



PROGRESS REPORT

Review Period
October 2021 - December 2021



Image Pakistan Limited

Background for Issuing Right Shares:

The Company issued rights to raise funds for expansion of existing production capacity through installation of new Schiffli embroidery machines as well as Multi head Embroidery machines so as to reduce reliance on outsourcing embroidery for manufacturing quality product and cost saving, opening of 5 new outlets in different cities and to meet the working capital requirements. Thus, to increase Company's profitability, Right Issue was given to enable the Company to implement its capacity expansion plans and to make available the required liquidity for meeting its working capital requirements. The details of Right Shares Subscription are as follows:

Description	Amount (Rs.)	No. of Shares
Total Issue	639,891,015	42,659,401
Subscribed	598,342,185	39,889,479
Un-Subscribed	41,548,830	2,769,922

The un-subscribed Right Shares amounting to Rs. 41,548,830/- were subscribed by the sponsors. Hence, the full amount of Right Issue of Rs. 639,891,015/- was received by the Company on 20th September, 2021.

Expansion Plan:

With the above-mentioned expansion plan, the Company's sales are projected to grow to Rs. 1.600 billion for the year ending 30th June, 2022 from the actual level of over Rs. 1 billion for the year ended June 30, 2021.

Progress / Achievements:

Alhamdulillah, the progress / achievements being measured for the 3 months period from October, 2021 to December, 2021 and till date for the planned expansion remained above par which is given below:

- ✓ In the last week of September, 2021 following two L/Cs were opened for import of plant & machinery from Switzerland and China:

- L/C for import of **Lässer** Schiffli Embroidery Machine from Switzerland was established. This machine has already been shipped in last week of December, 2021 and is expected to reach the mill after custom clearance by the second week of February, 2022.
- L/C for import of Multi-head Embroidery Machines from China was established. These machines have arrived in December, 2021 and have already been successfully installed and commissioned. The commercial production has been commenced from 1st January, 2022.
- ✓ During the period under review, two new outlets were opened in Rawalpindi and Peshawar on 16th October and 20th November, 2021 respectively. Alhamdulillah, very enthusiastic response was received from the customers and sales are far beyond expectations clearly identifying the increased foot print of the brand amongst its competitors.
- ✓ In order to cater the increasing demand of Lahore customers, it has been decided to open 3rd outlet in Lahore at Nishat Emporium Mall. In this connection, completion of required formalities are underway to get the possession of premises. It is expected that the said outlet will be operative in second half of February, 2022.
- ✓ The Company started renovation work of Bahadurabad outlet, Karachi in December, 2021. The outlet will be reopened after renovation during 3rd week of January, 2022 for a better shopping experience for its customers.
- ✓ The Company plans to open 2 more outlets in the North before the close of the current financial year.
- ✓ The members of the Company in Annual General Meeting held on 28th October, 2021 approved and resolved to incorporate two wholly owned overseas subsidiary companies under the name and style of Image (Europe) Limited in England and Image (USA) Inc. in USA, for scaling business on Amazon by operating on Fulfilment By Amazon (FBA) model at UK and USA. Accordingly, above subsidiary companies have been incorporated, brief of which is given below:

- Due to non-availability of name i.e. Image (Europe) Limited at Companies House, London, UK, it was renamed as “Image International Limited” and has been duly incorporated on 17th November, 2021.
- Due to non-availability of name i.e. Image (USA) Inc., at the Office of Secretary of State, Corporations Section, Texas, USA, it was renamed as “Tri-Star Image (USA) Inc.” and has been duly incorporated on 4th January, 2022.
- ✓ Due to constant rise in bank rate, outstanding amount of Rs. 59 million against Diminishing Musharika Finance facility was fully adjusted in October, 2021 from the proceeds of Right Issue. Therefore, the Company is now debt free.
- ✓ Preparation of Spring / Summer Season 2022 is underway and proceeds of Right Issue have also been partially used for meeting enhanced working capital requirements of the Company.
- ✓ Currently, the Company is going for implementation of Microsoft Dynamics ERP to improve operational efficiency and visibility for better MIS.

Operational Performance:

The company’s gross profit margin, operating profit and profit after tax are higher than those of the preceding year. Thus, a clear reflection of the sponsors and the Company to manage effectively resulting in maximization of the share holders value.

Conclusion:

The company has made significant progress towards achieving its planned expansion and has more than achieved the projected performance for the year and has managed to stay in line with sales targets while continuing to control costs effectively thereby leading to higher than projected margins.

Image Pakistan Limited has successfully raised the funding required through Right Issue of shares and has made significant investment in its property, plant and equipment and working capital requirement. Based on performance to date and projections, it is expected that the company will be able to further raise its sales revenue and generate sufficient cash flow in the future.