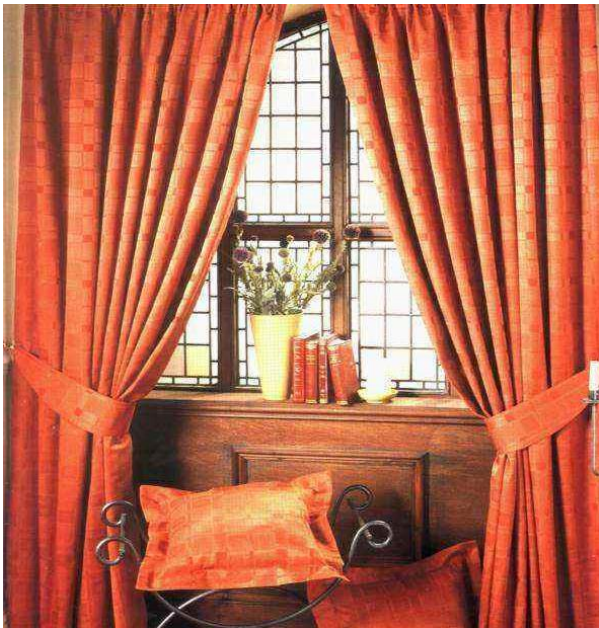




# REVIVAL OF COMPANY OPERATIONS

Presentation to: Pakistan Stock Exchange





# AGENDA FOR TODAY

1. COMPANY HISTORY AND BACKGROUND
2. COMPANY FOUNDING MEMBERS AND SPONSORS
3. CHALLENGES FACED
4. REVIVAL OF THE COMPANY
5. PROJECTED FINANCIAL STATEMENTS
6. FUTURE PLANS



# COMPANY HISTORY & BACKGROUND

- Husein Industries Limited (the “HIL”) was established in 1951 as a Textile Manufacturing Company that over time became a fully integrated from fiber to fabric and later a pioneer of Home Textiles in Pakistan.



- The Husein Industries Limited has a rich and successful history, that went hand in hand with the swift industrialization of a young Pakistan in the 1950s and 1960s. The HIL was considered a Blue Chip Company at the Karachi Stock Exchange and had a very enviable track record for over six decades.







# COMPANY HISTORY & BACKGROUND

- Throughout its 70-year history, HIL has always strived to be, a law-abiding company one that its peers sought to emulate, in terms of their standards of compliance with, rules, regulations, procedures and laws.
- HIL was, for over a decade, the winner of the Best Export Trophy and Merit Trophies. This recognition was bestowed upon them partly because they were the biggest exporters of household textile to the US.





# COMPANY FOUNDING MEMBERS



HUSSAIN EBRAHIM JAMAL (Late)



LATIF EBRAHIM JAMAL (Late)



AZIZ LATIF JAMAL

The Sponsor Directors of HIL have been some of the most decorated businessmen of the country with a rich history of achievement in business and philanthropy.

# COMPANY FOUNDING MEMBERS



## PHILANTHROPIC ENDEAVORS:

### Donations to Education

- HEJ Research Institute of Chemistry
- NED University LEJ Campus
- LEJ National Science Center
- LEJ Nanotechnology Institute

### Donations to Community Building

- Development of township of Hussainabad
- Management of affordable education through network
- Hospitals and Clinics
- HEJ Sports Complex and recreational facilities
- Vocational Training Centers





# COMPANY FOUNDING MEMBERS

## ACCOLADES AND ACHIEVEMENTS

### Husein Ebrahim Jamal

- Justice of Peace



### Latif Ebrahim Jamal

- Sitara-e-Quaid-e-Azam
- Hilal-e-Imtiaz
- Knight Commander's Cross by the German Govt.
- Nishan-e-Humayun by the Iranian Govt.



### Aziz Latif Jamal

- Sitara-e-Imtiaz



# CHALLENGES FACED







# CHALLENGES FACED

- HIL was hit hard by the 2008 Global recession and as such it suffered huge losses when their customers filed for Chapter 11 protection and subsequently no recoveries were made.
- Writing off significant export receivables put a great strain on the company and led to a cash flow crisis where HIL had to balance between paying its creditors, paying the bank, and meeting its overhead expenses.
- In 2010, the company came to a standstill where it had no monies to meet its day-to-day obligations and set forth to renegotiate and secure extra financing from the bank.



# CHALLENGES FACED

- In 2011, a settlement agreement was signed but it fell through within months as the pressure from the Bank and its creditors mounted.
- These strains put pressure on the operations of the business as many key personnel exited, routine maintenance expenses were delayed, and no investments could be made at a time when industry was becoming increasingly competitive.
- All these circumstances led to the HIL being squeezed into a corner with an unsustainable business model.



# CHALLENGES FACED

- Lack of personnel and a deteriorating financial position led to the HIL becoming non-compliant on a number PSX regulations.
- Delay in preparation of Accounts, holding AGMs and filing of Statutory Returns led to the Company facing constant show cause proceedings and fines/penalties from the SECP.
- In 2014-2015, all textile operations of the HIL were shut down and majority of its workforce was laid off.





# REVIVAL OF THE COMPANY

- The HIL came up with a new strategy to save the company and the investments of its minority shareholders.
- The Strategy included:
  - Reprofileing / Renegotiating the Settlement Agreement with the Banks.
  - Reduction of operating costs including reduction in payroll costs.
  - Procuring further loans from its sponsoring directors.
  - Rent outing its existing premises.
  - Sale of redundant Company assets.
- In 2016, a settlement agreement was executed between the Company and its secured creditors whereby the entire liability of Rupees 1,308.621 million was agreed to settle by December 2018.



# REVIVAL OF THE COMPANY

Amendment to Object Clause and Principal Line of Business in the Memorandum of Association:

*“To purchase any land, plot(s) of land or immovable property or any right or interest therein either singly or jointly or in Partnership with any person(s) or Body corporate or partnership Firm and to sub contract the development and construction thereon of residential, commercial complex or complex(es) either singly or jointly or in partnership as aforesaid, comprising offices for sale or self use or for earning rental income thereon by letting out individual units comprised in such building(s) and to purchase any movable or immovable property including industrial, commercial, residential, or farm lands. Plots, buildings, houses, apartments, flats or areas within or outside the limits of Municipal Corporation or other local bodies, anywhere within the geographical territories of Islamic Republic of Pakistan, to divide the same into suitable plots subject to applicable regulatory approvals and Legal framework, and to rent or sell the plot for building/constructing residential houses, bungalows, business premises, and colonies and rent or sell the same and realize cost in lump sum or easy installments or by hire purchase system and otherwise subject to applicable regulatory approval and legal framework and to Set-up construction materials and allied industries”.*



# REVIVAL OF THE COMPANY

- Change of the Company's Object Clause to become a Real Estate Developer, builder and Manager after seeking approval from shareholders;
- Government incentives for Real Estate Sector also increased the demand in the market which was blessing for the Company in its revival;





# REVIVAL OF THE COMPANY

## **JAMAL GARDEN: HIL's First Real Estate Project**

- Developed over Approx. 8 Acres of Company owned Land
- Gated Community with 113 Residential Plots
- With Mosque, Multiple Parks, Educational Building and Medical Facility
- 2 Commercial Plots to be developed later





# REVIVAL OF THE COMPANY

- Through sustained efforts HIL was able to keep up with its repayments to the Bank with a combination of Assets Sales, proceeds from the new Real estate Project and Sponsor Loans.
- All the obligations of the Company were fully settled in October 2020. This settlement with secured creditors allowed the Company to recognize one time gain of Rupees 416 million being difference between carrying value of loan and amount settled with bank.





# PROJECTED STATEMENT OF PROFIT OR LOSS

## Husein Industries Limited

### Projected Profit or Loss and other Comprehensive Income

For Three Years from 30-06-2021 to 30-06-2024

	31-Mar-21	30-Jun-22	30-Jun-23	30-Jun-24
	Rupees in--- ---000-----			
<b>Revenue</b>				
Sale of plots	-	57,838	146,148	163,913
Lease income	81,720	125,767	132,055	138,658
<b>Cost of sales and expenses</b>				
<b>Cost of plots</b>	-	(61,406)	(126,919)	(141,581)
Fuel and Power	(4,242)	(9,205)	(10,310)	(11,547)
Repair and Maintenance	(15,374)	(24,637)	(26,608)	(28,737)
Depreciation of Building	(1,750)	(2,217)	(2,106)	(2,001)
Legal and Professional Expenses	(1,173)	(1,834)	(2,036)	(2,260)
<b>Gross Profit</b>	<b>59,181</b>	<b>84,306</b>	<b>110,225</b>	<b>116,446</b>
<b>Adminstration Expenses</b>				
Depreciation	(5,394)	(6,104)	(5,183)	(4,410)
Other Expenses	(14,081)	(21,628)	(24,007)	(26,648)
Administrative Expenses	(19,475)	(27,732)	(29,190)	(31,058)
<b>Operating profit</b>	<b>39,706</b>	<b>56,574</b>	<b>81,035</b>	<b>85,388</b>
Finance cost - bank charges	(20,601)	(28,183)	(28,183)	(28,184)
Other income	416,328	12	13	14
<b>Profit before taxation</b>	<b>435,433</b>	<b>28,403</b>	<b>52,865</b>	<b>57,218</b>
Taxation-net	(71,982)	(4,825)	(8,987)	(9,727)
<b>Profit after Taxation</b>	<b>363,451</b>	<b>23,578</b>	<b>43,878</b>	<b>47,491</b>
<b>Earning per share-basic and diluted</b>	<b>34.21</b>	<b>2.22</b>	<b>4.13</b>	<b>4.47</b>



# PROJECTED STATEMENT OF FINANCIAL POSITION

**HUSEIN INDUSTRIES LIMITED**  
**Projected Financial Position**  
**As At June 30, 2021 to 2024**

<b>ASSETS</b>	<b>31-Mar-21</b>	<b>30-Jun-22</b>	<b>30-Jun-23</b>	<b>30-Jun-24</b>
	Rupees----0000----			
<b>Non-Current Assets</b>				
Property, plant and equipment	272,566	261,863	254,574	248,163
Long term investments	647	615	510	605
Long term deposits	3,570	3,570	2,570	1,570
	276,783	266,048	257,654	250,338
<b>Current Assets</b>				
Development property	80,210	51,322	11,322	-
Trade debts	399	-	-	-
Prepayment	89	-	-	-
Loan and advances	65	-	-	-
Tax refunds due from the Government	5,976	5,976	-	-
Cash and bank balances	34,915	7,935	26,623	3,982
	121,654	65,233	37,945	3,982
<b>Total Assets</b>	<b>398,437</b>	<b>331,281</b>	<b>295,599</b>	<b>254,320</b>



# PROJECTED STATEMENT OF FINANCIAL POSITION

<b><i>EQUITY AND LIABILITIES</i></b>				
<b>Share Capital and Reserves</b>				
<b>Authorized Capital</b>	150,000	150,000	150,000	150,000
15,000,000 Ordinary shares of Rs. 10 each				
<b>Share Capital</b>				
Issued, subscribed and paid up capital	106,259	106,259	106,259	106,259
<b>Capital Reserves</b>				
Share premium	33,858	33,858	33,858	33,858
Revaluation Surplus on property, plant and equip	177,635	177,635	177,635	177,635
	211,493	211,493	211,493	211,493
<b>Revenue Reserves</b>				
General Reserve	292,142	292,142	292,142	292,142
Accumulated losses	(1,188,547)	(1,154,005)	(1,110,127)	(1,062,636)
	(896,405)	(861,863)	(817,985)	(770,494)
Shareholders equity	(578,653)	(544,111)	(500,233)	(452,742)
<b>Current Liabilities</b>				
Trade and other payables	207,770	210,046	213,320	216,642
Contract liabilities	352,685	213,906	113,906	13,906
Short Term borrowings	281,834	281,833	281,833	281,833
Markup accrued -overdue	40,700	66,003	74,186	72,370
Unclaimed Dividend	21,710	21,710	21,710	21,710
Provision for taxation	72,391	81,894	90,877	100,601
	977,090	875,392	795,832	707,062
<b>Total Equity and Liabilities</b>	<b>398,437</b>	<b>331,281</b>	<b>295,599</b>	<b>254,320</b>



# SUMMARY OF FINANCIALS

	Past Performance				Future Projections		
	June 30, 2018	June 30, 2019	June 30, 2020	March 31, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Revenue	74,371	63,832	108,339	81,720	183,605	278,203	302,571
Profit after Taxation	(66,734)	5,467	2,463	363,451	23,578	43,878	47,491
EPS	(6.27)	0.51	0.23	34.21	2.22	4.13	4.47
EPS Excluding Write off				1.49			



# FUTURE PLAN

- To construct state of the art warehouses for Lease
- Construct Multi Purpose buildings including a market and offices at the two Commercial Properties
- Explore the development of a Housing Society on Land parcel situation at Mauza Feroz, Sheikhupura
- Acquire and develop / construct Residential and Commercial Projects





# FUTURE PLAN

- To Rehire required professional staff to run the affairs of the Company;
- To Consider a reasonable dividend out of future yearly profits of the Company to minority shareholders;
- To take out the Company from unnecessary show cause proceedings by complying with the legal and statutory requirements;
- To ensure compliance of laws and regulations of various authorities including SECP, PSX, FBR and other authorities as things are now in order and there shall not be any non-compliance by the Company in future.

# QUESTIONS & ANSWERS

# REQUEST TO PAKISTAN STOCK EXCHANGE



In view of aforesaid submissions and explanations; the directors of the Company and its management are hopeful that the PSX would agree to shift the name of the Company from defaulters' segment to normal Counter and allow resumption of Trading in the shares of the Husein Industries Limited.