

Dated: 03-08-2023

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

**Subject: Declaration/Announcement for Issuance of Right Shares**

Dear Sir,

We are writing to inform you that in accordance with the relevant provisions of the Pakistan Stock Exchange Rule Book, that a meeting of the Board of Directors of Treet Corporation Limited (the "Company") was held today, at the registered office, 72-B, Quaid-e-Azam Industrial Area, Kot Lakhpath, Lahore. During the meeting, the esteemed Board Members have unanimously resolved to issue further 192,307,692 (One Hundred Ninety Two Million Three Hundred Seven Thousand Six Hundred Ninety Two) ordinary shares with a face value of PKR 10/- (Pak Rupees Ten) each, as Right Shares.

The Right Shares will be offered to the members in proportion of 107.602 Right Shares for every 100 ordinary shares held, which corresponds to 107.602% of the total paid-up capital of the Company, at a price of PKR 13/- (Pak Rupees Thirteen) per Right Share. This price includes a premium of PKR 3/- (Pak Rupees Three) per Right Share.

Following details are enclosed:

1. Certified true copy of the Extracts of the Resolutions passed by the Board of Directors of the Company dated August 03, 2023 (**Annexure A**).
2. Statement with respect to the details of the Right Issue, including the quantum of issue, issue size, issue price, purpose of issue, utilization of proceeds, benefits of the issue to the Company and its shareholders, risk factors and justification for issue of shares at premium (**Annexure B**).
3. Draft copy of the notice of the Right Issue and book closure to the Shareholders prior to its publication in the newspapers (**Annexure C**).

To facilitate the issuance of Right Shares, the dates of closure of Share Transfer Books of the Company, to determine the entitlement of Right Shares, will be communicated in due course after finalization of the offer letter/document in accordance with the provision of the Companies (Further Issue of Shares) Regulations, 2020.



**TREET  
GROUP**



www.treetgroup.com

We encourage our shareholders to stay informed about further updates through PUCARS.

For any inquiries or clarifications, please contact our Investor Relations department at [usman.saleem@treetcorp.com](mailto:usman.saleem@treetcorp.com) or [zunaira.dar@treetgroup.com](mailto:zunaira.dar@treetgroup.com)

Thank you for your ongoing support.

Sincerely,

For and on behalf of **Treet Corporation Limited**



**Zunaira Dar**  
Head of Legal and Company Secretary



Enclosed: As Above

**Copy to:**

**The Commissioner**  
Corporate Supervision Department  
Securities and Exchange Commission of Pakistan  
Islamabad

**The Director**  
Surveillance Supervision Enforcement (SMD)  
Securities and Exchange Commission of Pakistan  
Islamabad





**Extracts of the Resolutions passed by the Board of Directors of Treet Corporation Limited (the "Company") at its meeting held on August 03, 2023 at the registered address 72-B, Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore**

**WHEREAS**, a meeting of the Board of Directors of the Company was held at the registered address of the Company at 12:30 PM, on August 03, 2023; and

**WHEREAS**, during the meeting, the Board of Directors of the Company discussed and approved the proposed issuance of further share capital by the Company by way of a right issue, and all requirements of the Companies Act, 2017, and the Companies (Further Issue of Shares) Regulations, 2020 have been duly considered and shall be complied with by the Company; and

**WHEREAS**, for the purposes of the right issue, the management has received the requisite undertakings from the substantial shareholder and all the directors of the Company, and they have committed to subscribe to the right shares offered to them (or shall arrange for the subscription thereof) and to deposit the amount of their subscription at least 3 (three) days before the commencement of trading, and also to ensure that the balance of the right issue, not being subscribed by the substantial shareholder and directors, will be adequately underwritten in accordance with the applicable laws.

**NOW, THEREFORE, BE IT RESOLVED THAT:**

1. The ordinary paid-up share capital of the Company be increased from PKR 1,787,211,220/- (Pak Rupees One Billion Seven Hundred & Eighty Seven Million Two Hundred & Eleven Thousand Two Hundred & Twenty) to PKR 3,710,288,143 (Pak Rupees Three Billion Seven Hundred & Ten Million Two Hundred & Eighty Eight Thousand One Hundred and Forty Three) by issuing further 192,307,692 (One Hundred Ninety Two Million, Three Hundred Seven Thousand Six Hundred and Ninety Two) ordinary shares of the Company of PKR 10/- (Pak Rupees Ten) each, to be offered to the shareholders of the Company in proportion to the number of shares held by each shareholder (i.e., as right shares) in accordance with the provisions of Section 83 of the Companies Act, 2017, and all applicable laws, at a price of PKR 13 (Pak Rupees Thirteen) per share (i.e., inclusive of a premium of PKR 3 (Pak Rupees Three) per share, in the ratio of approximately 107.602 right shares for every 100 existing ordinary shares of PKR 10/- (Pak Rupees Ten) each held (i.e., 107.602%); against payment to the Company of the price of the shares subscribed, which shares shall rank paripassu in all respects with the existing ordinary shares of the Company (the "Right Issue").
2. The quantum, size, price, and purpose of the Right Issue, along with the utilization of proceeds, benefits to the Company and its shareholders, risk factors associated with the Right Issue, and the justification for the issue of shares at a premium in accordance with Regulation 3(1)(iii) of the Companies (Further Issue of Shares) Regulations, 2020 are as follows:



**(i) Quantum of the Right Issue (i.e., as a percentage of existing paid-up capital):**

The quantum of the Right Issue is 107.602% of the existing paid-up capital (Ordinary Shares) of the Company, i.e., approximately 107.602 right shares for every 100 ordinary shares held by the shareholders of the Company immediately prior to the close of share transfer books of the Company.

**(ii) Right Issue Size:**

The Company shall issue 192,307,692 (One Hundred Ninety Two Million Three Hundred Seven Thousand Six Hundred Ninety Two) ordinary shares, at a price of PKR 13 (Pak Rupees Thirteen) per share, aggregating to PKR 2,499,999,996 (Pak Rupees Two Billion Four Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand Nine Hundred Ninety Six ).

**(iii) Right Issue Price:**

PKR 13 per share (i.e., inclusive of a premium of PKR 3 (Pak Rupees Three per share)).

**(iv) Purpose of the Right Issue:**

The purpose of the right issue is as follows:

1. Enhancing existing production capacity of Treet Hygiene Razors
2. Introducing new products
3. Repayment of excessive ST borrowings

• **Capacity Enhancement- Razors**

Treet Hygiene Razors are of the best selling product in local as well as export markets of the Company. The current production capacity of Company's plants is limited to cater the increased market demand. To overcome the production capacity constraint, the management has planned to enhance production capacity by 72 million units per annum.

• **Product Development -Twin Blade Rubberize Handle Razor**

Twin blade razors are one of Treet's top selling product with highest volume share in sales within the shaving razor category, both in local and export markets. The Company is planning to launch innovative product in the market which will be Twin Blade Razor with Rubberize handle.





- **Realignment of Company's capital structure**

The Company will partially utilize the right issue proceeds to improve the Company's capital structure by reducing the debt levels of the Company owing to high current interest rate environment. The reduction in debt will create a cushion in the Company's debt raising ability to fund its future projects, also reducing the finance cost of the Company.

**(v) Utilization of Proceeds of the Right Issue:**

The proceeds from Rights Issue will be utilized to fund its ongoing projects (i) Capacity Enhancement of Treet Hygiene Razors (ii) New product Development. In addition to this, a portion of the rights issue proceeds will be utilized to reduce the excess short-term borrowings of the Company.

**(vi) Benefits to the Company and its Shareholders:**

The subscription amount raised from the rights issue will be utilized towards enhancement in the existing capacity of Treet hygiene razors and to develop a new product in the razors category which will enable the Company to increase its market share in the razors category. The capacity enhancement and introduction of the new product will help the Company to increase its overall revenue. Furthermore, a portion of the right issue proceeds will also be utilized to reduce the excess short term borrowings of the Company owing to the existing high interest rates environment. This will help the Company to improve its overall cash flows which is currently being utilized for debt servicing, thereby increasing the cushion to fund its future expansion projects. It will also increase its profitability by reducing the markup cost of the Company.

**(vii) Risk Factors associated with the Right Issue, if any:**

The Right issue of the Company is being carried out at a price which is less than the market price of the share and hence there is no major risk that could be foreseen at this stage. The substantial shareholder and directors of the Company have confirmed that they shall subscribe to (or arrange subscription) of their respective rights entitlement, while the balance portion of the Rights Issue will be underwritten, in accordance with the applicable laws. Risks associated in the normal course of business will remain, however, the Company believes that it is well placed in the market with a proven track record, which will help to mitigate such risks.



**(viii) Justification for the Issue of Shares at a Premium:**

The Rights Issue is being carried out at a premium. Considering the current market price of the Company, the premium charged over the par value is in line with market practices and offers a discount of 51% from its 3-month volume weighted average price.

**(ix) Minimum Subscription Amount:**

None.

3. The letter of offer, as prescribed under Section 83(2) of the Companies Act, 2017, shall be issued/signed by any 2 (two) directors of the Company in compliance with the applicable laws.
4. Syed Sheharyar Ali, Chief Executive of the Company, be and is hereby singly authorized to sign the circular, accompanying the letter of offer, on behalf of all directors in accordance with Section 83(3) of the Companies Act, 2017.
5. All fractional entitlements, if any, will be consolidated in the name of Syed Shahid Ali, the Chairman/Director, and unpaid letters of right in respect thereof shall be sold on the Pakistan Stock Exchange Limited, the net proceeds from which sale, once realized, shall be distributed/paid to the entitled shareholders in accordance with their respective entitlements, as per the applicable regulations.
6. Any unsubscribed shares may be offered and allotted (upon subscription) to such persons as the directors may deem fit in accordance with the Section 83 (1) (a) (iv) of the Companies Act, including the Sponsors/substantial shareholders, directors or associated undertakings of the Company or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.
7. The Chief Executive Officer and/or Chief Financial Officer are hereby authorized to negotiate with underwriters for the allotment of the unsubscribed portion of Right Shares to any or all of the underwriter(s), including any director, substantial shareholder, associated undertakings of the Company, or any third party, before calling upon the underwriters to subscribe to any unsubscribed shares.
8. The Company is hereby authorized to close its share transfer books in accordance with PSX and the Companies (Further Issue of Shares) Regulations, 2020 and the PSX Rule Book to determine the entitlements of the shareholders of the Company with respect to the Right Issue.
9. The Chief Executive Officer and/or Chief Financial Officer and/or the Company Secretary be and are hereby singly/jointly authorized to do the following on behalf of the Company:
  - (i) Appoint/negotiate with consultants/advisors, auditors, and underwriter(s) to the Right Issue, to finalize terms and conditions and sign underwriting agreement(s).





other documents, and settle/finalize fees, underwriting commission, take up commission, and third-party expenses, and/or any other expenses relating to the Right Issue;

- (ii) Prepare the schedule for the issue of right shares, including the date of payment, and make any amendments in the said schedule, appointment of bankers to the issue, announce book closure dates, and take all necessary actions, in respect of the Right Issue and ancillary matters thereto, as required by the Securities and Exchange Commission of Pakistan ("SECP") / Pakistan Stock Exchange Limited ("PSX") [or Central Depository Company of Pakistan Limited ("CDC") (including, but not limited to, the induction of the offer for right shares in the Central Depository System of the CDC)] or any other authority;

Certified that the above mentioned is a true and valid extract from the meeting of Board of Directors of Treet Corporation Limited held at 72-B, Quaid-e-Azam Industrial Area, Kot Lakhpat, Lahore on August 03, 2023.



Head of Legal and Company Secretary  
August 03, 2023



**Statement Pertaining to The Quantum of Issue, Issue Size, Issue Price, Purpose of Issue, Utilization of Proceeds, Benefits of The Issue to The Company and the Shareholders and Risk Factors Under Regulation 3(1)(iii) of the Companies {Further Issue of Share} Regulations, 2020**

(a) **Quantum of the Right Issue (i.e., as a percentage of existing paid-up capital:**

The quantum of the Right Issue is 107.602% of the existing paid-up capital (Ordinary Shares) of the Company, i.e., approximately 107.602 right shares for every 100 ordinary shares held by the shareholders of the Company immediately prior to the close of share transfer books of the Company.

(b) **Right Issue Size:**

The Company shall issue 192,307,692 (One Hundred Ninety Two Million Three Hundred Seven Thousand Six Hundred Ninety Two) ordinary shares, at a price of PKR 13 (Pak Rupees Thirteen) per share, aggregating to PKR 2,499,999,996 (Pak Rupees Two Billion Four Hundred Ninety Nine Million Nine Hundred Ninety Nine Thousand Nine Hundred Ninety Six ).

(c) **Right Issue Price:**

PKR 13 per share (i.e., inclusive of a premium of PKR 3 (Pak Rupees Three per share).

(d) **Purpose of the Right Issue:**

*The purpose of the right issue is as follows:*

1. Enhancing existing production capacity of Treet Hygiene Razors
2. Introducing new products
3. Repayment of excessive ST borrowings

• ***Capacity Enhancement- Razors***

Treet Hygiene Razors are of the best selling product in local as well as export markets of the Company. The current production capacity of Company's plants is limited to cater the increased market demand. To overcome the production capacity constraint, the management has planned to enhance production capacity by 72 million units per annum.

• ***Product Development -Twin Blade Rubberize Handle Razor***

Twin blade razors are one of Treet's top selling product with highest volume share in sales within the shaving razor category, both in local and export markets. The Company is planning to launch innovative product in the market which will be Twin Blade Razor with Rubberize handle.



*P. Jais*



• ***Realignment of Company's capital structure***

The Company will partially utilize the right issue proceeds to improve the Company's capital structure by reducing the debt levels of the Company owing to high current interest rate environment. The reduction in debt will create a cushion in the Company's debt raising ability to fund its future projects, also reducing the finance cost of the Company.

(e) **Utilization of Proceeds of the Right Issue:**

The proceeds from Rights Issue will be utilized to fund its ongoing projects (i) Capacity Enhancement of of Treet Hygiene Razors (ii) New product Development. In addition to this, a portion of the rights issue proceeds will be utilized to reduce the excess short-term borrowings of the Company.

(f) **Benefits to the Company and its Shareholders:**

The subscription amount raised from the rights issue will be utilized towards enhancement in the existing capacity of Treet hygiene razors and to develop a new product in the razors category which will enable the Company to increase its market share in the razors category. The capacity enhancement and introduction of the new product will help the Company to increase its overall revenue. Furthermore, a portion of the right issue proceeds will also be utilized to reduce the excess short term borrowings of the Company owing to the existing high interest rates environment. This will help the Company to improve its overall cash flows which is currently being utilized for debt servicing, thereby increasing the cushion to fund its future expansion projects. It will also increase its profitability by reducing the markup cost of the Company.

(g) **Risk Factors associated with the Right Issue, if any:**

The Right issue of the Company is being carried out at a price which is less than the market price of the share and hence there is no major risk that could be foreseen at this stage. The substantial shareholder and directors of the Company have confirmed that they shall subscribe to (or arrange subscription) of their respective rights entitlement, while the balance portion of the Rights Issue will be underwritten, in accordance with the applicable laws. Risks associated in the normal course of business will remain, however, the Company believes that it is well placed in the market with a proven track record, which will help to mitigate such risks.

(h) **Justification for the Issue of Shares at a Premium:**

The Rights Issue is being carried out at a premium. Considering the current market price of the Company, the premium charged over the par value is in line with market practices and offers a discount of 51% from its 3-month volume weighted average price.



**Annexure 'C'**

**DRAFT**

**Treet Corporation Limited**

**Notice of Rights Issue and Book Closure**

Members are hereby notified that the Board of Directors of Treet Corporation Limited ("The Company") in their meeting held on August 3<sup>rd</sup>, 2023 has decided to issue further capital by offering 192,307,692 (One Hundred Ninety Two Million Three Hundred Seven Thousand Six Hundred Ninety Two) ordinary right shares of PKR 10/- (Pak Rupees Ten) each, in proportion of approximately 107.602 right shares for every 100 shares held (i.e. 107.602%), at a price of PKR 13 (Pak Rupees Thirteen) per share (inclusive of premium of PKR 3/- (Pak Rupees Three) per share, against payment to the Company of the price of the shares subscribed by the shareholders, which shares shall rank pari passu in all respect with existing ordinary shares of the Company.

The dates of closure of the Shares Transfer Books of the Company, to determine the entitlement of Right Shares, will be communicated in due course after finalization of the offer letter/document in accordance with the provisions of the Companies (Further Issue of Shares) Regulations, 2020.



**Zunaira Dar**  
**Head of Legal and Company Secretary**  
**Lahore: 03 August 2023**

