

FORM-25

Ref: ILP/PSX/22/2022

Date: 06/06/2022

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

Subject: VIS Reaffirms Entity Ratings of Interloop Limited

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 June 03, 2022 has reaffirmed the entity ratings of 'A+/A-1' (Single A plus/Single A-One) assigned 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

Press Release

VIS Reaffirms Entity Ratings of Interloop Limited

Karachi, June 03, 2022: VIS Credit Rating Company Ltd. (VIS) has reaffirmed the entity ratings of 'A+/A-1' (Single A plus/Single A-One) assigned 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. Previous rating action was announced on April 20, 2021.

ILP is a vertically integrated multi-category full family clothing company, manufacturing Hosiery, Denim, Knitted Apparel and Seamless Active wear, for top international brands and retailers, besides producing Yarns for a range of textile customers. The ratings incorporate prominent market position in the hosiery segment that contributes around four-fifth of the sales revenue of the company. ILP is primarily an export-oriented company as export sales constitute more than 90% of the total revenues. The company's clientele includes major global brands and retailers such as Nike, Adidas, Puma, Target, H&M, C&A, Amazon, Guess, Hugo Boss, Mustang 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. Recovery in industry wide exports post ease in COVID-19 lockdown measures support business risk profile of the company. Long term established relationships with key customers across all business segments enable the company to largely pass on the increase in raw material prices to the customers.

Financial assessment includes healthy profitability indicators and strong liquidity profile. Profitability has witnessed improvement in FY21 primarily due to increase in topline, and economies of scale, currency devaluation and operational efficiencies yielding higher margins. Going forward, the management envisages profitability to improve in the backdrop of higher projected revenue and economies of scale, post expansion. Healthy cash flow generation has resulted in strong liquidity profile. Albeit on account of projected debt drawdown on a timeline basis, overall long-term and short-term debt coverages are expected to remain adequate. Moreover, despite further debt mobilization for expansion purpose in the medium term, leverage indicators are expected to remain manageable given projected equity growth through equity injection and profit retention.

For further information on this rating announcement, please contact Ms. Asfia Aziz or the undersigned (Ext: 207) at (021) 35311861-66 or email at info@vis.com.pk



Sara Ahmed
Director

Applicable Rating Criteria: Industrial Corporates (August 2021)

<https://docs.vis.com.pk/docs/CorporateMethodology202108.pdf>



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