Islamic Limited	350,000	222,165
Al Baraka Bank Limited	370,000	370,000
Faysal Bank	500,000	500,000
Soneri Bank Limited	400,000	400,000

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18.2 This represents loan obtained to meet the working capital requirements of the Company. It is unsecured, carries profit at the weighted average cost of capital of the ultimate parent company and is payable on demand.

18.3 These represent loans obtained to meet the working capital requirements of the Company. These are unsecured, carry profit at 3 Months KIBOR and are payable on demand.

		Note	2023	2022
			(Rs in 000's)	
19	**TRADE AND OTHER PAYABLES**			
	Creditors			
	Foreign		29,465	-
	Local		427,557	-
			457,022	-
	Accrued liabilities		149,821	75
	Provision for warranty		130,000	-
	Witholding income tax payable		4,483	-
	Withholding sales tax payable		526	-
	Sales tax payable		127,228	-
	Contract liabilities	19.1	26,078	-
	Workers' Welfare Fund	19.2	1,505	-
	Other payables		2,355	-
			899,018	75

19.1 This includes amount received from Multiple Autoparts Industries (Private) Limited (related party) amounting to Rs. 0.007 million (2022: Rs. nil).

19.2 **Workers' Welfare Fund**

Opening balance		-	-
Allocation for the year	25	1,505	-
		1,505	-
Payments made during the year		-	-
Closing balance		1,505	-

20 **CONTINGENCIES AND COMMITMENTS**

20.1 **Bank guarantees**

Pursuant to the Scheme, the following bank guarantees were transferred from the Modaraba to the Company. However, at the reporting date these are confirmed by the relevant banks outstanding in the name of the Modaraba, which shall be tranferred in the name of the Company on completion of due process:

Name of financial institution	Balance confirmed in name of		Total	
	The Company	The Modaraba	2023	2022
	(Rs in 000's)			
Faysal Bank Limited	-	35,547	35,547	-
MCB Islamic Bank Limited	-	22,631	22,631	-

20.2 **Letters of credit**

There are no known outstanding LCs' of the Company at the reporting date

21 **SALES - NET**

External customers	2,424,697	-
- Local	66,127	-
- Sale of scrap (lead)	2,490,824	-
Less:		
Sales tax	(431,994)	-
Trade discount	(18,246)	-
	(450,240)	-
	2,040,584	-

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22 COST OF SALES

	Note	2023	2022
		(Rs in 000's)	
Opening stock - raw and packing material		-	-
Add: transfer from the Modaraba persuant to the Scheme (note 1.6)			
Purchases		742,998	
		904,995	-
Less: closing stock		1,647,993	
Raw and packing material consumed		(853,846)	-
Stores and spares consumed		794,147	-
Outsourcing of manpower		3,021	-
Fuel and power	22.1	80,341	-
Freight and forwarding		74,220	-
Depreciation on operating fixed assets		43,321	-
Repair and maintenance	5.1.2	68,537	-
Traveling and conveyance		6,477	-
Insurance		4,666	-
Rent, rates and taxes		5,917	-
Other manufacturing expenses		396	-
		4,652	-
		1,085,695	-
Work in process			
Add: transfer from the Modaraba persuant to the Scheme (note 1.6)		325,745	-
Less: closing stock		(238,743)	-
Cost of goods manufactured		1,172,697	-
Finished goods			
Add: transfer from the Modaraba persuant to the Scheme (note 1.6)		431,737	-
Less: closing stock		(48,479)	-
		1,555,955	-

22.1 Outsourcing of manpower includes Rs. 2.121 million (2022: Rs. nil) in respect of contribution to gratuity fund, Rs. 0.852 million (2022: Rs. nil) in respect of contribution to provident fund, Rs. 0.385 million (2022: Rs. nil) in respect of contribution to service fund and Rs. 0.156 million (2022: Rs. nil) in respect of contribution to superannuation fund.

23 ADMINISTRATION AND GENERAL EXPENSES

Outsourcing of manpower	23.1	4,318	-
Audit fee		500	30
Legal and professional		1,147	-
Printing and stationery		569	-
Travelling and conveyance		1,781	-
Postage and telephone		94	-
Depreciation on operating fixed assets	5.1.2	431	-
Others		1,687	-
		10,527	30

23.1 Outsourcing of manpower includes Rs. 0.851 million (2022: Rs. nil) in respect of contribution to gratuity fund, Rs. 0.338 million (2022: Rs. nil) in respect of contribution to provident fund and Rs. 0.302 million (2022: Rs. nil) in respect of contribution to service fund and Rs. 0.124 million (2022: Rs. nil) in respect of superannuation fund.

24 SELLING AND DISTRIBUTION EXPENSES

Outsourcing of manpower	24.1	20,214	-
Fuel and power		78	-
Rent, rates and taxes		1,352	-
Repair and maintenance		547	-
Advertisement		10,384	-
Travelling and conveyance		3,942	-
Postage and telephone		323	-
Printing and stationery		32	-
Royalty	24.2	14,906	-
Warranty claims and provisions		103,562	-
Depreciation on operating fixed assets	5.1.2	21	-
Depreciation on ROU asset	6	1,923	-
Others		1,132	-
		158,416	-

24.1 Outsourcing of manpower includes Rs. 0.867 million (2022: Rs. nil) in respect of contribution to gratuity fund, Rs. 0.392 million (2022: Rs. nil) in respect of contribution to provident fund and Rs. 0.373 million (2022: Rs. nil) in respect of contribution to service fund and Rs. 0.041 million (2022: Rs. nil) in respect of contribution to superannuation fund.

24.2 The Company obtained the rights to use the intellectual property in Pakistan to manufacture, distribute and sell the products (batteries and allied products) and pays royalty at 0.75% of total sales for every quarter to the following undertaking :

Name	Address	Relationship
Posco Daewoo Corporation	165, Convensia - Daero, Yeonsu-Gu, Incheon, South Korea	Independent

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		Note	2023	2022
			(Rs in 000's)	
25	**OTHER EXPENSES**			
	Intercompany rental expense		1,562	-
	Exchange loss		4,286	-
	Workers' Welfare Fund	19.2	1,505	-
			7,353	
26	**FINANCE COST**			
	Financial charges on:			
	Borrowings from financial institutions		132,744	-
	Borrowings from related parties			
	Treet Corporation Limited - ultimate parent company		136,871	-
	First Treet Manufacturing Modaraba - associate company		19,128	-
	Treet Holdings Limited - parent company		11,664	-
	Lease liability	16	506	-
	Bank charges		254	-
			301,167	-
27	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank and other deposits	31.1	3,034	74
	Reversal of impairment under expected credit loss		3,564	-
			6,598	74
	Income from non-financial assets			
	Reversal of excess provision charged		60,000	-
			66,598	74
28	**TAXATION**			
	Current		25,507	13
	Prior year		-	-
	Deferred	17.1.1	(9,734)	-
			15,773	13
29	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Profit after taxation (Rupees in thousand)		57,991	31
	Weighted average number of shares (Shares in thousand)		882,377	100
	Earning/ loss per share (Rupees)		0.07	0.31

There is no dilutive effect on the basic earning per share as the Company has no such commitments at the terminal date.

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30 MATURITY OF ASSETS AND LIABILITIES

	30 June 2023					
	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
	.....Rs in 000's.....					
Financial assets						
Long term security deposits	-	-	-	36,525	-	36,525
Trade debtors	451,053	-	-	-	-	451,053
Advances, prepayments and other receivables	51,311	-	-	-	-	51,311
Cash and bank balances	24,969	-	-	-	-	24,969
	527,333	-	-	36,525	-	563,858
Financial liabilities						
Lease liability	514	1,042	5,464	11,943	-	18,963
Short term borrowings	6,806,544	-	-	-	-	6,806,544
Accrued markup on secured borrowings	119,730	-	-	-	-	119,730
Trade and other payables	740,703	-	-	-	-	740,703
	7,667,491	1,042	5,464	#REF!	-	#REF!

	30 June 2022					
	Up to one month	One month to three months	Three months to one year	One year to five years	Five years and above	Total
	.....Rs in 000's.....					
Financial assets						
Cash and bank balances	1,193	-	-	-	-	1,193
	1,193	-	-	-	-	1,193
Financial liabilities						
Trade and other payables	75	-	-	-	-	75
	75	-	-	-	-	75

31 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2023	2022
At amortized cost		(Rs in 000's)	
Financial assets			
Long term security deposits	7	36,525	-
Trade debtors	10	451,053	-
Advances, prepayments and other receivables	11	51,311	-
Cash and bank balances	12	24,969	1,193
		563,858	1,193

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Financial liabilities	Note	2023	2022
		(Rs in 000's)	
Lease liability			
Short term borrowings	16	18,963	-
Accrued markup on secured borrowings	18	6,806,544	-
Trade and other payables		119,730	-
	19	740,703	75
		7,685,940	75

32 FINANCIAL INSTRUMENTS

The Company has exposures to the following risks from its use of financial instruments:

a) Credit risk
b) Liquidity risk
c) Market risk
d) Operational risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment of Company's risk management framework. The Board is also 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 risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the 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.

a) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted and arises principally from trade debtors, long term deposits, advances and other receivables and bank balances. Out of the total financial assets of Rs. 563.858 million (2022: Rs.1.193 million), the financial assets which are subject to credit risk amounted to Rs. 563.490 million (2022: Rs. 1.193 million).

To manage exposure to credit risk in respect of trade debtors, long term deposits, advances and other receivables and bank balances, management performs credit reviews taking into account the customers' financial position, past experience and other relevant factors.

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

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

(i) Exposure to credit risk

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

Long term security deposits	7	36,525	-
Trade debtors	10	451,053	-
Advances and other receivables	11	51,311	-
Bank balances	12	24,601	1,193
		563,490	1,193

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	2023	2022
	(Rs in 000's)	
Trade debts at the statement of financial position date represent domestic parties.		
The age analysis of unimpaired trade debts at the reporting date was as follows:		
Neither past due nor impaired	**275,896**	-
Past due but not impaired		
Less than 30 days	**79,041**	-
Past due 1 - 3 months	**13,098**	-
Past due 3 - 6 months	**76,432**	-
Past due 6 - 12 months	**5,049**	-
Above one year	**1,538**	-
Total	**451,054**	-

Management believes that the unimpaired amounts that are past due more than 30 days are still collectable in full based on historical payment behavior and extensive analysis of customer credit risk. Credit risk in case of customers is largely mitigated by the fact that majority of the sales of the Company are on cash basis or on credit to corporate parties with reasonable financial standing and limited credit period. The Company does not expect non-performance by its customers. Hence, the credit risk in case of customers is minimal.

(ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party's default rate. Credit ratings of financial institutions with whom the Company has entered in transactions during the year are as follows:

	Rating		Rating		
Banks	**Short term**	**Long term**	**Agency**	**2023**	2022
Bank Islami Pakistan Limited	A-1	AA-	PACRA	**3**	-
Habib Bank Limited	A-1+	AAA	JCR-VIS	-	-
Faysal Bank Limited	A-1+	AA	PACRA	**8,768**	1,193
Dubai Islamic Bank Limited	A-1+	AA	JCR-VIS	**458**	-
Soneri Bank Limited	A-1+	AA-	PACRA	**1**	-
Meezan Bank Limited	A-1+	AAA	JCR-VIS	**16,485**	-
MCB Islamic Bank Limited	A-1	A	PACRA	**20**	-
				25,735	1,193

Exposure to credit risk

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

Any new relationship with a bank/ financial institution will be entered into with the prior approval of the Board. Such relationships include, but are not limited to, obtaining any banking facilities and entering into any modes of financing through banks or financial institutions. The Company's Chief Financial Officer (CFO) where applicable, will approve quotes for each piece of new business on a stand alone basis from all the banks/ financial institutions on the Company's panel so as to ensure the competitiveness of business being carried out with the selected banks/ financial institutions.

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Corporate information and relationship with banks

The Company has relationship on conventional side with the banks.

b) Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

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

	30 June 2023				
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
	(Rs in 000's)				
Lease liability	18,963	18,963	3,286	3,734	11,943
Short term borrowings	6,806,544	6,806,544	6,806,544	-	-
Accrued markup on secured borrowings	119,730	119,730	119,730	-	-
Trade and other payables	740,703	740,703	740,703	-	-
	7,685,940	7,685,940	7,670,263	-	-

	2022				
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	More than 1 year
	(Rs in 000's)				
Trade and other payables	75	75	75	-	-
	75	75	75	-	-

c) 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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. There are three types of market risk:

(i) Currency risk
(ii) Interest rate risk
(iii) Equity price risk

Each of the above types of risk along with its potential impact and the strategy devised to mitigate the exposure against these risks is explained as under:

(i) Currency risk:

Foreign exchange risk represents the risk that the fair values of the future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies.

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Exposure to currency risk

The Company is exposed to currency risk on import of raw materials and stores and spares, mainly denominated in US Dollars. The Company's exposure to currency risk at the reporting date was as follows:

	2023	2022
Foreign creditors (US dollars in 000s)	**103**	-

(ii) Interest rate risk:

Interest/ markup rate risk arises from the possibility of changes in interest/ markup rates which may effect the value of financial instruments held by the Company and its profit or loss.

Exposure to interest rate risk

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

	2023	2022
	(Rs in 000's)	
Variable pricing rate financial assets		
Cash at bank - Saving accounts	**24,578**	1,193
Variable pricing rate financial liabilities		
Short term borrowings	**6,806,544**	-

Cash flows sensitivity analysis for variable rate financial assets

If interest rates at the year end date, fluctuates by 10% higher/ lower with all other variables held constant, profit for the year would have been increased/ (decreased) by Rs. 2.458 million (2022: Rs. 0:119 million). This analysis is prepared without taking in account taxation effect and applying +/-10% discount factor on the outstanding balance of variable financial assets.

Cash flows sensitivity analysis for variable rate financial liabilities

If interest rates at the year end date, fluctuates by 10% higher/ lower with all other variables held constant, profit for the year would have been (decreased)/ increased by Rs. 680.654 million (2022: Rs. nil). This analysis is prepared without taking in account taxation effect and applying +/-10% discount factor on the outstanding balance of variable financial liabilities.

(iii) Equity price risk:

Price risk represents the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Fair value of financial instruments

The carrying values of the financial assets and financial liabilities are approximately equal to their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

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d) **Operational risk**

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

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

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

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

33 CAPITAL RISK MANAGEMENT

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

The Company's objectives when managing capital are 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 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.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

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34 RELATED PARTY DISCLOSURES

A. Related party relationships

The related parties comprise of parent company, subsidiaries, associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties, namely:

Name of Related party	Nature of relationship	Basis of relationship	Percentage of shareholding
Treet Corporation Limited	Ultimate parent company	Shareholding and common directorship	97%
Treet Holdings Limited	Parent company	Shareholding and common directorship	2%
Treet HR Management (Private) Limited Treet Power Limited Renacon Pharma Limited Packages Limited IGI Holdings Limited IGI Life Insurance Limited IGI Insurance Limited Loads Limited Cutting Edge (Pvt) Limited Global Assets (Pvt) Limited Multiple Autoparts Industries (Pvt) Limited Specialized Autoparts Industries (Pvt) Limited Specialized Motorcycle (Pvt) Limited Hi-Tech Alloy Wheels Limited Elite Brands Limited Liaquat National Hospital Gulab Devi Chest Hospital Roboarts (Pvt) Limited Frag Games (Pvt) Limited Spell Digital Movies (Pvt) Limited Auto Technical Services (Pvt) Limited Hamid Latif Hospital Yugo (Pvt) Limited Get Gaari Technologies (Pvt) Limited	Associated undertaking	Common directorship	NIL

B. Related party transactions

Amounts due from/ to related parties are disclosed in respective notes to these financial statements. Other significant transactions with related parties are as follows:

Name of the party	Nature of transactions	2023	2022
		(Rs in 000's)	
Ultimate parent company			
Treet Corporation Limited	Funds recieved from the ultimate parent company - net of payments	113,830	-
	Finance cost charged by the ultimate parent company	136,871	-
	Expenses born by the ultimate parent company	64,496	-
	Rental charged by the ultimate parent	325	-
Parent company			
Treet Holdings Limited	Finance cost charged by parent company	11,664	-

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Associated undertakings		2023	2022
		(Rs in 000's)	
First Treet Manufacturing Modaraba			
	Rental charged by the associate	1,238	-
	Funds paid to associate - net of receipts	201,800	-
	Expenses borne by associate	113,362	-
	Finance cost charged by the associate	19,128	-
IGI General Insurance Limited	Services received	12,211	-
IGI Life Insurance Limited	Services received	55,196	-
Treet HR Management (Private) Limited	Services received	1,810	-
Loads Limited	Sale of goods	43	-
Specialized Autoparts Industries (Pvt) Limited	Sale of goods	56	-

34.1 All the transactions with the related parties are executed in the normal course of business on the basis of mutually agreed terms and conditions.

34.2 All the executives, officers and other employees of the Company have been outsourced from its related party namely Treet HR Management (Private) Limited.

34.3 **Remuneration of executives**

The aggregate amount charged in these financial statements for the period from 01 April 2023 to 30 June 2023 for remuneration of employees, including certain benefits to Executives of the Company are as follows:

Managerial remuneration	14,768	-
Bonus	-	-
Medical allowance	1,477	-
House rent allowance	1,006	-
Utilities allowance	224	-
Other perquisites	1,119	-
Employees' funds		
-Provident fund	224	-
-Service fund	224	-
	19,042	-
Number of executives	2	-

34.3.1 No salary or benefits are given to the chief executive and directors of the Company.

34.3.2 Salary paid to the executives of the battery segment for the 01 July 2022 to 31 March 2023 has been disclosed in the financial statements of the Modaraba.

34.4 In addition to the above, the Company maintained vehicles are provided to the executives of the Company for official purposes only by the ultimate parent company of the Company as per the employment rules and policies.

35 PLANT CAPACITY AND PRODUCTION

	UOM	Annual rated capacity 2023	2022
Batteries	Number	1,200,000	-

	UOM	Annual production 2023	2022
Batteries	Number	86,375	-

The actual production quantity pertains to the production carried out during the period from 01 April 2023 to 30 June 2023 as the battery segment of the Modaraba was transferred and vested into the Company on 01 April 2023 pursuant to the Scheme (note 1.3 to 1.5). The actual production for the period from 01 July 2022 to 31 March 2023 has been disclosed in the financial statements of the Modaraba.

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36 NUMBER OF EMPLOYEES

The total and average number of employees during the year as at 30 June 2023 and 2022 respectively are as follows:

	2023	2022
	Number	
Total number of employees at the year end	261	-
Average number of employees during the year	261	-

All the executives, officers and other employees of the company have been arranged through outsourcing from its related party namely "Treet HR Management (Private) Limited". The Company has been making payments/ contributions of its outsourced employees on account of retirement benefits, which have been maintained by the ultimate parent company "Treet Corporation Limited". Accordingly, the related disclosures regarding employees benefits have been disclosed in the financial statements of the ultimate parent company.

37 ENTITY-WIDE INFORMATION AND DISCLOSURE

These financial statements have been prepared on the basis of one reportable segment.

37.1 Information about geographical areas

100% (2022: 100%) of the sales of Company relate to customers in Pakistan.

All non-current assets of the Company as at 30 June 2023 and 2022 are also located in Pakistan.

37.2 Information about customers

There is no single customer to whom the Company had made sales more than 10% of the total revenue.

38 EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There were no significant subsequent events that requires disclosure in these financial statements.

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 27 SEP 2023 by the Board of Directors of the Company.

Chief Executive

Director

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