

FORM-25

Ref: ILP/PSX/22/2021

Date: 21/04/2021

The General Manager  
Pakistan Exchange Limited  
Stock Exchange Building Stock Exchange Road  
Karachi.

Subject: **Credit Ratings of Interloop Limited by VIS**

Dear Sir,

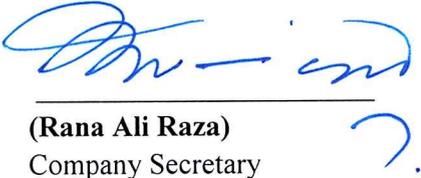
In accordance with Section 96 of the Securities Act, 2015 and Clause 5.6.1(a) of PSX Regulations, we hereby convey the following information:

We are pleased to inform you that the VIS Credit Rating Company Ltd. (VIS), a 'Full Service' rating agency providing independent rating services in Pakistan in its Press Release of April 20, 2021 has assigned an initial entity ratings of 'A+/A-1' (Single A plus/Single A-One) to Interloop Limited (ILP). The copy of the above mentioned Press Release is attached.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours Sincerely,

For **INTERLOOP LIMITED**

  
**(Rana Ali Raza)**  
Company Secretary



Cc: Director / HOD

Surveillance, Supervision and Enforcement Department  
Securities & Exchange Commission of Pakistan  
NIC Building, 63 Jinnah Avenue, Blue Area,  
Islamabad

-for information

**Office:**

Al-Sadiq Plaza P-157, Railway Road,  
Faisalabad - Pakistan  
T: +92-41-2619724  
F: +92-41-2639400

**Factory:**

1- Km Khurrianwala - Jaranwala Road,  
Khurrianwala, Faisalabad - Pakistan  
T: +92-41-4360400  
F: +92-41-2428704, 2428698, 2428697



# Press Release

---

## VIS assigns Initial Entity Ratings to Interloop Limited

Karachi, April 20, 2021: VIS Credit Rating Company Ltd. (VIS) has assigned initial entity ratings of 'A+/A-1' (Single A plus/Single A-One) to Interloop Limited (ILP). Outlook on the assigned ratings is 'Stable'. Long term rating of 'A+' signifies good credit quality with adequate protection factors. Risk may vary slightly from time to time because of economic conditions. Short Term Rating of 'A-1' indicates high certainty of timely payment, excellent liquidity factors supported by good fundamental protection factors. Risk factors are minor.

Interloop Limited (ILP) was incorporated on April 1992 as a private limited company. Subsequently it was converted into public unlisted company on July 2008 and was listed on Pakistan Stock Exchange (PSX) on April 2019. Interloop Ltd. (ILP) is Pakistan's leading multicategory hosiery & apparel manufacturer with vertically integrated operations. The company is engaged in the business of manufacturing and sale of socks, tights, leggings, yarn, denim, and apparels (knitwear and seamless active-wear). ILP is primarily an export oriented company as export sales constitute more than 90% of the total revenues. The company's exports are directed to more than 20 countries across the world. The company's clientele includes major global brands and retailers such as Nike, Adidas, Puma, Target, H&M, C&A, Amazon, and Uniqlo.

The assigned ratings incorporate sound governance and control framework as indicated by the presence of seasoned professionals on the Board of Directors, experienced senior management team and an independent audit function. Business risk profile of the company is supported by improving textile exports outlook given the diversion of orders from other regional countries amidst COVID-19 outbreak and strong emphasis of the Government of Pakistan (GoP) on enhancing exports. The ratings also take into account significant market share of ILP in overall hosiery exports of Pakistan. Long term established relationships with key customers, especially in the hosiery segment, enable the company to partly pass on the increase in raw material prices to the customers.

Assessment of financial risk profile incorporates healthy profitability indicators, strong liquidity profile, and adequate capitalization indicators. Topline of the company has depicted robust growth on a timeline basis primarily on account of improving product mix which resulted in higher average selling prices, while the company has also reaped the benefit of rupee devaluation. Client wise concentration is present in sales; however, client wise concentration risk is mitigated by long term association with clients. Higher revenues along with improvement in margins have culminated to improved profitability indicators. Going forward, management envisages profitability to improve in the backdrop of higher projected revenues supported by growing demand. Liquidity profile is considered strong in the light of healthy cash flows and sound debt coverage ratios. Despite debt drawdown to fund expansion, cash flow coverage is projected to remain strong over the rating horizon. Given the increase in scale of operations, higher working capital requirements have translated to increase in utilization of short term borrowings, while the quantum of long term borrowings has also grown to fund expansion related capital expenditure. Overall leverage indicators are expected to remain adequate over the rating horizon given the projected improvement in profitability.

For further information on this rating announcement, please contact Mr. Narendar Shankar Lal (Ext: 203) or the undersigned (Ext: 306) at (021) 35311861-66 or email at [info@vis.com.pk](mailto:info@vis.com.pk).

Faryal Ahmad Faheem  
Deputy CEO

Applicable Rating Criteria: Industrial Corporates (May 2019)

<https://s3-us-west-2.amazonaws.com/backupsqvis/docs/Corporate-Methodology-201904.pdf>

---

*Information herein was obtained from sources believed to be accurate and reliable; however, VIS Credit Rating Company Limited (VIS) does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the rating(s)/ranking(s) mentioned in this report. VIS is paid a fee for most rating assignments. This rating/ranking is an opinion and is not a recommendation to buy or sell any securities. Copyright 2021 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.*