



ICC Industries Ltd.

Corporate Briefing

Financials for the Year Ended June 2020

Lahore: Dated 29th Oct, 2020

Background



- ICC Industries Limited (Formerly ICC Textiles Limited) was **incorporated on May 25, 1989** as a public limited company. The principal activity of the company was manufacturing and sale of grey fabric. The registered office of the company is situated at 242-A, Anand Road, Upper mall, Lahore and company's mills premises are located at 32-Km Multan Road, Sundar, Lahore.
- Project was initially started with 60 wide width Sulzer looms with complete back process which were **increased to 100 Sulzer looms by 1999 through sponsors financing** and company's internal cash generation **without approaching either public or financial institutions**
- Recognizing opening up of world trade and abolishment of quota regime and the competitive business environment, the **management had decided in 2003 to introduce modern technology and increase production volume** to diversify the product range and reduce unit cost. Hence an expansion plan was approved to augment the production capacity by installing 72 latest generation high speed extra wide width air-jet shuttleless looms along with complete new back process and ancillary equipment. The expansion **project was successfully completed in 2005**
- The textile industry had passed through severe financial crisis during the past many years and the **company had to suspend its production process in 2016** as running the mills was causing a huge financial loss due to non availability of gas connection for setting up a captive power project which was essential for continuous & cheaper power supply. Moreover, the market conditions became unfavorable to operate a viable textile business. Thus, the **directors had approved a plan to consolidate the company's resources by repaying the bank borrowings through sponsors' loans and sale of inefficient looms and allied equipment**, which were no more financially viable and were causing losses
- It was also decided to focus on renting out precious vacant factory buildings and open land to generate revenue. **The plan has been almost fully implemented i.e. bank borrowings have been fully paid and company managed to rent out substantial portion of its mills premises to generate revenue**

Financial Highlights



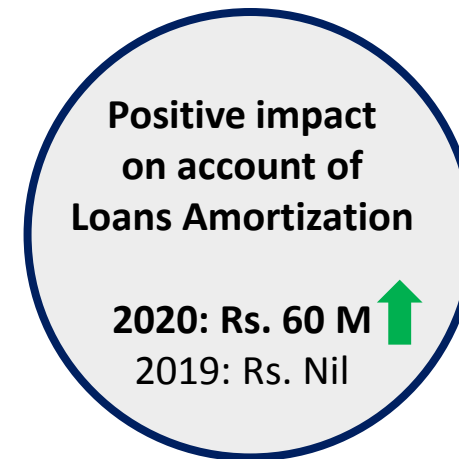
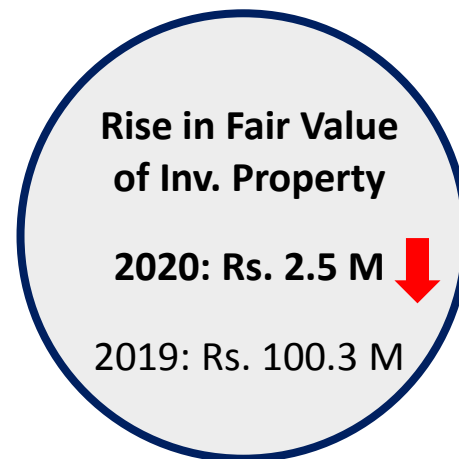
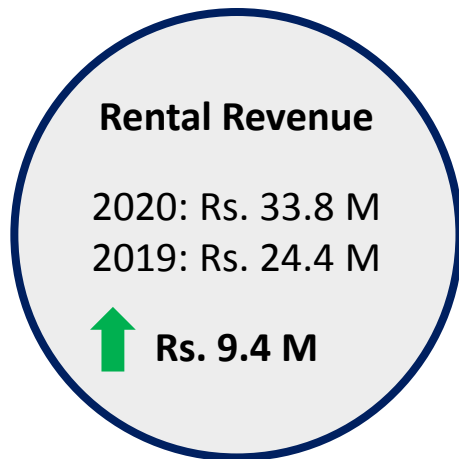
	<i>Rs. 000s</i>		YoY %age change
	2020	2019	
- Revenue	33,811	24,395	39% ↑
- Gross Profit	21,460	9,265	132% ↑
- Operating Profit/(Loss)	81,095	(25,936)	
- Finance Cost	(79,298)	(66,693)	19% ↑
- Change in fair value of investment property	2,539	100,328	-97% ↓
- Profit/(Loss) After Tax	(1,561)	4,393	
- Accumulated Losses	(724,273)	(730,220)	-1% ↓
- Earning/(Loss) Per Share (Rs.)	(0.05)	0.15	

The company suffered an after-tax loss of Rs. 1.6 million and registered a revenue of Rs. 33.8 million as against an after-tax profit of Rs. 4.4 million and revenue of Rs. 24.4 million in the preceding period

Period Under Review



- **Enhanced revenue attributed to renting out additional covered area** of mills premises as almost all textile machinery has been disposed off as per our **plan to consolidate company's resources by repaying bank borrowings through sale of inefficient/obsolete machinery and sponsors funds injection**, and to rent out vacant premises to generate revenue
- The **following transactions/factors influenced the company's financial position** and performance during this period:



The rental business was adversely affected due to COVID-19 resulting in partial termination of rental contracts in the last quarter. However, no negative financial impact was felt until June 2020

Property prices remained stagnant due to COVID-19

Directors' Interest-Bearing Loans of Rs. 190 M converted to Interest Free Loans

Sale of assets from property, plant and equipment and non-current assets held for sale

Future Strategy and Prospects



- Pakistan has been exceptionally lucky, as so far, it has escaped from the huge anticipated damage of COVID-19 virus. However, most countries of the world, including our neighbor are still fighting the crisis and business is far from usual. While in Pakistan, business activity was restored in September 2020

There is a huge concern of a second wave, as such it will take some time for the business environment to regain normal status

- It is now our endeavor to rent out the space vacated due to COVID-19, and even rent out the previous additional space available at our premises
- Considering **future prospects of Real Estate Business and Company's huge covered area and land situated at Sundar, Lahore having potential of substantial earning**, the members of the Company in their meeting held on January 27, 2020, after due consideration approved to adopt new line of business comprising of providing facilities for storage on proprietary as well as rental basis and to undertake real estate development including investment, construction, purchase, sale, lease and disposal of real estate assets

Accordingly, in February 2020 the company adopted the cited new line of business and to reflect the new line of business changed its name as "ICC Industries Limited"

- The **implementation of the future plan is, however, subject to a conducive business environment** presently trying to cope and recover from the affects of COVID-19 and the political and economic situation of the country