

FORM-25

Ref: ILP/PSX/33/2024
Date: 19/07/2024

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

Subject: VIS Upgraded 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:

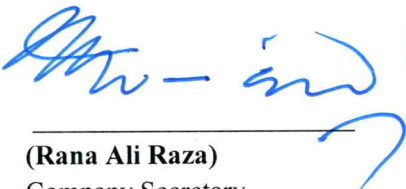
The VIS Credit Rating Company Ltd. (VIS), a 'Full Service' rating agency providing independent rating services in Pakistan in its Press Release of July 18, 2024 has upgraded the entity ratings assigned to Interloop Limited (ILP) from A+/A-1' ('Single A Plus/A-One') to AA-/A-1 ('Double A minus/A-one'). The copy of the above mentioned Press Release is attached. Please use below link to see the complete report.

https://docs.vis.com.pk/RatingReports/OP_01053101004_00010531.pdf

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

Yours Sincerely,

For **INTERLOOP LIMITED**


(Rana Ali Raza)
Company Secretary



Cc: Executive Director / HOD -for information
Offsite-II Department, Supervision Department
Securities & Exchange Commission of Pakistan
63, NIC Building, Jinnah Avenue, Blue Area,
Islamabad

Press Release

VIS Upgrades Entity Rating of Interloop Limited

Karachi, July 18, 2024: VIS Credit Rating Company Limited (VIS) has upgraded the entity ratings of Interloop Limited ('ILP' or 'the Company') from A+/A-1' ('Single A Plus/A-One') to AA-/A-1 ('Double A minus/A-one'). Long-term rating of 'AA-' reflects high credit quality; Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions. Short term rating of 'A-1' indicates strong likelihood of timely repayment of short-term obligations with excellent liquidity factors. Outlook on the assigned ratings remains Stable. Previous Rating action was announced on May 10, 2023.

Interloop Limited (ILP), a prominent textile entity on the Pakistan Stock Exchange, leads with its vertically integrated structure and diverse product portfolio. Specializing in Hosiery, Denim, Knitted Apparel, and Seamless Active wear, ILP serves global brands and retailers. With a strong yarn production segment, the Company caters to various clients in the textile sector. ILP maintains a significant presence in key markets such as the Netherlands, China, Japan, USA, and Sri Lanka, supported by a workforce exceeding 35,000 individuals.

Assigned ratings incorporate the medium business risk profile of the textile sector in Pakistan, marked by exposure to economic cyclicity and intense competition. The sector's performance is notably influenced by broader economic conditions, rendering it susceptible to demand fluctuations driven by economic factors. Furthermore, as a substantial contributor to total exports, the textile industry faces exposure to global economic cyclicity, geopolitical challenges, and liquidity constraints due to lengthy process of sales tax refunds. Supply-side risks, including local cotton crop production and reliance on imported raw materials, expose the sector to significant exchange rate risk.

Upgraded ratings consider the Company's business updates wherein in FY23, Interloop Limited made investments to diversify its revenue sources by expanding its capacity within the apparel segment and the board has further approved investments across various segments. Moreover, in FY23, ILP surpassed the Rs. 100 billion sales milestone, reaching a total of Rs. 119.2 billion, reflecting a year-on-year growth of 31%. Gross Profit and Net Profit margins showed improvement during review period. Moreover, ILP has achieved a milestone by becoming Pakistan's top exporter for FY24.

Upgradation of ratings also take into account the Company's financial risk profile. ILP's equity grew to Rs. 43.8 billion amid strong internal cash generation. Total debt increased to Rs. 59.6 billion with both long-term and short-term borrowing rising. ILP's gearing and leverage ratios registered marginal improvement during the review period. Additionally, ILP maintained a healthy Debt Service Coverage Ratio (DSCR) above 4.5x in FY23 while liquidity profile also remained adequate.

For further information on this ratings announcement, please contact at 021-35311861-64 or email at info@vis.com.pk.

Applicable Rating Criteria: Corporates:
<https://docs.vis.com.pk/docs/CorporateMethodology.pdf>

VIS Issue/Issuer Rating Scale
<https://docs.vis.com.pk/docs/VISRatingScales.pdf>

