



EMBRACING THE  
**NEW**  
**NORMAL**

**2020**  
Annual Report



# EMBRACING THE **NEW** **NORMAL**

Recognized across the globe for responsible manufacturing, offering world-class Hosiery products & services, and venturing into Apparel manufacturing, Interloop Limited is emerging as a multi-category multi-country partner of choice for its customers. Embracing the New Normal during COVID-19 pandemic, we have transformed our business practices through technological progressions. With a growth mindset and diverse product portfolio, we are employing digitalization and technology to provide end to end solutions to our customers, playing an increasingly important role in safeguarding and rebuilding our supply chain thus creating value for our stakeholders.

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Virtual Tours

EMBRACING THE  
**NEW**  
**NORMAL**



01

**COMPANY  
OVERVIEW  
& EXTERNAL  
ENVIRONMENT**

# MISSION

To be an agent of positive change for the stakeholders and community by pursuing an ethical and sustainable business

# VISION 2020

To double our turnover by 2020 through value addition, process improvement and nourishing talent





# CORE VALUES



## INTEGRITY

### Act with Integrity

We act with integrity and are ethical in our functions and dealings



## CARE

### Nurturing a Caring Culture

We promote a caring attitude towards our employees and the community as a whole. We acquire, nurture and reward talent



## ACCOUNTABILITY

### Accept Responsibility, Be Accountable

We take decisions through collective wisdom, accept responsibilities and avoid undue financial risks



## RESPECT

### Respect for Environment, Respect for the People

We make efforts to preserve the environment we live in and ensure that self-respect of our workforce is maintained. We are good team players



## EXCELLENCE

### Achieving the Highest Standards

We believe in excellent customer service latest processes & technology, quality product & services, personal growth & development

# KEY PERFORMANCE INDICATORS 2020

Sales Revenue

**36,303**

PKR in Million



Exports

**209**

USD in Million



EBITDA

**5,122**

PKR in Million



Profit before Tax

**2,116**

PKR in Million



Net Profit after Tax

**1,796**

PKR in Million



Gross Profit Margin

**21.66%**



Net Profit Margin

**4.95%**



Total Assets

**45,367**

PKR in Million



Shareholders' Equity


**17,280**

PKR in Million




\*includes PKR 1 per share Final Dividend, recommended by the Board of Directors in Board meeting held on September 16, 2020, subject to approval at Annual General Meeting on Oct 15, 2020

**Share Price**  
**43.92**  
PKR




**Cash Dividend per share\***  
**2.00**  
PKR




**Price Earnings Ratio**  
**21.32**  
Times




**Current Ratio**  
**1.14**  
Times



**Return on Equity**  
**10.40%**



**Return to Community**  
**175**  
PKR in Million



# CODE OF CONDUCT

Interloop Limited conducts its business with the highest ethical standards and in full compliance with all applicable laws of the country. Honesty and integrity take precedence in all relationships including those with customers, suppliers, employees, and other stakeholders.

## Ethics and Business Practices

- We conduct the Company's business in an environmentally responsible and sustainable manner and provide employees with a safe and healthy workplace
- All employees are expected to understand the permits, health, safety & environment policy, local laws, and business regulations related to their work and fully comply so that our shareholders, other

employees, customers, suppliers, stakeholders, and the government have complete faith in the way we operate. It establishes the fact that our business decisions are ethical and in the best interests of the Company

- Over the years, Interloop has developed a robust organizational culture based on the strong foundation of the Company's Mission and Values i.e. Integrity, Care, Accountability, Respect & Excellence
- Interloop has developed the Uniform Behaviors Manual; a handbook outlining essential behaviours expected of our employees while doing business, to replicate the healthy organizational culture across rapidly growing multiple business categories



## Assets and Proprietary Information

We consider our Company's physical and intellectual assets very valuable and must protect them in the interest of the Company and its shareholders. Safeguarding Company information is important for our business and all employees are expected to know which information is proprietary and must not be disclosed to unauthorized sources. Employees are responsible for applying all available tools to manage the Company's information resources and records.

## Relations with Business Partners

We seek to do business with suppliers, vendors, contractors, and other independent businesses that demonstrate high standards of ethical business behavior.

Our Company does not knowingly do business with any persons or businesses that operate in violation of applicable laws and regulations for employment, health, safety, and environment. We ensure that our suppliers, vendors, and contractors understand the standards we apply to ourselves and expect them to do the same.

## Our People

We believe that highly engaged employees are a key ingredient for professional development and business success. Therefore, we encourage our employees to contribute their best and to avail the opportunities for improvement and growth. We are an equal opportunity employer and promote gender diversity, inclusion, self-development, and innovation. We provide employees with tools, techniques, and trainings to master their current jobs, broaden their skills, and advance their career goals and groom as good human beings.



# OUR FOOTPRINT

Global Presence through  
Associates & Affiliates



## Associates & Subsidiaries

### Subsidiary

- IL Apparel (Pvt.) Limited

### Affiliate Companies

- ILNA Inc. - USA
- Interloop Japan Limited - Japan

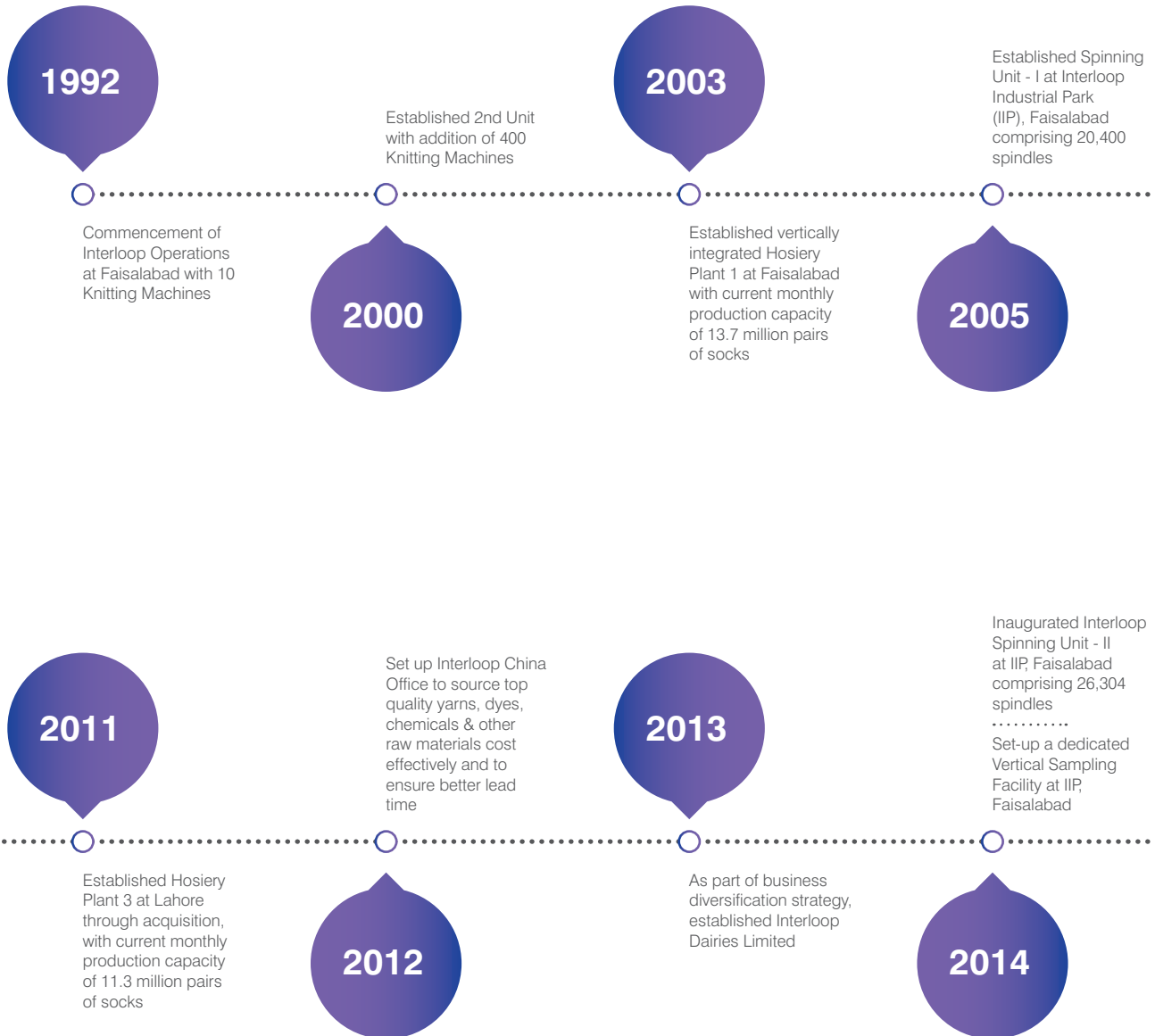
### Associated Companies

- Euro Sox Plus B.V. - Netherlands
- Global Veneer Trading Limited – Switzerland
- IL Bangla Limited - Bangladesh
- Interloop Dairies Limited
- Interloop Holdings (Private) Limited
- Interloop Welfare Trust
- IRC Dairy Products (Private) Limited
- Momentum Logistics (Pvt.) Limited
- Printkraft (Private) Limited
- Shifa Medical Center Islamabad (Private) Limited
- Texlan Center (Pvt.) Limited – Sri Lanka





# OUR JOURNEY





2006

Established vertically integrated Hosiery Plant 2 at IIP, Faisalabad with current monthly production capacity of 18.5 million pairs of socks  
.....  
Established Yarn Dyeing Division at IIP, Faisalabad with current dyeing capacity of 405,000 kgs per month

Established Interloop North America; an affiliate and exclusive North American representative of Interloop Limited to provide trend analysis, design & product development, sales, marketing, warehousing & logistic services

2009

Established IL Bangla Limited, Bangladesh; a vertically integrated Hosiery Plant with current monthly production capacity of 2.5 million pairs of socks

2007

Commissioned Region's First LEED Gold Certified Socks manufacturing facility (Plant 4) at IIP, Faisalabad with current monthly production capacity of 7.5 million pairs of socks  
.....  
Interloop Limited was demerged in order to separate non-textile business into a separate Holding Company & Interloop Limited looking after the textile business, with approval of LHC  
.....  
Established IL Apparel (Pvt.) Limited; a subsidiary, looking after the Knitwear Apparel business

Created business alliance with Euro Sox Plus, Netherlands to provide sales, marketing, market intelligence, design, logistics, warehousing and distribution services to customers in Europe & UK

2010

2017

Expanded Hosiery Manufacturing footprint to Sri Lanka through affiliation with Texlan Center (Pvt.) Ltd. with current monthly production capacity of 3.10 million pairs of socks  
.....  
Set-up a dedicated Tights & Leggings Production Unit at Plant 1, Faisalabad with monthly production capacity of 0.45 million pieces  
.....  
Constructed the New Distribution Center at IIP, Faisalabad with storage capacity of around 26.4 million pairs of socks  
.....  
15.4 MW Interloop Power Plant based on Tri-Fuel Engines was setup at IIP, Faisalabad to cater to energy requirements of existing facilities and new extensions

2019

Established Interloop Denim Apparel manufacturing plant at Lahore, designed as per LEED Platinum Standards. The Plant commenced commercial operations in Dec 2019 with current production capacity of 500,000 pcs per month and planned capacity of 1 million pcs per month by 2021  
.....  
Established Hosiery Plant 5 pilot project at Faisalabad with current monthly production capacity of 2.5 million pairs  
.....  
Held the largest private sector IPO in Pakistan's history and listed at Pakistan Stock Exchange (PSX) as the Largest Textile Company by Market Capitalization  
.....  
Installed 2.0 MW Grid Tied Solar Power Generation System at Hosiery Plant 4 & Spinning, IIP; a renewable energy venture focused at reducing around 1500 tons of Carbon Emissions annually

2018

# CORPORATE INFORMATION

## Board of Directors

Musadaq Zulqarnain  
Chairman / Non-Executive Director

---

Navid Fazil  
Chief Executive Officer / Executive Director

---

Muhammad Maqsood  
Executive Director

---

Jahan Zeb Khan Banth  
Non-Executive Director

---

Shereen Aftab  
Non-Executive Director

---

Saeed Ahmad Jabal  
Independent Director

---

Tariq Iqbal Khan  
Independent Director

---

## Chief Financial Officer

Muhammad Maqsood

---

## Company Secretary

Rana Ali Raza

---

## Head of Internal Audit

Jamshaid Iqbal

---

## Chief Information Officer

Yaqub Ahsan

---

## Legal Advisor

HaidermotaBNR & Co.

---

## Auditors

Kreston Hyder Bhimji & Co.,  
Chartered Accountants

---

## Audit Committee

Tariq Iqbal Khan  
Chairman

---

Saeed Ahmad Jabal  
Member

---

Jahan Zeb Khan Banth  
Member

---

## Human Resource & Remuneration Committee

Saeed Ahmad Jabal  
Chairman

---

Navid Fazil  
Member

---

Jahan Zeb Khan Banth  
Member

---

## Nomination Committee

Musadaq Zulqarnain  
Chairman

---

Navid Fazil  
Member

---

Muhammad Maqsood  
Member

---

## Share Registrar

### CDC Share Registrar Services Limited

#### Karachi Office

Share Registrar Department  
CDC House, 99-B, Block B,  
S.H.C.H.S, Main Shakra-e-Faisal,  
Karachi – 74400  
Tel: +92-21-111-111-500  
Fax: +92-21-34326031

#### Lahore Office

Mezzanine Floor,  
South Tower, LSE Plaza,  
19-Khayaban-e-Aiwan-e-Iqbal, Lahore  
Tel: +92-42-36362061-66

## Bankers

- Allied Bank Limited
- Askari Bank Limited
- Bank Alfalah Limited
- Faysal Bank Limited
- Habib Bank Limited
- Habib Metropolitan Bank Limited
- MCB Bank Limited
- MCB Islamic Bank Limited
- Meezan Bank Limited
- National Bank of Pakistan
- Standard Chartered Bank Pak Limited
- Summit Bank Limited
- The Bank of Punjab
- United Bank Limited

## Registered Office

### Interloop Limited

Al-Sadiq Plaza, P-157,  
Railway Road, Faisalabad, Pakistan  
Tel: +92-41-2619724  
Fax: +92-41-2639400  
Email: info@interloop.com.pk  
Website: www.interloop-pk.com

## Head Office

### Interloop Limited

1-KM, Khurrianwala-Jaranwala Road,  
Khurrianwala, Faisalabad, Pakistan  
Tel: +92-41-4360400  
Fax: +92-41-2428704

## Plant Sites

### Plant 1

1-KM Khurrianwala-Jaranwala Road, Khurrianwala,  
Faisalabad, Pakistan

### Plant 2 & 4

7-KM Khurrianwala-Jaranwala Road, Khurrianwala,  
Faisalabad, Pakistan

### Plant 3

8-KM, Manga-Raiwind Road, Distt. Kasur, Lahore,  
Pakistan

### Plant 5

6-KM Bypass Road, Khurrianwala, Faisalabad, Pakistan

# COMPANY PROFILE

Interloop Limited, launched with 10 knitting machines in 1992, has grown into one of the world's largest Hosiery manufacturers. A complete vertically integrated Company with state of the art Spinning, Yarn Dyeing, Knitting and Finishing facilities; Interloop is Pakistan's 6th largest exporting firm and the largest listed Textile Company on Pakistan Stock Exchange by Market Capitalization.

With over 5,000 latest Italian knitting machines, 21,000+ employees and an organizational network spread across 3 continents, Interloop has the proficiency to work with different materials and the capacity to produce 700 million pairs of Socks & Tights annually, for top international brands & retailers, spread across Europe, Asia and USA. With current annual turnover to the tune of USD 230.5 million, Interloop is expanding its Hosiery business as well as venturing into the Apparel segment including Denim, Knitwear & Active wear.

The total revenue for the year ended on June 30, 2020, was PKR 36,303 million with a net profit of PKR 1,796 million. The total operating cost for materials and services for the year was PKR 23,023 million. During the year, Interloop sold 39.5 million dozens of socks and tights, 11.2 million kgs of yarn and processed 0.846 million kgs of dyed yarn.

Total Employees as on 30-06-2020	Average number of Employees during the Year		Non-Executive Employees as on 30-06-2020
	Executives	Non-Executives	
<b>21,104</b>	<b>1,360</b>	<b>18,644</b>	<b>19,666</b>

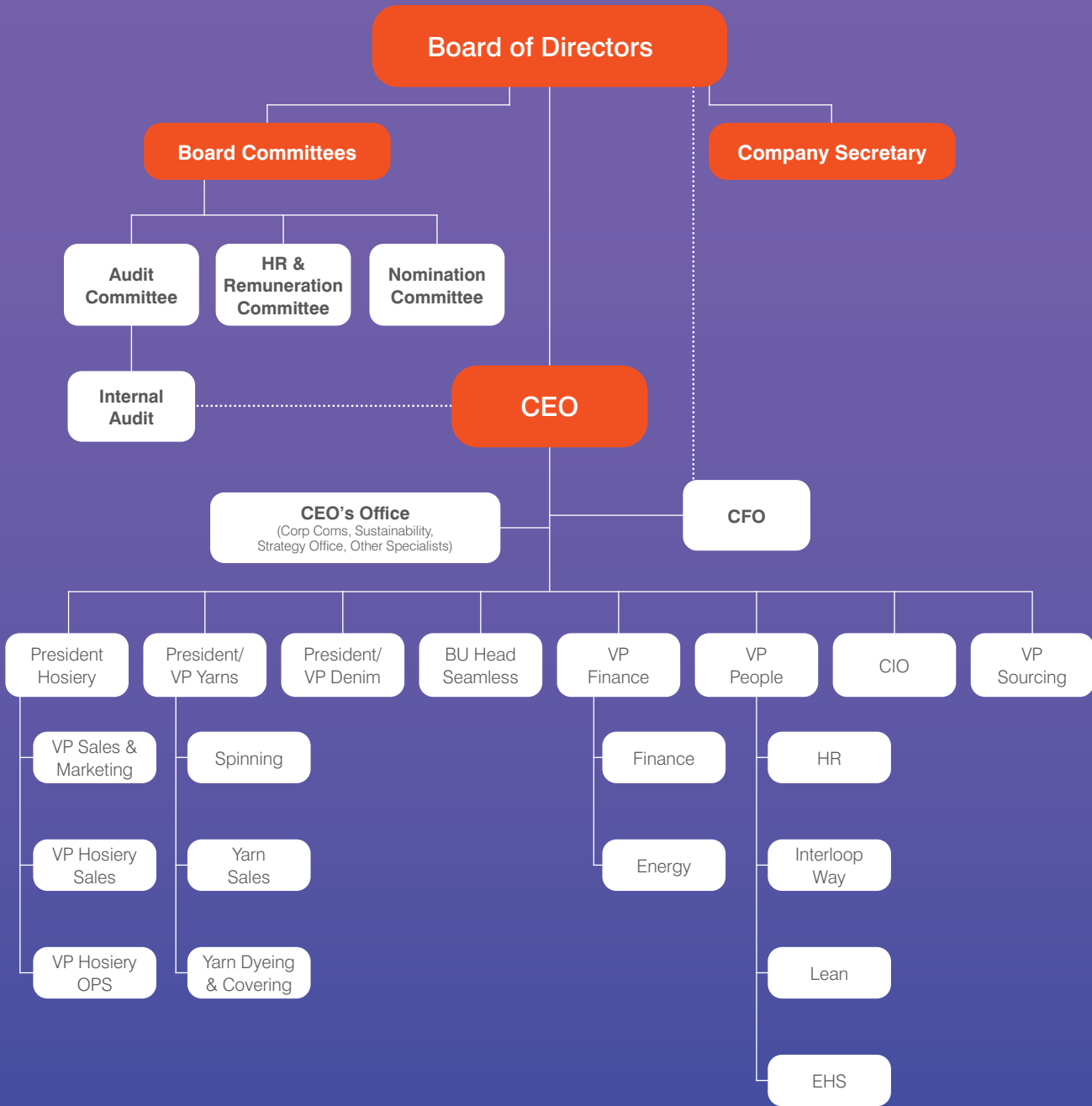


# GROUP STRUCTURE

Interloop Limited is a multi-category multi-country partner with a growth mindset, providing end-to-end solutions to its customers and creating value for its stakeholders. It is supported by skilled workforce & a diversified investment portfolio, with consistent contribution to the economy.

Company Names	Nature of Relationship	Percentage Shareholding
IL Apparel (Private) Limited	Subsidiary/Common Directorship	100%
IL Bangla Limited	Associate/Common Directorship	31.61%
Interloop Holdings (Private) Limited	Associate/Common Directorship	NIL
Interloop Dairies Limited		
Momentum Logistics (Private) Limited		
Printkraft (Private) Limited		
IRC Dairy Products (Private) Limited		
Shifa Medical Center Islamabad (Private) Limited		
Texlan Center (Private) Limited		
Global Veneer Trading Limited	N/A	
Euro Sox Plus B.V.		
Interloop Welfare Trust		

# ORGANIZATIONAL STRUCTURE



# BUSINESS CATEGORIES



## Hosiery

**700** Million

Pairs of Socks and Tights production capacity annually



## Yarns

**26** Million

kgs Yarn production capacity, 4 million kgs Dyeing capacity with 1 million kg Air Covering capacity annually



## Denim

**12** Million

Garments planned production capacity annually by 2021



## Knitwear

**64.8** Million

Garments planned production capacity annually by 2022



## Seamless Active Wear

**6.48** Million

Garments planned production capacity annually by 2021

# BUSINESS CATEGORIES



We are a multi-category multi-country textile business known for providing top quality products and services to our customers

## Hosiery

Interloop Limited started as a hosiery manufacturing Company in 1992 and to date, it remains the core business of the Company. Over the last 28 years, Interloop has become one of the largest suppliers of socks globally, to major brands and retailers such as Nike, adidas, Puma, Target, H&M, C&A, Amazon, and Uniqlo. Interloop has the capacity to produce 700 million pairs annually across a wide range of categories including athletic, performance, fashion, and casual across all genders and sizes.

The Company increasingly focuses on sustainable production and manufactures vast majority of products from organic, recycled and other sustainable sources without compromising on the complexity of design or comfort. Interloop's manufacturing facilities and equipment are designed to minimize environmental impact and its processes and policies are designed to maximize worker well-being. The Company actively participates in recognized



certifications including LEEDS, FairTrade USA, Oeko Tex SteP, and many more to fulfill its purpose of sustainable business.

With eyes set on the future, Interloop is in the process of expanding its capacity to 6500 knitting machines at its manufacturing locations across Pakistan and Sri Lanka. It is also investing in its digital capabilities to transform its way of working across product design and development, manufacturing, and customer services.





## Product Development

A dedicated Vertical Sampling Facility (VSF) at Interloop Industrial Park, Faisalabad comprising a Yarn Library, dedicated Yarn Dyeing Machines, 100 Knitting Machines installed capacity and Linking to Finishing capabilities, develops premium quality products for customers. The Product Development Lab houses a complete range of latest colour development machines. We also offer Product Development facility through our associate Company in Sri Lanka.



## Quality Assurance

The Quality Department looks after Quality Assurance, Quality Control, Quality Testing Labs & QMS. The Quality Policy refers the way our teams follow the working processes to produce quality products and deliver excellent services to our valued customers. With ISO/IEC 17025:2005 & ISO/IEC - 17043 accreditations, Interloop is the First Textile Company in Pakistan to provide Local Proficiency Testing (PT).

## Research & Innovation

A dedicated Research & Innovation (R&I) Centre at Pakistan, equipped with hi-tech knitting, processing and finishing operations, a modern lab, and an extremely competent team has launched multiple commercial concepts including innovative knitting constructions, processing treatments, specialty yarns and finishing operations. Three Patents have already been granted to Interloop and patents for two products are in the application process.

# BUSINESS CATEGORIES



## Yarns

### Spinning

Interloop produces over 26 million kgs of top quality Yarn annually for a range of textile customers, following strict testing standards, on Automated Spinning Plants, equipped with the latest European machines. Raw Materials include:

- Pakistani and Imported Cotton
- BCI, Organic and PSCP Cotton (Primark sustainable cotton program)
- Acrylic, Viscose, Polyester, Modal & Tencel
- Re-Cycled Synthetic Fiber

Multiple varieties of yarn produced include: Plain, Slub, Multi Count, Slub Lycra Core, Lycra Core, Polyamide Core, Siro, etc. 40% yarn is consumed in-house with remaining serving world's renowned weavers, knitters, denim and towel producers.

### Yarn Dyeing & Air Covering

A state of the art Yarn Dyeing (YD) facility, equipped with modern machines including highly automated dyeing operations, automatic dyestuff, chemical dispensing system, etc., is providing a wide variety of colors in Spun



and Filament Yarns. With annual dyeing capacity of 4 million kgs, Interloop is providing a wide variety of colors in yarn including Polyester, Nylon, Acrylic, Coolmax, Modal, Tencel, Viscose, Wool, Bamboo, Blended, Microfibers, and Recycled Yarns. Modern Italian Air Covering Machines with annual production capacity of 1 million kgs are being used for covering all types of in-house dyed, dope dyed, and raw white yarns with various brands of spandexes like Lycra and Creora, at different customized percentages.



## Denim

As part of business diversification, Interloop started its Denim Apparel manufacturing operations in Dec 2019. Interloop Denim is one of the most technologically advanced facilities in South Asia and represents how the future of the Denim Industry will look like. The facility is designed as per LEED Platinum Standards and in line with Lean concepts. The operations generate minimal environmental impact and affect prioritized worker well-being in keeping with Interloop's commitment towards United Nations Sustainable Development Goals.

Targeting to promote gender diversity, Denim Apparel intends to achieve a 1:1 male to female ratio in its workforce, in the long run. The plant has a current production capacity of 500,000 pcs per month and aims at enhancing it to 1 million pcs per month by 2021. Automated precision machinery has been installed to improve productivity. Overhead hanging systems have been put in place to ensure a Lean manufacturing system. Eco-friendly technologies have been used to replace aggressive processing agents and to reduce excessive water consumption. Laser and Ozone machines have replaced manual processes to minimize the impact on workers and



to ensure precision and quality. Additionally, built-in quality measures have been put in place to minimize defects and rework. The implementation of new, more efficient, and environmentally friendly technologies will have favorable impacts, both on our people and our planet.

Interloop Denim is set to become a model for Sustainability across Denim Garments manufacturing in the region.

# BUSINESS CATEGORIES



## Knitwear

Expanding further into the Apparel Segment, Interloop has established IL Apparel (Private) Limited; a subsidiary of Interloop Limited which handles the Knitwear business of the Company. The Knitwear Pilot Project; a cut to pack garment manufacturing facility has been operational since Jan 2019 and made its 1st export shipment in March 2019.

A resourceful fabric sourcing team having strong linkages with reliable spinners, knitters, dye houses and printers, sources best quality fabric and embellishments, as per customer requirements. IL Apparel has a dedicated Product Development Center with 40 sewing machines for quick turn sampling for its customers.

The stitching plant has the production capacity of 1.2 million garments per month. This includes a good combination of t-shirts, underwears, polos, sweatshirts, and fleece jackets. With 540 hi-tech Japanese sewing machines from Juki & Pegasus, IL Apparel is manufacturing all kinds of fashion diversity in cut to pack garments. IL Apparel plans to put up a complete vertically integrated (fabric production to cut & sew) garment manufacturing complex at Interloop's second Industrial Park. This complex is expected to house 175

knitting machines with 65 tons' capacity per day, dyeing & finishing set up with 70 tons' capacity per day and projected production capacity of 5.4 million garments per month by 2022.

## Seamless Active wear

Interloop has set up a Seamless Active wear vertical Pilot Plant at the Interloop Industrial Park. With the current production capacity of 110,000 pcs per month, the ramp-up plan includes increasing the production capacity to 540,000 pcs/month by 2021.

The latest Japanese machines provide a large variety of sewing capabilities as well as a variety of styling from basic to hi-tech. The Seamless garments offer 360 stretch with no restricting seams. Interloop offers special synthetic material range in recycled as well as biodegradable materials, combining durable performance with sustainability.

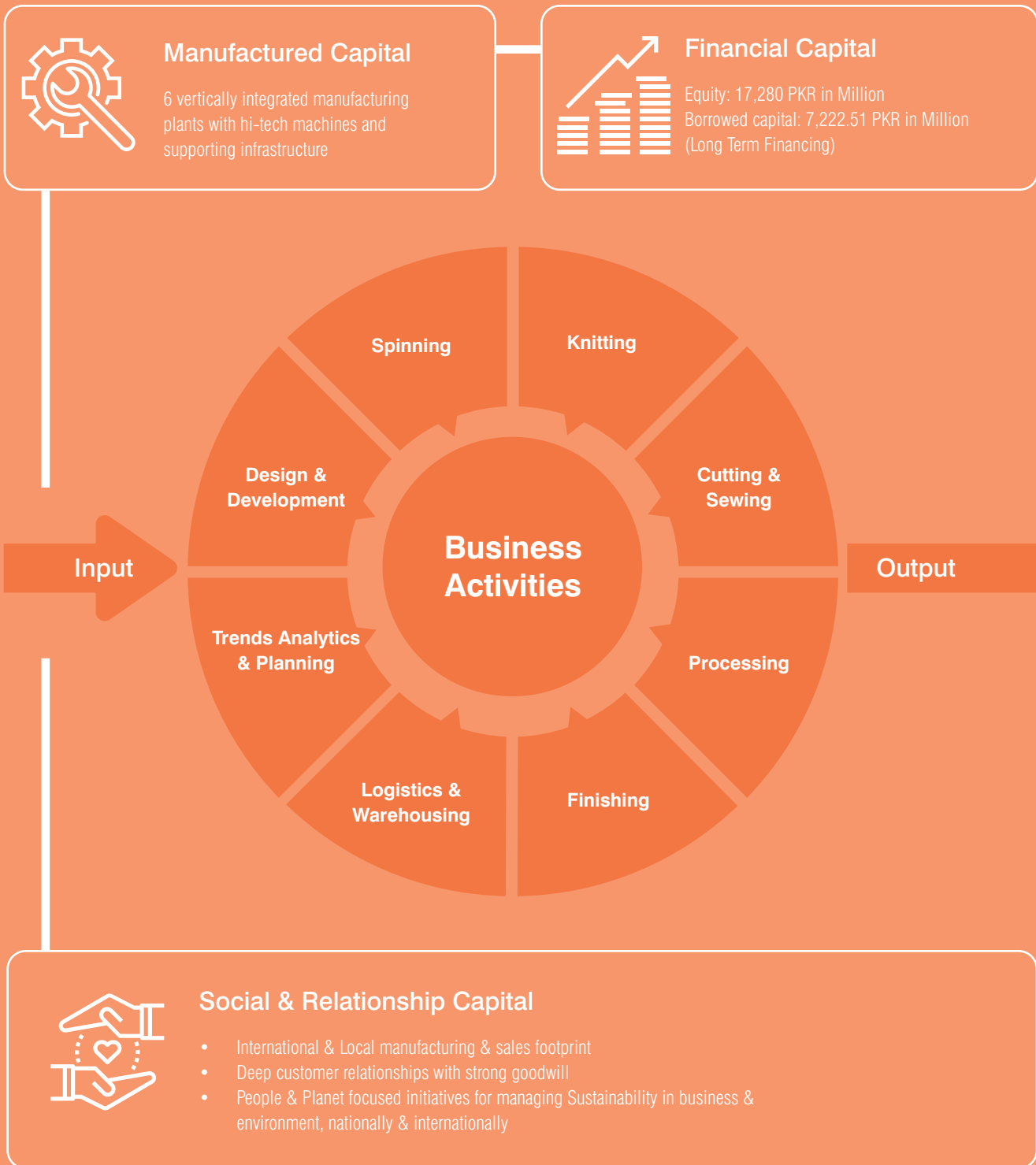
Body mapping technology builds required construction, meeting the needs of different body zones. The product range includes basic undergarments to hi-tech active wear for men and women.

# CUSTOMERS

Interloop sells socks, tights & leggings to top brands and retailers across Europe, USA & Asia. Some of our top clients include:



# BUSINESS MODEL





### Human Capital

21,000+ diverse, committed & empowered workforce practicing ethical standards, accountability & excellence



### Intellectual Capital

- Highly skilled & experienced professionals
- Advanced Digital Technology including ERP, Robotic Process Automation, Secure Remote Connectivity, Business Analytics, Digital Sampling, etc.

**Yarn**

**Hosiery**

**Denim**

**Seamless  
Active wear**



### Economic Value Distribution to

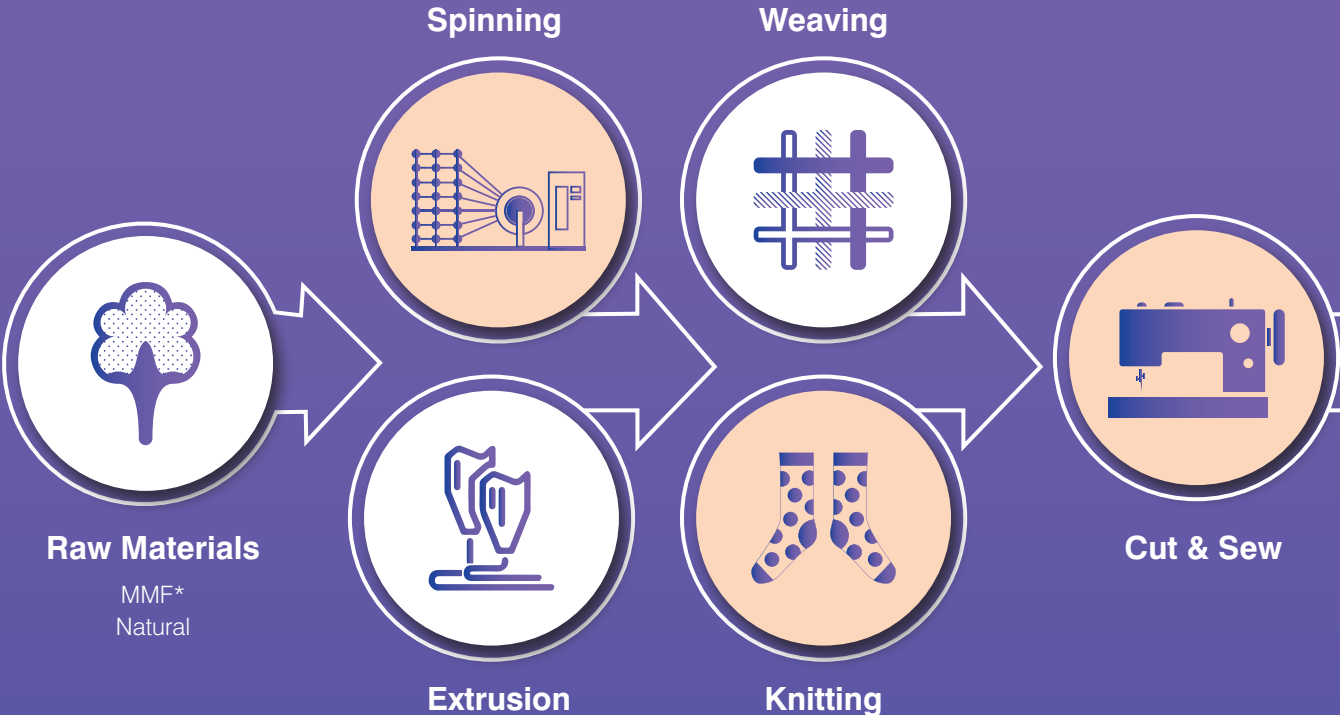
- Employees
- Shareholders
- Government
- Community
- Providers of Capital



### Multi Category Solution Provider

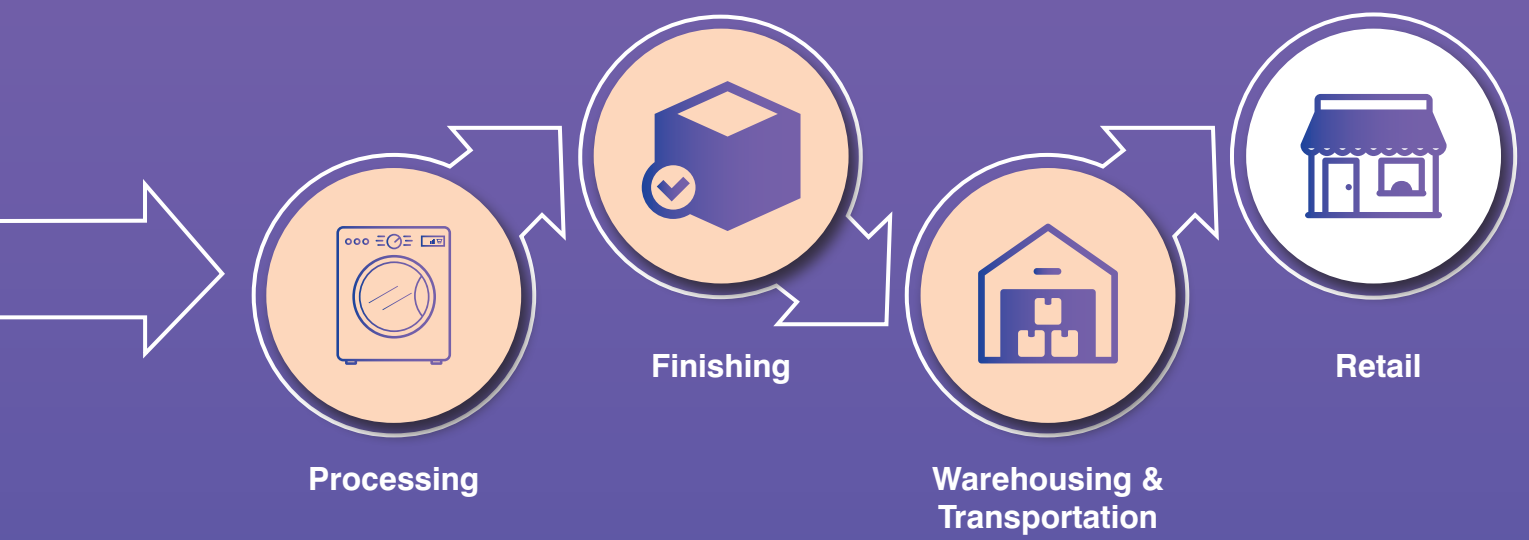
- Multi-category, multi-country partner providing end to end solution to customers
- Wide product range
- Flexibility of order sizes
- Focus on product & service quality

# POSITION WITHIN THE VALUE CHAIN



\*MMF= Man Made Fibers





# STAKEHOLDER ENGAGEMENT

Interloop Limited's approach to engaging with key stakeholders is driven by Customer-Centricity, becoming a Partner of Choice and brand promise of Cultivating Growth. The Company has a policy of maintaining relationships based on trust and collaboration with its stakeholders. Shareholder engagement embraces communication, compliance with laws & regulations as well as society focused approach. Our stakeholders extend valuable contributions to our growth and existence. Procedure for stakeholders' engagement includes effective communication, good harmony, and compliance with laws & regulations.

## Investors' Grievance Policy

The Company has an investors' Grievance Policy in place to govern the timely, accurate, and comprehensive release of information for shareholders and investors. Any complaints or observations received either directly by the Corporate Department or during General Meetings are addressed by the Company Secretary. The Shareholders are provided the information well in time as per the law. All the written complaints are replied in writing. Our share registrar is CDC Share Registrar Services Limited (CDCSRSL).

## Customers

Developing and sustaining long term relationships with our customers forms the key to our business success. Their expectations are focused on product quality, pricing and service delivery. While our operations teams focus on producing top quality products according to customer specifications, our sales and merchandising teams remain in close contact with this stakeholder segment to resolve issues, if any, on a priority basis. We continue to engage with our customers through meetings, plant visits and other communications. We derive success from our scale of production, flexibility of order sizes processing, variety & quality of products, and customer servicing.

## Suppliers and Vendors

Our sustainable growth is also attributable to engaging reputed and dependable suppliers & vendors as business partners for supply of raw material, industrial inputs, equipment, and machinery. We believe in strategic relationships and have developed strong connections with top local and international vendors in the industry. Our Procurement & Supplies team stays in continuous contact with suppliers and vendors through meetings and correspondences to resolve all issues for on time deliveries, any concerns about terms and conditions and timely payments.

## Banks and other Lenders

We value our relationship with our financial partners and lenders who are engaged with the Company on an on-going basis in relation to negotiation of rates, lending purposes, short-term financing, deposits and investments. Banks are also consulted on issues linked with letters of credit and payments to suppliers, along with other disbursements of operational nature. Periodic briefings, quarterly financial reporting, Head Office and Plants' visits are the important means for our engagement with this category of stakeholders. Financial risk management and business sustainability are few of the interests of this segment of stakeholders.

## Media

Different communication mediums are used to apprise the general public about new developments, hiring, various activities and social & environmental initiatives of Interloop Limited. This creates effective awareness about the Company and a positive corporate brand image. Platforms used in this regard are Company website, social media channels, Company newsletter and informative brochures, etc.

## Regulators

Our commitment to compliance with laws and regulations is evident from our Corporate and Legal team's continued efforts for efficient and effective legal and regulatory conformity. The engagement includes submission of periodic reports, communicating through letters and emails and responding to enquiries and meetings as and when required. Active engagement with regulators improves the level of compliance. We consciously ensure that all the legal requirements of Pakistan as well as other countries are fulfilled while conducting business inside and outside Pakistan.

## Local Community

Interloop's Mission and reason for existence is to bring about a positive change in the community. To pursue this cause, Interloop has invested heavily in the community. Its main areas of focus include Education, Sports, Literary Activities, Health Care, and Disaster Relief. The Company has long term KPIs and every year a CSR spending target is fixed and implemented through an organized system. The management encourages the hiring workforce including women from local vicinities and considers engaging less privileged and special persons. The Company's social and environmental initiatives are aligned with the Sustainable Development Goals of the United Nations Development Programme.

## Our People

Interloop's commitment to its People, a dedicated and competent workforce, is at the core of its human resource strategy. We provide a nurturing and caring environment to our people where they give peak performance. We invest heavily in their professional and personal trainings. We have introduced family friendly policies and world-class daycare centers for working mothers. Besides monetary compensations, Interloop provides long-term employment benefits, scholarships for employees' children, health benefits, sports facilities for physical fitness, free transportation, subsidized meals and organizes multiple social events for employees. Along with regular meetings, communication takes place through emails, Company notices, intranet (eloop), and online media.

## Analysts

Engaging the analysts are on the agenda of Interloop but it was, unfortunately, could not be commenced due to the COVID-19 situation. The Company will engage analysts in the future to comply with the BCR criteria of the report.

## Shareholders / Institutional Investors

Support of shareholders is critical in achieving the Company's objectives. Interloop Limited safeguards its shareholders' interest as its prime responsibility. Our shareholders' interest revolves around good returns, profitability, growth, and regulatory compliances. We respond to our shareholders' expectations through improvement in business mechanics, effective governance, and corporate reporting framework. Annual General Meetings and statutory reporting are the most effective means of our engagement with our shareholders. We rigorously enforce a transparent relationship with all our stakeholders.

## Investor Relations Section

Maintaining transparency between the Company and its shareholders, Interloop Limited website, ([www.interloop-pk.com](http://www.interloop-pk.com)) contains all the major financial information needed for investors' decision-making in a separate tab of "Investor Relations".

## Minority Shareholders

The management of the Company encourages and ensures equitable treatment of all shareholders including minority shareholders to attend, speak and vote at the General Meetings and appoint another member as his / her proxy in his / her absence. The notices of General Meetings are circulated by the Company within the regulatory time frames to the registered addresses of the shareholders (including minority shareholders) as well as it is published in Urdu and English newspapers.

# SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

Organizations are influenced directly or indirectly by the external environment they operate in. The different external elements impacting Interloop Limited’s performance are discussed as under:

	<div style="font-size: 2em; font-weight: bold; margin: 0;">P</div> <div style="font-weight: bold; margin: 0;">Political</div>	<div style="font-size: 2em; font-weight: bold; margin: 0;">E</div> <div style="font-weight: bold; margin: 0;">Economic</div>	<div style="font-size: 2em; font-weight: bold; margin: 0;">S</div> <div style="font-weight: bold; margin: 0;">Social</div>
DESCRIPTION	<p>Stable political conditions are important for the growth of any Economy. Frequent changes in government policies affect the confidence level of the investors and accordingly business suffers overall.</p>	<p>Economic conditions have a direct impact on the Company’s performance. An adverse movement in exchange rate, interest rate, inflation rate, taxes, trading regulations, excise duties, etc. negatively impact the business of the Company. In terms of operational efficiency, the Company needs to consider such factors as unemployment, skill level, availability of expertise, wage patterns, working practices, and labour cost trends.</p> <p>When trying to determine economic viability of a market, one should also look at issues like current cost of living for the target market as well as availability of credit or finance.</p>	<p>Being socially responsible is yet another immense factor of critical importance that adds on to the performance levels of the Company. The organizations involved in playing an active role in the betterment of society earn a name in the market and accordingly, tend to attract and retain their customers, employees and other stakeholders.</p>
ORGANIZATIONAL RESPONSE	<p>Interloop Limited regularly participates in business discussion forums and provides valuable inputs to regulatory bodies, government’s trade and economic committees, think tanks, and advocacy bodies. We continue to monitor the impact of government policies on Pakistan’s economy at large and textile sector in particular. We continue to optimize ‘country of production’ opportunities to minimize impact of political instability.</p>	<p>We regularly monitor economic factors affecting performance and have strategies in place to mitigate any risks. Some of the measures we have in place include:</p> <ul style="list-style-type: none"> <li>• Currency hedging/factoring</li> <li>• Cotton procurement led by cotton procurement committee</li> <li>• Investment in securities</li> <li>• Workforce planning through HR committee</li> <li>• Implementation of Lean Manufacturing</li> <li>• Skill development of workforce to enhance productivity</li> </ul>	<p>Following our Mission of bringing about a positive change, Interloop is investing in education, health, sports and many other community initiatives. We are also focused on well-being of our employees and their families and earmark funds every year to be spent on welfare activities includes grants, scholarships, etc.</p>

	<div style="font-size: 2em; font-weight: bold; margin: 0;">T</div> <div style="font-weight: bold; margin: 0;">Technological</div>	<div style="font-size: 2em; font-weight: bold; margin: 0;">L</div> <div style="font-weight: bold; margin: 0;">Legal</div>	<div style="font-size: 2em; font-weight: bold; margin: 0;">E</div> <div style="font-weight: bold; margin: 0;">Environmental</div>
DESCRIPTION	Technological developments and innovation determine the progression of an organization.	Compliance with Legal / Regulatory requirement is necessary for the Company's smooth operations.	Company activities have an impact on the environment in which they operate. With the rise in importance of Corporate Responsibility, the environmental factors are becoming increasingly important for the growth of the Company.
ORGANIZATIONAL RESPONSE	Interloop has aligned itself to efficiently use Information Technology resources in achieving its operational and strategic objectives while increasing shareholders' value by providing the right tools, and accurate and timely information for decision-making. In this respect, the Management Information Systems has developed and employed multiple tools including Enterprise Applications, Business Analytics, IT Infrastructure, Industrial Automation including Robotic Process Automation, Collaboration, Information Security, and IT Service Management.	Our Corporate & Legal Affairs and EHS teams ensure compliance with all legal & regulatory requirements. They continue to closely monitor any regulatory changes advised by SECP, Excise & Taxation, FBR, Customs, and Labour Dept. and take appropriate measures accordingly.	The Company ensures compliance with applicable environmental laws and regulations and also takes additional steps to minimize its environmental impact including: <ul style="list-style-type: none"> <li>Reducing GHG emissions</li> <li>Reducing water and chemical usage</li> <li>Increasing use of sustainable raw materials including BCI, Organic Cotton, and Recycled Fibers</li> </ul>

## Significant Changes from Prior Years

There are no significant changes to be reported within the organization across core services, products, mission, vision, culture, and values. Interloop Limited will continue to expand its presence across all its categories and across various markets to remain a top textile manufacturing organization.

## Seasonality of Business

Apparel industry largely operates consistently throughout the year. Product type varies with seasons; however, there is sufficient demand throughout the year to utilize our capacities efficiently.

## Composition of Local vs Imported Material

Being a Hosiery manufacturer, Company's raw materials comprise fibers, dyes & chemicals, yarn hosiery, and commercial services. Following is the composition of raw materials purchased during the year:

Year	Imported		Local		Total	
	Kg (000')	Amount in PKR (000')	Kg (000')	Amount in PKR (000')	Kg (000')	Amount in PKR (000')
2020	13,990	4,742,204	55,135	14,526,036	69,125	19,268,240
2019	9,580	3,240,378	60,710	14,359,224	70,290	17,599,602

## Competitive Landscape & Market Positioning

The Porter's five forces model has been used to analyze the factors affecting the competitive landscape for Interloop Limited and its market positioning.

Forces	Description
<b>Threat of New Entry</b>	The threat of new competition is present on account of following developments: <ul style="list-style-type: none"> <li>• New manufacturing destinations including Africa</li> <li>• GSP plus status award to other manufacturing regions</li> <li>• Shift to MMF (Man Made Fiber)</li> <li>• Emphasis on near shore</li> </ul>
<b>Threat of Substitution</b>	The threat of substitution is low particularly in hosiery as it is considered an essential part of the consumer wardrobe. During pandemic, apparel sales dropped significantly, though the bounce back was quicker for hosiery items.
<b>Supplier Power</b>	A large number of suppliers are available for cotton yarns hence there is limited bargaining power. MMF yarns are also available from multiple sources, however as we shift towards recycled materials, there are fewer options available in the market.
<b>Buyer Power</b>	Buyer power is high as consumers buying patterns and preferences dictate the market and drive future product ranges and prices.
<b>Competitive Rivalry</b>	Highly competitive market with many textile producers not only in Pakistan but strong competition from other apparel hubs including China, Turkey, Indonesia, Bangladesh and Vietnam.

# GLOBAL RECOGNITION



## 2020 Owned Brand Business Partner Award

Interloop was awarded the 2020 Owned Brand Business Partner Award for Modernize Owned Brand Approach by Target Corporation, for being the best in-class partner and Interloop's proven track record in both PSQA and Responsible Sourcing



## Annual adidas Performance Award

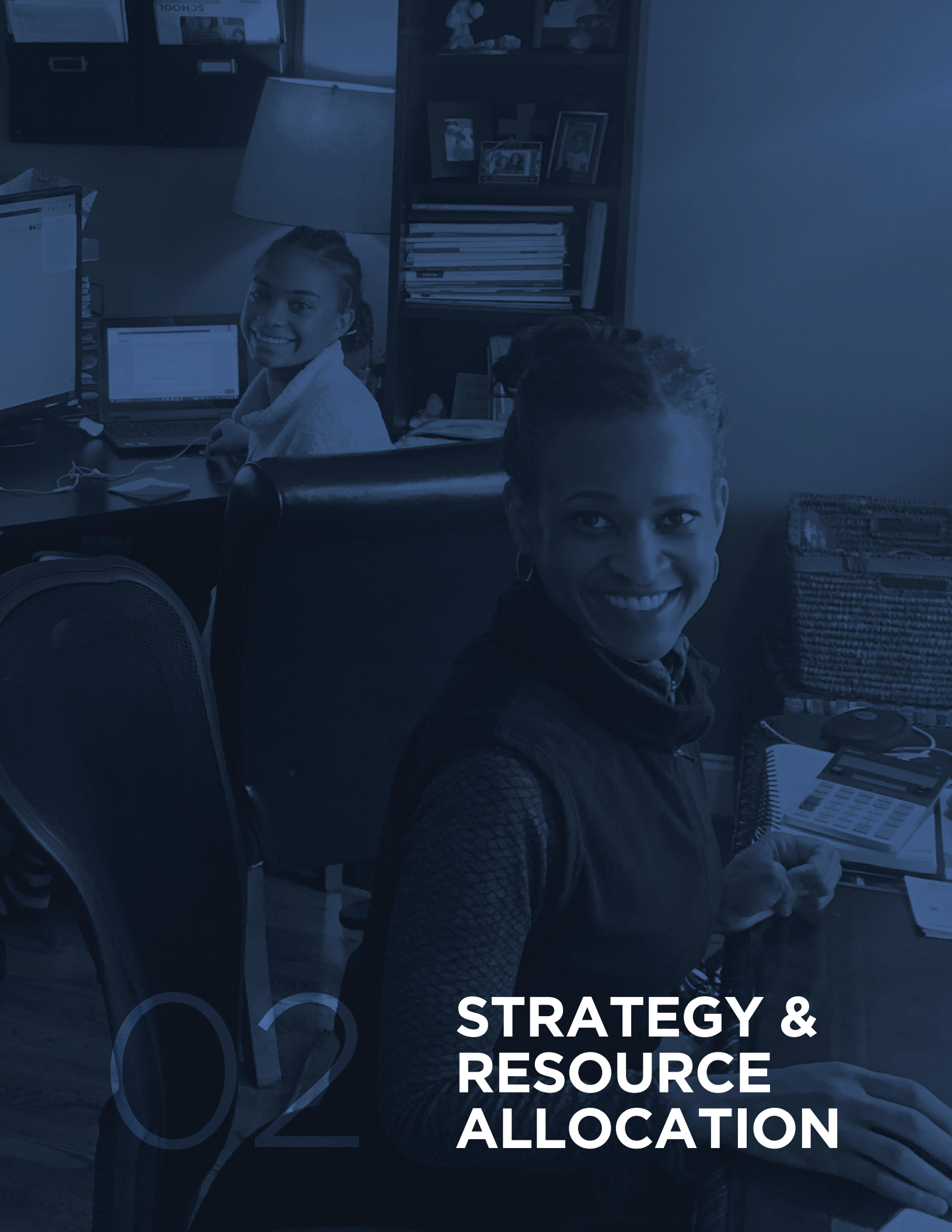
Interloop was conferred the annual adidas Performance Award, 4<sup>th</sup> time in a row, for making a true difference in the community by supporting Children's Education & Better Career Opportunities for Women in collaboration with UNICEF & UNWomen



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02

**STRATEGY &  
RESOURCE  
ALLOCATION**

# CORPORATE STRATEGY

To strengthen our position as a leading apparel manufacturer, capturing greater share in the existing Hosiery market and expanding business in new markets. Use our deep relationships with global brands & retailers and our manufacturing expertise to diversify into adjacent apparel categories, offering a one-stop solution to our customers.

## Management Objectives, Strategies & Resource Allocation

Objectives	Increase Profitable Turnover	Drive Operational Efficiency	Improve Quality
Strategy	Grow sales by onboarding new customers in Hosiery and diversifying into adjacent product categories including Denim, Seamless and Knitwear	Efficiently managing our cost base by focusing on improving productivity, reducing input costs, improving equipment efficiency, reducing wastage and improving our energy efficiency	Improve our quality management processes and systems driving efficiency through standardization and automation, using preventive and ultimately predictive solutions to achieve 100% pass rates
Nature	Medium-Long Term	Short-Medium Term	Medium Term
Priority	High	Medium	High
Resources Allocated	<p><b>Financial Capital</b> (investment in new manufacturing plants and new categories)</p> <p><b>Human and Intellectual Capital</b> (deploying experienced leadership teams to new ventures as well as acquiring subject matter expertise from national and global talent pool)</p> <p><b>Social and Relationship Capital</b> (international apparel associations, presence at global seminars/ conferences and other marketing campaigns)</p>	<p><b>Human Capital</b> (deploying teams on transformation projects and onboarding SMEs on continuous improvement projects)</p> <p><b>Financial Capital</b> (investing in teams' learning &amp; development on lean tools and manufacturing excellence)</p> <p><b>Manufactured Capital</b> (investment in efficient and modern equipment requiring less workforce and energy as well as automation tools including Robotic Process Automation, Block Chain, etc.)</p>	<p><b>Human Capital</b> (deploying trained teams on process improvement, gate controls and team member training to prevent occurrence and flow prevention)</p> <p><b>Manufactured Capital</b> (installing automation tools to prevent machine defects at source and automate quality control through real time data collection and monitoring)</p>
KPIs	Sales in USD/ROE	Net Margin/COGS/OEE/Wastage	Quality Index (Defects Rate)
Opportunities / Threats	Global apparel manufacturing is shifting with increased focus on untapped sourcing regions including Pakistan. Pakistan's access to GSP+ is a source of competitive advantage, however, withdrawal in the status or allocation of GSP+ status to other manufacturing regions could pose a threat. Recent upheaval in the demand and supply markets due to COVID-19 poses a risk to short-medium term as well as long-term demand patterns. Cotton yarn manufacturing provides an advantage to the export market, however lack of competitive MMF availability in Pakistan is becoming increasingly challenging with shift in consumer consumption patterns	Cost pressures continue to impact manufacturers around the world. With new countries of origin, coming up in Africa and elsewhere, offering a cost advantage, it is important to invest in maintaining our operational efficiency and rationalize our workforce requirements through automation	Pakistan continues to be strong in cotton-based products. However, cotton from regions like Turkey offers quality and cost advantage to competition. Also, shift in global consumption pattern to more MMF/ synthetic fibers and non-availability of such yarns in Pakistan continues to pose challenge from a quality perspective

Objectives	Be the Fastest in South Asia	Build a Diverse and Empowered Workforce	Create a Sustainable World
Strategy	Achieving speed in sampling and manufacturing becomes the catalyst for transformation. By streamlining our processes, innovating our ways of working and digitizing our supply chain, we will be able to drive efficiency and manufacture more sustainably, with the aim to be the fastest in South Asia	Build a diverse and empowered workforce through skill development, inclusion and employee engagement initiatives	<ul style="list-style-type: none"> <li>Transform lives of 5000 households, helping break the socio-economic divide through provision of affordable, quality education</li> <li>Enable 15,000 people live more fulfilling &amp; healthier lives through participation in sports and literary activities and access to free quality health services</li> <li>Build a diverse, inclusive, and empowered workforce that becomes agent of positive change and drives sustainable economic growth for Pakistan</li> </ul>
Nature	Medium	Long Term	Long Term
Priority	Medium	High	Medium
Resources allocated	<p><b>Human Capital</b> (deploying trained teams on process improvement)</p> <p><b>Manufactured Capital</b> (employing automation tools to improve speed of transactions including ERP, RPA)</p> <p><b>Financial Capital</b> (investing in new technology including digital tools for design &amp; development, and machines to enhance capacity for speedy developments)</p>	<p><b>Human Capital</b> (employing subject matter experts in Strategic HR)</p> <p><b>Human &amp; Financial Capital</b> (investment in learning &amp; development programmes on leadership, analytical and technical skills, cross-functional careers, performance recognition, family friendly policies, &amp; infrastructure)</p>	<p><b>Financial Capital</b> (investment in community initiatives, scholarships, and schools)</p> <p><b>Social and Relationship Capital</b> (promoting charitable causes through our network)</p>
KPIs	Manufacturing and Sample lead time. On time Performance.	Employee Engagement Index/ Diversity Ratio	Annual CSR spend on community initiatives. Number of schools built, scholarships offered, sports events sponsored
Opportunities / Threats	Fast fashion demand patterns continue to impact manufacturers around the world. With new countries of origin coming up in Africa, large established trading ports in East Asia, proximity of other manufacturing countries like Turkey and near shoring continue to pose challenge to delivery timelines	Our geographical location and nature of the textile industry continue to score low in attracting top talent. FMCG, banking and other sectors continue to be top choice for graduates from top universities in Pakistan. However, textile industry is one of the largest source of employment in Pakistan and with the right incentives, policies and workplace environment, we aim to build workforce of the future	Pakistan is heading towards a development crisis with 23 million children out of school, 55 million youth population, lack of stable employment opportunities, and one of the lowest female labour participation in the world at 22%. The opportunity for social development is immense and we firmly believe that education and diversity hold the key to a vibrant and sustainable economy

\*MMF=Man Made Fiber, SME= Subject Matter Expert, RPA=Robotic Process Automation

## Liquidity Risk Strategy

### Liquidity and Cash Flow Management Strategy

The Company is diligently managing its cash flow stream and has thoughtfully crafted its portfolio of investment and borrowing. The management meticulously reviews key financial ratios and adjusts the Company strategy, maintaining financial discipline. In addition to that, the Company maintains enough reserves along with sufficient funded lines from the Financial Institutions.

### Liquidity Generation

Internal cash generation is ensured through revenues and income from deposits / short term investments. Receipts from customers are effectively managed through optimized control on customers' credit. The management diligently monitors operating cash flow needs through effective cash flow forecasting. It periodically evaluates planned vs actual results and takes steps to keep it in line with plans. Furthermore, before taking external financing, the Company carries out in-depth cash flow forecasting and considers optimal returns. This ensures optimum weighted average cost of capital and minimal reliance over external sources.

### Investments and Placement of Funds

The Company has strategically diversified its portfolio overtime to maintain maximum returns while taking prudent levels of risks and exposure. The Company prefers premium credit-rated institutions for investment and placement of funds to minimize liquidity and credit risk and profitable returns are ensured by investments in the money market / Government securities, term deposits with banks /

financial institutions, and any other investment schemes to enhance profitability and increase shareholders' return. Further Liquidity risk-related information is given in Financial Statement Note No. 52.3

## Plans & Decisions

Interloop has grown its business through expansion of existing operations and also through diversification into new business operations. Currently, we plan to continue to expand our operations across all our categories and there are no plans for any significant restructuring or discontinuation of operations.

## Significant Changes in Objectives & Strategies

At Interloop, we develop a vision for the organisation every five years & objectives and strategies are carefully designed to achieve that vision, staying in line with our mission. Our five year vision is implemented through an annual business planning process where annual departmental objectives and KPIs' are set to achieve our vision, which are regularly reviewed by the management. There has not been any material deviation from the objectives and strategies during the year.

# SWOT ANALYSIS



## Strengths

- Goodwill / Customer Portfolio
- Leadership
- Diversified Product Portfolio
- Financial Strength
- Sustainability / Care for People & Planet
- Ethical Culture



## Weaknesses

- Manufacturing and Development Lead Times
- Digital Maturity
- Skill / Training Gap
- Large Organisation Structure Impacting Agility



## Opportunities

- Create Strategic Alliance
- Capture Market Share (Denim / Knitwear) in the Wake of US Tarrifs on China
- Smart Garments



## Threats

- Africa & South East Asia Rising in Manufacturing
- GSP Plus Status Withdrawal & Indonesia Getting Awarded
- Shift to MMF
- Emphasis in Near Shore



Digital Meetings

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03

# RISKS & OPPORTUNITIES

## Risk Management Policy

The Board of Directors is responsible for developing and monitoring the Risk Management Policy to determine the Company's level of risk tolerance. The Policy aims at management of risks by identifying them early on and minimising their impact on the business through mitigation strategies. The Board of Directors carried out an in-depth analysis of the major risks faced by the Company business that could threaten the business model, future performance, solvency or liquidity of the Company. The types of risks include strategic, commercial, operational, and financial risks which have been identified along with the nature of their impact and likelihood of occurrence, and the mitigation strategies to manage these risks.

## Risk Governance

The Company Board of Directors is also responsible for establishing an effective risk management framework and provides oversight through the Board Committees.

The Audit Committee monitors financial and regulatory compliance risks and the internal audit function provides independent and objective analysis of Company's controls and governance processes. The Human Resource & Remuneration Committee reviews succession planning for availability of adequate competent human resource for key Company operations and also assesses compensation programmes to evaluate the risk of escalation of expense on Salaries & wages.

The responsibility for monitoring and control of risks has been delegated to the management of the Company. The Management Committee (MC), comprising the CEO and senior management of the Company is responsible for supervising risk identification and management & implementation of the policy & procedures, all across the organization. All Functions of the Company identify and evaluate risks related to their areas, devise suitable mitigating strategies and report any modifications or additions to MC, on regular basis.

## Risks & Mitigation Strategies

	Risks	Source	Nature	Mitigation Strategies
<b>Strategic</b>	Political and Economic Instability	<b>External</b>	Impact: H Likelihood: H	Interloop Limited regularly participates and provides valuable inputs to regulatory bodies, government trade and economic committees, think tanks and advocacy bodies. We continue to monitor the impact of government policies on Pakistan's economy at large and textile sector in particular. We continue to optimize country of production opportunities to minimize impact of political instability
	Regulatory Regime		Impact: M Likelihood: M	Our Corporate and Legal Affairs and EHS teams continue to closely monitor any regulatory changes advised by SECP, Excise & Taxation, FBR, Customs and Labour Dept. and take appropriate measures accordingly

\*High= **H**, Medium=**M**, Low= **L**



	Risks	Source	Nature	Mitigation Strategies
<b>Commercial</b>	Changing Tariff Regimes/ Near Shoring	<b>External</b>	Impact: M Likelihood: M	We continue to closely monitor competitive forces in the market and invest in our capacity, diversification, quality, service delivery and ethical practices to maintain our deep relationships with global brands and retailers
	Customer Bankruptcy		Impact: M Likelihood: M	Our global teams continue to monitor financial results and market news and conduct credit risk analysis of our customer base. We regularly monitor our credit period and receivable amount and manage the risks associated within tolerance levels

	Risks	Source	Nature	Mitigation Strategies
<b>Operational</b>	Claims		Impact: M Likelihood: L	We continue to monitor and strongly emphasize on quality control and have strong measures in place to produce quality at source and have regular technical and process audits to avoid any critical defects from passing on to the customer
	Environment, Health & Safety (EHS)	<b>Internal</b>	Impact: H Likelihood: L	Interloop has a comprehensive EHS framework in place and proactively monitors all its processes that affect EHS with a robust mechanism in place, to ensure compliance with all EHS laws (local and international). In addition, all our physical assets are insured against unforeseen incidents such as fire, theft and so forth
	Attrition Rate		Impact: M Likelihood: L	Interloop continues to provide sustainable employment to more than 21,000 people. We have stringent workplace standards in place complying with international labour laws, however, our aim is to go beyond the minimum, break the class barriers and empower our team members, providing an equitable and respectable workplace, keeping our people motivated and engaged

	Risks	Source	Nature	Mitigation Strategies
<b>Financial</b>	Capital Risk	<b>Internal</b>	Impact: M Likelihood: L	When managing capital, it is our prime objective to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders. Therefore, the Company management diligently opts optimal capital structure to reduce the cost of capital. The Company maintains low leveraged capital structure and monitors the capital structure on the basis of the gearing ratio
	Monetary Policy Changes		Impact: M Likelihood: M	The Company's interest rate risk arises from long term financing, short term borrowings, loans and advances to subsidiary companies and bank balances in saving accounts. The Company management pro-actively manages its financial planning and carefully crafted its portfolio of borrowing through utilizing LTFF/ILTFF and ERF in order to avoid any adverse impact of monetary policy
	Currency Risk	<b>External</b>	Impact: L Likelihood: M	The company is net exporter so devaluation of PKR has a positive impact overall. However, in order to manage it effectively, the company closely monitors sentiments and market moves and from time to time uses different kinds of derivatives to minimize the risk
	Credit Risk/ Market Risk		Impact: M Likelihood: L	The Company's credit exposure to credit risk and impairment losses relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long-standing business relationship with all our customers. We do not expect non-performance by our customers; hence, the credit risk is minimal
	Liquidity Risk		Impact: L Likelihood: L	The Company management is diligently managing its cash flow stream and carefully crafted its portfolio of investment and borrowing. The management diligently review key financial ratios and adjust its strategy which keeps the Company in financial discipline. Additionally, the Company maintains enough reserve along with sufficient funded lines from the Financial Institutions

## Opportunities & Materialization Strategies

Opportunities	Source	Capital	Materialization Strategies
Product Diversification	External	Financial, Social Relationships and Human Capital	Diversifying into other textile categories including Denim, Knitwear and Seamless will be a key growth opportunity for us, as global apparel supply chains reorganize themselves amidst changing tariff regimes and the pandemic. Our strategy is to build upon our deep customer relationships to become a multi-category partner of choice
Market Penetration		Human and Financial Capital	Our market intelligence & research & innovation teams focus on evaluating new demand patterns, buying behaviors and trends to stay ahead of the curve releasing new product concepts, identifying white spaces and capitalizing on untapped opportunities
Automation		Human, Manufactured and Financial Capital	We are investing in our digital capabilities and transform the way we work to remain competitive and efficient. We are deploying technology across product design & development, manufacturing and customer service processes
Sustainability		Human, Financial and Social & Relationship Capital	As demand patterns shift, the move towards more sustainably manufactured products has been accelerated by COVID-19 outbreak. We are investing in our capabilities to competitively source yarns from sustainable sources (Organic, BCI, Recycled), invest in technology and processes that minimize our impact on the environment (GHG emissions reduction, Water and Energy savings) and invest in upgrading our processes and policies to maximize people well-being

## Inadequacy in the Capital Structure and Plans to Address Such Inadequacy

The Company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. For further details, related to the Company's capital risk management, please refer to note 52.4 of the unconsolidated financial statements. Future projections indicate the adequacy of capital structure for the foreseeable future.



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# 04

## GOVERNANCE

# BOARD OF DIRECTORS



**Musadaq Zulqarnain**

Chairman / Non-Executive Director

Musadaq Zulqarnain is the Chairman of Interloop Limited, Interloop Dairies Limited and Chairman & CEO of Interloop Holdings (Pvt.) Limited. He is a Member of the Board of Karandaz Pakistan and President of Interloop Welfare Trust. He is also associated with The Citizens Foundation (TCF), the largest not-for-profit organization providing primary and secondary education to underprivileged children in Pakistan.

A mechanical engineer by professional training, Musadaq's leadership experience spans over almost four decades. He initially worked for 14 years at senior positions with a gas transmission Company in Pakistan and later on transformed into a successful entrepreneur, developing and expanding one of the world's largest Hosiery manufacturing and export business, Interloop Limited, over last 28 years. Musadaq is a development enthusiast and philanthropist, actively engaged in nurturing the youth of Pakistan by facilitating education, women empowerment and sports.



**Navid Fazil**

Chief Executive Officer / Executive Director

Navid Fazil is a Founding Director & CEO of Interloop Limited. He is also a Member of the Boards of IL Bangla Limited & Interloop Holdings (Pvt.) Limited and Vice President of Interloop Welfare Trust. Navid enjoys more than 28 years' experience as a business leader and entrepreneur and has played a key role in developing Interloop Limited as one of the world's largest Hosiery manufacturing and export business.

Navid is an Electrical Engineer and earned his Masters in Industrial Management from the University of Oxford, UK. With a technically trained and intellectual mind, he puts great emphasis on continuously improving the Hosiery Operations and has a special focus on Lean Manufacturing, Research & Innovation and Sustainability. Navid is actively involved in many social responsibility programs, both professionally and personally.



**Muhammad Maqsood**

Executive Director

Muhammad Maqsood is Executive Director Interloop Limited and CEO of IL Apparel (Pvt.) Limited. He is also a Member of the Boards of Interloop Dairies, IL Apparel (Pvt.) Limited, Texlan Center (Pvt.) Limited and Interloop Welfare Trust. With an overall experience of 25 years, Maqsood's association with Interloop spans 18 years. His current responsibility portfolio includes Group finances, financial reporting and taxation. Maqsood is a fellow member of Institute of Chartered Accountants of Pakistan & Institute of Financial Accountants, UK and trained at INSEAD on Strategic Financial Management in Global Markets.



**Tariq Iqbal Khan**

Independent Director

Tariq Iqbal Khan is an Independent Director on the Board of Interloop Limited and is also serving on the Boards of various eminent listed and non-listed companies. Previously, he has served on the Boards of multiple banks, pharmaceutical, chemical & petroleum companies and as the Chairman of SNGPL and ARL, etc.

A fellow member of Institute of Chartered Accountants, Pakistan, Tariq has been serving the country for more than four decades by holding prominent positions in the private and public sectors. He played a pivotal role in founding the Islamabad Stock Exchange and subsequently served as its President. He also served as Member Tax Policy & Co-Ordination at the Central Board of Revenue, followed by working as Commissioner, Securities & Exchange Commission of Pakistan (SECP) and later as Chairman SECP (acting) for a brief period where he was instrumental in restructuring SECP. Tariq served as the Chairman & MD of NIT for more than 8 years which played a key role in establishing and stabilizing the capital markets.



**Shereen Aftab**

Non-Executive Director

Shereen Aftab is currently a Non-Executive Director on the Board of Interloop Limited and has served on the Board as a Director since 1999. In the past, she has also been associated with Interloop as Director Merchandising. She holds a PhD degree in Immunology from the University of Manchester, UK and is a MBBS Medic. She has profound interest in Arts & Crafts and is currently running her business in this field. She has a keen interest in animal welfare. She works with the Ayesha Chundrigar Foundation that runs a large animal rescue center, among other activities. Currently she is serving on the ACF board as Vice President.



**Jahan Zeb Khan Banth**

Non-Executive Director

Jahan Zeb Khan Banth is currently serving as a Non-Executive Director on the Board of Interloop Limited. A chemical engineer by profession, Jahan Zeb was previously working with Interloop Limited as Director Technical, strategically leading the maintenance of Hosiery manufacturing equipment, expansion projects, BMR and the Energy Division. Of the overall rich professional experience of 39 years, Jahan Zeb has spent the last 21 years with Interloop.



**Saeed Ahmad Jabal**

Independent Director

Saeed Ahmad Jabal is an Independent Director on the Board of Interloop Limited. A Chartered Accountant by profession, Saeed enjoys four and a half decades' experience of working in Pakistan and overseas, at leadership positions as CFO, Director Finance, Executive Director, Corporate Secretary & Chief Internal Auditor in Fruit Juices Industry, Spinning, Weaving, Fabric Processing, Apparel, Home Textile & Hosiery industries, etc.

As an important milestone in his career, Saeed looked after enhancing the computerized financial system on IBM - AS400 platform and supervised the conversion and implementation of Oracle ERP System in a composite textile manufacturing Company. Besides Finance & Accounts, he has also developed SOPs for ISO 9000 certification and systems, procedures & policies for business operations, management and organizational development, etc.

# BOARD COMMITTEES





# MANAGEMENT COMMITTEE



**Navid Fazil**  
Chief Executive Officer /  
Executive Director



**Tariq Rashid Malik**  
President Yarns & Sourcing



**Muhammad Maqsood**  
President / Group CFO



**Azhar Sadiq**  
Vice President Hosiery Operations



**Zain Sadiq**  
Vice President



**Faryal Sadiq**  
Vice President Sales & Marketing



**Feroze Ahmed**  
Vice President Denim



**Yaqub Ahsan**  
Chief Information Officer



**Masooma Zaidi**  
Vice President Hosiery Sales



**Aqeel Ahmad**  
Vice President People & OD

# CHAIRMAN'S REVIEW REPORT

I am pleased to present performance review of Interloop Limited and the role played by the Board in achieving the objectives of the Company, for the year ended June 30, 2020.

## Economic Outlook

The emergence of COVID-19 pandemic has caused major disruptions to economic activities around the world including Pakistan. For Pakistan, this has come at a time when the country was heading towards some economic stability. The pandemic has dampened the Country's economic growth which demonstrated its worst performance in past many (68) years, posting a negative growth of -0.4% in FY20. The drop in domestic and global demand compounded the strain on the economy.

Monetary and Fiscal policy interventions, such as policy rate reduction, payroll re-financing, and announcement of stimulus package have been made by the State Bank of Pakistan and Government, to ensure continuity and provide liquidity to cushion growth and employment.

Moreover, the phased lifting of lockdown restrictions along with declining new COVID-19 cases has raised hopes for normalized business activity in the coming months. If this continues smoothly, it is expected that the economy will resume its growth momentum that will boost the demands/orders. However, the Global situation is still uncertain and debate exists about what form the global economic recovery from COVID-19 will look like and how long it will take? It has therefore become even more important to leverage every opportunity of cost optimization and productivity gains.

## Business Performance

Despite some slight downward trends in figures, the Company's results of operations, financial position and net assets are indicative of a solid financial condition. The Company was able to successfully absorb severe shocks as a result of the pandemic and achieved net sales of Rs. 36.303 billion as compared to Rs. 37.478 billion during last year. However, net profit after tax declined from Rs. 5.195 billion to Rs. 1.796 billion, down by 65.42%. This was mainly due to COVID-19 pandemic which resulted in country wide lock down and also affected Company's sales due to lock down in the international markets. This net profit translated into Earnings per Share (EPS) of Rs. 2.06 as against Rs. 6.67 of last year.

It is imperative to mention here that the Company continued to play an important part in the economic growth of Pakistan by

providing employment opportunities, earning foreign exchange and dealing with multiple vendors for buying of raw materials as well as other services, directly or indirectly, and by investing in the community. Keeping in view our Mission, we pursue a Triple-P bottom line Sustainability Policy covering People, Planet & Prosperity. Interloop Limited is a business for Purpose and is now recognized as one of the most Responsible Manufacturer around the globe.

## Role of the Board of Directors

Despite the challenging macro-economic situation and stiff global competition amid COVID-19 pandemic, the Company has maintained its market share during these testing times, through relentless efforts by its Directors. The Board has played an effective role in devising an appropriate strategy for the Company to attain its objectives, particularly during this unfortunate outbreak of the Novel Coronavirus. The Board has performed its duties and responsibilities diligently and has contributed effectively in guiding the Company in all its strategic affairs. The Board also played a key role in monitoring the management performance and focus on major risk areas. The Board was fully involved in the strategic planning process and augmenting the vision of the Company. The Board recognizes that a well defined Corporate Governance system is vital for enhancing corporate accountability, and is committed to sustain high standards of Corporate Governance.

Interloop Limited has a seven-member Board of Directors, which comprises of individuals with diverse backgrounds, having core competencies, knowledge and expertise relevant to the business of the Company. Its sub-committees i.e., Audit Committee, Human Resource & Remuneration Committee and Nomination Committee assist the Board in executing its responsibilities. These sub-committees held meetings and reported to the Board as per stipulations of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

I would like to share that all the Directors, including Independent Directors, fully participated and contributed in the decision-making process of the Board. The Board performed its duties and responsibilities diligently, inter alia, by:

1. Ensuring that mission, vision and values of the Company are being followed;
2. Effectively guiding the Company in its strategic affairs;
3. Setting annual goals and targets for the Management;
4. Overseeing Management's performance and focusing on major risk areas;
5. Evaluating significant Investments;
6. Ensuring high standards of Corporate Governance to preserve stakeholders' value;

Furthermore, throughout the year, all significant issues were presented to the Board or its committees, particularly, all related party transactions of the Company were approved by the Board on the recommendation of the Audit Committee. The Audit Committee and Human Resource & Remuneration Committee met regularly to strengthen the functions of the Board. The Board carried out its self-evaluation and identified potential areas for further improvement, in line with the global best practices.

As Chairman, I will continue to be responsible for leading the Board, fostering a culture of openness and constructive debate during which all views are heard, and ensuring that the Board also hears from appropriate range of Senior Management. I will remain firmly committed to ensuring that your Company complies with all relevant codes and regulations, and ensuring that our Management team continues to take decision that will create value for you in the short, medium and long term.

The Company has an independent Internal Audit department and follows a risk based audit methodology. Internal Audit reports are presented to Audit Committee and areas for improvement are highlighted.

In the approaching October 2020, the Board will be re-elected as it will complete its term of three years. I will like to thank all the members of the Board for their outstanding and invaluable contribution to the Company and for providing support in giving directions to the management of the Company.

On behalf of the Board, I will also like to express gratitude to our stakeholders for their continued support and encouragement and acknowledge with thanks the contributions made by the employees of the Company. I also acknowledge the commitment and diligence of my fellow Directors during the year under review and thank our Chief Executive Officer and his team for their concerted efforts.



**Musadaq Zulqarnain**

Chairman

Faisalabad  
September 16, 2020



# DIRECTORS' REPORT

**The Directors of Interloop Limited are pleased to present the Annual Report of the Company, together with the audited financial statements of the Company for the year ended Jun 30, 2020.**

## Economic & Industry Overview

Financial Year 2019-20 (FY20) was a very difficult year for the whole world due to the COVID-19 pandemic. Global and domestic business environment remained highly challenging, with impact of COVID-19 spreading across the whole world within weeks. COVID-19 was also catastrophic for Pakistan's already ailing economy. The scale of this shock is underscored by the fact that for the first time in 68 years, as per the provisional estimates, Pakistan's real GDP is set to contract at 0.4 per cent in FY20. However, this contraction is not as severe as expected in most parts of the world due to COVID-19. Higher inflation and rupee devaluation continued to exert significant pressure on the overall economy in general and the manufacturing industry in particular, during FY20.

The pandemic disrupted the global supply chain as lockdowns were exercised worldwide to prevent the spread of coronavirus, which forced factory production and sales at stores to shutdown operations, while people kept themselves isolated at homes. As a result, the whole supply chain was disturbed and consumptions also fell across the globe. This caused severe financial stress for most of the businesses, including textile retail chains. However, massive government stimulus packages, as much as up to 20% of the GDP, amid lifting of the lockdowns globally have helped contain the fallout and led to a recovery in retail sales.

After the outbreak of COVID-19 in March, apparel and textile goods exports from South Asian nations including Pakistan witnessed a sharp decline in Mar, Apr and May 2020. As a result, Pakistan's textile and apparel exports dropped by over 6% to \$12.526 billion in FY20, as compared to \$13.327 billion in FY19. However, apparel and textile exports from South Asian nations are showing signs of gradual recovery from the impact of COVID-19 as lockdowns have been eased and global retailers have started accepting shipments of goods put on hold or canceled earlier.

The Government and the State Bank of Pakistan (SBP) responded swiftly, slashing the policy rate by a cumulative 625 basis points, between mid Mar to end Jun 2020. SBP launched new refinancing schemes to support employment, new investments and BMR. Together with the government's stimulus package, these measures are helping to cushion the impact of COVID-19 outbreak. Beyond their immediate positive impact, these measures are expected to support the post-COVID-19 economic recovery as well. As such, the situation in Pakistan has witnessed a sharp recovery in Jul 20, with exports increasing by 14.40% as compared to the corresponding period. Sustainability of the exports and economic recovery of the region will also depend on how effectively the countries will be able to control the spread of the virus. If the situation continues to improve further and the global economy witnesses a pause in the crisis, we can hope that the economic activities will start growing.

## Financial and Operational Performance

The operating results of the Company are summarized as follows:

	2020	2019
	(Rs. In Millions)	
Sales – net	36,302.79	37,478.32
Gross profit	7,863.72	11,954.71
EBITDA	5,121.61	7,960.92
Profit before Tax	2,115.83	5,420.98
Less : Tax Expense	319.43	226.22
Profit after Tax	1,796.40	5,194.77
Unappropriated profit brought forward	5,366.21	7,142.57
Effect of initial application of IFRS 16	(0.67)	(0.00)
Profit available for Appropriations	1,799.12	5,001.94
Appropriations		
- Bonus Shares 2018		5,688.06
- Interim dividend 2019		1,090.25
- Final dividend 2019	1,526.34	
- Interim dividend 2020	872.20	
Unappropriated profit carried forward	4,766.12	5,366.21
Earnings per share – Basic (Rs.)	2.06	6.67
Earnings per share – Diluted (Rs.)	2.06	6.67

The COVID-19 pandemic badly affected the entire corporate sector. During these challenging times, the Company managed to operate, often with very thin staff by observing proper SOPs, and successfully deployed business continuity and incident management plans to cope with this crisis. In a challenging business environment fraught with potential adverse implications of COVID-19 pandemic on the economy, the year under review was still favourable. The Company, in line with its mission, did not retrench any employee during the pandemic and also ensured that Environment, Health and Safety standards are maintained at best. We measure our performance using both; key financial indicators and strategic indicators that provide a meaningful assessment of our performance against the strategy. The Operational performance was measured against prescribed indicators including effectiveness, efficiency, and environmental responsibility such as cycle time, productivity, spoil reduction, and regulatory compliance.

Sales revenue decreased by 3.14% to Rs 36,302.79 million as compared to Rs 37,478.32 million during the

corresponding period. The Company earned profit after tax of Rs 1,796.40 million for the year under review as compared to Rs 5,194.77 million during the previous year. The decrease in sales revenue and net profits of the Company was mainly due to COVID-19 pandemic and resulting lockdowns in our global markets. The net profit translated into Earnings per Share (EPS) of Rs. 2.06 as against Rs. 6.67 of last year.

### Vertical Analysis

Category	2020	2019
Gross profit	21.66%	31.90%
Operating profit	8.96%	17.12%
Profit before tax	5.83%	14.46%
Net profit after tax	4.95%	13.86%
EBITDA	14.11%	21.24%

## Earnings Per Share

The Basic and Diluted earnings per share after tax is Rs. 2.06 (2019: Rs. 6.67)

## Dividend

The Board of Directors of the Company in the meeting held on Sep 16, 2020 have proposed a final cash dividend of Rs. 1 per share (i.e. 10%). This is in addition to Rs. 1 per share (i.e. 10%) interim cash dividend already distributed; which make a total cash distribution of Rs. 2 (i.e. 20%) for the year ended Jun 30, 2020.

The proposed final cash dividend is subject to approval of the members at the Annual General Meeting to be held on Oct 15, 2020. These financial statements do not include the effect of above proposal which will be accounted for in the period it is approved by the members.

## Business Segments

The Management of the Company has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Based on internal management reporting structure and products produced and sold, the Company is organized into the following operating segments:

- a) Hosiery - This segment relates to the sale of socks & tights
- b) Spinning - This segment relates to the sale of yarns
- c) Other operating segments - This represents various segments of the Company which currently do not meet the minimum reporting threshold stated in the International Financial Reporting Standards. These mainly include Domestic Sales, Energy, Yarn Dyeing, Denim and Active Wear.

## Denim Project

As part of business diversification & expansion, Interloop has entered into the Denim Apparel Segment and successfully installed one of the most technologically advanced production facility with a capacity of 20,000 pieces per day, with minimal environmental impact. The First phase successfully started operations in the second quarter of FY20 and commercial production began in Dec 2019. Unfortunately, the COVID-19 pandemic affected the business badly as it faced cancellation of orders. However, the situation is gradually improving now and we expect to achieve 80-85% average capacity utilization in FY21. Our marketing teams are working hard and adding new customers to our portfolio. The Management is fully committed to the project and strongly believes that it will provide sound return to its shareholders. The project is complete in terms of infrastructure and almost 80% of the budget has already been consumed. In the second phase, the production capacity will be enhanced to 40,000 pieces per day by installing further top of the line machinery.

## Pilot Project - Hosiery Plant 5

The Hosiery Plant 5 Pilot Project became operational in Jan 2019, with 94 modern Italian Knitting Machines and is currently operating with 210 Knitting Machines, utilizing the existing infrastructure. This has enhance the production capacity from 6,000 to 10,000 dozens per day, which equates to almost 25% capacity of the main plant 5, being designed to produce 42,000 dozen per day.

Upon completion, this Plant will be distinct from the existing facilities because of the New Team Organogram concept. The new structure is designed to remove extra supervisory layers, the Management working in shifts and Knitting Technical & Knitting Operations teams merged as one team. As this unit will be one of its kind, supplying products to major brands of the world, the layout planning and structural design is of paramount importance. With the engagement of top notch architects and internationally renowned lean and layout experts, building layouts and schematics have already been finalized.

The project pace slowed down due to COVID-19 pandemic and global lockdowns, however, the Management is fully committed and working on this project aggressively. On completion, this Project will be LEED certified (Leadership in Energy and Environmental Design) and will be a state of the art manufacturing facility in the textile industry in Pakistan.

## Subsidiary Company

IL Apparel (Private) Limited is a wholly owned subsidiary of the Company which looks after the Knitwear business of the Company. There is no change in the nature of the relationship with the subsidiary during FY20. The Company has also annexed consolidated financial statements along with stand-alone financial statements in accordance with the requirements of International Financial Reporting Standards and the Companies Act, 2017.

## Employee Stock Option Scheme (ESOS)

We consider our employees to be our most important stakeholder and firmly believe in providing them with conducive work environment and a sense of security. The Company operates an equity settled stock option scheme called 'Interloop Limited - Employees Stock Option Scheme, 2016' duly approved by the Securities and Exchange Commission of Pakistan (SECP). The Compensation Committee evaluates the performance and other criteria of the employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Annual Performance Report on Offer and Administration of the Employees Stock Option Scheme (ESOS) - Interloop Limited, as at Jun 30, 2020, along with the summary of the options granted till date, is annexed with this report.

It is pertinent to mention here that the scheme is not in operation since listing of the Company on PSX, and any further allocation of shares under the scheme has been put on hold till its amendment, in accordance with the Listed Company scenario. For such purposes, the subject proposal is under review and pending approval from the shareholders of the Company in the upcoming AGM, and subsequently from SECP.

## Corporate And Financial Reporting Framework

The Company Management is fully cognizant of its responsibility as recognized by the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities and Exchange Commission of Pakistan (SECP) and the Rule Book of Pakistan Stock Exchange (PSX).

The following comments are acknowledgement of Company's commitment to high standards of Corporate Governance and continuous improvement:

1. The financial statements, prepared by the Management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity
2. Proper books of account of the Company have been maintained
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure from there has been adequately disclosed
5. A Mission statement, Vision and overall Corporate Strategy for the Company is prepared, adopted and reviewed as and when deemed appropriate by the Board
6. The system of internal control is sound in design and has been effectively implemented and monitored
7. There are no significant doubts on the Company's ability to continue as a going concern
8. There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations
9. A summary of key operating and financial data of the Company is annexed
10. The Company operates a contributory provident fund scheme for employees and defined benefit gratuity fund scheme for its management/non-management employees. The value of investments based as at Jun 30, 2020, are as follows:

Provident Fund Rs. 146.815 million

## Statement of Compliance with the Code of Corporate Governance

The Company has fully complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. A statement to this effect is annexed with this annual report.

## Board of Directors and its Committees

### The Board

Interloop Limited has a seven-member (6 Male & 1 Female) Board of Directors which comprises of individuals with diverse backgrounds, having core competencies, knowledge and expertise relevant to the business of the Company. Moreover, none of the Executive Directors of the Company are serving as a non-executive director in another Listed Company. Our Board composition represents the interests of all categories of shareholders and consists of:

- Independent Directors 2
- Other Non-executive Directors 3
- Executive Directors 2

During the year, Six (6) Board meetings were held. The names of Directors and the number of meetings attended by each director are as follows:

Name(s) of Director(s)	Meetings Attended
Musadaq Zulqarnain Chairman / Non-Executive Director	5
Navid Fazil Chief Executive Officer / Executive Director	5
Jahan Zeb Khan Banth Non-Executive Director	6
Muhammad Maqsood Group CFO / Executive Director	6
Shereen Aftab Non-Executive Director	2
Saeed Ahmad Jabal Independent Director	6
Tariq Iqbal Khan Independent Director	6

## Board Committees

The Board of Directors has constituted Audit Committee (AC), Human Resource & Remuneration Committee (HR&R) and Nomination Committee (NC) as follows:

### Audit Committee (AC)

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. During the year 2019-20, Five (5) Committee meetings were held. The names of Directors and number of meetings attended by each Director are as follows:

Name(s) of Committee Members	Meetings Attended
Tariq Iqbal Khan (Chairman)	5
Saeed Ahmad Jabal	5
Jahan Zeb Khan Banth	5

### Human Resource & Remuneration Committee (HR&R)

The Committee meets to review and recommend all elements of compensation, organization and employee development policies related to the senior executives. During the year 2019-20, Three (3) Committee meetings were held. The names of Directors and number of meetings attended by each Director are as follows:

Name(s) of Committee Members	Meetings Attended
Saeed Ahmad Jabal (Chairman)	3
Navid Fazil	3
Jahan Zeb Khan Banth	3

### Nomination Committee (NC)

A Board Nomination Committee has been constituted to assist the Board, primarily in keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary therein. No meeting of the Committee was held during the year 2019-20.



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**Name(s) of Committee Members**

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Musadaq Zulqarnain  
(Chairman)

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Navid Fazil

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Muhammad Maqsood

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## Election of Directors and Composition of the Board and Committees

Election of Directors is scheduled to be held on Oct 15, 2020, in the Annual General Meeting (AGM), after which, latest composition of the Board and its committees and the role of the Chairman/Chief Executive Officer, will be disclosed in subsequent annual report.

## Directors' Training Program

The Board is kept up-to-date on legal, regulatory and governance matters through regular papers and briefings from the Company Secretary and presentations by internal and external advisors. Directors are responsible for upholding the Corporate Governance and giving the Company a strategic direction. To optimize the effectiveness of the Board, it is pertinent for new members to learn about the dynamics and operations of the Company. Your Company conducts various training programmes to make sure that the entire Board is aligned with the Organization's Mission and Corporate Governance.

All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies. By June 30, 2020, all Directors had acquired the prescribed certification under Directors Training Program or are exempt from the Directors' Training Programme by virtue of experience as per the requirements of the Companies Listed (Code of Corporate Governance) Regulations, 2019 that meet the criteria specified by the Commission and approved by it.

## Directors' Remuneration

The Company's Remuneration Policy for Independent Directors has been approved by the members of the Company. Keeping in view the Company's objectives, Interloop operates an independent and transparent method

to fix Independent Directors' remuneration. No Director is involved in deciding his/her own remuneration.

The significant features and key elements of Directors' Remuneration are as follows:

- Independent Directors are only entitled to receive fixed fees in lieu of remuneration for attending the Board and Committee Meetings
- Independent Directors are only entitled to meeting fees together with travelling and lodging costs borne by the Company

For information on remuneration of Directors and CEO in 2019-20, please refer to the Notes to the Financial Statements.

## Review of CEO's Performance

The performance of the CEO is formally appraised through the evaluation system which is based on quantitative and qualitative values. It includes the performance of the business, the accomplishment of objectives with reference to profits, organization building, succession planning and corporate success.

## Chairman's Review

The Chairman's review included in the Annual Report deals inter alia with the economic outlook, performance of the Company, role of the Board of Directors & future prospects and uncertainties.

## Review of Related Parties Transactions

The Company has executed all transactions with its related parties at an arm's length price except where it has been disclosed in the financial statements. In compliance with the Code of Corporate Governance and applicable laws and regulations, details of all related party transactions are placed before the Audit Committee and upon recommendation of the Audit Committee, the same are placed before the Board for review and approval. For information on transaction with the related party in 2019-20, please refer to the Notes to the Financial Statements.

## Trading in the Shares of the Company

Trading and holdings of Company's shares by Directors & Executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board, SECP & PSX, within the stipulated time. All such holdings have been disclosed in the Pattern of Shareholding.

## Adequate Internal Controls and Monitoring

The Company maintains sound internal control systems to provide reasonable assurance against efficiency and effectiveness of operations, reliability of financial report and compliance with applicable laws and regulations. Such systems are monitored effectively by the Management while the Board Audit Committee reviews the internal control systems based on assessment of risks and reports to the Board of Directors.

## Adequate Internal Financial Controls

The Board plays an important role in establishing the control environment, including clarity of expectations regarding integrity, ethics and adherence to Codes of Conduct and creating clear accountability for performance of internal control responsibilities. The Directors had laid down internal financial controls and the same were adequate and operating effectively.

## Internal Audit and Control

The Board has set up an independent Audit Function headed by a qualified person reporting to the Audit Committee. The scope of internal auditing within the Company is clearly defined which broadly involves review and evaluation of its internal control system.

## Pattern of Shareholding

Two statements of the Pattern of Shareholding as at June 30, 2020, for Ordinary Shares & Non-Voting Ordinary Shares respectively, which are required to be disclosed under the reporting framework, are annexed to this report.

## Communication

The Company focuses on the importance of the communication with the shareholders. The Annual, Half-yearly and Quarterly Reports are distributed to them within the time specified in the Companies Act, 2017. The activities of the Company are updated on its website at [www.interloop-pk.com](http://www.interloop-pk.com), on timely basis.

## Business Continuity Plan

As part of Business Continuity Plan, remote disaster recovery sites have been adequately set up for maintaining backup server and data in case our primary server encounters any issues.

## Appointment of Statutory Auditors

M/S. Kreston Hyder Bhimji & Company, Chartered Accountants has completed its tenure for the year FY 2020 and retires at the conclusion of the forth coming Annual General Meeting. Being eligible, they have offered themselves for re-appointment. The Audit Committee has recommended their re-appointment as auditors of the Company for the year FY 2020-21.

## Health, Safety & Environment

Your Company is continuously investing substantial resources to improve working conditions and maintaining the highest standards in health, safety and environment (HSE) to ensure well-being of the people who work with us, as well as of the communities where we operate.

## Corporate Social Responsibility

The Company considers social, environmental and ethical matters in the context of the overall business environment. We will like to take this opportunity to reiterate that your Company stands united with the nation during this challenging phase of COVID-19. Since the outbreak, in partnership with the Government, civic bodies, corporate entities, social organizations and hospitals, we have undertaken several initiatives such as donating personal protective products (PPEs) to medical institutions and underserved sections of the society, upgrading health care facilities in Government hospitals by providing equipment, providing food rations and milk to families in need and creating awareness campaigns. The Company is committed to work in the best interest of all the stakeholders, in particular the community in which we operate.

## Material Changes/Subsequent Events

There have been no material changes since Jun 30, 2020, to date of the report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the Company.

## Principal Risks and Uncertainties

Risks & Opportunities are discussed in details on pages 46 to 49 of this Report.

On behalf of the Board



**Navid Fazil**

Chief Executive Officer / Director

Faisalabad  
September 16, 2020

## Business Challenges and Future Outlook

The Company had planned aggressively for FY20 and had set targets based on FY19 performance. However, the global conditions and dynamics have changed significantly since Mar 2020 which impacted our growth during FY20. However, the demand in our operating segments has increased substantially. If the conditions continue showing improvement, we are expecting very encouraging growth in our Sales, Gross Profit and Net Profit numbers. At present, our all operating segments are functioning at almost 100% capacity except Denim which is showing gradual recovery and we hope that it will start running at full capacity during Oct 2020. However, uncertainty regarding the possible second wave of the Coronavirus and pace of revival in external demand for Pakistani products is a key risk. The easing of lockdown in the North American and European countries; the top export destinations for Pakistani textile goods will help revive and increase the exports.

## Consolidated Financial Statement

Consolidated financial statements for the period ended Jun 30, 2020 of the Company and its subsidiary IL Apparel (Private) Limited are annexed.

## Acknowledgment

The Board takes this opportunity to thank the Company's and its valued customers, bankers and other stakeholders for their corporation and support. The Board also recognizes the contribution made by a very dedicated team who served the Company with enthusiasm, and hopes that the same spirit of devotion shall remain intact in the future as well.



**Jahan Zeb Khan Banth**

Director

## قانونی آڈیٹرز کی تعیناتی:

موجودہ آڈیٹرز میسرز کریسٹن حیدر جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سال 2020 کیلئے اپنی مدت پوری کر چکے ہیں اور آنے والے سالانہ اجلاس عام کے موقع پر سبکدوش ہو رہے ہیں۔ انہوں نے اہل ہونے کے ناطے دوبارہ تعیناتی کیلئے اپنی خدمات پیش کی ہیں۔ بورڈ آف ڈائریکٹرز نے سال 2020-21 کیلئے اُنکی دوبارہ بطور آڈیٹرز تعیناتی کی سفارش کی ہے۔

## صحت، تحفظ اور ماحول:

آپ کی کمپنی کام کے حالات کی بہتری، اعلیٰ معیارات برقرار رکھنے، صحت، تحفظ اور ماحول (HSE) کیلئے مسلسل خطیر ذرائع نگاہی ہے۔ تاکہ ہمارے ساتھ کام کرنے والے لوگوں اور ہم سے منسلک طبقات کی بہتری یقینی بنائی جاسکے۔

## سماجی فلاحی ذمہ داری (CSR):

کمپنی مجموعی کاروباری ماحول کو مدنظر رکھتے ہوئے سماجی، ماحولیاتی اور اخلاقی معاملات کو زبردستی لاتی ہے۔ ہم اس موقع پر ایک بار پھر اس عزم کا اعادہ کرتے ہیں کہ آپ کی کمپنی کرونا وائرس کے اس مشکل مرحلہ میں قوم کے شانہ بشانہ کھڑی ہے۔ کرونا کے پھیلاؤ کے بعد ہم نے حکومت، سوک باڈیز، کارپوریٹ اداروں، سماجی تنظیموں اور ہسپتالوں کے ساتھ اشتراک سے مختلف اقدامات کیے جن میں میڈیکل اداروں اور معاشرہ کے پسماندہ طبقات کو (Personal Protective Products) کا عطیہ، سرکاری ہسپتالوں میں سامان کی سپلائی، ضرورت مند خاندانوں کو کھانے کی اشیاء اور دودھ کی فراہمی اور آگاہی مہمات شامل ہیں۔ کمپنی تمام سٹیک ہولڈرز خصوصاً وہ طبقہ جس میں ہم کاروبار کرتے ہیں، کے مفاد کی خاطر ہر ممکن کوشش کرنے کیلئے پرعزم ہے۔

## کاروباری چیلنجز اور مستقبل کا نقطہ نظر:

کمپنی نے مالی سال 2020 کیلئے انتہائی مستعدی سے اپنی حکمت عملی وضع کر لی ہے اور مالی سال 2019 کی کارکردگی پر اپنے اہداف کا تعین کر لیا ہے۔ تاہم مارچ 2020 سے عالمی حالات اور تحریکات نمایاں طور پر بدل چکے ہیں جس نے مالی سال 2020 کے دوران ہماری ترقی پر بھراثر ڈالا۔ اگر حالات اسی تسلسل کے ساتھ بہتر ہوتے رہے تو ہم بیلز، جی پی اور این پی نمبرز میں انتہائی حوصلہ افزا ترقی کی توقع کر سکتے ہیں۔ فی الوقت ہمارے تمام آپریٹنگ سیکٹرز 100 فیصد صلاحیت کے ساتھ کام کر رہے ہیں ماسوائے ڈینم کے، جس میں درجہ بدرجہ بحالی دیکھنے میں آ رہی ہے اور ہم پُر امید ہیں کہ اکتوبر 2020 کے دوران یہ اپنی پوری استعداد کے ساتھ فعال ہو جائے گا۔ تاہم کرونا وائرس کی دوسری لہر آنے کے ممکنہ اندیشے اور پاکستانی مصنوعات کی بیرونی طلب میں بحالی کی رفتار بنیادی خطرہ ہے۔ شمالی امریکن اور یورپی ممالک میں لاک ڈاؤن کی نرمی سے پاکستان کی ٹیکسٹائل مصنوعات کیلئے صف اول کے مقامات، بحالی اور برآمدات میں اضافہ میں مدد و معاون ثابت ہوں گے۔

## مجموعی مالیاتی گوشوارے:

مدت مختتمہ 30 جون 2020 کیلئے کمپنی اور اس کی ماتحت آئی ایل ایپریل (پرائیویٹ) لمیٹڈ کے مجموعی مالیاتی گوشوارے منسلک ہیں۔

## اظہار تشکر:

بورڈ کمپنی اور اس کے معزز صارفین، بینکرز اور دیگر تمام کاروباری ساتھیوں کے سال بھر مسلسل تعاون اور سپورٹ پر انتہائی مشکور ہے۔ بورڈ کمپنی کے ساتھ پوری تہی سے کام کرنے والی تختی ٹیم کے کردار کو سراہتا ہے اور یہ توقع رکھتا ہے کہ مستقبل میں بھی اسی سرشاری جذبہ سے خدمات جاری رکھی جائیں گی۔

برائے اور یکجہم بورڈ آف ڈائریکٹرز

Tahaw Zed

جہانزیب خان ہاتھ

(ڈائریکٹر)

نوید فاضل

(چیف ایگزیکٹو آفیسر / ڈائریکٹر)

فیصل آباد

16 ستمبر 2020

### ڈائریکٹرز کا معاوضہ:

کمپنی کے ممبران کی جانب سے خود مختار ڈائریکٹرز کیلئے کمپنی کی معاوضہ پالیسی کی منظوری دے دی گئی ہے۔ کمپنی کے مقاصد کو مد نظر رکھتے ہوئے انٹرنل پ خود مختار ڈائریکٹرز کے معاوضہ کا تعین خود مختار اور شفاف انداز میں کرتا ہے۔ کوئی بھی ڈائریکٹر اپنے معاوضہ کے تعین میں شامل نہیں ہوتا۔

ڈائریکٹرز کے معاوضہ کے تعین میں نمایاں خصوصیات اور بنیادی عوامل درج ذیل ہیں:

☆ خود مختار ڈائریکٹرز کو صرف بورڈ اور کمیٹی اجلاس میں شرکت کی مقررہ فیس معاوضہ کی مد میں ادا کی جاتی ہے

☆ خود مختار ڈائریکٹرز کو صرف اجلاس کی فیس ادا کی جاتی ہے جبکہ سفری اور دیگر اخراجات کمپنی کے ذمہ ہوتے ہیں

2019-20 کے دوران ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کے معاوضہ کی معلومات کیلئے مالیاتی گوشوارے کا جائزہ لیں

### چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ:

چیف ایگزیکٹو آفیسر کی کارکردگی عام طور پر مقننہ اور معیاری اقدار پر مبنی تشخیصی سسٹم کے ذریعے جانچی جاتی ہے۔ اس میں کاروباری کارکردگی، منافع کے حوالے سے مقاصد میں کامیابی، تنظیمی دھانچہ، کامیاب حکمت عملی اور ادارہ جاتی کامیابی شامل ہیں۔

### چیئر مین کا جائزہ:

سالانہ رپورٹ میں شامل کی گئی چیئر مین کا جائزہ رپورٹ معاشی نقطہ نظر، کمپنی کی کارکردگی، بورڈ آف ڈائریکٹرز کے کردار اور مستقبل کے امکانات وغیرہ بقینیت کا احاطہ کرتی ہے۔

### متعلقہ پارٹی لین دین کا جائزہ:

کمپنی نے اپنی تمام متعلقہ پارٹیوں سے لین دین آرمز لینتھ پرائس کی بنیاد پر مکمل کی ہیں ماسوائے ان کے جو مالیاتی گوشواروں میں بیان کی گئی ہیں۔ کوڈ آف کارپوریٹ گورننس اور لاگو کردہ قوانین و ضوابط کے مطابق تمام متعلقہ پارٹیوں سے لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے پیش کی گئیں اور آڈٹ کمیٹی کی سفارش پر وہ تمام تفصیلات جائزہ اور منظوری کیلئے بورڈ کے سامنے رکھی گئیں۔ 2019-20 میں متعلقہ پارٹی سے لین دین کی معلومات کیلئے مالیاتی گوشواروں کے نوٹسز کا جائزہ لیں۔

### کمپنی کے شیئرز میں تجارت:

کمپنی کے ڈائریکٹرز اور ایگزیکٹو یا ان کے رشتہ داروں کی جانب سے شیئرز کی تجارت اور ملکیت کے بارے میں کمپنی کی ریکورڈز کی توثیق پر مطلع کیا گیا، جس میں شیئرز سرٹیفکیٹس کی قیمت، شیئرز کی تعداد، شیئرز سرٹیفکیٹس کی قسم اور ٹرانزیکشن کی نوعیت بارے بتایا گیا۔ یہ تمام تفصیلات کمپنی کی ریکورڈز کی جانب سے بورڈ، ایس ای سی پی اور پاکستان سٹاک ایکسچینج کو مقررہ مدت کے اندر فراہم کی گئیں۔ ایسی تمام ملکیت پیٹرن آف شیئرز ہولڈنگ میں ظاہر کی گئی ہے۔

### موزوں انٹرنل کنٹرول اور نگرانی:

کمپنی آپریشنز کی استعداد اور موثر ہونے، مالی رپورٹ کی معتبری اور تمام لاگو کردہ قواعد و ضوابط پر عملدرآمد کی مناسب بقین دہانی کیلئے ایک جامع انٹرنل کنٹرول سسٹم رکھتی ہے۔ مینجمنٹ ایسے سسٹمز کی باقاعدگی سے نگرانی کرتی ہے جبکہ بورڈ کی آڈٹ کمیٹی خطرات کی تشخیص کیلئے انٹرنل کنٹرول سسٹمز کا جائزہ لیتی ہے اور بورڈ آف ڈائریکٹرز کو رپورٹ پیش کرتی ہے۔

### موزوں انٹرنل فنانشل کنٹرولز:

بورڈ دیانتداری و اقدار کی توقعات، ضابطہ اخلاق کی پابندی اور اندرونی کنٹرول کی ذمہ داریوں کی کارکردگی کیلئے شفاف احتساب پر مبنی کنٹرول انوائمنٹ کی تشکیل کیلئے اہم کردار ادا کرتا ہے۔ ڈائریکٹرز نے انٹرنل فنانشل کنٹرولز نافذ کیے ہیں اور یہ موزوں اور موثر انداز میں کام کر رہے ہیں

### ابلاغ:

کمپنی شیئرز ہولڈرز کے ساتھ ابلاغ کی اہمیت پر توجہ مرکوز کرتی ہے۔ کمپنی ایکٹ 2017 میں واضح کی گئی مدت کے دوران ان کو سالانہ، ششماہی اور سہ ماہی رپورٹس مہیا کی جاتی ہیں۔ کمپنی کی سرگرمیاں اس کی ویب سائٹ [www.interloop-pk.com](http://www.interloop-pk.com) پر باقاعدگی سے آویزاں کی جاتی ہیں۔

### کاروبار جاری رکھنے کا پلان:

کاروبار جاری رکھنے کی حکمت عملی کے تحت ریہوٹ ڈیزائنریکوری سائٹس معقول انداز میں قائم کی جاتی ہیں تاکہ بنیادی سرور میں کسی قسم کے مسائل آنے کی صورت میں بیک اپ سرور اور ڈیٹا دستیاب ہو۔

## کارپوریت اور فنانشل رپورٹنگ فریم ورک:

کمپنی انٹرمیڈیٹ ایکٹ 2017، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے جاری کردہ دی لسٹڈ کمپنیز (کوڈ آف کارپوریت گورننس) ریگولیشنز 2019 اور پاکستان سٹاک ایکسچینج کی رول بک کے مطابق اپنی ذمہ داریوں سے بخوبی آگاہ ہے۔

درج ذیل اقدامات پر عملدرآمد کمپنی کے کارپوریت گورننس کے اعلیٰ معیارات پر عملدرآمد اور مسلسل بہتری کو ظاہر کرتے ہیں:

- 1- کمپنی مینجمنٹ کی جانب سے تیار کیے جانے والے مالیاتی گوشواروں میں امور کی انجام دہی، اپنے امور کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کے بارے میں درست انداز میں بتایا گیا ہے
- 2- کمپنی کے اکاؤنٹس کی بکس کو صحیح انداز میں رکھا گیا ہے
- 3- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ حکمت عملیوں کو مستقل لاگو کیا گیا ہے اور اکاؤنٹنگ تخمینہ معقول اور دانشمندانہ فیصلہ پر مبنی ہے
- 4- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو کردہ انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کی مکمل پیروی کی گئی ہے اور اس سے انحراف کو مناسب انداز میں ظاہر اور بیان کیا گیا ہے
- 5- کمپنی کیلئے ایک مشن سٹریٹجی، ویژن اور مجموعی کارپوریت سٹریٹجی تیار اور نافذ کی گئی ہے اور حسب ضرورت بورڈ کی جانب سے اس کا جائزہ لیا گیا ہے
- 6- اندرونی کنٹرول کا ڈھانچہ مضبوط ہے اور یہ موثر انداز میں نافذ العمل اور زیر نگرانی ہے
- 7- کمپنی کے جاری رہنے کی صلاحیت پر کوئی واضح شکوک نہیں ہیں
- 8- لسٹنگ ریگولیشنز میں اندراج کے مطابق کارپوریت گورننس کے قواعد سے ظاہری انحراف نہیں کیا گیا
- 9- کمپنی کے بنیادی آپریٹنگ اور مالی ڈیٹا کا خلاصہ منسلک کیا گیا ہے
- 10- کمپنی ملازمین کیلئے ایک کنٹری بیوری پروویڈنٹ فنڈ سکیم اور مینجمنٹ/نان مینجمنٹ ملازمین کیلئے گریجویٹ فنڈ سکیم رکھتی ہے۔ 30 جون 2020 تک سرمایہ کاری کا حجم درج ذیل رہا ہے:

پروویڈنٹ فنڈ 146.815 ملین روپے

## کوڈ آف کارپوریت گورننس پر عملدرآمد کا بیان:

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریت گورننس) ریگولیشنز 2019 کی مکمل پاسداری کی ہے۔ سالانہ رپورٹ میں اس کا بیان منسلک کیا گیا ہے۔

## بورڈ آف ڈائریکٹرز:

انٹرنل لمیٹڈ کا بورڈ آف ڈائریکٹرز سات ممبران پر مشتمل ہے جس میں کمپنی کے کاروبار سے متعلقہ بہترین قابلیت، سمجھ بوجھ اور مہارت رکھنے والے مختلف پس منظر کے حامل افراد شامل ہیں۔ تاہم کمپنی کا کوئی بھی ایگزیکٹو ڈائریکٹر کسی دیگر لسٹڈ کمپنی میں خدمات سرانجام نہیں دے رہا۔ ہمارے بورڈ کی تنظیمی ساخت شراکت داروں کی تمام درجہ بندیوں کو ظاہر کرتی ہے اور یہ ذیل پر مشتمل ہے:

خود مختار ڈائریکٹرز	2
دیگر نان-ایگزیکٹو ڈائریکٹرز	3
ایگزیکٹو ڈائریکٹرز	2

## ڈائریکٹرز ٹینگ پروگرام:

بورڈ کو قانونی، ضابطگی اور گورننس کے معاملات پر کمپنی سیکرٹری کی جانب سے باقاعدگی سے کاغذات اور بریفنگ اور انٹرنل اینڈ ایکسٹرنل ایڈوائزرز کی جانب سے پریزنٹیشن کے ذریعے آگاہ رکھا جاتا ہے۔ ڈائریکٹرز کا رپورٹ گورننس کی حمایت اور کمپنی کیلئے ایک سٹریٹجک سمت کے تعین کے ذمہ دار ہیں۔ بورڈ کو زیادہ موعثر بنانے کیلئے نئے ممبران کیلئے لازم ہے کہ وہ کمپنی کے متحرکات اور آپریٹنگز کی جانچ رکھیں۔ آپ کی کمپنی مختلف ٹینگ پروگرام منعقد کر دیتی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ پورا بورڈ ادارہ کے مشن اور کارپوریت گورننس کے عین مطابق خدمات سرانجام دے رہا ہے۔

تمام ڈائریکٹران کارپوریت ادارہ کے ڈائریکٹرز ہونے کے ناطے اپنے فرائض اور ذمہ داریوں سے بخوبی واقف ہیں۔ 30 جون 2020 تک تمام ڈائریکٹرز ڈائریکٹرز ٹینگ پروگرام کے تحت مجوزہ سرٹیفیکیشن حاصل کر چکے ہیں یا وہ کمپنیز لسٹڈ (کوڈ آف کارپوریت گورننس) ریگولیشنز 2019 کی ضروریات کے تحت ڈائریکٹرز ٹینگ پروگرام سے اپنے تجربہ کی بنیاد پر مستثنیٰ ہیں۔

## ڈیٹیم پراجیکٹ:

کاروباری تنوع اور توسیع کیلئے انٹروپ ڈیٹیم نے اسپرل کے شعبہ میں بھی قدم رکھ دیا ہے اور 20,000 پیمرز روزانہ تیار کرنے کی پیداواری صلاحیت کی حامل ایک انتہائی جدید ٹیکنالوجی پر مبنی پروڈکشن فسیلیٹی کی تنصیب میں کامیاب ہو چکی ہے جو کہ ماحول پر نہ ہونے کے برابر اثرات مرتب کرتی ہے۔ مالی سال 2020 کی دوسری سہ ماہی میں پہلے مرحلہ کے تحت سرگرمیاں شروع ہوئیں اور دسمبر 2019 میں کمرشل سطح پر پیداوار کا آغاز ہوا۔ بد قسمتی سے کرونا وبا کی وجہ سے کاروبار انتہائی زیادہ متاثر ہوا اور کئی آرڈرز منسوخ ہوئے۔ تاہم اب حالات بتدریج بہتری کی جانب گامزن ہیں اور ہم مالی سال 2021 میں 85-80 فیصد اوسطاً پیداواری استعداد استعمال کرنے میں کامیاب ہو جائیں گے۔ ہماری مارکیٹنگ ٹیمیں انتہائی مستعدی سے کام کر کے ہمارے پورٹ فولیو میں نئے صارفین کا اضافہ کر رہی ہیں۔ انتظامیہ اس پراجیکٹ کیلئے مکمل پُر عزم ہے اور اس بات پر یقین رکھتی ہے کہ یہ شیئر ہولڈرز کیلئے بہترین منافع کا باعث ثابت ہوگا۔ یہ پراجیکٹ انفراسٹرکچر کے حساب سے مکمل ہو چکا ہے اور بجٹ کا 80 فیصد پہلے ہی استعمال کیا جا چکا ہے۔ دوسرے مرحلہ میں ہم مزید اعلیٰ پایہ کی مشینری کی تنصیب سے پیداواری صلاحیت میں 40,000 پیمرز روزانہ تیار کرنے کا ہدف عبور کریں گے۔

## پائلٹ پراجیکٹ - ہوزری پلانٹ:

ہوزری پلانٹ 5 پائلٹ پراجیکٹ جنوری 2019 میں 94 جدید ٹائلمین بناؤ مشینوں کے ساتھ فعال ہوا اور اس وقت موجودہ انفراسٹرکچر استعمال کرتے ہوئے یہ 210 بناؤ مشینوں کے ساتھ کام کر رہا ہے۔ اس کی بدولت پیداواری صلاحیت میں 6,000 سے 10,000 درجن فی دن تک کا اضافہ ہوا جو کہ 42,000 درجن فی دن کی پیداواری صلاحیت تک رسائی کی خاطر ڈیزائن کیے گئے مرکزی پلانٹ 5 کی صلاحیت کے 25 فیصد کے برابر ہے۔

تعمیل کے بعد یہ پلانٹ نئی ٹیم تنظیمی تصور (New Team Organogram Concept) کی بنیاد پر موجودہ فسیلیٹی سے منفرد ہوگا۔ یہ نیا تنظیمی ڈھانچہ اضافی نگرانی کے سدا باب، مینجمنٹ کے شعبوں میں کام اور ٹنگ ٹیکنیکل اور ٹنگ آپریشنز میں کی مشنر ٹیم کی تشکیل کیلئے تخلیق کیا گیا ہے۔ یہ یونٹ اپنی نوعیت کا ایک خاص یونٹ ہوگا جو نیا بھر کے معروف براڈرز کو مصنوعات سپلائی کرے گا جس میں لے آؤٹ پلانٹ اور سٹرکچرل ڈیزائن انتہائی اہمیت کا حامل ہے۔ ماہر آرکیٹیکٹس اور عالمی شہرت یافتہ لیٹن اور لے آؤٹ ایکسپریٹس کی خدمات حاصل کر کے بلڈنگ کالے آؤٹ اور شیبیک ڈائریکٹوریٹ کو حتمی شکل دی جا چکی ہے۔

کرونا وائرس اور عالمی لاک ڈاؤن کی وجہ سے پراجیکٹ پر کام کی رفتار سست روی کا شکار رہی تاہم انتظامیہ بھد پُر عزم اور اس پراجیکٹ پر پوری تندی سے کام کر رہی ہے۔ تعمیل کے بعد یہ پراجیکٹ LEED سرٹیفائیڈ (لیڈرشپ ان انرجی ایڈوانٹونرمنٹل ڈیزائن) ہوگا اور پاکستان کی ٹیکسٹائل انڈسٹری میں ایک سٹیٹ آف آرٹ میٹو فیکچرنگ فسیلیٹی شمار کی جائے گی۔

## ذیلی کمپنی:

آئی ایل اسپرل (پرائیویٹ) لمیٹڈ کمپنی کی مکمل ملکیتی ذیلی کمپنی ہے جو کمپنی کے نٹ ویز کے کاروبار کی دیکھ بھال کرتی ہے۔ مالی سال 2020 کے دوران ذیلی کمپنی کے ساتھ تعلقات کی نوعیت میں کسی قسم کی تبدیلی نہیں آئی۔ کمپنی نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز اور کنٹریکٹ ایکٹ 2017 کی ضروریات کے مطابق الگ مالیاتی گوشواروں کے ساتھ ساتھ مجموعی مالیاتی گوشوارے بھی منسلک کیے ہیں۔

## ایپلائی سٹاک آپشن سکیم (ESOS):

ہم اپنے ملازمین کو اپنا سب سے اہم شراکت دار سمجھتے ہیں اور ان کی بھرپور محنت اور استقامت کیلئے انہیں سازگار ماحول اور تحفظ کی فراہمی پر یقین رکھتے ہیں۔ کمپنی انٹروپ لمیٹڈ ایپلائی سٹاک آپشن سکیم 2016 کے نام سے ایک ایکویٹی سبیلڈ سٹاک آپشن سکیم پر عمل پیرا ہے جو کہ سیورٹیز ایڈوانٹونرمنٹل ایکٹیوٹی کمیٹی (SECP) سے منظور شدہ ہے۔ معاوضہ کمیٹی (Compensation Committee) ملازمین کی کارکردگی اور اہلیت کا جائزہ لیتی ہے اور آپشنز کی گرانٹ کیلئے بورڈ کو سفارشات بھیجتی ہے۔ بورڈ کمپنی کی تجاویز کی بنیاد پر اپنی صوابدید کے تحت سفارش کردہ آپشنز ملازمین کو مہیا کرتی ہے۔ یہ آپشنز سکیم میں واضح کردہ کچھ شرائط پر عملدرآمد کی صورت میں مخصوص دورانیہ کے بعد تقویض کیے جاتے ہیں۔ 30 جون 2020 تک پیشکش اور ایپلائی سٹاک آپشن سکیم (ESOS) انٹروپ لمیٹڈ کی انتظامیہ پر سالانہ کارکردگی رپورٹ مع تاحال فراہم کیے گئے آپشنز کے خلاصہ، اس رپورٹ میں ظاہر کردی گئی ہے۔

یہ واضح کرنا ضروری ہے کہ سکیم کمپنی کے پاکستان سٹاک ایکچینج میں لسٹنگ کے بعد سے نافذ العمل نہیں ہے اور اس سکیم کے تحت شیئرز کی مزید تقویض لسٹنگ کمپنی کی صورتحال کے مطابق مزید ترمیم تک روک دی گئی ہے۔ اس مقصد کیلئے مذکورہ پروپوزل زیر غور ہے اور آنے والے سالانہ اجلاس عام میں کمپنی کے شیئر ہولڈرز اور ایس ای سی پی سے منظوری کی منتظر ہے۔

کرونا وائرس نے پورے کارپوریٹ شعبہ کو بری طرح متاثر کیا۔ ان مشکل حالات میں کمپنی بحران پر قابو پانے کیلئے انتہائی کم سٹاف کے ساتھ احتیاطی تدابیر پر مکمل عملدرآمد، کاروباری تسلسل کے نفاذ میں کامیابی اور حادثاتی مینجمنٹ پلانز کے ذریعے کاروبار جاری رکھنا ممکن بنا سکی۔ معیشت پر کرونا وائرس کے ممکنہ منفی مضمرات سے بھرے ہوئے چیلنجز کا رو با رہی ماحول کے باوجود بری جائزہ مدت سازگار رہی۔ کمپنی نے اپنے مشن کے مطابق اس وباء کے دوران کسی ایسا پائی کو ملازمت سے برخاست نہیں کیا اور اس بات کی یقین دہانی کی گئی کہ ماحولیاتی، صحت اور حفاظتی معیارات پر بھرپور انداز میں عملدرآمد کیا جائے۔ ہم مالی اور سٹریٹجک اعشاریے کے دونوں عوامل سے اپنی کارکردگی کا جائزہ لیتے ہیں جو کہ ہماری سٹریٹجی سے متعلق ہماری کارکردگی کی ایک معنی خیز تصویر پیش کرتی ہے۔ عملی کارکردگی مجوزہ اعشاریوں بشمول اثر اندازی، استعداد اور ماحولیاتی ذمہ داری (مثلاً سائیکل ٹائم، پیداوار، سپلائی رڈکشن اور قواعد کی پابندی) کے حوالے سے جانچی گئی۔

بیلز ریونیو میں 36,302.79 ملین روپے کے ساتھ 3.14 فیصد کمی واقع ہوئی جو کہ گزشتہ اسی مدت کے دوران 37,478.32 ملین روپے رہا۔ کمپنی کا بعد از ٹیکس منافع گزشتہ سال کے 5,194.77 ملین روپے کے مقابلہ میں زیر جائزہ مدت کے دوران 1,796.40 ملین روپے رہا۔ بیلز ریونیو اور مجموعی منافع میں یہ کمی بنیادی طور پر کرونا وائرس اور عالمی سطح پر مارکیٹس میں لاک ڈاؤن کی وجہ سے رہی۔ فی شیئر آمدن میں مجموعی منافع 2.06 روپے رہا جو کہ گزشتہ سال 6.67 روپے تھا۔

### ورٹیکل ایلنسز:

2019	2020	مجموعی منافع
31.90%	21.66%	آپریٹنگ منافع
17.12%	8.96%	منافع قبل از ٹیکس
14.46%	5.83%	منافع بعد از ٹیکس
13.86%	4.95%	ای بی آئی ٹی ڈی اے
21.24%	14.11%	

### فی شیئر آمدن:

بنیادی اور ڈائی ایڈجسٹڈ آمدن فی شیئر بعد از ٹیکس 2.06 روپے (2019 میں 6.67 روپے) رہی۔

### ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے 16 ستمبر 2020 کو منعقدہ اجلاس میں 1 روپے فی شیئر 10 فیصد کے حتمی کیش ڈیویڈنڈ کی تجویز پیش کی۔ یہ 1 روپے فی شیئر 10 فیصد کے سہ ماہی تقسیم کردہ فرسٹ انٹیریم کیش ڈیویڈنڈ کے علاوہ ہے؛ جبکہ سال ختم 30 جون 2020 کیلئے مجموعی کیش حصص 2 روپے 20 فیصد بنتا ہے۔

تجویز کردہ حتمی کیش ڈیویڈنڈ مورخہ 15 اکتوبر 2020 کو منعقد ہونے والے سالانہ اجلاس عام میں ممبران کی منظوری پر منحصر ہے۔ یہ مالیاتی گوشوارے مذکورہ تجویز سے مشروط نہ ہیں جو کہ ممبران کی منظوری کے عرصہ میں عمل میں آئیں گی۔

### کاروباری شعبہ جات:

کمپنی مینجمنٹ نے ذخائر کی تخصیص اور کارکردگی کے جائزہ کیلئے کمپنی کے بورڈ آف ڈائریکٹرز کو پیش کی گئی معلومات کی بنیاد پر عملی شعبہ جات کا تعین کیا ہے۔ شعبہ کی کارکردگی عام طور پر کاروباری حجم اور مجموعی منافع جیسے اہم عوامل کی بنیاد پر جانچی جاتی ہے۔

اندرونی انتظامی رپورٹنگ اور تیار فروخت کردہ مصنوعات کو مد نظر رکھتے ہوئے کمپنی درج ذیل عملی شعبہ جات پر مشتمل ہے:

۱۔ ہوزری۔ یہ شعبہ جرابوں اور ٹائٹس کی فروخت سے متعلق ہے

ب۔ سپننگ۔ یہ شعبہ بارن کی فروخت سے وابستہ ہے

پ۔ دیگر عملی شعبہ جات۔ یہ کمپنی کے ان مختلف شعبہ جات کی نمائندگی کرتا ہے جو بحال انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز میں بیان کیے گئے کم از کم مطلوبہ رپورٹنگ معیارات پر پورا نہیں اترتے۔ اس میں بنیادی طور پر

ڈومیسٹک بیلز، انرجی، یارن ڈائمنگ، ڈینم اور ایکٹیو۔ ویوز شامل ہیں۔



## ڈائریکٹرز رپورٹ

انٹرنیٹ کے ڈائریکٹرز 30 جون 2020 کو اختتام پذیر ہونے والے سال کیلئے کمپنی کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے انتہائی خوش محسوس کر رہے ہیں۔

### معاشی اور انڈسٹری کا جائزہ:

مالی سال 2019-20 (FY20) کرونا وائرس کی وجہ سے دنیا بھر کیلئے انتہائی مشکل سال رہا۔ کرونا وائرس کے اثرات پوری دنیا میں محض چند ہفتوں میں پھیلنے کی وجہ سے مقامی و بین الاقوامی کاروباری حالات انتہائی کھٹن رہے۔ پاکستان کی پہلے سے ہی دگرگوں معیشت کیلئے بھی کرونا وائرس تباہ کن ثابت ہوا۔ اس دھچکے کی شدت کا اندازہ اس حقیقت سے لگا جا سکتا ہے کہ پروڈیوسر ٹیکنینوں کے مطابق 68 سال میں پہلی دفعہ پاکستانی کاقتصادی جی ڈی پی دنیا کی مالی سال 2020 کے دوران 0.4 فیصد تک سڑ گیا۔ تاہم یہ سڑاؤ دنیا کے دیگر خطوں کے برعکس پاکستان میں اتنا خطرناک متوقع نہیں کیا جا رہا۔ مالی سال 2020 کے دوران مہنگائی میں اضافہ اور روپے کی قدر میں کمی کی وجہ سے مجموعی طور پر معیشت پر عموماً اور مینوفیکچرنگ انڈسٹری پر خصوصاً شدید دباؤ جاری رہا۔

کرونا وائرس کا پھیلاؤ روکنے کیلئے دنیا بھر میں نافذ کیے گئے لاک ڈاؤن کی وجہ سے عالمی سپلائی چینز کا شکار رہی جو کہ لوگوں کی گھروں میں محصور ہونے پر ٹیکنی کی پیداوار اور سٹور پر بیگز کی سرگرمیوں میں بندش کا سبب بنی۔ نتیجتاً دنیا بھر میں مکمل سپلائی چینز کا شکار رہی۔ یہ عمل زیادہ تر کاروباروں بشمول ٹیکسٹائل ریٹیل چینز کیلئے شدید مالی دباؤ کا مواءج بنا۔ تاہم حکومت کی جانب سے جی ڈی پی کے 20 فیصد تک بڑے پیمانے کا انتہائی محرک سیکٹیج اور عالمی سطح پر لاک ڈاؤن کے خاتمہ کے بعد گراؤت میں کمی تھم گئی اور ریٹیل سیکٹر میں بحالی ہوئی۔

مارچ میں کرونا وائرس پھیلنے کے بعد جنوبی ایشیائی ممالک بشمول پاکستان کی ایپریل اور مئی 2020 میں انتہائی تیزی سے کم ہوئیں۔ جس کے نتیجے میں مالی سال 2020 کے دوران پاکستان کی ٹیکسٹائل اور ایپریل برآمدات 6 فیصد کمی کے ساتھ 12,526 بلین ڈالر رہیں جو کہ مالی سال 2019 کے دوران 13,327 بلین ڈالر تھیں۔ تاہم جنوب ایشیائی ممالک کی ایپریل اور مئی برآمدات جو کہ دنیا کے اثرات کی وجہ سے روکی گئی تھی وہ لاک ڈاؤن میں نرمی اور عالمی سطح کے ریٹیلرز کی جانب سے ترسیلات کی منظوری کی وجہ سے تدریج بحالی کی جانب گامزن ہیں۔

حکومت اور سیٹ بینک آف پاکستان نے وسط مارچ سے جون 2020 کے اختتام تک پالیسی ریٹ میں مجموعی طور پر 625 بیس پوائنٹس کمی کے ساتھ انتہائی بھرتی کا مظاہر کیا۔ سیٹ بینک آف پاکستان نے ملازمتوں میں معاونت، نئی سرمایہ کاری اور پی ایم آر کیلئے نئی ری فنانسنگ سکیم متعارف کروائی۔ حکومت کے محرک سیکٹیج کے ساتھ ساتھ یہ اقدامات بھی کرونا وائرس کے اثرات کو کم کرنے میں معاون ثابت ہو رہے ہیں۔ فوری مثبت اثرات کی وجہ سے یہ اقدامات متوقع طور پر کرونا وائرس کے بعد معاشی بحالی میں بھی کلیدی کردار ادا کریں گے۔ جولائی 2020 کے دوران حالات میں تیزی سے بہتری دیکھنے میں آئی اور گزشتہ مدت کے مقابلہ میں اس دورانیہ میں برآمدات 14.40 فیصد تک بڑھ گئیں۔ خطہ کی برآمدات میں استحکام اور معاشی بحالی اس بات پر منحصر ہوگی کہ ممالک کو کرونا وائرس کے پھیلاؤ کو روکنے میں کسی حد تک کامیاب ہوتے ہیں۔ اگر حالات درجہ بدرجہ بہتری کی جانب گامزن اور عالمی معیشت میں بحران، جمود کا شکار ہوتا ہے تو ہم یہ توقع کر سکتے ہیں کہ معاشی سرگرمیوں میں اضافہ ہوگا۔

### مالی اور عملی کارکردگی:

کمپنی کے کاروباری نتائج درج ذیل رہے:

2019 (ملین روپے)	2020 (ملین روپے)	
37,478.32	36,302.79	بیلنس مجموعی
11,954.71	7,863.72	مجموعی منافع
7,960.92	5,121.61	ای بی آئی ٹی ڈی اے
5,420.98	2,115.83	منافع قبل از ٹیکس
226.22	319.43	کم: ٹیکس اخراجات
5,194.77	1,796.40	منافع بعد از ٹیکس
7,142.57	5,366.21	غیر مختص منافع جو ظاہر کیا گیا
(0.00)	(0.67)	آئی ایف آر ایس 16 کی ابتدائی درخواست کا اثر
5,001.94	1,799.12	تخصیص کیلئے دستیاب منافع
		تخصیص
5,688.06		بونس شیئر 2018
1,090.25		انٹیرم ڈیویڈنڈ 2019
	1,526.34	حتمی ڈیویڈنڈ 2019
	872.20	انٹیرم ڈیویڈنڈ 2020
<b>5,366.21</b>	<b>4,766.12</b>	غیر مختص منافع جو سامنے لایا گیا
6.67	2.06	ٹی شیئر آمدن - بنیادی (روپے)
6.67	2.06	ٹی شیئر آمدن - ڈائیویڈنڈ (روپے)

# ANNEXURES TO DIRECTORS' REPORT

## Following is the summary of the options granted til to date:

Interloop Limited - Employees Stock Option Scheme (ESOS)

Financial Year	2015-2016 (i)	2015-2016 (ii)	2016-2017 (i)	2016-2017 (ii)
Date of Grant	02-Sep-16	03-Feb-17	07-Feb-18	21-Feb-18
Date of Entitlement	01-Sep-16	31-Jan-17	31-Jan-18	31-Jan-18
Share Price (Option Price) - Breakup Price as per latest Audited Accounts	49.67	65.70	76.04	76.04
Weighted Average Price i.e. Exercise Price in Rs. Per Share	N/A	N/A	N/A	N/A
Revised Price i.e. "Exercise Price in Rs. Per Share (Revised)	Not Revised	Not Revised	35.00	35.00
Minimum Vesting Period : from	03-Sep-16	04-Feb-17	08-Feb-18	22-Feb-18
Minimum Vesting Period : to	02-Mar-17	03-Feb-18	07-Feb-19	21-Feb-19
Exercise Option Period : from	03-Mar-17	04-Feb-18	08-Feb-19	22-Feb-19
Exercise Option Period : to	02-Mar-18	03-Feb-19	07-Feb-20	21-Feb-20
Share Outstanding (at the Date of Grant)	189,600,000	189,600,000	189,600,000	189,600,000
Grant of Option as a % of Shares Outstanding	0.55%	0.34%	0.47%	0.02%
No. of Options Granted	1,041,715	637,387	888,195	44,713
No. of Options Exercised	338,499	171,924	319,097	44,713
No. of Options Declined / Lapsed but subsequently Offered	Nil	426,460	Nil	Nil
No. of Options Lapsed / Declined - (and subsequently NOT Offered)	703,216	39,003	569,098	Nil
Maximum option granted to a single employee	18,875	11,415	13,315	44,713
No. of Shares Issued (Pursuant to exercise of options granted & offered)	338,499	598,384	319,097	44,713

Status	Closed	Excerciseable	Vesting Period
No. of Employees	2330	0	0
Minimum Lock Period	3 years	3 years	3 years

## Summary- Til Date

No. of Options Vested	2,612,010
No. of Options Exercised	874,233
No. of Options Declined / Lapsed but subsequently Offered	426,460
No. of Options Lapsed / Declined - (and subsequently NOT Offered)	1,311,317
No. of Shares Issued (Pursuant to exercise of options granted & offered)	1,300,693

# ANNEXURES TO DIRECTORS' REPORT

No. of Shares Outstanding	Latest	
<b>Option Pool</b>	<b>130,410,000</b>	
<b>*15% of Latest Paid up Capital</b>		
Grant of Option	2015-2016 (i)	1,041,715
Grant of Option	2015-2016 (ii)	637,387
Grant of Option	2016-2017 (i)	888,195
Grant of Option	2016-2017 (ii)	44,713
<b>Options Granted</b>		<b>2,612,010</b>
Balance Available in Option Pool		127,797,990

# CORPORATE GOVERNANCE

## Role and Responsibilities of the Chairman

The Chairman is responsible for the Board's authority, effective performance, and high standards of governance. His role is to ensure that the Board as a whole is thoroughly and constructively involved in determining and establishing the strategy and policies of the Company. He also ensures that the decisions taken by the Board are in the best interest of the Company, representing the consensus of the Board.

The Chairman encourages the highest standards of integrity and establishes good corporate governance policies and practices. He ensures that the Chief Executive Officer and the Management team successfully execute the plans and policies decided by the Board.

## Role and Responsibilities of the Chief Executive Officer

The CEO leads the Management, builds an organizational culture, and is a role model for the entire Company.

The Chief Executive Officer is entrusted with the general management of the Company's business and is responsible for proposing and developing the Company's strategy and overall commercial objectives, in close consultation with the Chairman and the Board of Directors. He is also responsible for the management of the Company's daily operational activities, strategic planning, budgeting, financial reporting, and risk management. The CEO is responsible for the implementation of the plans and policies approved by the Board and its Committees, in pursuit of the Company's goals and objectives, with the support of the Management team.

## Roles and Responsibilities of the Board of Directors

Interloop's Board of Directors plays an effective role in managing strategic matters, establishing and reviewing targets, and financial objectives.

The Board fulfills its responsibilities in compliance with the legal framework under the Companies Act, 2017, and adopts corporate governance practices for effective control. The collective acumen of the Board is interpreted into its decisions which forms the basis for Management to achieve its targets.

Following the practices powered by the Companies Act, 2017, the Board is liable to ensure eminent ethical standards in performing their responsibilities.

Some of the significant responsibilities of the Board include approval of the Company's financial statements, annual budgets, and interim & final dividends.

The Board is also responsible for the governance of risk and ensures internal controls to safeguard assets, resources, reputation, and interest of the Company and the shareholders. The Board ensures the transparency of investments in new ventures, capital expenditures, and approves the related party transactions.

## Matters Delegated to the Management

Identification and administration of key risks and opportunities which could impact the Company in the ordinary course of business have also been delegated to the management. The Board is also responsible to appoint key management positions and look into the matters reported by the audit committee and other committees of the Board. The Board also maintains a complete record of the Company's significant policies along with its date of approval or amendment.

## Evaluation of Board's Performance

As per the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board needs to act on a well-versed basis in the best interest of the Company and its stakeholders. Board's performance evaluation is carried out to set the 'tone at the top' ensuring the right mix of knowledge, expertise, and skills to maximize performance.

## Details of Formal Orientation Courses for Directors

The Company makes appropriate arrangements to carry out an orientation for its Directors to acquaint them with the Regulations of the Code, applicable laws, Company's operations, their duties and responsibilities enabling them to effectively govern the affairs of the listed Company.

A formal orientation program is arranged for every new member of the Board to provide better understanding of the Company's structure, business, targets and operations. This orientation provides a brief insight of the Company's core competencies, status of Company's affairs, Investments, summary of the Company's major assets, liabilities, noteworthy contracts and major competitors. It also includes details of major risks including all legal and regulatory framework risks, all major shareholders, suppliers, auditors, and other stakeholders.

## Governance Practices Exceeding Legal Requirements

Interloop Limited has always believed in going the extra mile and staying ahead of the curve. Aligning with this strategy, we have complied with the mandatory legal compliances under all applicable rules, regulations, and standards including listed Companies (Code of Corporate Governance) Regulations, 2019, and the Companies Act, 2017.

Some of the governance practices exceeding legal requirements that have been adopted by the Company include:

- **Disclosure of Material Information**  
The Company has always ensured that all material information is communicated to the PSX, the SECP, and the Company's shareholders as soon as it becomes available. At all times, we have ensured that such information is sent out much before the deadlines set out in the laws
- Dispersal of various financial analysis including ratios, reviews, and risk matrices, etc. in the Annual Report
- The Company has developed and implemented a stringent Health Safety Environment (HSE) systems and strategies at its Plants to ensure the proper safety of its people and equipment
- Implementation of Directors' Training Program ahead of the prescribed timeframe

## Policy for Security Clearance of Foreign Directors

There is no foreign director on the Board of Interloop Limited, accordingly, no such policy of security clearance exists.

## Conflict of Interest Among Board Members

The Company stands fully committed to the transparent disclosures, management, and monitoring of actual potential or perceived conflicts of interest. All Directors under the policy are obligated and have a duty to avoid actual, potential, or perceived conflicts of interest. In order to avoid any known or perceived conflict of interest, formal disclosure of vested interests is mandatory on all members.

A “conflict of interest” can occur when:

- A Director's personal interest is adverse to or may appear to be adverse to the interests of the Company as a whole
- A Director, or a member of his or her immediate family, receives improper personal benefits as a result of his or her position as a Director of the Company

## Policy for Disclosure of Conflict of Interest

Conflict of Interest Policy has been developed to provide a framework for all Directors of the Company to disclose actual potential or perceived conflicts of interest.

The policy provides guidance on what constitutes a conflict of interest and how it will be managed and monitored by the Company.

The policy is applicable to all Directors, as the Company strongly believes that a Director owes certain fiduciary duties. This includes the duties of loyalty, diligence, and confidentiality to the Company which requires that the Directors act in good faith on behalf of the Company and to exercise their powers for stakeholders' interests and not for their own or other's interests.

## Whistleblowing Policy

The whistleblowing policy is fundamental to the organization's professional integrity. In addition, it reinforces the value the organization places on staff as honest and respected members of their individual professions. It provides a method of properly addressing bona fide concerns that individuals within the organization might

have, while also offering whistleblower protection from victimization, harassment, or disciplinary proceedings.

It should be emphasized, that the policy is intended to assist only those individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the organization, nor should it be used to reconsider any matter which has been investigated under the harassment, grievance, or disciplinary policies and procedures.

## Social and Environmental Responsibility Policy

The Social and Environmental Responsibility Policy comprises an active commitment and participation from the Company in various social work initiatives, as part of its corporate social responsibility.

Being a conscientious member of the corporate community, the Company contributes generously to various social and charitable causes involving education, health, and sports sectors. In this regard, it is working with many reputable organizations and NGOs in Pakistan.

We believe that persistent success is ensured with the development of connected communities and preserving the environment.

## Statement of Unreserved Compliance of IFRS Issued by IASB

Note 3.1 of the financial statements explains the basis of preparation/compliance of the financial statements in accordance with the accounting and reporting standards applicable in Pakistan.

Note 4.2 of the financial statements specifies the standards and interpretations which are yet to be effective in Pakistan. The Company believes that the impact of these standards and interpretations does not have any material impact on the financial statements.

# STATEMENT OF COMPLIANCE

## Listed Companies (Code of Corporate Governance) Regulations, 2019



**Name of company** : Interloop Limited  
**Year Ending** : June 30, 2020

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Seven (7) as per the following:

- a. Male : Six (6)
- b. Female : One (1)

2. The composition of Board is as follows:

Category	Names
<b>Independent Directors</b>	Tariq Iqbal Khan Saeed Ahmad Jabal
<b>Other Non-Executive Directors</b>	Musadaq Zulqarnain Jahan Zeb Khan Banth Shereen Aftab
<b>Executive Directors</b>	Navid Fazil Muhammad Maqsood

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors, in accordance with the Act and these Regulations;
9. The Board has already arranged Directors' Training program in the previous year;

10. The Board has approved the appointment of the Chief Financial Officer, Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

### a) Audit Committee

<b>Tariq Iqbal Khan</b>	Chairman (Independent Director)
<b>Saeed Ahmad Jabal</b>	Member (Independent Director)
<b>Jahan Zeb Khan Banth</b>	Member (Non-Executive Director)

### b) HR and Remuneration Committee

<b>Saeed Ahmad Jabal</b>	Chairman (Independent Director)
<b>Navid Fazil</b>	Member (Executive Director)
<b>Jahan Zeb Khan Banth</b>	Member (Non-Executive Director)

### c) Nomination Committee

<b>Musadaq Zulqarnain</b>	Chairman (Non-Executive Director)
<b>Navid Fazil</b>	Member (Executive Director)
<b>Muhammad Maqsood</b>	Member (Executive Director)



13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committees was as follows:
  - a) **Audit Committee - Quarterly**
  - b) **HR and Remuneration Committee – On requirement basis**
  - c) **Nomination Committee - On requirement basis**
15. The Board has set up an effective Internal Audit function which comprises of professionals suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

Sr. No.	Non-Mandatory Requirement	Reg. No.	Explanation
	<b>Financial statement endorsed by Chief Financial Officer and Chief Executive Officer:</b>		
1	CEO and CFO shall duly endorse the quarterly, half-yearly and annual financial statements under their respective signatures prior to placing and circulating the same for consideration and approval of the Board.	25	Since, CEO was out of country on business tour, therefore, the half-yearly financial statements were endorsed by (Mr. Tariq Iqbal Khan) who is a member of the Board and duly authorized by the Board to do so.
	<b>Risk Management Committee:</b>		
2	The Board may constitute the Risk Management Committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30(1)	Currently, the Board has not constituted a Risk Management Committee and this responsibility has been entrusted with the Audit Committee of the Board until reconstitution of the Board Committees during next quarter.
	<b>Composition of Internal Audit function:</b>		
3	The Internal Audit function, wholly or partially, may be outsourced by the Company to a professional services firm or be performed by the Internal Audit Staff of the Holding Company and in lieu of outsourcing, the Company shall appoint or designate a fulltime employee other than Chief Financial Officer, as Head of Internal Audit, holding equivalent qualification prescribed under these Regulations, to act as coordinator between firm providing internal audit services and the Board:  Provided that while outsourcing the function, the Company shall not appoint its existing External Auditors or any of its associated company or associated undertaking, as Internal Auditors.	31(6)	Performed by a full time Internal Audit Staff and headed by a qualified and experienced professional who meets the criteria laid down under regulation 23 of the Regulations.  Previously, the Board had outsourced the Internal Audit Function jointly to KPMG Taseer Hadi & Co. Chartered Accountants & Messers Faran Associates who were also considered suitably experienced and qualified for the purpose and are conversant with the policies and procedures of the Company.



**Navid Fazil**

Chief Executive Officer / Director

Faisalabad

September 16, 2020



**Jahan Zeb Khan Banth**

Director

# INDEPENDENT REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE



## Review Report on the Statement of Compliance Contained In Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulation, 2019 (the Regulations) prepared by the Board of Directors of Interloop Limited (the Company) for the year ended Jun 30, 2020, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our Responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations, and report if it does not, and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' Statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures, and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendations of the Audit Committee place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance with this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended Jun 30, 2020.

Date: September 16, 2020

Place: Faisalabad

**KRESTON HYDER BHIMJI & CO.**

**CHARTERED ACCOUNTANTS**

Engagement Partner: Khan Muhammad

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Other offices: Karachi, Lahore, Islamabad.

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# INFORMATION SYSTEM & CONTROL

## IT Governance

Interloop recognizes the value creation of Information Systems and Technology governance for achieving the Company's strategic and operational objectives. The Company has been adopting and leveraging on Information Technology infrastructure to streamline its business processes and enhance operational efficiency by providing the right tools and accurate and timely information for decision-making.

MIS Department has developed Enterprise Applications, Business Analytics, IT Infrastructure, Industrial Automation, Collaboration, Information Security, and IT Service Management.

## IT Governance Principles

Interloop has aligned itself to efficiently use Information Technology resources in achieving its operational and strategic objectives while increasing shareholders' value. The IT Governance philosophy at Interloop complies with aspects of ISO/IEC 38500 and focuses on the following principles:

- IT Strategy supports the digital transformation agenda enabling the organization to deliver on business strategy
- IT Acquisitions and Investments are based on defined business cases
- Performance of IT systems is aligned with business interests through a defined correlation
- Conformance validates adherence of compliance regulations for external business as well as internal processes of the organisation
- Responsibility; employees are educated on user rights, adhering to compliance and to use IT systems responsibly
- Human Behavior is recognized and IT procedures and practices are developed to support user needs

## Information Security

Information Security is a key aspect of IT Governance at Interloop, where data security is ensured across the Company. In the past year, IT Security Procedures and IT Security Incidence Response documents have been formalized. User authentication and access are controlled based on business requirements. In-bound and out-bound network access are restricted to business use only. Physical Infrastructure is secured from unauthorized access. Applications are developed based on defined security standards.

## Business Continuity and Disaster Recovery (DR)

Interloop Limited maintains Production and Disaster Recovery sites that are geographically apart as per best practices with 100% redundant infrastructure resources for all production workloads. Real-time data replication between production and DR sites exist to support the Recovery Time Objective and Recovery Point Objective as driven by business requirements. Failover procedures for IT Services to the DR site are evolved and tested. Furthermore, users can connect from local and remote sites to ensure business continuity in the event of an incident affecting an entire site.

## Major Projects during Last Year

In line with business requirements, the MIS Department has carried out the following projects in the past year:

- A Digital Agenda has been developed for Interloop Limited to align technology with business initiatives and priorities
- The capacity of the private cloud infrastructure in the Production and DR sites has been enhanced for additional workloads

- Robotic Process Automation program has expanded to include customer order processing as well as back-office functions. This helps enhance user productivity. Repeatable low-value tasks are now being performed by software bots, and human workforce is being graduated to perform intelligent tasks
- Secure remote connectivity has been provided to business users to enhance productivity and mobility. This has proven especially useful during COVID-19 conditions
- Business Analytics has been introduced as a Company-wide initiative to provide analytics dashboards to multiple business functions. A semantic layer has been built to server business analytics dashboards for users
- Automation of Product Development Unit to improve sample lead times
- Digital sampling capability in the Product Development Unit to develop and share 3D Digital Samples with clients for improved lead time, lower cost and lower carbon footprint
- Implementation of Phase 1 of textile specialized ERP system Datatex for Interloop Denim covering Product Development, Sales, Purchase, and Inventory
- Development and implementation of an automated Cotton Appraisal Module



# PANDEMIC RECOVERY POLICY & PLAN



The World Health Organization declared COVID-19 a pandemic on Mar 11, 2020, as it was causing a huge impact on peoples' lives, families and communities, with millions falling sick or succumbing to this viral disease, globally. The pandemic has also presented a significant existential challenge for people as well as organizations all over the world because lockdown across countries to prevent the spread of the disease has created an economic crisis as all kinds of businesses have been shut down except those producing bare essentials.

With the ever-evolving yet fluid situation, Interloop took major steps to safeguard the health and safety of our people and to ensure the continuity of our business during this global crisis, by assessing organizational exposure, positioning our self to appropriately support key stakeholders, including employees and customers and rolled out a policy and Pandemic Recovery Plan.

Interloop worked on a 3 pronged approach to combat COVID-19 at its end:

## **Awareness:** Educate the People

- At all plants, awareness sessions were conducted, standees & posters were displayed, regular online communications were sent to all staff, and regular announcements were made through the Public Address System

- As an immediate step, assured that all hygiene procedures & protective protocols, advised by the government, were diligently adopted and followed throughout the Company

## **Communication:** Inform the People

- For the safekeeping of our people, a complete guideline on travel advisory was implemented within the Company
- Precise quarantine instructions were provided to employees & their families keeping in mind their health & safety during the crisis
- Employees over the age of 50 years, those with pre-existing medical conditions and those having any symptoms were offered to avail extraordinary leaves with Work From Home option
- Company paid testing facility was offered for quarantined employees
- For any medical emergency, on-site doctor was available at every plant
- A regular communication flow was maintained from the CEO to the employees regarding the developing situation and taking self-care measures for people's safety
- A cross-functional COVID-19 response team was formed and a dedicated helpline was set-up to address any issues faced by the employees



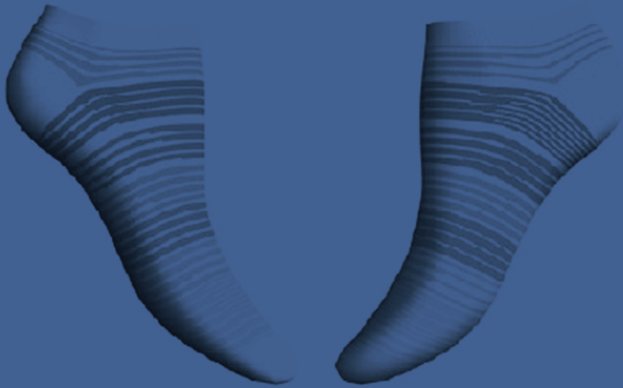
## Control Measures:

### Save the People

- In order to protect the livelihoods of our people and their families, the Company decided not to retrench any employee despite the fact that the business had come to a standstill
- Regular fumigation was carried out across all offices & manufacturing plants for mass sanitization of the work floors
- Symptoms screening was done at all entrances of the Company
- Social distancing was being implemented at all locations at all times
- Hand sanitizers were installed at multiple locations inside Company premises within easy access of employees
- A complete SOP for preventive hygiene measures, identification of symptoms, provision of medical assistance and treatment and getting back to work safely when operations resumed, was developed and implemented for all Company employees along with protocol for the visitors
- Online and Digital tools; constant updates and Work From Home protocols were put in place so that the executive staff could work effectively from the safety of their homes. All staff was advised to follow the safety and social distancing guidelines at home as well as communicated by the Company

- We accelerated our efforts to transition to digital product development and have had virtual tours organized, enabling our partners to visit us virtually
- Our collaboration with Inspectorio, implementing their Rise COVID-19 solution, helped in safeguarding our people through audits and real-time monitoring of our operations, allowing us to take necessary actions to ensure safe working conditions
- Interloop closed its Hosiery, Spinning, Dyeing, Denim, Knitwear, and Active wear Plants and Corporate Offices following the lockdown directives of the government
- Complete operation has started from Aug 20 with all SOPs in place





Digital Sampling

EMBRACING THE  
**NEW**  
**NORMAL**





05

# PERFORMANCE & POSITION

# KEY FINANCIAL RATIOS

Particulars		2020	2019	2018	2017	2016	2015
<b>Profitability Ratios</b>							
Gross Profit Margin	%	21.66	31.90	29.37	26.48	28.27	23.38
Operating profit Margin	%	8.69	17.08	14.39	13.22	16.50	14.32
Profit Before tax Margin	%	5.83	14.46	12.86	11.74	14.71	10.64
Net Profit Margin	%	4.95	13.86	12.48	11.35	13.90	10.32
EBIT to Sales	%	8.57	16.84	14.20	12.94	16.27	14.11
EBITDA to Sales	%	14.11	21.24	18.96	17.47	20.63	18.63
Return on Equity	%	10.40	29.05	42.78	20.85	29.39	26.45
Return on Assets	%	3.96	12.74	11.86	10.57	15.48	10.84
Return on Capital Employed	%	12.69	27.73	35.95	19.76	25.38	22.74
Operating Self Sufficiency Ratio	Times	1.06	1.17	1.15	1.13	1.17	1.12
Operating Leverage Ratio	Times	(16.17)	2.10	1.66	(26.69)	2.85	2.11
<b>Liquidity Ratios</b>							
Current Ratio	Times	1.14	1.27	0.86	1.26	1.53	1.28
Quick/Acid Test Ratio	Times	0.59	0.84	0.56	0.85	0.97	0.71
Leverage Ratio	Times	1.27	0.93	2.04	0.74	0.62	1.16
Long term debt to Equity Ratio	Times	0.42	0.27	0.35	0.20	0.36	0.59
Total Liabilities To Equity	Times	1.63	1.28	2.61	0.97	0.90	1.44
Interest Cover	Times	3.13	7.09	10.62	10.81	10.44	4.06
Cash and Cash Equivalent to Current Liabilities	Times	0.02	0.15	0.01	0.01	0.01	0.01
Cash flow from operations to sales	%	7.17	15.63	(8.96)	4.67	20.17	14.69
<b>Efficiency Ratios</b>							
Inventory Turnover	Times	3.34	3.91	4.33	4.86	4.54	3.88
Debtors Turnover	Times	4.70	4.82	5.14	5.53	5.82	6.21
Creditors Turnover	Times	8.61	8.09	9.68	9.81	9.94	10.78
Operating Cycle	Days	144.66	124.04	117.58	103.86	106.47	119.06
Total Assets Turnover Ratio	Times	0.80	0.92	0.95	0.93	1.11	1.05
Fixed Assets Turnover Ratio	Times	1.58	2.05	2.01	1.94	2.24	2.11
Capital employed Turnover Ratio	Times	1.48	1.65	2.53	1.53	1.56	1.61
<b>Equity Ratios</b>							
Cash dividend per share - declared	Rs	2.00	3.00	5.00	5.21	3.03	4.30
Earnings per share - basic *	Rs	2.0596	6.6706	5.1007	3.9541	4.8073	3.2718
Earnings per share - diluted *	Rs	2.0596	6.6706	5.1003	3.9539	4.8073	3.2718
Price Earning Ratio	Times	21.32	6.64	-	-	-	-
Price to Book Ratio	Times	0.85	0.95	-	-	-	-
Break up value per share	Rs	19.81	20.50	47.78	76.04	65.70	49.67
Bonus share issue for the year	No. in'000	-	571,831	-	-	-	-
Dividend Yield Ratio	%	4.55	6.78	-	-	-	-
Dividend cover	Times	1.03	2.22	1.02	0.76	1.59	0.76
Dividend pay out	%	97.10	44.97	24.45	32.80	15.69	32.73
Plough back ratio	%	2.90	55.03	75.55	67.20	84.31	67.27

\* includes the impact of bonus share issue

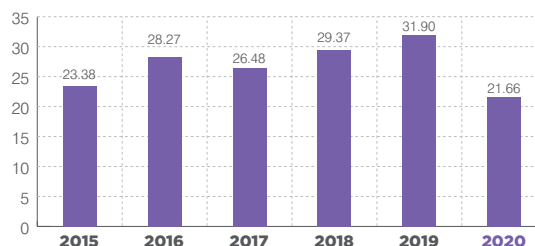
# GRAPHICAL REPRESENTATION OF RATIOS

## Our Performance over the Year

### Gross Profit

The performance of the company has remained consistent over the past years on account of effective management and prompt decision making, however, during last quarter of outgoing financial year, outbreak of novel coronavirus (COVID-19) had severely impacted company's performance on account of substantial decline in demand due to store closures and market lockdowns all across the globe.

Gross Profit Margin %

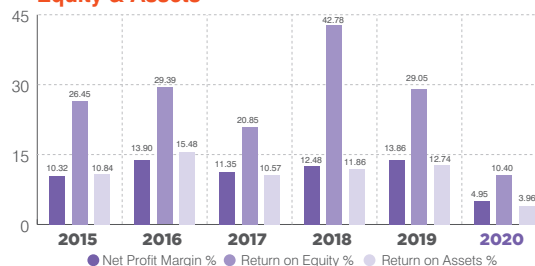


### Net Profit Margin and Return on Equity & Assets

#### Net Profit Margin

Economic lockdowns due to outbreak of novel coronavirus in last quarter of FY 2020 and resulting decline in sales have negatively impacted company's performance, consequently profitability has reduced from 13.86% in 2019 to 4.95% in 2020.

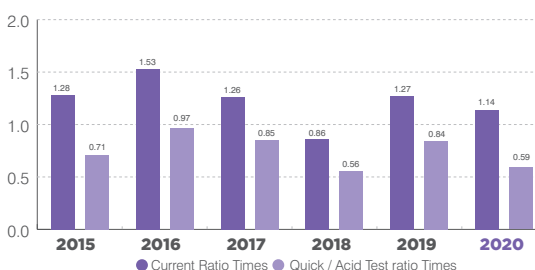
Net Profit Margin and Return on Equity & Assets



#### Return on Equity & Assets

The Company continuously monitors its capital structure and aims to keep it at its optimum level. Strong growth and optimal capital structure has enable the company to reap higher return on equity and assets.

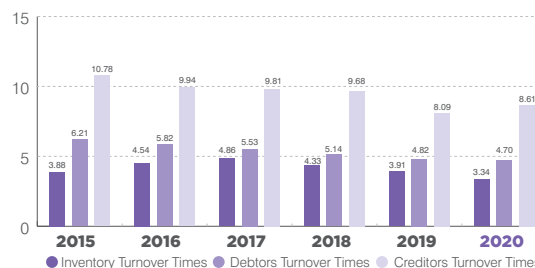
Liquidity Ratios



### Liquidity Ratios

The Company was able to manage its working capital at sustainable levels despite the adverse impact of COVID 19.

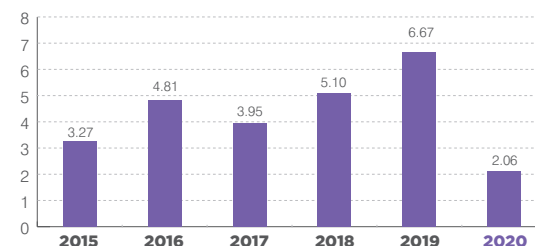
Activity/Turnover



### Activity/Turnover

The inventory turnover of the company witnessed a healthy trend as the company continuously strives to implement more effective inventory management. To remain competitive in the market and to gain market share, the company extends credit to its customers keeping in view the credit worthiness of the customer. Company tends to pay to its suppliers in a timely manner, in order to ensure smooth supply of goods and services.

Earning per Share



### Earning per Share

Company has posted healthy earnings over the years due to effective management and prompt decision making, however, 2020 was an exceptional year as earnings of the company were reduced significantly due to the adverse impacts of economic lockdowns due to COVID-19.

# DUPONT CHART

For the year ended June 30, 2020  
(Rupees '000)



# DUPONT ANALYSIS

Year	Net Profit Margin Net Profit/Sales A	Asset Turn Over Sales/Total Assets B	Financial Leverage Total Assets/Total Equity C	ROE AXBXC
2015	10.3%	1.05	2.44	26.45%
2016	13.9%	1.11	1.90	29.39%
2017	11.3%	0.93	1.97	20.85%
2018	12.5%	0.95	3.61	42.78%
2019	13.9%	0.92	2.28	29.05%
<b>2020</b>	4.95%	0.80	2.63	10.40%

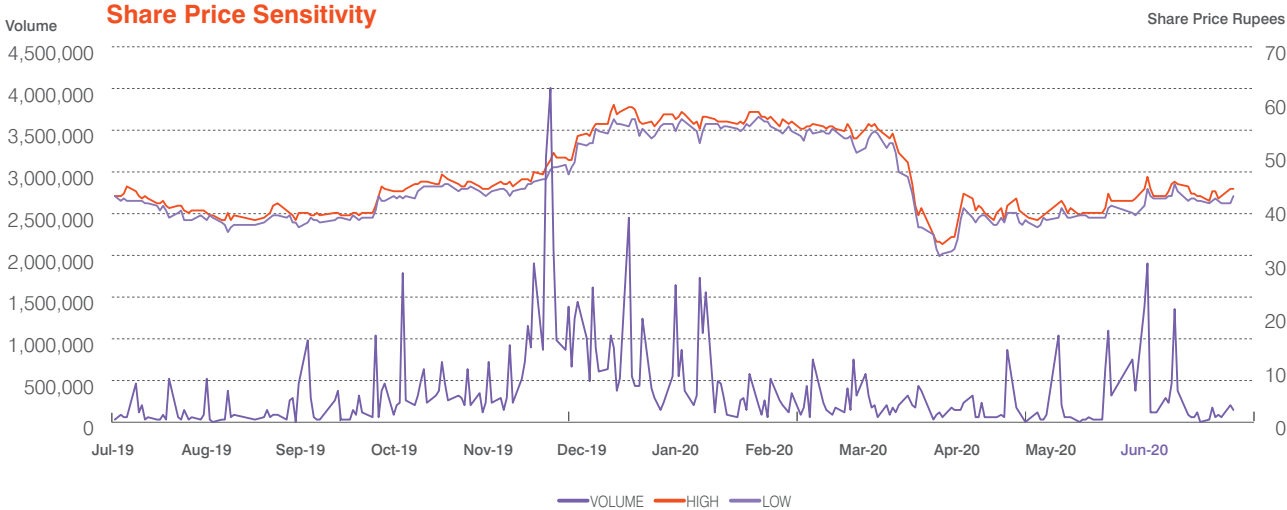
Graphical representation of DuPont Analysis



## Comments on Dupont Analysis

1. Timely and effective measures by the management allowed the Company to earn sound profits despite sharp decline in sales due to ongoing global health crisis.
2. The asset base of the Company improved during the year on account of continuous expansion of production facilities and balancing, modernizing and replacement of existing manufacturing facilities and other routine capex investments.
3. The increase in asset base of the Company resulted in higher leverage ratio for out-going financial year.

# SHARE PRICE SENSITIVITY ANALYSIS



Share price in the stock market moves due to various factors such as company performance, general market sentiments, economic events and interest rates, etc. Being a responsible and law-compliant company, Interloop circulates price sensitive information to the stock exchange in accordance with the requirements of listing regulations on timely manner. Market price of the share underwent significant fluctuations from the highest of PKR 61.40 to lowest of PKR 32.00, closing at a price of PKR 43.92.

# LAST SIX YEARS STATEMENT OF FINANCIAL POSITION

Particulars	2020	2019	2018	2017	2016	2015
	Rupees in '000					
<b>Assets</b>						
<b>Non Current Assets</b>						
Property, plant and equipment	22,744,239	18,256,474	15,451,969	13,639,799	11,710,739	11,443,616
Intangible Asset	171,459	66,161	42,410	47,205	34,923	28,356
Long term investments	1,853,735	1,008,735	380,549	1,400,159	1,400,159	1,204,452
Long term loans	113,823	65,762	60,747	50,027	63,227	28,853
Long term deposits	38,337	28,019	25,055	29,372	48,356	71,870
<b>Total non current assets</b>	<b>24,921,593</b>	<b>19,425,151</b>	<b>15,960,730</b>	<b>15,166,563</b>	<b>13,257,404</b>	<b>12,777,147</b>
<b>Current Assets</b>						
Stores and spares	1,062,524	887,659	779,198	696,743	583,261	559,983
Stock in trade	8,810,625	6,282,491	5,121,718	3,565,881	3,176,741	4,005,721
Trade debts	7,207,391	8,247,740	7,293,008	4,814,220	4,778,114	4,277,049
Loan and advances	485,930	1,063,342	617,743	1,007,837	621,987	292,616
Deposits, prepayments and other receivables	193,182	194,544	179,864	480,505	227,858	94,516
Accrued Income	2,239	10,441	-	-	-	-
Tax refunds due from government	2,408,014	1,925,439	2,451,806	1,971,626	952,073	930,589
Short term investments	125,044	1,207,251	147,425	716,526	-	-
Deferred employee share option compensation expense	-	-	5,014	968	-	-
Cash and bank balances	150,787	1,538,564	193,687	58,599	51,374	42,660
<b>Total current assets</b>	<b>20,445,736</b>	<b>21,357,471</b>	<b>16,789,463</b>	<b>13,312,905</b>	<b>10,391,408</b>	<b>10,203,134</b>
<b>Total Assets</b>	<b>45,367,329</b>	<b>40,782,622</b>	<b>32,750,193</b>	<b>28,479,468</b>	<b>23,648,813</b>	<b>22,980,281</b>
<b>Equity &amp; Liabilities</b>						
<b>Equity</b>						
Issued, subscribed and paid up capital	8,721,975	8,721,975	1,901,104	1,899,385	1,896,000	1,896,000
Reserves	3,791,602	3,791,602	38,863	21,052	-	-
Unappropriated profit	4,766,115	5,366,207	7,142,570	12,522,990	10,560,457	7,522,173
<b>Total equity</b>	<b>17,279,692</b>	<b>17,879,784</b>	<b>9,082,537</b>	<b>14,443,427</b>	<b>12,456,457</b>	<b>9,418,173</b>
<b>Non Current Liabilities</b>						
Long term financing	6,861,130	3,628,745	2,247,936	1,916,475	3,133,871	4,451,888
Lease liabilities	102,158	-	615	1,084	-	146,080
Deferred liabilities	3,140,682	2,482,623	1,925,612	1,572,461	1,262,174	984,358
<b>Total non current liabilities</b>	<b>10,103,970</b>	<b>6,111,368</b>	<b>4,174,163</b>	<b>3,490,020</b>	<b>4,396,045</b>	<b>5,582,326</b>
<b>Current Liabilities</b>						
Trade and other payables	3,031,231	3,576,861	2,730,414	1,815,056	2,159,892	1,641,861
Dividend payable	2,952	130,935	475,276	-	-	-
Accrued mark up	191,136	110,483	137,856	83,140	88,958	166,495
Short term borrowings	14,354,861	11,726,000	15,180,937	7,636,573	3,255,000	5,055,000
Current portion of non current liabilities	403,487	1,247,191	969,010	1,011,252	1,292,461	1,116,426
<b>Total current liabilities</b>	<b>17,983,667</b>	<b>16,791,470</b>	<b>19,493,493</b>	<b>10,546,021</b>	<b>6,796,310</b>	<b>7,979,782</b>
<b>Total Equity and Liabilities</b>	<b>45,367,329</b>	<b>40,782,622</b>	<b>32,750,193</b>	<b>28,479,468</b>	<b>23,648,813</b>	<b>22,980,281</b>

# HORIZONTAL ANALYSIS ON STATEMENT OF FINANCIAL POSITION

Particulars	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014
	Percentage					
<b>Assets</b>						
<b>Non Current Assets</b>						
Property, plant and equipment	25%	18%	13%	16%	2%	12%
Intangible Asset	159%	56%	-10%	35%	23%	-11%
Long term investments	84%	165%	-73%	0%	16%	45%
Long term loans	73%	8%	21%	-21%	119%	3%
Long term deposits	37%	12%	-15%	-39%	-33%	14%
<b>Total non current assets</b>	<b>28%</b>	<b>22%</b>	<b>5%</b>	<b>14%</b>	<b>4%</b>	<b>15%</b>
<b>Current Assets</b>						
Stores and spares	20%	14%	12%	19%	4%	1%
Stock in trade	40%	23%	44%	12%	-21%	-9%
Trade debts	-13%	13%	51%	1%	12%	22%
Loan and advances	-54%	72%	-39%	62%	113%	-58%
Deposits, prepayments and other receivables	-1%	8%	-63%	111%	141%	-20%
Accrued Income	-79%	100%	0%	0%	0%	0%
Tax refunds due from government	25%	-21%	24%	107%	2%	12%
Short term investments	-90%	719%	-79%	100%	0%	0%
Deferred employee share option compensation expense	100%	-100%	418%	100%	0%	0%
Cash and bank balances	-90%	694%	231%	14%	20%	-56%
<b>Total current assets</b>	<b>-4%</b>	<b>27%</b>	<b>26%</b>	<b>28%</b>	<b>2%</b>	<b>0%</b>
<b>Total Assets</b>	<b>11%</b>	<b>25%</b>	<b>15%</b>	<b>20%</b>	<b>3%</b>	<b>8%</b>
<b>Equity &amp; Liabilities</b>						
<b>Equity</b>						
Issued, subscribed and paid up capital	0%	359%	0%	0%	0%	0%
Reserves	0%	9656%	85%	100%	0%	0%
Unappropriated profit	-11%	-25%	-43%	19%	40%	28%
<b>Total equity</b>	<b>-3%</b>	<b>97%</b>	<b>-37%</b>	<b>16%</b>	<b>32%</b>	<b>21%</b>
<b>Non Current Liabilities</b>						
Long term financing	89%	61%	17%	-39%	-30%	-1%
Lease liabilities	100%	-100%	-43%	100%	-100%	14%
Deferred liabilities	27%	29%	22%	25%	28%	32%
<b>Total non current liabilities</b>	<b>65%</b>	<b>46%</b>	<b>20%</b>	<b>-21%</b>	<b>-21%</b>	<b>4%</b>
<b>Current Liabilities</b>						
Trade and other payables	-15%	31%	50%	-16%	32%	-8%
Dividend payable	-98%	-72%	100%	0%	0%	0%
Accrued mark up	73%	-20%	66%	-7%	-47%	-23%
Short term borrowings	22%	-23%	99%	135%	-36%	-6%
Current portion of non current liabilities	-68%	29%	-4%	-22%	16%	32%
<b>Total current liabilities</b>	<b>7%</b>	<b>-14%</b>	<b>85%</b>	<b>55%</b>	<b>-15%</b>	<b>-3%</b>
<b>Total Equity and Liabilities</b>	<b>11%</b>	<b>25%</b>	<b>15%</b>	<b>20%</b>	<b>3%</b>	<b>8%</b>



# VERTICAL ANALYSIS ON STATEMENT OF FINANCIAL POSITION

Particulars	2020	2019	2018	2017	2016	2015
	Percentage					
<b>Assets</b>						
<b>Non Current Assets</b>						
Property, plant and equipment	50%	44%	47%	48%	50%	50%
Intangible Asset	0%	0%	0%	0%	0%	0%
Long term investments	4%	2%	1%	5%	6%	5%
Long term loans	0%	0%	0%	0%	0%	0%
Long term deposits	0%	0%	0%	0%	0%	0%
<b>Total non current assets</b>	<b>54%</b>	<b>46%</b>	<b>48%</b>	<b>53%</b>	<b>56%</b>	<b>55%</b>
<b>Current Assets</b>						
Stores and spares	2%	2%	2%	2%	2%	3%
Stock in trade	19%	15%	16%	12%	14%	18%
Trade debts	16%	21%	23%	17%	20%	19%
Loan and advances	1%	3%	2%	4%	3%	1%
Deposits, prepayments and other receivables	1%	1%	1%	2%	1%	0%
Accrued Income	0%	0%	0%	0%	0%	0%
Tax refunds due from government	5%	5%	7%	7%	4%	4%
Short term investments	1%	3%	0%	3%	0%	0%
Deferred employee share option compensation expense	0%	0%	0%	0%	0%	0%
Cash and bank balances	1%	4%	1%	0%	0%	0%
<b>Total current assets</b>	<b>46%</b>	<b>54%</b>	<b>52%</b>	<b>47%</b>	<b>44%</b>	<b>45%</b>
<b>Total Assets</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Equity &amp; Liabilities</b>						
<b>Equity</b>						
Issued, subscribed and paid up capital	19%	21%	6%	7%	8%	8%
Reserves	8%	9%	0%	0%	0%	0%
Unappropriated profit	11%	13%	22%	44%	45%	33%
<b>Total equity</b>	<b>38%</b>	<b>43%</b>	<b>28%</b>	<b>51%</b>	<b>53%</b>	<b>41%</b>
<b>Non Current Liabilities</b>						
Long term financing	15%	9%	7%	7%	13%	19%
Lease liabilities	0%	0%	0%	0%	0%	1%
Deferred liabilities	7%	7%	6%	6%	5%	4%
<b>Total non current liabilities</b>	<b>22%</b>	<b>16%</b>	<b>13%</b>	<b>13%</b>	<b>18%</b>	<b>24%</b>
<b>Current Liabilities</b>						
Trade and other payables	7%	9%	8%	6%	10%	7%
Dividend payable	0%	0%	1%	0%	0%	0%
Accrued mark up	0%	0%	0%	0%	0%	1%
Short term borrowings	32%	29%	47%	26%	14%	22%
Current portion of non current liabilities	1%	3%	3%	4%	5%	5%
<b>Total current liabilities</b>	<b>40%</b>	<b>41%</b>	<b>59%</b>	<b>36%</b>	<b>29%</b>	<b>35%</b>
<b>Total Equity and Liabilities</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# COMMENTARY ON ANALYSIS OF STATEMENT OF FINANCIAL POSITION

## Assets

### Non current assets

Non current assets mainly includes property, plant & equipment, which has increased by PKR 11,301 Million on account of continuous expansion of production facilities and balancing, modernizing and replacement of existing manufacturing facilities and other routine capex investments.

### Current Assets

Current assets mainly includes stock in trade and trade debts, which have increased steadily over the period on account of expansion in operations.

## Equity & Liabilities

### Equity

Issuance of bonus shares and equity injection as a result of IPO in FY 2019 has resulted in an increase in share capital over the period of six years from PKR 1,896 Million in FY 2015 to 8,722 Million in FY 2020 representing an increase of 360%. Reserves of the company have increased from PKR 7,522 Million in FY 2015 to PKR 8,558 Million in FY 2020 representing an increase of 14%.

### Non current liabilities

Non current liabilities includes long term financing and deferred liabilities. Long term financing has increased over the course of Six years on account of financing expansion of production facilities and deferred liabilities has increase over the period on account of increase in staff retirement gratuity.

### Current Liabilities

Current liabilities mainly includes trade and other payables and short term financing, which has increased due to increase in operations.

# LAST SIX YEARS STATEMENT OF PROFIT & LOSS

Particulars	2020	2019	2018	2017	2016	2015
Rupees in '000						
Sales	36,302,794	37,478,321	31,138,736	26,529,786	26,333,359	24,150,149
Cost of Sales	(28,439,076)	(25,523,607)	(21,994,237)	(19,503,501)	(18,888,350)	(18,504,372)
<b>Gross Profit</b>	<b>7,863,718</b>	<b>11,954,714</b>	<b>9,144,499</b>	<b>7,026,284</b>	<b>7,445,009</b>	<b>5,645,777</b>
<b>Operating expenses</b>						
Distribution Cost	(2,007,264)	(2,783,719)	(2,641,013)	(2,113,248)	(1,478,933)	(909,333)
Administrative Cost	(2,197,949)	(1,984,209)	(1,597,804)	(1,298,707)	(1,156,927)	(981,659)
Other operating expenses	(504,513)	(784,540)	(425,429)	(108,152)	(463,324)	(296,467)
	(4,709,726)	(5,552,468)	(4,664,246)	(3,520,107)	(3,099,183)	(2,187,459)
Other income	99,001	14,444	9,164	35	1,667	2,010
<b>Profit from operations</b>	<b>3,252,993</b>	<b>6,416,690</b>	<b>4,489,417</b>	<b>3,506,213</b>	<b>4,347,493</b>	<b>3,460,328</b>
Finance cost	(1,137,162)	(995,707)	(483,654)	(391,940)	(472,972)	(891,231)
<b>Profit before taxation</b>	<b>2,115,831</b>	<b>5,420,983</b>	<b>4,005,763</b>	<b>3,114,273</b>	<b>3,874,521</b>	<b>2,569,098</b>
Taxation	(319,428)	(226,216)	(119,954)	(103,188)	(214,117)	(77,827)
<b>Profit after taxation</b>	<b>1,796,403</b>	<b>5,194,767</b>	<b>3,885,809</b>	<b>3,011,085</b>	<b>3,660,404</b>	<b>2,491,270</b>

# HORIZONTAL ANALYSIS ON STATEMENT OF PROFIT OR LOSS

Particulars	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014
Percentage						
Sales	-3%	20%	17%	1%	9%	7%
Cost of Sales	11%	16%	13%	3%	2%	7%
<b>Gross Profit</b>	<b>-34%</b>	<b>31%</b>	<b>30%</b>	<b>-6%</b>	<b>32%</b>	<b>4%</b>
<b>Operating expenses</b>						
Distribution Cost	-28%	5%	25%	43%	63%	-26%
Administrative Cost	11%	24%	23%	12%	18%	9%
Other operating expenses	-36%	84%	293%	-77%	56%	29%
Other income	-15%	19%	33%	14%	42%	-7%
	585%	58%	25829%	-98%	-17%	15%
<b>Profit from operations</b>	<b>-49%</b>	<b>43%</b>	<b>28%</b>	<b>-19%</b>	<b>26%</b>	<b>14%</b>
Finance cost	14%	106%	23%	-17%	-47%	7%
<b>Profit before taxation</b>	<b>-61%</b>	<b>35%</b>	<b>29%</b>	<b>-20%</b>	<b>51%</b>	<b>16%</b>
Taxation	41%	89%	16%	-52%	175%	71%
<b>Profit for the year</b>	<b>-65%</b>	<b>34%</b>	<b>29%</b>	<b>-18%</b>	<b>47%</b>	<b>15%</b>

# VERTICAL ANALYSIS ON STATEMENT OF PROFIT OR LOSS

Particulars	2020	2019	2018	2017	2016	2015
	Percentage					
Sales	100%	100%	100%	100%	100%	100%
Cost of Sales	-78.34%	-68.10%	-70.63%	-73.52%	-71.73%	-76.62%
<b>Gross Profit</b>	21.66%	31.90%	29.37%	26.48%	28.27%	23.38%
<b>Operating expenses</b>						
Distribution Cost	-5.53%	-7.43%	-8.48%	-7.97%	-5.62%	-3.77%
Administrative Cost	-6.05%	-5.29%	-5.13%	-4.90%	-4.39%	-4.06%
Other operating expenses	-1.39%	-2.09%	-1.37%	-0.41%	-1.76%	-1.23%
	-12.97%	-14.82%	-14.98%	-13.27%	-11.77%	-9.06%
<b>Other income</b>	0.27%	0.04%	0.03%	0.00%	0.01%	0.01%
<b>Profit from operations</b>	8.96%	17.12%	14.42%	13.22%	16.51%	14.33%
Finance cost	-3.13%	-2.66%	-1.55%	-1.48%	-1.80%	-3.69%
<b>Profit before taxation</b>	5.83%	14.46%	12.86%	11.74%	14.71%	10.64%
Taxation	-0.88%	-0.60%	-0.39%	-0.39%	-0.81%	-0.32%
<b>Profit for the year</b>	4.95%	13.86%	12.48%	11.35%	13.90%	10.32%

## COMMENTARY ON ANALYSIS OF STATEMENT OF PROFIT OR LOSS

### Sales

Sales increased steadily over the course of last six years on account of expansion, increased market share and appreciation of market prices including continuous devaluation of rupee against foreign currencies, therefore, registering a compound annual growth of 8.5% over the past six years. FY 2020 sales has slightly reduced from comparative year due to ongoing global health crisis.

### Gross Profit

Gross Profit saw healthy growth trend till last year. Gross profit has declined sharply for the outgoing year due to negative impacts of global lockdown on account of the ongoing global health crisis.

### Operating Profit

Effective management techniques employed by the Company saw a decline in overall operating expenses, but the adverse impact on revenues and costs due to coronavirus lockdowns resulted in decline in Operating Profits.

### Finance Cost

Continuous increase in company's operations have created additional working capital requirements. Company is also diversifying its operations rapidly because of which the Company required new financing arrangements resulting in additional finance costs.

### Taxation

Tax expense has increased over the period due to increase in export receipts of the Company. The Company falls under final tax regime and the tax is charged on its turnover receipt based on applicable tax rates after taking into account tax credits, rebates and exemptions, if any. Further, during FY 2020 tax credit under section 65 B was not available to the Company resulting in increase in expense over the year.

# LAST SIX YEARS STATEMENT OF CASH FLOWS

Particulars	2020	2019	2018	2017	2016	2015
	Rupees in '000					
Cash Flows From Operating Activities	2,602,454	5,856,137	(2,790,766)	1,238,798	5,310,648	3,548,562
Cash Flows From Investing Activities	(7,283,840)	(5,224,627)	(4,467,281)	(3,152,722)	(1,526,224)	(2,643,640)
Cash Flows From Financing Activities	2,477,398	1,654,622	7,369,132	1,945,152	(3,775,710)	(958,671)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,203,988)</b>	<b>2,286,132</b>	<b>111,085</b>	<b>31,228</b>	<b>8,714</b>	<b>(53,748)</b>

## HORIZONTAL ANALYSIS ON STATEMENT OF CASH FLOW

Particulars	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014
	Percentage					
Cash Flows From Operating Activities	-56%	310%	-325%	-77%	50%	43%
Cash Flows From Investing Activities	-39%	-17%	-42%	-107%	42%	19%
Cash Flows From Financing Activities	50%	-78%	279%	152%	-294%	-214%
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-196%</b>	<b>1958%</b>	<b>256%</b>	<b>258%</b>	<b>116%</b>	<b>-219%</b>

## VERTICAL ANALYSIS ON STATEMENT OF CASH FLOW

Particulars	2020	2019	2018	2017	2016	2015
	Percentage					
Cash Flows From Operating Activities	-118%	257%	-2512%	3967%	60941%	-6602%
Cash Flows From Investing Activities	330%	-229%	-4021%	-10096%	-17514%	4918%
Cash Flows From Financing Activities	-112%	72%	6633%	6229%	-43327%	1784%
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## COMMENTARY ON ANALYSIS OF STATEMENT OF CASH FLOWS

### Cash Flows From Operating Activities

Despite the ongoing health pandemic, company has performed well and managed to generated healthy cashflows from operating activities.

### Cash Flows From Investing Activities

The cashflows used in investing activities were PKR 7,284 Million in FY 2020 compared to PKR 2,644 Million in 2015. Investment in capital expenditure, on account of continuous expansion of production facilities and balancing, modernizing and replacement of existing manufacturing facilities, were main constituents of cash outflows from investing activities.

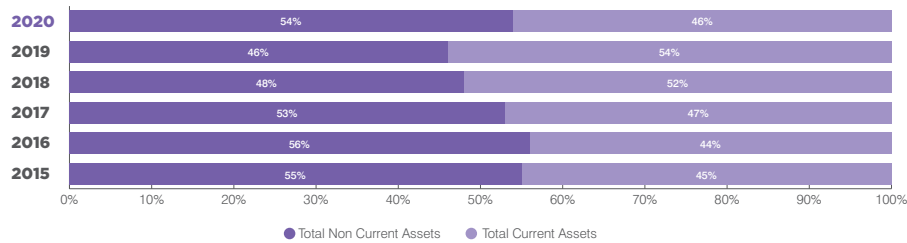
### Cash Flows From Financing Activities

Cash flows from financing activities shows a mix trend over the period, it becomes positive when equity is injected or debt is obtained and becomes negative when debt is repaid.

# GRAPHICAL REPRESENTATION OF FINANCIAL STATEMENTS

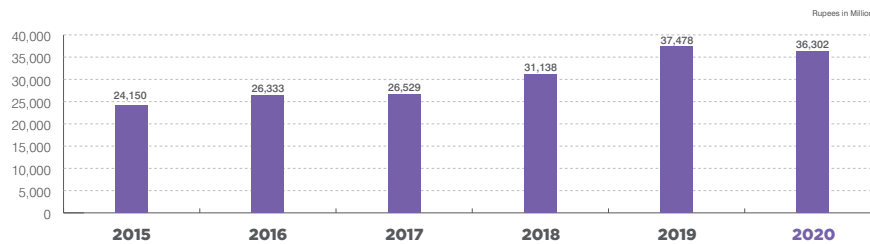
## Statement of Financial Position

### Assets



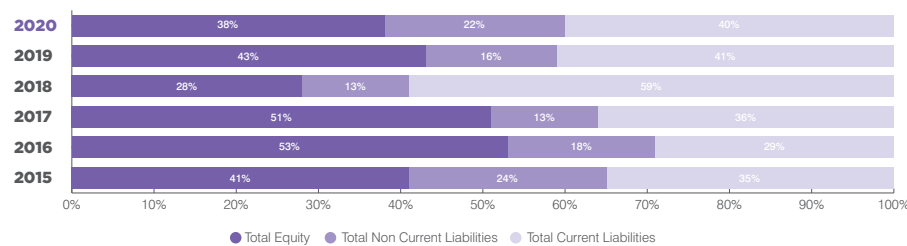
## Statement of Profit or Loss

### Sales



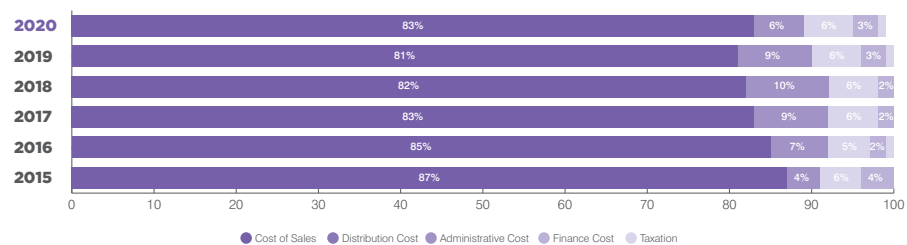
## Statement of Financial Position

### Equity and Liabilities



## Statement of Profit or Loss

### Expenses



# QUARTERLY ANALYSIS

Particular	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		Annual	
	Rupees in '000	Percentage	Rupees in '000	Percentage	Rupees in '000	Percentage	Rupees in '000	Percentage	Rupees in '000	Percentage
Sales - net	9,356,423	100%	9,868,294	100%	10,727,451	100%	6,350,626	100%	36,302,794	100%
Cost of sales	(7,208,831)	-77.0%	(7,516,444)	-76.2%	(8,154,543)	-76.0%	(5,559,258)	-87.5%	(28,439,076)	-78.3%
<b>Gross Profit</b>	2,147,592	23.0%	2,351,850	23.8%	2,572,908	24.0%	791,368	12.5%	7,863,718	21.7%
<b>Operating Expenses</b>										
Distribution cost	(724,015)	-7.7%	(320,766)	-3.3%	(587,649)	-5.5%	(374,834)	-5.9%	(2,007,264)	-5.5%
Administrative expenses	(516,401)	-5.5%	(612,065)	-6.2%	(625,938)	-5.8%	(443,545)	-7.0%	(2,197,949)	-6.1%
Other operating expenses	(53,856)	-0.6%	(179,825)	-1.8%	(325,570)	-3.0%	54,738	0.9%	(504,513)	-1.4%
	(1,294,272)	-13.8%	(1,112,656)	-11.3%	(1,539,157)	-14.3%	(763,641)	-12.0%	(4,709,726)	-13.0%
Other income	4,644	0.0%	55,630	0.6%	63,046	0.6%	(24,319)	-0.4%	99,001	0.3%
<b>Profit From Operations</b>	857,964	9.2%	1,294,824	13.1%	1,096,797	10.2%	3,408	0.1%	3,252,993	9.0%
Finance Cost	(167,985)	-1.8%	(306,098)	-3.1%	(384,045)	-3.6%	(279,034)	-4.4%	(1,137,162)	-3.1%
<b>Profit before taxation</b>	689,979	7.4%	988,726	10.0%	712,752	6.6%	(275,626)	-4.3%	2,115,831	5.8%
Taxation	(70,987)	-0.8%	(76,492)	-0.8%	(81,882)	-0.8%	(90,067)	-1.4%	(319,428)	-0.9%
<b>Profit / (Loss) for the Period</b>	618,992	6.6%	912,234	9.2%	630,870	5.9%	(365,693)	-5.8%	1,796,403	4.9%
<b>Earning Per Share/(Loss per Share) Rupee</b>	<b>0.71</b>		<b>1.05</b>		<b>0.72</b>		<b>(0.42)</b>		<b>2.06</b>	

Company showed strong performance in first three quarters of the year, with consistently increasing sales and production volumes. Gross profit ratio remained almost consistent in the first three quarters, whereas net profit ratio fluctuated between 6.6% in the first quarter, to 9.2% in the second quarter, to 5.9% in the third quarter, due to variations in operating expenses. Further, increase in finance cost owing to increased borrowings for meeting working capital requirements and to finance the capital expenditure has also impacted net profit of the company. Last quarter was an exception, as outbreak of the novel coronavirus (Covid-19) significantly impacted company sales owing to market closures in key customer areas across the globe resulting in quarterly loss of 5.8%.

# STATEMENT OF CASH FLOWS - DIRECT METHOD

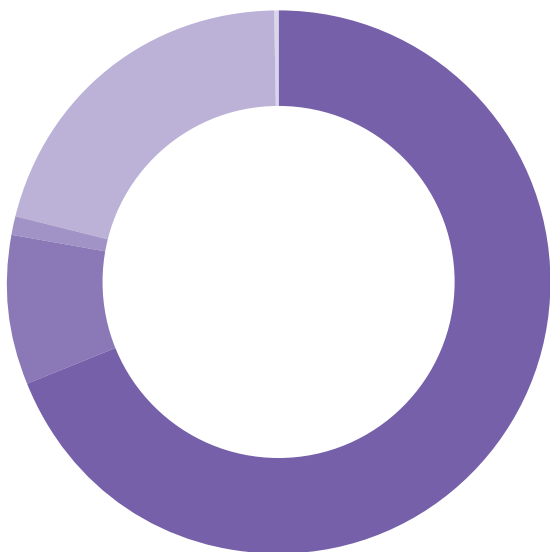
Particulars	2020 Rupees in '000	2019 Rupees in '000
<b>Cash flows from operating activities</b>		
Receipt from customers	37,354,752	36,517,478
Cash paid to suppliers and employees	(32,720,474)	(29,041,332)
Finance cost paid	(1,049,053)	(1,001,655)
Income tax paid	(448,202)	(238,195)
Staff retirement gratuity paid	(122,931)	(131,021)
Workers' profit participation fund paid	(288,315)	(232,069)
Long term loans paid	(42,293)	(14,049)
Long term deposits paid	(10,318)	(3,202)
Settlement of derivative financial instruments	(106,843)	-
Profit on term deposit receipts (TDRs) received	36,131	182
<b>Net cash generated from operating activities</b>	<b>2,602,454</b>	<b>5,856,137</b>
<b>Cash flows from investing activities</b>		
Additions in:		
Property, plant and equipment	(6,422,247)	(4,632,295)
Intangible asset	(120,229)	(32,798)
Proceeds from disposal of property, plant and equipment	48,636	139,466
Profit on term finance certificates (TFCs) received	55,000	-
Long term investments	(845,000)	(699,000)
<b>Net cash used in investing activities</b>	<b>(7,283,840)</b>	<b>(5,224,627)</b>
<b>Cash flows from financing activities</b>		
Long term financing obtained	4,592,913	4,228,002
Repayment of long term financing	(2,204,245)	(2,568,542)
Payment of lease rentals	(13,605)	(847)
Short term borrowings - net	2,628,861	(3,454,937)
Share capital issued	-	1,102,558
Share premium	-	3,782,976
Dividend paid	(2,526,526)	(1,434,588)
<b>Net cash generated from financing activities</b>	<b>2,477,398</b>	<b>1,654,622</b>
Net (decrease)/ increase in cash and cash equivalents	(2,203,988)	2,286,132
Cash and cash equivalents at the beginning of the year	2,479,819	193,687
Cash and cash equivalents at the end of the year	275,831	2,479,819



# STATEMENT OF VALUE ADDITION & DISTRIBUTION

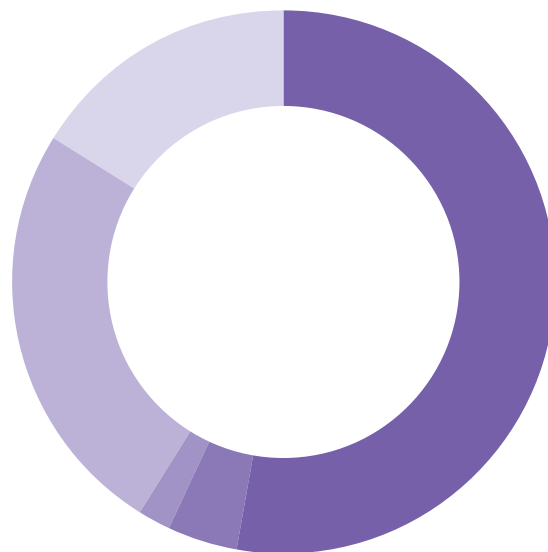
Particulars	2020		2019	
	Rupees in '000	%	Rupees in '000	%
<b>Wealth Generated</b>				
Sales	36,944,894		37,523,887	
Bought in material and services	(23,023,379)		(22,755,482)	
	13,921,515	100%	14,768,405	100%
<b>Wealth Distribution</b>				
<b>To Employee</b>				
Salaries, benefits and other costs	9,523,225	69%	7,898,493	53%
<b>To Government</b>				
Income tax, sales tax, excise duty and others	1,289,825	9%	543,512	4%
<b>To Society</b>				
Donation towards education, health and environment	175,000	1%	350,176	2%
<b>To Providers of Capital</b>				
Dividend to shareholders	1,744,395	13%	2,616,593	18%
Interest to lenders	1,134,347	8%	974,282	7%
<b>To Company</b>				
Profit Retained	54,723	0%	2,385,349	16%
	<b>13,921,515</b>	<b>100%</b>	<b>14,768,405</b>	<b>100%</b>

Wealth Distribution  
2020



69% ..... To Employee  
 9% ..... To Government  
 1% ..... To Society  
 21% ..... To Providers of Capital  
 0% ..... To Company

Wealth Distribution  
2019



53% ..... To Employee  
 4% ..... To Government  
 2% ..... To Society  
 25% ..... To Providers of Capital  
 16% ..... To Company

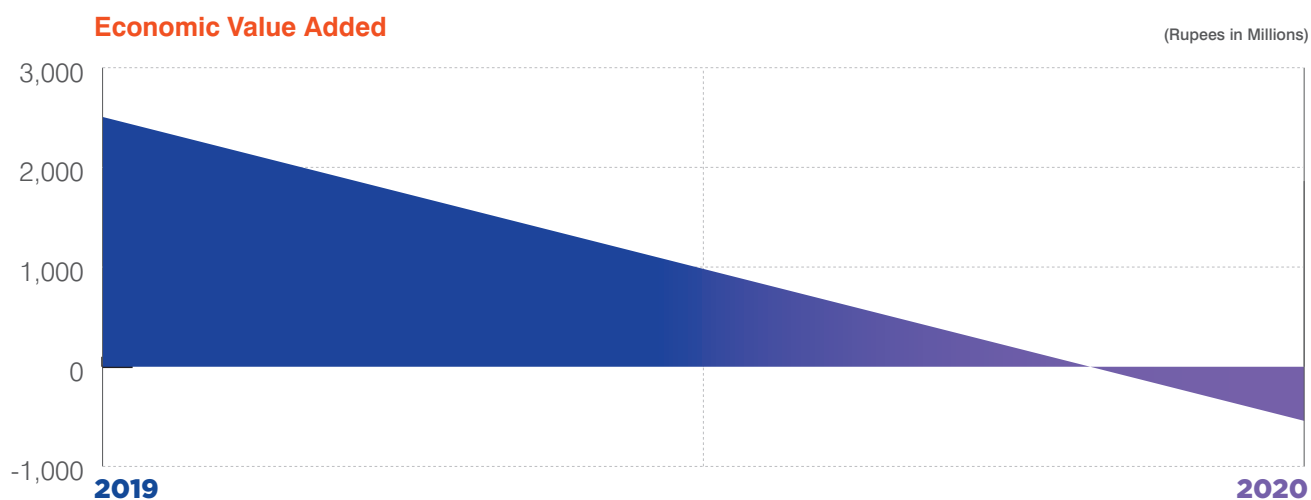
# LAST SIX YEARS FREE CASH FLOWS

Particulars	2020	2019	2018	2017	2016	2015
	Rupees in '000					
<b>Net cash generated from/(used) in operating activities</b>	2,602,454	5,856,137	(2,790,767)	1,238,798	5,310,648	3,548,562
Finance cost paid	1,049,053	1,001,655	422,766	394,257	547,576	936,420
Capital expenditure	(6,542,476)	(4,665,093)	(3,447,924)	(3,171,830)	(1,356,698)	(2,286,541)
<b>Free cash flows</b>	<b>(2,890,969)</b>	<b>2,192,699</b>	<b>(5,815,925)</b>	<b>(1,538,774)</b>	<b>4,501,527</b>	<b>2,198,441</b>

Free cash flow (FCF) is the amount of cash generated by a business that is available for distribution among its security holders. Security holders include debt holders and equity holders.

There are negative free cash flows for the the year owing to significant Investment in capital expenditure, on account of continuous expansion of production facilities and balancing, modernizing and replacement of existing manufacturing facilities. Further, reduction in profit before taxation has also contributed towards negative cashflows.

## ECONOMIC VALUE ADDED



# **MANAGEMENT'S RESPONSIBILITY TOWARDS THE FINANCIAL STATEMENTS**

The management is fulfilling its responsibility to adopt sound accounting policies, establish and maintain a system of internal controls and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Companies Act, 2017.

# **EXPLANATION OF NEGATIVE CHANGES IN PERFORMANCE OVER THE PERIOD**

All negative changes in performance have been explained in the relevant sections of this report.

# **CONSOLIDATED OPERATIONS & SEGMENTAL REVIEW**

This has been explained in the Directors' Report.

COVID-19 Information ^

Last update on : 10 Sep 2020 07:03:35 - GMT +05:00

Display As

Heatmap

Choropleth

Case Type

Confirmed Cases  
27,860,434

vs. Last Day  
↑ 258,697

Active Cases  
**7,596,650**

vs. Last Day  
↑ 111,086

1    100    500    1,000    5,000    50,000    100,000

Recovered Cases  
19,358,370

vs. Last Day  
↑ 147,611

Death Cases  
905,414

vs. Last Day  
↑ 5,978



Country / Region: Select

Requestee: Select

Star



06

# OUTLOOK

Need Help?



# FORWARD LOOKING STATEMENT

## Analysis of Last Year's Forward Looking Statement / Status of Projects

With rise in global competition in textiles, including speed to market requirements by retailers and brands, the Company had to keep an eye on shift in sourcing patterns and work towards mitigating it through efficiency improvements, and interventions in supply chain thus reducing lead times.

The Company focused on improving productivity and reducing costs and invested in teams' training for manufacturing excellence and in efficient equipment requiring less workforce and energy, as well as automation tools.

We progressed on expanding our Hosiery business by boosting production of Plant 5 Pilot Project to 25% of the main plant and aggressive plans are in place to set up the main plant which will be a LEED Certified manufacturing facility. The newly established Denim Apparel manufacturing plant started commercial operations in Dec 2019 while the Knitwear and Active wear pilot projects also went into production in 2019. Unfortunately, due to COVID-19 pandemic and resulting lockdowns worldwide, customers' orders got cancelled. However, with improvement in the pandemic situation and opening of retail markets and stores, production is picking up and we expect to regain production capacities in due time. Diversification into these textile categories would be a key growth opportunity for us, as global apparel supply chains reorganize themselves amidst changing tariff regimes and the pandemic. Our strategy is to build upon our deep customer relationships to become a multi-category partner of choice.

## Sources of Information and Assumptions used for Forecast

The projections are based on assumptions and analyses comprising of historical trends, current situation and expected factors relevant to the circumstances. Operational and financial action plans are devised in line with strategic directions of the Board of Directors.

External information factors including macro and micro economic indicators, market trends, data from regulatory / taxation authorities, international competition, input costs, sales prices, etc., constitute the basis of our projections.

Internal information originates from critical functions of the Company including marketing, operations, procurement & supplies, human resource, finance, etc., which is compiled along with the data from external sources for preparation of effective and practical forecasts, and implemented as formal plans after approval by the Company Board.

For venturing into new projects, an extensive due diligence process including legal, financial, and technical feasibility studies are carried out, also involving external experts, as per requirement.

## Forward Looking Statement

The global apparel manufacturing is shifting, with growing competition for Pakistan from new manufacturing destinations including Africa, and established apparel hubs like China, Turkey, Indonesia, Bangladesh and Vietnam, GSP plus status award to other manufacturing regions, shift to MMF (Man Made Fiber), and emphasis on near



shoring. Fast fashion demand patterns are challenging delivery timelines and cost pressures continue to impact manufacturers around the world.

To manage these challenges, Interloop Limited has strategized to increase profitable turnover by onboarding new customers in hosiery and diversifying into adjacent product categories including Denim, Seamless and Knitwear. We are managing our cost base efficiently by focusing on improving productivity, reducing input costs, improving equipment efficiency, reducing wastage and improving our energy efficiency. We are working on reduced lead times in sampling and manufacturing by streamlining our processes, innovating our ways of working, digitizing our supply chain, and driving efficiency & sustainability in our manufacturing operations, with the aim to be the fastest in South Asia.

To achieve this, we have invested in new manufacturing plants and new categories, in teams' learning & development on lean tools and manufacturing excellence, in new technology including digital tools for design & development, automation tools including Robotic Process Automation, Block Chain, etc. to improve speed of transactions. We are deploying experienced leadership teams to new ventures as well as engaging subject matter experts from national and global talent pool, deploying trained teams on process improvement and interacting with international apparel associations, ensuring presence at global seminars & conferences and developing effective marketing campaigns.

Political & economic instability, gaps in technology utilization, compliance with legal & regulatory requirements,

social responsibility towards communities and factors impacting the environmental significantly influence the performance of the Company.

At Interloop, we continue to monitor the impact of government policies on Pakistan's economy at large and textile sector in particular and provide valuable inputs to regulatory bodies, government's trade and economic committees, think tanks and advocacy bodies. We continue to augment 'country of production' opportunities to minimize impact of political instability.

We regularly monitor economic factors affecting the performance of the Company and to mitigate any risks, we have taken measures, including currency hedging / factoring, cotton procurement led by the cotton procurement committee, investment in securities and workforce planning through the HR committee.

To bring about a positive change, Interloop is investing in education, health, sports and many other community initiatives. We are also focused on the well-being of our employees and their families and earmark funds every year to be spent on welfare activities includes grants, scholarships, etc.

Our Corporate & Legal Affairs and EHS teams ensure compliance with all legal & regulatory requirements. The Company ensures compliance with applicable environmental laws and regulations and also takes additional steps to minimize its environmental impact, including; reducing GHG emissions, Water & Chemical usage, and increasing the use of Sustainable raw materials.



100,000 MASKS



PPEs & EQUIPMENT



5,000 PROTECTIVE GOGGLES



FOOD HAMPERS FOR 15,000 FAMILIES



50,000 LITERS OF MILK FOR PEOPLE IN NEED



Community Initiatives

EMBRACING THE  
**NEW  
NORMAL**





07

**SUSTAINABILITY  
& CORPORATE  
SOCIAL  
RESPONSIBILITY**

# SUSTAINABILITY AT INTERLOOP

Interloop’s sustainability framework is based on the Triple Bottom Line approach comprising People, Planet & Prosperity. Environment-Friendly Practices, Social Welfare Initiatives, and Stable Economic Growth are our key concerns to manage a sustainable business.

## Philosophy

Interloop’s Sustainability Philosophy is driven by our Mission and focuses on transforming the way we do business; from sourcing responsibly to reducing our carbon footprint, from supporting labor rights to taking care of our communities, while continuously growing our business. Our ambition is to transform lives, improve wellbeing, and build a diverse, empowered, and inclusive workforce while using our resources ethically. It is part of our DNA and is integrated into our thinking ways, processes and policies. With FY 2016 as the baseline year, Interloop has set Sustainability Targets for FY 2021, for People, Planet & Prosperity, which underscore long-term strategic priorities of the Company.

Interloop is committed to acting ethically and sustainably in all of our activities. We have centralized the planning, execution, and monitoring of sustainable activities under the CEO Secretariat in the form of dedicated Sustainability Cell. The Sustainability Cell is responsible for reviewing customer requirements on the sustainable front, developing new policies and actions, recommending the best course of action, defining targets, and monitoring performance on sustainability. The sustainability performance is reviewed by the Chief Executive Officer monthly and deliberation is also carried out at the Board meetings.

## Alignment with UNDP Sustainable Development Goals (SDGs)

Our Management Policies and Targets support 9 Sustainable Development Goals of the United Nations Development Programme, warranting our valuable contribution to the world.

### Governance



### Planet



### People



### Prosperity



# PEOPLE

Interloop is Business for Purpose! Our Mission and reason for existence are to bring about a Positive Change for all stakeholders and communities. This reflects in all our decisions and business practices as we have set People Goals for 2021 and pursuing defined targets to achieve these goals.

## GOALS 2021

Build a Diverse and Empowered Workforce	Transform Lives	Improve Well-being
Build a diverse, inclusive, and empowered workforce that becomes an agent of positive change and drives sustainable economic growth for Pakistan	By 2021, we will help transform lives of 5000 households, helping break the socio-economic divide through the provision of affordable quality education	Enable 15,000 people to live more fulfilling and healthier lives through, participation in sports and literature, and access to free quality health services



### People Practices

Interloop's strategic planning, fiscal discipline, and reinvestment in the business are key elements contributing to its success over the last 28 years. However, what makes Interloop unique is its People; a motivated, talented, and committed workforce.

Interloop's management approach is based on two key principles: Respect for People, and Continuous Improvement. These two principles guide our common and shared values, iCARE: Integrity, Care, Accountability, Respect, and Excellence, shaping our organizational culture and defining the essence of our Company.



## People Management

Interloop exercises defined Management Policies and SOPs, in-line with the best international practices to run Operational and Support functions. We invest in continuous improvement of the management processes including organizational structures, HR planning, & performance management, and expend time, effort, & money to develop our employees. Performance-based career growth opportunities and job rotation options make Interloop a much sought after employer as it considers employees as its strategic stakeholders and believes that their intellectual and financial growth translates into the growth of the Company.

## Fair Trade USA

Promoting sustainable livelihoods for our workers has always been front and center for us. During the reporting year, our Hosiery Division II received its Fair Trade USA certification, becoming the first sock facility in the world to be FT USA certified. Fair Trade certification is a further endorsement of our rigorous standards for health & safety, working conditions and fair wages & scaling it across Interloop will be a top priority for us.

## Compensation & Benefits

Interloop provides a conducive work environment to its people where they give peak performances and enhance their skills. The Company spends a considerable percentage of its profit to provide all basic facilities to its people including EOBI contributions & social security. Multiple employee welfare schemes including gratuity, provident fund, health care including health insurance, group life insurance offering death, accidental & disability benefits, scholarships for employees' children, special welfare assistance for non-executives, free pick & drop, subsidized meals, etc., are in place.





## Residential Facilities

To facilitate non-resident male & female executives, Interloop provides top-class residential facilities including hostels and upscale apartments within Company premises, as per space availability.

## Special Welfare Fund for Non-Executives

Interloop has set-up an additional welfare fund for non-executive employees and is supporting them for special requirements including marriages, children's scholarships, critical illness or death, and any other urgent needs.

## Leave Fare Assistance & Anniversary Day Off

To promote work-life balance, Interloop provides annual Leave Fare Assistance (LFA) to executive employees for a vacation with family. It also presents them a day off on their wedding anniversaries with paid dinner to enjoy the memorable occasion with their spouses.

## Employee Stock Option Scheme

The Company introduced "Interloop Limited Employees Stock Option Scheme, 2016 (ESOS)" to offer Company Shares to its eligible Executive Employees, pursuant to the Public Companies (Employees Stock Option Scheme) Rules, 2001, transforming them from Stakeholders to Shareholders. These shares qualify for bonus shares, dividends, or similar corporate benefits announced by

the Company from time to time. The scheme is flexible, voluntary, and focused on long term growth and prosperity of the employees. Currently, any further allocation of shares under the scheme has been taken on hold till its amendment in accordance with the listed Company scenario, owing to the recent listing of the Company on the Pakistan Stock Exchange. For such purpose, the subject proposal is under review and pending approval from shareholders of the Company and SECP, respectively.

## Management Trainee Officers Program

Every year, Interloop inducts fresh graduates, 50% females, across various functions through the Management Trainee Officers Program. The one-year working contract exposes MTOs to a variety of operational and strategic roles. After the final evaluation, successful MTOs are offered permanent jobs. During the year, 19 MTOs graduated and 56 have been inducted through Management Trainee Officers Program.

## Talent Development Programs

Interloop truly believes in nurturing its people. For executive employees, well-designed customized and open enrolment training programs on technical, managerial, and leadership skills are conducted by Local & Foreign Trainers. Non-executive employees are trained in technical, operational, and leadership skills at the in-house Technical Training School (TTS). During the year, the Company has spent 49,419 hours to train 13,816 employees.



## Company wide Sports Activities

To promote the physical and mental wellbeing of its employees through competitiveness and healthy entertainment, the Company has developed state of the art Sports Infrastructure, including an executive club, table tennis, squash, badminton and basketball courts, football grounds & high energy fitness gyms, and organizes cricket, football, squash, badminton, table tennis & lawn bowl tournaments for male, female, and differently-abled employees.

## Corporate Social Events

As part of employee engagement & recognition, Interloop organizes various social events throughout the year including the Annual Dinner, Managers Dinner, International Women's Day, Long Service Awards, Christmas, etc.

## Equality & Diversity

Interloop is an equal opportunity employer and is committed to promoting equality and diversity in all areas of employment. It provides an inclusive environment where everyone feels valued and respected, irrespective of age, gender, race, marital status, disability, religion or belief, color, and nationality. It's a 21,000+ strong team with diverse talent and over 15 nationalities across various locations.



Interloop aims to provide all employees, especially females, a safe and supportive work environment, free of discrimination and harassment, and equal opportunities to grow, learn, and develop on merit.

## Grievance Handling

Standard Operating Procedures for Grievance Handling are in place and special positions of Management Representatives have been created at all plants who are always accessible to every employee for handling any grievance or complaint regarding work, working environment, welfare, discipline, etc.

## Women Empowerment

We truly believe that empowering women through employment and skill enhancement not only helps them achieve financial stability for themselves and their families but also makes them a productive member of society.





### **Improving Workers Wellbeing Program**

Interloop in consultation with its prestigious customer Sticht, initiated the 'Improving Workers Wellbeing' (IWWB) program', in 2019, being run by Levi's at its selected supplier sites. HANDS with its CSO partner BSR/HER (Health Enables Return); a global public-private partnership, is the implementing partner in Pakistan for the IWWB program which is being implemented at Plant 2 & 4, Interloop Industrial Park, Faisalabad.

The program was designed to improve health-related knowledge of low-income women and men workers, increase the uptake of health services and products as a positive behavior change, and grow the capacity of factory management to implement effective trainings in the workplace in areas including Nutrition, Maternal Health, Birth Spacing, Aids, and Hepatitis, Drug Abuse & Diseases, and Common Disease. It will also enable the partner supplier to demonstrate business benefits for investing in workforce well-being.

### **Enhancing Female Participation**

To improve gender parity within the organization, Interloop has taken a strategic decision to increase the percentage of women in executive & non-executive teams, in various grades including managerial roles and working cadres.

### **Reconnect Program**

Through the 'Reconnect Program', female staff members who have completed 3 years' service with the Company and have to leave their jobs due to family requirements can reconnect with their careers after having a break.

### **Extended Maternity Leave**

In addition to the entitled leaves, if a female employee requires further leave due to her or newborn's health issue, she can avail another 4 weeks leave at half pay.

### **Day Care Centers**

To provide ease of mind to working mothers regarding their young children, world-class Day Care Centers are in place at all Interloop Hosiery Plants where the executive and non-executive female employees comfortably leave their children, while at work. Experienced Nannies take good care of children according to their play, rest, and meal timings. The international standard infrastructure includes study, play, and rest areas, and trained teachers ensure quality pre-primary education and development of these children through curricular and extracurricular activities. Company doctor performs periodic check-ups of these children to warrant that they stay in good health.



### Family - Friendly Practices at Workplace

Interloop is among the 14 companies in Pakistan to participate in the first ever private sector peer-learning collaboration led by IFC & PBC, to create better career opportunities by providing family-friendly practices at the workplace. Under this initiative, IFC, PBC, CatCo Kids, Ubuntu Care, National Commission on the Status of Women, UNICEF Pakistan & UN Women Pakistan will provide advice on childcare needs assessments & conduct a series of events to expand learning & share knowledge on family-friendly practices.

### Employing Females in Non-Traditional Areas

At Interloop, women are now represented in every department and also in non-traditional roles including knitting planners, knitting operators and stitching machines operators, previously considered male dominant areas. 54 females with STEM degrees are working at Interloop including 31 textile, electrical and industrial engineers. Several policies & practices have been instituted to recruit and train females in non-traditional jobs.

### Other Initiatives for Female Employees

- Free & Safe pick and drop has been expanded to more remote areas
- Focused trainings and recreational & sports activities
- Female employees are members of compliance committees such as Workers Management Committee, Environment Health & Safety Committee, etc.
- Female Welfare Officers are present at all manufacturing plants to facilitate grievance management of female employees







### Talent Scholarship for Employees' Children

Interloop encourages its employees to motivate their children to acquire undergraduate degrees and flourish into promising careers. The Company offers 5 Talent Scholarships every year to meritorious children of its employees, for Bachelor Degree Programs.

### Interloop Way

Interloop was introduced to Lean by one of our customers, NIKE, and since 2009, we have been applying it for improving our manufacturing processes and becoming robust in our operations. A centralized Lean Resource Group was created in 2010 for the awareness of Lean Philosophy across the Company while in 2011 the Lean implementation teams worked towards building the Lean Culture at the plant level. Multiple workshops have also been conducted for Interloop's senior & middle management over the years with American Links and Toyota Engineering Corporation in Japan.

Interloop fully understands the significance of our 'people practices' supporting deployment of Lean so that this develops as part of our culture. Consequently, in 2017, the Company started designing 'Interloop-Way', comprising Lean & People components. Interloop Way will improve our people practices, systems & processes and will help in achieving full engagement, for sustainable growth and development

### Uniform Behaviors

In 2019, under the emblem of Interloop-Way, we launched Uniform Behaviors; a complete Manual about expected behaviors at the workplace. It defines the set of particular behaviors that need to be demonstrated by every employee, unanimously throughout the Company, and will act as a sustainable roadmap for closing development gaps and providing employees with a clear direction for how to work for success in their personal and professional lives.

### Corporate Social Responsibility

Interloop is an organization with a conscience. Our ambition to Transform Lives and Improve Well-being dominates our social responsibility initiatives with a special focus on EDUCATION, SPORTS, LITERARY ACTIVITIES, HEALTH CARE, and DISASTER RELIEF. We have invested approximately PKR 1.50 billion in the community over the last decade and PKR 500 Million approximately during the year under discussion. We have long term KPIs and every year a CSR spending target is fixed and implemented through an organized system.



## Education

### Primary & Secondary Education

In order to bring a positive & lasting change in the community by educating the underprivileged children, Interloop Welfare Trust partnered with THE CITIZENS FOUNDATION in 2009 and has so far established 27 schools, including 3 during 2020, in the rural areas around Faisalabad city. Managed by female staff, these schools provide quality education to 3,400 less privileged children, 50% girls. Interloop has created an endowment fund for supporting lifetime operating cost of 16 schools and provides funds for the annual operational cost of remaining schools. Since 2012, 175 executives from Interloop Limited have voluntarily mentored 760 students from classes 8 and 9 about future studies and better career choices.

### Higher Education

Pursuing our target of providing 500 young men & women access to technical and higher education through annual scholarships, we have established an endowment fund at Lahore University of Management Sciences for 8 undergraduate scholarships and instituted 190 undergraduate scholarships at Government College Women University (GCWUF), 25 at the University of Agriculture, Faisalabad, and multiple individual scholarships at the National Textile University, Faisalabad and other institutions of Higher Education all across Pakistan.



### Entrepreneurship Training Programs

Interloop sponsored Women Entrepreneurship Training Program in collaboration with the Institute of Business Administration, Karachi, and GC Women University Faisalabad. It was an initiative of coaching females to start and grow successful business lines. 127 participants benefitted from two sessions, respectively. Previously, 300 aspiring male & female entrepreneurs benefitted from similar trainings at Hyderabad, Faisalabad & Gujranwala.



## Sports

We believe in nurturing talent by promoting sports for the youth. We have joined hands with various regional, national, and international sports organizations including those representing blind, handicapped & women players to sponsor tournaments throughout the year.

### International & Domestic Blind Cricket

We have been supporting international & domestic Blind Cricket since 2014. We have officially sponsored Pakistan Cricket Team for Blind Cricket World Cup 2014 & 2018 played in South Africa and Pakistan & UAE, respectively. We have also sponsored Pakistan Women Blind Cricket Team Coaching Camp in 2018 as well as the world's First International Women Blind Cricket Series in 2018 between Nepal & Pakistan. Previously, T-20 Blind Cricket Challenge Cup & Pakistan-Sri Lanka Series in 2015 & 16 was also sponsored by Interloop.

### Sports for the Differently Abled

Interloop sponsored Pakistan Wheel Chair Cricket team for Wheel Chair Asia Cup 2019. Previously, we also sponsored 3 Pakistani athletes at the Special Olympics 2019 in Dubai as well as supported Pakistan Disabled Cricket Team for T-20 Cricket World Series, in England.



### Interversity-Interloop Sports Extravaganzas

To motivate youth towards healthy activities, Interloop has been sponsoring Interversity T-20 Cricket Championships and Sports Galas annually since 2016 at the University of Agriculture, Faisalabad.

### Supporting Young Talent

Interloop is providing financial support to Pakistan's Fastest Youngest Athlete; Sahab-e-Asra for her future endeavors.

### All Pakistan Open Golf Tournament

Interloop has been sponsoring the All Pakistan Interloop Open Golf Championship annually since 2015, organized by the Lyallpur Golf N' Country Club, Faisalabad.



## Literary Activities & Conferences

Culture is at the heart of Interloop and we have been supporting cultural and literary events throughout the year. Since 2014, we have been hosting the Faisalabad Literary Festival as the principal sponsor, where people from all walks of life interact with eminent literati across the country who inspire their audience with popular works of literature and performing arts.

We have been an avid advocate of diversity and have been supporting STEM projects especially those articulated around females. Broadening their horizon, women have stepped into tech-savvy fields as well and She Loves Tech Pakistan has been one such program that got the full support of Interloop where we partnered with CIRCLE as the main sponsor. It is the world's largest contest to create opportunities for women-led/impact tech startups to level up the global stage. STEM women from all over Pakistan participated in the competition and the finalist represented Pakistan at the global competition in China.

## Health Care

### Free Treatment for Poor Patients

We identify as a socially responsible organization and have been providing free health care services to deserving patients for the past many years. During the year, Interloop supported various hospitals in Faisalabad by providing stretchers to DHQ Hospital and financial aid to ENT ward at Government General Hospital, GM Abad, Gyne Ward at Hilal e Ahmar and General Ward at Mujahid Hospital. We

are regularly providing free treatments to approx. 17,440 deserving patients for Corneal Transplants, Ophthalmic Diseases, Renal Dialysis, Tuberculosis treatment, Hepatitis C treatment, Spinal & Orthopedic treatments, Blood Transfusion, Thalassemia, Hemophilia and treatments for Cardiac ailments at various top hospitals of Pakistan since 2009.

### Support for Differently Abled Children

Differently-abled children deserve special consideration of society and Interloop being a community-oriented organization annually supports Syeda Khatoon-e-Jannat Trust Hospital & Special Education Center, Faisalabad; a noble institution looking after the treatment and optimal development of children with intellectual and physical disabilities.





### Alzheimer Socks

Interloop teamed up with Euro Sox Plus B.V. Netherlands in 2015, 17, 18 & 19, and produced Alzheimer Socks; an initiative to create awareness among people about Alzheimer's disease. Approximately €1.78 million have been generated and donated to VUmc Alzheimer Center, Amsterdam for research on diagnostics and treatment of Alzheimer's disease.

### Mobile Health Clinic

Interloop partnered with Lok Sanjh Foundation; implementing partner of Better Cotton Initiative (BCI) in Pakistan and financed Mobile Health Services for marginalized Rural Communities in cotton-growing areas of 3 Union Councils in District Toba Tek Singh, Mamoukanjan



and Samundari, Punjab. Two Mobile Health Clinics are now serving approx. 11,000 rural community members, especially farmers, women workers & women cotton pickers working in the cotton fields on a weekly basis.

### Community Support during COVID-19

Interloop has always stood by its communities in the hour of need and the COVID-19 Pandemic is no different. We have earmarked PKR 70 million to support communities in need and will further enhance the contribution as per the growing requirement.

- To ensure proper protection of our frontline doctors & medical staff who were treating COVID-19 patients, Interloop donated 100,000 masks and 5,000 protective goggles to National Disaster Management Authority, to be supplied to hospitals
- Donated PPEs & Equipment to Faisalabad Medical University and other hospitals in Faisalabad and Lahore
- Partnered with Nestle Pakistan and Interloop Welfare Trust donated 50,000 liters of milk for the people in need
- Provided food hampers to 15,000 deserving families in Faisalabad, Kasur districts and Karachi as well

# PLANET

Aligned with United Nation's Sustainable Development Goals, Interloop Limited identified 7 Environmental Impact Areas. With 2015-16 as the baseline year, Interloop developed Planet Targets 2021 and took various initiatives to reduce its Environmental Footprint.

## Targets FY 2021\*






\* Hosiery only

## Performance FY 2020\*

Environmental Impact Area	Unit	Performance FY 2020
 Sustainable Material	% of total yarn	<b>49.07</b>
 Energy	kWh/Dozen of socks	<b>5.35</b>
 Greenhouse Gas Emissions	kg CO <sub>2</sub> e/Dozen of socks	<b>1.92</b>
 Water	Liters/kg of socks	<b>141</b>
 Renewable Energy (installed solar capacity)	MWp	<b>2.13</b>
 Wastewater		<b>ZDHC foundational level compliant</b>
 Sustainability Specific Certifications		<b>Oeko-TEX STeP (Made in Green) Fair Trade USA</b>

\* Hosiery only

## Sustainability - Impacts FY 2020

		
<p><b>Energy Saved</b> <b>3.54</b> million kWh</p> <p><b>Equivalent to</b> <b>289</b> homes' energy use for one year</p>	<p><b>Emissions Reduced</b> <b>15,226</b> tCO<sub>2</sub> (e)</p> <p><b>Equivalent to</b> <b>252,000</b> tree seedlings grown for 10 years</p>	<p><b>Water Saved</b> <b>68,620</b> m<sup>3</sup></p> <p><b>Equivalent to</b> <b>57,183</b> families/day water requirement (based on 6 members family)</p>



## Environmental Impact Areas

### Sustainable Material

Committed to mitigate negative environmental impacts in the supply chain, Interloop Limited is continuously increasing the use of sustainable yarns which may include:

- BCI Cotton
- Organic Cotton
- Recycled Yarns (recycled polyester, nylon & cotton blends)

### Water

Interloop is putting in continuous efforts to conserve water through process improvement and induction of new technologies. The Company is operating in full compliance with all applicable laws and regulations on water use & discharge.

**Sustainable Textile Bleaching** project has been implemented where we have upgraded our existing bleach processing setup with a multiple fill and drain system. This allows us to reuse water and chemicals for multiple processing cycles. This project will reduce water consumption by 34,500 m<sup>3</sup>/year.



**Nano-Bubble Technology** is also being used in our wet processing machines, reducing water consumption by 95%, chemical consumption by 71% & energy consumption by 48%, with zero liquid discharge.





## Energy

Energy efficiency is a key element for any organization to reduce negative environmental impacts and increase competitiveness through energy conservation.

- Interloop Limited is the 1<sup>st</sup> Textile Company and 4<sup>th</sup> among all other industries in Pakistan to achieve ISO - 50001 Certification for Energy Management System (EnMS). EnMS is helping in improving energy efficiency at Interloop
- Interloop's Hosiery Plant 4 is LEED Gold certified and is saving energy by 26%, portable water by 51% and providing 25% enhanced fresh air intake to improve comfort
- Interloop has taken various energy conservation initiatives including installation of sky lights, induction

of FRP fans in Humidification Plants, Speed Control of Suction Fans, Inverters on Cooling Tower Fan Motors, Highly Efficient Boarding Machines, Automation of Cooling Towers, Inverters on Air Handling Units and Hot Water Chillers.

## Renewable Energy

Interloop is increasing its share of renewable energy generation to minimize GHG emissions.

- Our 2.13 MW Solar Power installation is helping us provide free of cost clean energy and reduce annual carbon emissions by 1,500 tons
- Interloop also fulfils some portion of its energy demand for steam generation by using bio-mass at the Rice Husk Boiler





## Green House Gases

Interloop determines the total emissions (both scope 1 and scope 2) for each plant site at regular intervals and makes regular checks to control variations, if any. It aims to reduce its reliance on fossil fuels through alternate sustainable energy sources and is pursuing the target of reducing GHG emissions by 15%, by 2021 to reduce its environmental footprint.

- Steam is produced at the Waste Heat Recovery Boilers using exhaust heat from heating engines
- At Heat Recovery System, Filament Yarn Dyeing, High-Temperature Waste Liquor passes through a

heat exchanger to raise the temperature of fresh water which is used in the subsequent dyeing processes

- Different types of trees have been planted at I-Park working in sequestration helping off-set GHG emissions

## Wastewater

Interloop has set up state of the art Effluent Treatment Plants at all Hosiery Plants which run 24/7/365 to treat dyehouse effluent. The central QC lab ensures that the effluent discharged in the environment is within safe quality limits. We are committed to fully comply with the Zero Discharge of Hazardous Chemicals (ZDHC) standards by 2021.





## Solid Waste

Interloop practices an integrated waste management system. The hazardous waste is incinerated under controlled conditions while the non-hazardous waste is disposed-off to recyclers where possible.

### Coal Ash Bricks

We are recycling Coal Ash produced in the coal boiler during steam generation, with capacity to produce approx. 7,000 bricks per day via an eco-friendly method. These bricks are being used for construction purposes within the Company and also sold to various top civil companies of Pakistan.

### Zero Waste Initiative

With 2018 as baseline, Interloop has successfully reduced PET Bottle consumption by 99% across the Company and is further progressing towards achieving its Zero Waste Challenge Initiative.



## Circularity

Being ethically responsible and aligned with International trends, Interloop has made a completely biodegradable Cradle-to-Cradle (Gold) certified socks, designed on the principle of circular economy and fulfilling all five sustainability areas of C2C.

## Green Chemistry Inputs

Interloop green chemistry practices aligned with the 'roadmap to zero' program to tackle the impacts of hazardous chemicals in the textile value chain. The chemical management system at Interloop ensures the use of safer input chemistry, controlled chemical handling and vigilant waste chemical treatments by adopting international checks at each point. We are working with well-reputed international and local chemical suppliers who are registered on the ZDHC gateway to show commitment towards the goal of Zero Discharge of Hazardous Chemicals. Our dedicated chemical management team further ensures compliance with the ZDHC, customer's MRSLs by using inventory management tool to implement the sustainable chemistry throughout the supply chain.

# PROSPERITY

## Target 2021

Direct Economic Value to be generated by 2021  
US\$ 325 million (PKR 54,000 million)

### Interloop's Economic Performance

		FY 2020	FY 2019
<b>Direct Economic Value Generated</b>		PKR in Million	PKR in Million
Revenue	a	36,944.89	37,523.89
<b>Direct Economic Value Distributed</b>			
Operating Cost	b	(23,023.38)	(22,755.48)
Employee Wages/ Benefits	c	(9,523.23)	(7,898.49)
Payment to Providers of Capital	d	(2,878.74)	(3,590.88)
Payment to Government	e	(1,289.82)	(543.51)
Investments in Community	f	(175.00)	(350.18)
<b>Economic Value Retained</b>	<b>g=a-b-c-d-e-f</b>	<b>54.72</b>	<b>2,385.35</b>

## Certifications & Memberships

Environmental



Social

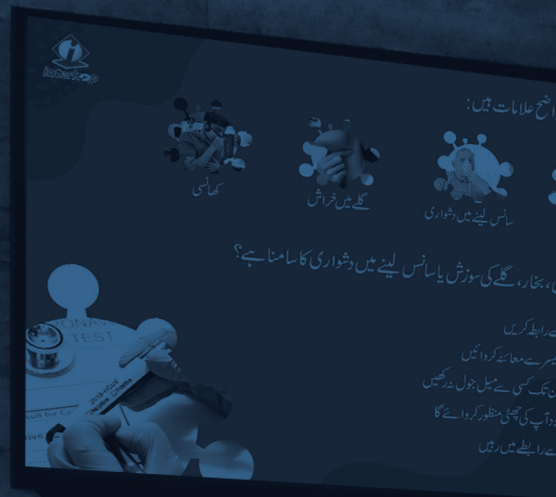


Chemical Management Portals



Quality





کیا آپ کو کھانسی، بخار، گلے کی سوزش  
یا سانس لینے میں دشواری کا سامنا ہے؟



- اپنے سپروائزر سے رابطہ کریں
- کمپنی میڈیکل آفیسر سے معائنہ کروائیں
- کم از کم سات دن تک کسی سے میل جول نہ رکھیں
- پلانٹ ایچ آر خود آپ کی چھٹی منظور کروائے گا
- پلانٹ ایچ آر سے رابطے میں رہیں

Awareness

EMBRACING THE  
**NEW**  
**NORMAL**

کورونا وائرس کی وائرس  
تیز رفتاری  
کیا آپ کو کھانسی  
ہونے پر احتیاط  
کرنی چاہیے؟  
• کم از کم ساتھیوں  
• پائنت HR  
• پائنت HR

میں  
میں  
میں



08

# FINANCIAL STATEMENTS





# **UNCONSOLIDATED FINANCIAL STATEMENTS**

for the year ended June 30, 2020

# REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises of one Non-Executive Director and two “**financially literate**” Independent Directors. The Chairman of the Committee is an Independent Director. Five meetings of the Audit Committee were held during the Financial Year 2019-20. The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2020, and reports that:

- The Audit Committee has reviewed and approved the Annual Financial and Operational results of the Company and concluded that they are fair, balanced and understandable and that they also provided the necessary information for the stakeholders to assess the business model, strategy, financial position and performance of the Company.
- The Audit Committee has vouched that appropriate accounting policies have been consistently applied. All core and other applicable International Financial Reporting Standards were followed in the preparation of financial statements of the Company on a going concern basis for the financial year ended June 30, 2020, which represent fairly the state of affairs, results of operations, cash flows and changes in equity of the Company; Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- The CEO and the CFO have endorsed the financial statements of the Company. They acknowledge their responsibility for a true and fair presentation of the Company’s financial statements, the accuracy of reporting and compliance with regulations and applicable accounting standards.
- The Audit Committee developed and the Board approved the “Related Party Transactions and Transfer Pricing Policy” to regulate transactions between the Company and its Related Parties as per requirements of Section 208 of Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations 2019 and Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018. This Policy is established to protect the interest of the company and its stakeholders ensuring proper reporting, approval and disclosure in accordance with the applicable legislation.
- The Internal Audit Function has reviewed all the related party transactions as per approved “Related Party Transactions and Transfer Pricing Policy” and applicable laws. Relying on Internal Audit work and representations of the management, the Audit Committee satisfied itself about the appropriate presentation of Related Parties Transactions’ in the financial statements and recommended to the BOD for their approval.
- The Audit Committee has ascertained based on Internal and External Audit work and representations of the management that the internal control systems including financial and operational controls, Accounting Systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective. Further, the Company’s system of internal controls is appropriately designed to safeguard the assets of the company.
- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed by the external auditors of the Company.
- The Board had carried out the Annual Performance Evaluation of its Committees. The results of the evaluation carried out were found to be satisfactory.
- The Audit Committee ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.

## INTERNAL AUDIT

- The Board of Directors have set up an independent Internal Audit Function of the Company. Internal Audit Function regularly pursues monitoring and maintenance of financial controls, whereas the Audit Committee satisfies itself through regular reviews of Internal and External Audit Reports, about the effectiveness of the Internal Controls framework.
- The Head of Internal Audit is a Chartered Accountant supported by a team of professionals who are suitably qualified and experienced as per requirements of regulation 23 of Listed Companies (Code of Corporate Governance) Regulations, 2019.

- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and its members. The Internal Audit Function has carried out its duties under the charter defined by the Committee.
- The Head of Internal Audit reports functionally to the Audit Committee and administratively to the Chief Executive Officer.
- The Internal Audit Function carries out its audits in accordance with the Audit Plan which is annually by the Audit Committee.
- The Audit Committee reviewed the Internal Audit Reports prepared by outsourced internal auditors and presented by Head of Internal Audit which encompasses audit findings, process improvement avenues, control weaknesses, and recommendations. The Committee has evaluated the performance of the Internal Audit Function and found the results to be satisfactory.

#### **EXTERNAL AUDIT**

- The Audit Committee recognizes the importance of maintaining the independence of the Company's External Auditors, both in fact and appearance. Each year, the Committee evaluates the qualification, performance and independence of the Company's External Auditors.
- The External Auditors, M/S Hyder Bhimji & Co., Chartered Accountants were allowed direct access to the Audit Committee and necessary coordination with the Internal Auditors was also ensured. Further, External Auditors have also met the Audit Committee once in the year without the presence of management.
- The Audit Committee has reviewed and discussed draft audit observations with the External Auditors. The final Management Letter including such audit observations is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the regulation 32(7) of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and shall, therefore, accordingly be discussed in the next Audit Committee Meeting.
- The External Auditors of the Company, M/S Hyder Bhimji & Co., Chartered Accountants have completed their audit of financial statements of the Company and the Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 for the financial year ended June 30, 2020 and shall retire on the conclusion of the 28th Annual General meeting.
- Being eligible for reappointment under the listing regulations, the Existing Auditors M/S Hyder Bhimji & Co., Chartered Accountants have indicated their consent to be appointed as Statutory Auditors for the next financial year ending June 30, 2021.
- The Audit Committee has recommended to the Board, the re-appointment of M/S. Hyder Bhimji & Co., Chartered Accountants, as External Auditors of the Company for the next financial year ending June 30, 2021, at a fee to be mutually agreed.

**Tariq Iqbal Khan**  
Chairman Audit Committee

Faisalabad: September 16, 2020

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



## Report on the Audit of Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of Interloop Limited ("the Company"), which comprise the unconsolidated statement of financial position as at June 30, 2020, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the International Financial Reporting Standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2020 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Following are the Key Audit Matter(s):

S. No	Key Audit Matter(s)	How the Matter was addressed in audit
1.	<b>Adoption of IFRS 16 "Leases":</b> (Refer notes 4.1, 7, 8.3 and 26 to the unconsolidated financial statements)	
	The Company has changed its accounting policy due to the adoption of IFRS 16 'Leases'. Under the requirement of IFRS 16, the Company recognized right of use assets and lease liabilities for certain lease payments - i.e. these leases are on the statement of financial position. The application of this standard requires management to make judgments, estimates and assumptions with regard to lease term and discount rate for calculation of lease liabilities and consequently, considered as a key audit matter.	<p>Our audit procedures to review the application of IFRS 16 'Leases' included review of managements' impact assessment of all operating lease contracts with lessor(s) in light of application of the new standard. Our assessment included:</p> <ul style="list-style-type: none"> <li>Inspecting terms for a sample of operating lease contracts to determine whether the same are in scope of IFRS 16 and are also subject to recognition exemption under IFRS 16 for short-term and low value leases. We also reviewed contracts to identify whether it is a lease contract, and if so its various component, lease term, extended period, company historical experience, rental amount, payment terms, lease modifications terms, etc.</li> <li>Reviewed discount rate used by the Company to determine the present value of lease liabilities and right of use assets.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



S. No	Key Audit Matter(s)	How the Matter was addressed in audit
		<ul style="list-style-type: none"> <li>Reviewed and checked the period considered for depreciating right of use assets.</li> <li>Tested calculation of present value of liability and right of use assets and its related finance cost and depreciation charge for the period.</li> <li>We further tested the adjustments made in the unconsolidated financial statements from initial application of IFRS 16 as a part of the transition process based on the differences identified.</li> </ul> <p>We also assessed the adequacy and appropriateness of unconsolidated financial statements presentation and disclosures in accordance with the applicable financial</p>
S. No	Key Audit Matter(s)	How the Matter was addressed in audit
<b>2.</b>	<b>Borrowings:</b> (Refer notes 25 and 30 to the unconsolidated financial statements)	
	<p>The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 21.577 billion, being 77% of total liabilities, as at reporting date.</p> <p>Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in unconsolidated financial statements and compliance with various loan covenants, this is considered to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level.</li> <li>Verification of disbursement of loans and utilization on sample basis. Review of documents for charge registration with regulator- SECP.</li> <li>Verification of repayments made by the Company during the year on sample basis to confirm that repayments are being made on time and no default has been made.</li> <li>Understating and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis.</li> <li>Obtaining confirmation from Banks of the Company to confirm balances, terms &amp; conditions stated in the facility offer letter and compliance thereof.</li> <li>Performing analytical procedures, recalculations and other related procedures for verification of finance costs.</li> <li>Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the unconsolidated financial statements.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



S. No	Key Audit Matter(s)	How the Matter was addressed in audit
3.	<p><b>Capital expenditures</b> (Refer notes 6.1, note 6.2 and note 8 to the unconsolidated financial statements)</p> <p>The Company is investing significant amounts in its operations and there is a number of areas where management's judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among others the decision to capitalize costs; and review of useful life of the assets.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p>	<p>Our audit procedures in relation to capitalization of property, plant and equipment, amongst others included the following:</p> <ul style="list-style-type: none"> <li>• Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system.</li> <li>• Testing, on sample basis, the costs incurred on projects with supporting documents and contracts.</li> <li>• Assessing the nature of costs incurred for capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards.</li> <li>• Checked the reasonableness of management's assessment of categories of assets and working of reclassification in categories of assets including impact of reclassification on both cost of assets and accumulated depreciation in each category.</li> <li>• Inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including the calculation of related depreciation.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



## **Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the (information included in the Director's report, but does not include the unconsolidated financial statements and auditor's report thereon).

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information; we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the company's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



## Report on Other Legal and Regulatory Requirements:

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Khan Muhammad - FCA.

A handwritten signature in blue ink that reads "Kreston Hyder Bhimji".

**KRESTON HYDER BHIMJI & CO.**  
**CHARTERED ACCOUNTANTS**

Date: September 16, 2020  
Place: Faisalabad

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	8	22,744,239	18,256,474
Intangible assets	9	171,459	66,161
Long term investments	10	1,853,735	1,008,735
Long term loans	11	113,823	65,762
Long term deposits	12	38,337	28,019
		24,921,593	19,425,151
<b>CURRENT ASSETS</b>			
Stores and spares	13	1,062,524	887,659
Stock in trade	14	8,810,625	6,282,491
Trade debts	15	7,207,391	8,247,740
Loans and advances	16	485,930	1,063,342
Deposit, prepayment and other receivables	17	193,182	194,544
Accrued income	18	2,239	10,441
Tax refunds due from Government	19	2,408,014	1,925,439
Short term investments	20	125,044	1,207,251
Cash and bank balances	21	150,787	1,538,564
		20,445,736	21,357,471
		45,367,329	40,782,622
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	22	10,000,000	10,000,000
Issued, subscribed and paid up capital	23	8,721,975	8,721,975
Reserves	24	3,791,602	3,791,602
Unappropriated profit		4,766,115	5,366,207
		17,279,692	17,879,784
<b>NON CURRENT LIABILITIES</b>			
Long term financing	25	6,861,130	3,628,745
Lease liabilities	26	102,158	–
Deferred liabilities	27	3,140,682	2,482,623
		10,103,970	6,111,368
<b>CURRENT LIABILITIES</b>			
Trade and other payables	28	3,031,231	3,576,861
Unclaimed dividend		2,952	130,935
Accrued mark up	29	191,136	110,483
Short term borrowings	30	14,354,861	11,726,000
Current portion of non current liabilities	31	403,487	1,247,191
		17,983,667	16,791,470
<b>CONTINGENCIES AND COMMITMENTS</b>			
	32	–	–
		45,367,329	40,782,622
<b>TOTAL EQUITY AND LIABILITIES</b>			

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
Sales - net	33	36,302,794	37,478,321
Cost of sales	34	(28,439,076)	(25,523,607)
<b>Gross profit</b>		7,863,718	11,954,714
<b>Operating expenses</b>			
Distribution cost	35	(2,007,264)	(2,783,719)
Administrative expenses	36	(2,197,949)	(1,984,209)
Other operating expenses	37	(504,513)	(784,540)
		(4,709,726)	(5,552,468)
<b>Other income</b>	38	99,001	14,444
<b>Profit from operations</b>		3,252,993	6,416,690
Finance cost	39	(1,137,162)	(995,707)
<b>Profit before taxation</b>		2,115,831	5,420,983
Taxation	40	(319,428)	(226,216)
<b>Profit for the year</b>		1,796,403	5,194,767
Earnings per share - basic and diluted (Rupees)	41	2.06	6.67

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>Profit for the year</b>		1,796,403	5,194,767
<b>Other comprehensive income/ (loss):</b>			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post retirement benefits obligations	27.1.4	2,715	(192,825)
<b>Total comprehensive income for the year</b>		1,799,118	5,001,942

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Capital reserve		Revenue reserves		Total
	Share capital	Share premium	Employee share option compensation reserve	Unappropriated profit	
(Rupees '000)					
<b>Balance as at June 30, 2018</b>	1,901,104	30,255	8,608	7,142,570	9,082,537
Profit for the year	–	–	–	5,194,767	5,194,767
Other comprehensive loss	–	–	–	(192,825)	(192,825)
<b>Total comprehensive income for the year</b>	–	–	–	5,001,942	5,001,942
Employee Stock Option Scheme (ESOS)	–	–	18	–	18
Shares issued under the ESOS	7,558	27,522	(8,626)	–	26,454
Issuance of ordinary shares	1,095,000	3,934,900	–	–	5,029,900
Transaction cost on issuance of shares	–	(170,820)	–	–	(170,820)
Issuance of bonus shares	5,718,313	(30,255)	–	(5,688,058)	–
<b>Transactions with owners:</b>					
Dividend to ordinary shareholders	–	–	–	(1,090,247)	(1,090,247)
<b>Balance as at June 30, 2019</b>	8,721,975	3,791,602	–	5,366,207	17,879,784
Profit for the year	–	–	–	1,796,403	1,796,403
Other comprehensive income	–	–	–	2,715	2,715
<b>Total comprehensive income for the year</b>	–	–	–	1,799,118	1,799,118
Effect of initial application of IFRS-16	–	–	–	(667)	(667)
<b>Transactions with owners:</b>					
Dividend to ordinary shareholders	–	–	–	(2,398,543)	(2,398,543)
<b>Balance as at June 30, 2020</b>	8,721,975	3,791,602	–	4,766,115	17,279,692

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOW

For the year ended June 30, 2020

	2020 (Rupees '000)	2019 (Rupees '000)
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	2,115,831	5,420,983
<b>Adjustments for:</b>		
Depreciation	1,980,510	1,641,234
Amortization	14,931	9,047
Depreciation on right of use assets	16,835	–
Workers' profit participation fund	112,527	285,315
Workers' welfare fund	43,180	–
Staff retirement gratuity	783,277	522,833
Employee share option compensation expense	–	5,031
Loss on disposal of property, plant and equipment	17,534	47,091
Inventory write-off	7,125	–
Realized loss on derivative financial instruments	106,843	–
Remeasurement loss on investment in mutual funds	5,293	20,787
Profit on term deposit receipts (TDRs)	(36,131)	(182)
Profit on term finance certificates (TFCs)	(55,606)	–
Interest on loan to Metis International (Pvt) Ltd	(1,356)	(7,211)
Provision for impairment loss	–	70,814
Interest on receivables from IL Bangla Limited	(5,796)	(5,796)
Finance cost	1,137,162	995,707
<b>Operating cash flows before working capital changes</b>	6,242,159	9,005,653
<b>Changes in working capital</b>		
<b>(Increase)/decrease in current assets</b>		
Stores and spares	(174,865)	(108,461)
Stock in trade	(2,535,259)	(1,160,773)
Trade debts	1,040,349	(954,732)
Loans and advances	571,644	(436,565)
Deposit, prepayment and other receivables	17,322	(12,114)
Tax refunds due from government	(218,701)	403,246
Short term investment in mutual funds – net	125,603	(4,258)
<b>(Decrease)/Increase in current liabilities</b>		
Trade and other payables	(433,974)	744,150
	(1,607,881)	(1,529,507)
<b>Cash generated from operations</b>	4,638,148	7,476,146
Finance cost paid	(1,049,053)	(1,001,655)
Income tax paid	(448,202)	(238,195)
Staff retirement gratuity paid	(122,931)	(131,021)
Workers' profit participation fund paid	(288,315)	(232,069)
Long term loans paid	(42,293)	(14,049)
Long term deposits paid	(10,318)	(3,202)
Settlement of derivative financial instruments	(106,843)	–
Profit on term deposit receipts (TDRs) received	36,131	182
<b>Net cash generated from operating activities</b>	2,602,454	5,856,137

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions in:			
Property, plant and equipment		(6,422,247)	(4,632,295)
Intangible asset		(120,229)	(32,798)
Proceeds from disposal of property, plant and equipment		48,636	139,466
Profit on term finance certificates (TFCs) received		55,000	–
Long term investments		(845,000)	(699,000)
<b>Net cash used in investing activities</b>		<b>(7,283,840)</b>	<b>(5,224,627)</b>
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing obtained		4,592,913	4,228,002
Repayment of long term financing		(2,204,245)	(2,568,542)
Payment of lease rentals		(13,605)	(847)
Short term borrowings – net		2,628,861	(3,454,937)
Share capital issued		–	1,102,558
Share premium net of transaction cost		–	3,782,976
Dividend paid		(2,526,526)	(1,434,588)
<b>Net cash generated from financing activities</b>		<b>2,477,398</b>	<b>1,654,622</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(a+b+c)	<b>(2,203,988)</b>	<b>2,286,132</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,479,819</b>	<b>193,687</b>
<b>Cash and cash equivalents at the end of the year</b>	42	<b>275,831</b>	<b>2,479,819</b>

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 1. LEGAL STATUS AND OPERATIONS

Interloop Limited (the Company) was incorporated in Pakistan on 25th April, 1992 as a private limited company under Repealed Companies Ordinance, 1984 (now Companies Act, 2017). On 18th July 2008, the Company was converted into public limited company and subsequently, on 5th April 2018, it was publicly listed on Pakistan Stock Exchange. The Company is engaged in the business of manufacturing and sale of socks, leggings, denim and yarn, and generating electricity for its own use.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

- Registered office: Al-Sadiq Plaza, P-157, Railway Road, Faisalabad-Pakistan.
- Corporate office & Plant 1: 1-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad-Pakistan.
- Plant 2, Plant 4 & Spinning: 7-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad-Pakistan.
- Plant 5: 6-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad-Pakistan.
- Plant 3 & Denim: 8-KM, Manga– Raiwind Road, Raiwind, Dist. Kasur, Lahore-Pakistan.

## 2. Impact of Covid-19 on the financial statements

Global outbreak has adversely impacted the Company's performance and resultant sales witnessed sharp decline by 15% of total hosiery sales. Likewise, the Denim unit of the Company which was made operational during the year was forced to bear cancellation of orders due to this pandemic. Consequently, the Company bears a loss of Rs. 365.693 million during the last quarter of the financial year. Other impacts are disclosed in relevant notes of these unconsolidated financial statements.

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017,
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise stated in respective policy notes.

### 3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupee which is also the Company's functional currency.

## 4. NEW AND REVISED STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

### 4.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

- **Amendment to IAS 19 'Employee Benefits, – Plan Amendment, Curtailment or Settlement':**

The amendment to IAS 19 specify that an entity must;



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- (i) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event and determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using:
  - (a) the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and
  - (b) the discount rate used to remeasure that net defined benefit liability (asset).
- (ii) determine any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is to be recognized in profit or loss. An entity then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognized in other comprehensive income.

The amendments do not have any significant impact on these unconsolidated financial statements.

– **Amendment to IAS 28 ‘Investments in Associates and Joint Ventures’ – Long term investment in Associates and Joint Ventures:**

The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or ‘LTI’). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendment do not have any impact on these unconsolidated financial statements.

– **Amendment to IFRS 9 ‘Financial Instrument’– prepayment Features with Negative Compensation and modifications of financial liabilities:**

The amendment allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss. The amendment do not have any impact on these unconsolidated financial statements.

– **IFRS 16, ‘Leases’:**

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 supersedes IAS 17 – Leases, IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC 15 – Operating Leases–Incentives and SIC 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Impact of adoption of IFRS 16 is disclosed in note. 7 of the unconsolidated financial statements.

– **IFRIC 23 ‘Uncertainty over Income Tax Treatments’:**

IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The amendment does not have any impact on these unconsolidated financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- **Annual Improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards (effective for annual period beginning on or after January 1, 2019):**
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements. The amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12 Income Taxes. The amendment clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profit.
  - IAS 23 Borrowing Costs. The amendment clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The improvements do not have a significant impact on these unconsolidated financial statements.

The other amendments to published standards and interpretations that are mandatory for the financial year are considered not to be relevant or to have any significant impact on the Company's financial reporting and operations and are therefore not disclosed in these unconsolidated financial statements.

#### 4.2 **Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective and have not been early adopted by the Company**

- **Amendment to IAS 16 'Property, Plant and Equipment' – Proceeds before Intended Use (effective for annual period beginning on or after January 01, 2022):**

The amendment prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is not likely to have an impact on the Company's financial statements.

- **Amendment to IFRS 9, 'Financial Instruments'; IAS 39, 'Financial Instruments: Recognition and Measurement, and IFRS 7, 'Financial Instruments: Disclosures' – Interest Rate Benchmark Reform (effective for the Company's annual period beginning on January 1, 2020):**

The changes in Interest Rate Benchmark Reform

- i. modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- ii. are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- iii. are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required);
- iv. and require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The Company is yet to assess the full impact of the amendment.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- **Amendment to IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’ – Onerous Contracts – Cost of Fulfilling a Contract (effective for annual period beginning on or after January 01, 2022):**

The amendment specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is not likely to have an impact on the Company’s financial statements.

- **Amendment to IFRS 16, ‘Leases’ – Covid-19-Related Rent Concessions (effective for annual period beginning on or after 1 June 2020):**

The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification; require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications; require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures. The amendment is not expected to have significant impact on the Company’s financial statements.

- **Amendments to IFRS 3, ‘Business Combinations’ – Reference to the Conceptual Framework (effective for the Company’s annual period beginning on January 1, 2022):**

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 with a reference to the Conceptual Framework for Financial Reporting, that was issued in March 2018, without significantly changing its requirements. In addition, the Board added an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities and it clarified existing guidance in IFRS 3 for contingent assets. The amendments are not likely to have an impact on the Company’s financial statements.

- **Amendment to IAS 1, ‘Presentation of financial statements’ – Classification of Liabilities as Current or Non-current (effective for the Company’s annual period beginning on January 1, 2022):**

The amendment specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the reporting date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered settlement of a liability.

- **Amendment to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’ (effective for the Company’s annual period beginning on January 1, 2020):**

These amendments and consequential amendments to other IFRSs:

- (i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- (ii) clarify the explanation of the definition of material; and
- (iii) incorporate some of the guidance in IAS 1 about immaterial information.

These amendments are not expected to have a significant impact on the Company’s future financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- **Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020):**

The IASB has issued amendment aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendment clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendment include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- **Annual Improvements to IFRS Standards 2018–2020 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards (effective for annual period beginning on or after January 01, 2022):**

- IFRS 1 First-time Adoption of International Financial Reporting Standards. This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to IFRS Standards.

- IFRS 9 Financial Instruments. The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- IAS 41 Agriculture. The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13 – Fair Value Measurement.

There are other amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

**Further, the following standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purposes of their applicability in Pakistan:**

IFRS – 1 'First time adoption of International Financial Reporting Standards'.

IFRS – 17 'Insurance Contracts'.

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the unconsolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Estimate of useful life of operating fixed assets – note 6.1

Impairment of non-financial assets – note 6.4

Stores and spares – note 6.6

Stock-in-trade – note 6.7

Staff retirement benefits – note 6.11

Provisions – note 6.14

Contingencies – note 6.15

Taxation – note 6.19

## 6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 6.1 Operating fixed assets and depreciation

Operating fixed assets, except freehold land which is stated at cost, are stated at cost less accumulated depreciation and identified accumulated impairment loss, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is calculated at the rates stated in note 8.1 applying reducing balance method. The useful life and residual value of major components of operating fixed assets are reviewed annually to determine that expectations are not significantly different from the previous estimates. Adjustment in depreciation rate for current and future periods is made if expectations are significantly different from the previous estimates. Depreciation is charged from the month when an asset becomes available for use, whereas no depreciation is charged in the month of its disposal. Gain and loss on disposal of fixed assets is included in statement of profit or loss.

Expenditure, which enhances or extends the performance of operating fixed assets beyond their original specification and useful life, is recognized as a capital expenditure and is added to the cost of the operating fixed assets. These are depreciated on reducing balance method at the rates mentioned in note 8.1.

### 6.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and represents direct cost of material, labour, applicable overheads and borrowing costs on qualifying assets. Transfers are made to relevant property, plant and equipment category as and when assets are available for their intended use.

### 6.3 Intangible asset – Computer software

Intangible assets are stated at cost less accumulated amortization and identified accumulated impairment loss, if any. These are amortized using the reducing balance method at the rates given in note 9. Amortization on additions is charged from the month in which an intangible asset is acquired, while no amortization is charged for the month in which intangible asset is disposed off.

Costs associated with maintaining computer software program are recognized as expense as and when incurred. Costs that are directly attributable to identifiable software and have probable economic benefits exceeding one year, are recognized as an intangible asset at the time of initial recognition. Direct costs include the purchase cost of software and related overhead costs.

Expenditure, which enhances or extends the performance of computer software beyond its original specification and useful life, is recognized as a capital expenditure and added to the cost of the software. These are amortized on reducing balance method at the rate mentioned in note 9.1

### 6.4 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than stock in trade and stores and spares, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis. Impairment losses on goodwill shall not be reversed.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

## 6.5 Investment in subsidiary and associate

Investments in subsidiary and associate are recognized at cost less impairment loss, if any. At each reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

The profits and losses of subsidiary and associated entities are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiary and associate. Gains and losses on disposal of investments are included in other income.

## 6.6 Stores and spares

Stores and spares are carried at moving average cost. Provision is made for slow moving and obsolete store items when so identified. Stores and spares held for capital expenditure are included in capital work in progress.

## 6.7 Stock-in-trade

These are stated at the lower of cost and net realizable value (NRV). The methods used for the calculation of cost are as follows:

Raw material – At factory	Moving average cost
– In transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods	Prime cost including a proportion of production overheads.

Wastes are valued at net realizable value.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their net realizable value. Net realizable value signifies the selling price in the ordinary course of business less costs necessary to be incurred to affect such sale.

## 6.8 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## **6.9 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, cheques in hand/cheques overdrawn, balances with banks and includes short term highly liquid investments with original maturities of three months or less. The cash and cash equivalents are readily convertible to known amounts of cash and are subject to insignificant risk of change in value.

## **6.10 Share capital**

Ordinary shares are classified as equity and recognized at their face value.

## **6.11 Staff retirement benefits**

### **(a) Defined Benefit Plan**

The Company operates an unfunded gratuity scheme for all employees according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each reporting date. Remeasurement of net defined benefit liability, which comprise of actuarial gains and losses i.e. experience adjustments and the effects of changes in actuarial assumptions, are recognized immediately in other comprehensive income. The Company determines net interest expense/(income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses e.g. current service cost, related to defined benefit plans are recognized in statement of profit or loss.

### **(b) Defined Contribution Plan**

There is a contributory provident fund for executive staff of the Company for which contributions are charged to profit or loss as and when incurred.

The Company makes monthly contribution to the fund at the rate of 7.5% whereas employees of the Company make monthly contributions to the fund at the rates ranging from 7.5% to 12.5% of basic salary. The assets of the fund are held separately under the control of trustees.

### **(c) Employees' Share Option Scheme (ESOS)**

The Company operates an equity settled stock option scheme to called 'Interloop Limited – Employees Stock Option Scheme, 2016'. The compensation committee ("committee") of the Board of directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a pre-determined price on the date of grant of options.

The fair value of the share option is measured at grant date as difference of fair value of share and exercise price and is recognized as an employee compensation expense, with a corresponding increase in equity, on the straight line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 6.12 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants received by the Company in the form of economic benefits are deferred and accounted for under income approach in profit or loss. Relevant amortization income is recognized in profit or loss, net off with relevant expense, on systematic basis over the period in which the expenses for which the grants are intended to compensate.

## 6.13 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

## 6.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

## 6.15 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/ non-occurrence of the uncertain future events.

## 6.16 Foreign currency translation

Transactions in foreign currency during the year are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at functional currency at the rate of exchange prevailing at the reporting date. All non-monetary assets and liabilities are translated into rupees at exchange rates prevailing on the date of transaction or on date when fair values are determined. Exchange differences are charged to statement of profit or loss.

## 6.17 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

## a) Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

## b) Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered.

## c) Interest income

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

## d) Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

## 6.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time when the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period of as and when incurred.

## 6.19 Taxation

### Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any. However, for income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

### Deferred

Deferred tax is accounted for using the statement of financial position method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the reporting date. In this regard, the effect on deferred taxation of the portion of income subjected to Final Tax Regime is adjusted in accordance

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## 6.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit by weighted average number of shares outstanding during the period. Diluted EPS is calculated by adjusting for the effects of all dilutive potential ordinary shares.

## 6.21 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's unconsolidated financial statements in the period in which dividends are approved.

## 6.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker ('CODM') to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes the strategic decisions.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

Transaction among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

## 6.23 Related party transactions

All transactions with related parties are carried out at arm's length prices. Each transaction is evaluated to be characterized as an "arm's length transaction" and approximated to the arm's length criteria using one of the following methodologies:

- Market - based pricing
- Negotiated pricing
- Cost - based pricing

## 6.24 Financial Instruments

### 6.24.1 Financial assets

A financial asset is measured at amortized cost if it is held in order to collect contractual cash flows which arise on specified dates and that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. A debt investment is measured at fair value through other comprehensive income if it is held

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

in order to collect contractual cash flows which arise on specified dates that are solely principal and interest and as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

## A. Classification and measurement of financial assets

### Investments and other financial assets

#### Classification:

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

#### Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

#### Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## **Fair value through other comprehensive income (FVTOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

## **Fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

## **B. Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## C. Impairment

The Company record an allowance for a forward-looking expected credit loss (ECL) approach for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021. In this regard, the companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' during the exemption period.

## D. Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in the statement of profit or loss account.

### 6.24.2 Financial liabilities

#### A. Classification and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the unconsolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

#### ii) Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

## B. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the unconsolidated statement of profit or loss.

### 6.24.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the unconsolidated financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

## 7. CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD 16, 'LEASES' (IFRS 16)

Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in Statement of Profit or Loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Under IFRS 16, assets leased by the Company, under operating lease, are being recognized on the statement of financial position of the company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 1, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liability.

The Company presents right-of-use assets in 'property, plant and equipment' as a separate line item with the same classification of underlying assets of the same nature that it owns.

### Key changes in accounting policies resulting from application of IFRS 16

#### 7.1 Leases

##### Right-of-use assets

At inception, the Company assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the Company obtains substantially all the economic benefits from the use of the asset and whether the Company has a right to direct the use of the asset. The Company recognizes right-of-use assets (RoU) at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of RoU includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Depreciation of RoU is charged to statement of profit or loss. Residual value and the useful life of an RoU are reviewed at least at each financial year-end. Depreciation on additions to RoU is charged from the month in which an asset is acquired, while no depreciation is charged for the month in which the asset is disposed off.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The related payment obligations, net of finance costs are classified as current and long term liability depending upon the timing of the payment.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to statement of profit or loss over the lease term.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and leases of low value items.

## 7.2 Impacts of adoption of IFRS 16 on these unconsolidated financial statements

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at July 01, 2019. Accordingly, the comparative information presented has not been restated.

On transition, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

At transition, for lease classified as operating lease under IAS 17, lease liability was measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 01 July 2019 and right-of-asset was measured at an amount equal to the present value of the remaining lease payments adjusted by the amount of any prepaid or accrued lease payments, if any. Difference of lease asset and liability has been charged to equity.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Did not recognize right of use asset and liabilities for leases where the lease term ends within 12 months of the date of the initial application.
- Did not recognize right of use assets and liabilities for leases of low value.

The details pertaining to right of use assets are disclosed in note 8.3 and related leases are disclosed in note 26.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	8.1	21,897,796	17,038,440
Capital work-in-progress	8.2	733,655	1,218,034
Right of use assets	8.3	112,788	–
		<b>22,744,239</b>	<b>18,256,474</b>

## 8.1 Operating fixed assets

Description	2020										
	Cost				Depreciation					W.D.V	Rate %
	As On July 1, 2019	Additions	Deletions	As On June 30, 2020	As On July 1, 2019	For the year	Trial Production Capitalization	Adjustments	As on June 30, 2020	As on June 30, 2020	
	(Rupees '000)										
<b>Owned</b>											
Freehold land	1,580,632	142,632	–	1,723,264	–	–	–	–	–	1,723,264	–
Buildings on freehold land	5,242,322	2,081,285	–	7,323,607	2,091,888	438,313	664	–	2,530,865	4,792,742	10
Plant and machinery	17,015,857	3,422,219	(71,023)	20,367,053	7,025,777	1,167,278	8,388	(52,989)	8,148,454	12,218,602	10
Tools and equipment	975,631	308,597	(1,377)	1,282,851	388,974	75,375	398	(723)	464,024	818,827	10
Office equipment	408,316	101,856	(13,027)	497,145	215,163	49,748	–	(10,489)	254,422	242,723	20
Electric installations	1,414,876	570,548	(502)	1,984,922	521,102	119,953	204	(69)	641,190	1,343,732	10
Furniture and fixtures	396,077	84,502	(51)	480,528	146,669	29,529	13	(27)	176,184	304,344	10
Vehicles	582,590	204,064	(97,081)	689,573	188,288	100,314	–	(52,594)	236,008	453,565	20
<b>Total</b>	<b>27,616,301</b>	<b>6,915,703</b>	<b>(183,061)</b>	<b>34,348,943</b>	<b>10,577,861</b>	<b>1,980,510</b>	<b>9,667</b>	<b>(116,891)</b>	<b>12,451,147</b>	<b>21,897,796</b>	

Description	2019										
	Cost				Depreciation					W.D.V	Rate %
	As On July 1, 2018	Additions	Deletions	As On June 30, 2019	As On July 1, 2018	For the year	Trial Production Capitalization	Adjustments	As on June 30, 2019	As on June 30, 2019	
	(Rupees '000)										
<b>Owned</b>											
Freehold land	929,470	651,162	–	1,580,632	–	–	–	–	–	1,580,632	–
Buildings on freehold land	4,730,351	529,222	(17,251)	5,242,322	1,768,809	329,980	273	(7,174)	2,091,888	3,150,434	10
Plant and machinery	15,337,894	1,976,665	(298,702)	17,015,857	6,209,372	1,006,313	3,395	(193,303)	7,025,777	9,990,080	10
Tools and equipment	853,508	129,094	(6,971)	975,631	332,256	60,111	175	(3,568)	388,974	586,657	10
Office equipment	363,401	54,818	(9,903)	408,316	176,388	43,985	173	(5,383)	215,163	193,153	20
Electric installations	1,314,054	100,857	(35)	1,414,876	426,794	94,060	268	(20)	521,102	893,774	10
Furniture and fixtures	313,807	86,160	(3,890)	396,077	123,857	25,044	38	(2,270)	146,669	249,408	10
Vehicles	518,914	190,031	(126,355)	582,590	172,546	81,663	–	(65,921)	188,288	394,302	20
<b>Sub total</b>	<b>24,361,399</b>	<b>3,718,009</b>	<b>(463,107)</b>	<b>27,616,301</b>	<b>9,210,022</b>	<b>1,641,156</b>	<b>4,322</b>	<b>(277,639)</b>	<b>10,577,861</b>	<b>17,038,440</b>	
<b>Leasehold</b>											
Vehicles	2,439	–	(2,439)	–	1,272	78	–	(1,350)	–	–	20
<b>Sub total</b>	<b>2,439</b>	<b>–</b>	<b>(2,439)</b>	<b>–</b>	<b>1,272</b>	<b>78</b>	<b>–</b>	<b>(1,350)</b>	<b>–</b>	<b>–</b>	
<b>Total</b>	<b>24,363,838</b>	<b>3,718,009</b>	<b>(465,546)</b>	<b>27,616,301</b>	<b>9,211,294</b>	<b>1,641,234</b>	<b>4,322</b>	<b>(278,989)</b>	<b>10,577,861</b>	<b>17,038,440</b>	



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## 8.1.1 The detail of operating fixed assets disposed / written off during the year are as follows:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
(Rupees '000)							
<b>Assets having book value exceeding Rs. 500,000 each</b>							
<b>Plant and Machinery</b>							
Generator Cummins 500 Kva –Unit III	4,535	2,342	2,193	6,300	4,107	Negotiation	IL Apparel (Pvt) Limited – Subsidiary Company
Suction Blower System	581	76	505	100	(405)	Negotiation	Socks & Socks Private Limited
Air Washer System	12,300	9,551	2,749	270	(2,479)	Negotiation	Abdul Rasheed – Dar Ul Ahsan Town, Samundri Road, Faisalabad
Gas Genset – Ge Jenbacher – J 620 Gse01 (Old Parts Scraped Due To Overhauling Of Generator)	3,640	2,813	827	–	(827)	Scraped	Mr. Abdul Aziz – Dar Ul Ahsan Town, Samundri Road, Faisalabad
<b>Sub Total</b>	<b>21,056</b>	<b>14,782</b>	<b>6,274</b>	<b>6,670</b>	<b>396</b>		
<b>Vehicles</b>							
Toyota Corolla Gli	1,771	1,030	740	658	(82)	Company Policy	Mr. Shahid Butt – Company Employee
Honda Civic 1.8L I-Vtec Oriel	2,585	1,306	1,280	1,280	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda Civic Vti Ptr Nav	2,670	534	2,136	2,136	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda City MT	1,567	831	735	735	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda City PT 1.3	1,731	622	1,109	1,109	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda City MT	1,719	411	1,308	1,308	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda City PT	2,106	240	1,867	1,900	33	Negotiation	Mr. Muhammad Aamir Tanveer – Company Employee
Honda City Aspire	1,852	1,041	811	658	(153)	Company Policy	Syed Mustafa Ali – Company Employee
Suzuki Swift Dlx	1,360	546	814	1,250	436	Insurance claim	UBL Insurers limited
Toyota Corolla Gli	1,771	1,037	733	658	(75)	Company Policy	Mr. Saeed Ahmad – Company Employee
Suzuki Swift Dlx	1,440	436	1,004	1,350	346	Insurance claim	EFU General insurance
Toyota Corolla Gli	1,900	1,008	892	892	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Toyota Corolla Gli	2,947	246	2,701	2,702	1	Negotiation	Mr. Muhammad Younas Malik, Chak # 153RB, Tehseeel Chak Jhumra, Faisalabad.
Honda City MT	1,551	1,045	506	260	(246)	Company Policy	Mr. Qasim Noor Ellahi – Company Employee
Honda City Aspire	1,698	981	717	519	(198)	Company Policy	Mr. Salman Tahir – Company Employee
Suzuki Swift Dlx	1,335	774	561	519	(42)	Company Policy	Mr. Muhammad Kashif – Company Employee
Suzuki Swift Dlx	1,412	547	865	881	16	Negotiation	Mr. Muhammad Bilal Iqbal – Employee
Honda City Aspire MT	1,700	1,009	691	519	(172)	Company Policy	Mr. Muhammad Ilyas Kanwal – Company Employee
Toyota Corolla Xli	1,685	1,166	519	411	(108)	Company Policy	Mr. Irfan Nazir – Company Employee
Toyota Corolla Gli	1,683	1,165	519	411	(107)	Company Policy	Mr. Muhammad Fauz Ul Azeem – Company Employee
Honda City Aspire Pros	1,843	1,094	749	438	(311)	Company Policy	Mr. Waqar Ahmad Siddique – Company Employee
Honda City Aspire MT	1,685	1,156	529	260	(269)	Company Policy	Mr. Muhammad Asaf Raza – Company Employee
Suzuki Swift Dlx	1,335	795	540	519	(21)	Company Policy	Mr. Shahbaz Tahir – Company Employee
Honda City Aspire	1,700	1,010	691	519	(172)	Company Policy	Mr. Maqbool Ahmad – Company Employee
Honda City MT	1,566	930	636	519	(117)	Negotiation	Mr. Imran Sadiq – Company Employee
Suzuki Swift Dlx	1,595	399	1,196	1,200	4	Negotiation	Mr. Sheraz, Saeed Autos, 22C – Model Town, Jail Road, Faisalabad.

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For the year ended June 30, 2020

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
(Rupees '000)							
Honda City MT	1,687	675	1,012	1,015	3	Negotiation	Mr. Sheraz, Saeed Autos, 22C – Model Town, Jail Road, Faisalabad.
Honda Civic 1.8L I-Vtec	2,766	1,259	1,507	1,507	–	Negotiation	Mr. Sheraz, Saeed Autos, 22C – Model Town, Jail Road, Faisalabad.
Honda City MT	1,569	959	611	519	(92)	Insurance claim	Security General Insurance Company
Toyota Corolla Gli	1,838	1,135	703	440	(263)	Company Policy	Mr. Irfan Saeed – Company Employee
Toyota Corolla Gli	1,811	1,275	536	411	(125)	Company Policy	Mr. Aftab Gondal – Company Employee
Honda City	1,556	1,053	503	305	(198)	Company Policy	Mr. Muhammad Tahir – Company Employee
Honda City MT	1,575	962	613	519	(94)	Company Policy	Mr. Irfan Akmal – Company Employee
Honda City MT	1,573	959	614	438	(177)	Company Policy	Mr. Muhammad Afzaal – Company Employee
Honda City Aspire	1,699	1,035	665	664	(1)	Company Policy	Mr. Muhammad Rafiq – Company Employee
Honda City MT	1,565	954	611	519	(93)	Company Policy	Mr. Danish Shafiq – Company Employee
Honda City MT	1,572	937	636	438	(198)	Company Policy	Mr. Javed Aslam – Company Employee
Honda City MT	1,575	938	637	519	(118)	Company Policy	Mr. Intiaz Ahmad – Company Employee
Honda Civic	2,530	1,507	1,023	722	(301)	Company Policy	Mr. Waheed Iqbal – Company Employee
Honda Civic	2,530	1,507	1,023	911	(112)	Company Policy	Mr. Aqeel Ahmad – Company Employee
Toyota Corolla Gli	1,663	1,109	554	423	(131)	Company Policy	Mr. Humayun Javed – Company Employee
<b>Sub Total</b>	<b>73,717</b>	<b>37,623</b>	<b>36,095</b>	<b>32,959</b>	<b>(3,136)</b>		
<b>Other assets having book value below Rs. 500,000 each</b>	<b>88,287</b>	<b>64,486</b>	<b>23,801</b>	<b>9,007</b>	<b>(14,795)</b>		
<b>Total – 2020</b>	<b>183,061</b>	<b>116,891</b>	<b>66,170</b>	<b>48,636</b>	<b>(17,534)</b>		
Total – 2019	465,546	278,989	186,557	139,466	(47,091)		

## 8.1.2 Depreciation expense for the year has been allocated as under;

Cost of sales  
Administrative expenses

	2020 (Rupees '000)	2019 (Rupees '000)
Cost of sales	1,800,919	1,490,464
Administrative expenses	179,591	150,770
	<b>1,980,510</b>	<b>1,641,234</b>

## 8.1.3 Borrowing cost capitalized during the year amounting Rs.107.501 million (2019:16 million) calculated at the rate ranging from 2.75% to 14.07% per annum (2019: 2.33% to 4.92% per annum).

## 8.2 Capital work-in-progress

Civil works  
Plant and machinery  
Capital stores  
Advances to suppliers

Note

8.2.1

	2020 (Rupees '000)	2019 (Rupees '000)
Civil works	209,268	653,047
Plant and machinery	308,734	135,550
Capital stores	131,616	3,913
Advances to suppliers	84,037	425,524
	<b>733,655</b>	<b>1,218,034</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 8.2.1** Capital stores include factory tools and equipment, office equipment, electric installations and furniture and fixtures that are held in store for future use and capitalization.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>8.3 Right of use assets</b>			
<b>Buildings</b>			
Transition effect on initial application of IFRS-16		35,511	–
Additions during the year		94,112	–
For the year depreciation	8.3.1	129,623	–
Net book value		16,835	–
		112,788	–

- 8.3.1** Depreciation expense relating to right of use assets – buildings of Rs. 12,471 thousand has been charged in 'Cost of sales' and Rs. 4,364 thousand in 'Administrative expenses'.

**8.4 Details of immovable property in the name of the Company:**

Usage	Location	Area
Plant 1	Chak # 76 RB, 1 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	19 Acres 7 Kanals 12 Marlas
	Chak # 194 RB, 1 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	3 Acres 13 Marlas
	Chak # 108 RB, 1 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	9 Marlas
Interloop Industrial Park – (Plant 2, Plant 4 & Spinning)	Chak # 103 RB, 7 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	99 Acres 3 Kanals 9 Marlas 5 Sarsai
	Chak # 106 RB, 6 – KM, By Pass Road, Khurrianwala, Faisalabad.	14 Acres 3 Kanals 12 Marlas
	Chak # 103 RB, 7 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	39 Acres 7 Kanals 15 Marlas
Plant 3	8 – KM, Manga Raiwind Road, Distt. Kasur, Lahore.	41 Acres 3 Kanals 8 Marlas
Denim Division	8 – KM, Manga Raiwind Road, Distt. Kasur, Lahore.	26 Acres 7 Kanals 14 Marlas
Plant 5	Chak # 106 RB, 6 – KM, By Pass Road, Khurrianwala, Faisalabad.	105 Acres 4 Kanals 02 Marlas 8 Sarsai
Land	Chak # 200 RB, Near Toll Plaza Gatwala, Lathianwala, Faisalabad.	2 Acres 5 Marlas 5 Sarsai

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>9. INTANGIBLE ASSET</b>			
Computer Software	9.1	67,168	66,161
Development cost – in progress		104,291	–
		171,459	66,161
<b>9.1 Computer Software</b>			
<b>Cost:</b>			
Opening balance		130,994	98,196
Addition during the year		15,938	32,798
		146,932	130,994
<b>Amortization:</b>			
Opening balance		64,833	55,786
For the year amortization	9.1.1	14,931	9,047
		79,764	64,833
Net book value		67,168	66,161
<b>Amortization rate</b>		20%	20%

**9.1.1** Amortization expense relating to intangible assets of Rs. 5,577 thousand (2019: Nil) has been charged in 'Cost of sales' and Rs. 9,354 thousand (2019: 9,047 thousand) in 'Administrative expenses'.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>10. LONG TERM INVESTMENTS</b>			
<b>Unquoted equity – at cost</b>			
<b>Subsidiary company</b>			
IL Apparel (Pvt) Limited	10.1	1,045,000	700,000
<b>Associated company</b>			
IL Bangla Limited	10.2	308,735	308,735
<b>Others – at amortized cost</b>			
Term finance certificates – TFCs	10.3	500,000	–
		1,853,735	1,008,735

**10.1** 104.5 million (2019: 50 million) ordinary shares of Rs. 10/- each amounting to Rs. 1,045 million (2019: Rs. 500 million and Rs. 200 million as share deposit money). Equity held 100%.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>10.2 IL Bangla Limited</b>			
Cost of investment	10.2.1	308,735	379,549
Provision for impairment loss		–	(70,814)
		308,735	308,735

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

**10.2.1** 31.825 million (2019: 31.825 million) ordinary shares of BD Takas 10/- each amounting to BD Takas 318.250 million (2019: BD Takas 318.250 million). Equity held 31.61% (2019: 31.61%).

## 10.3 Term finance certificates – TFCs

This represent investment as fully paid-up, rated, privately placed (subsequently listed), perpetual, unsecured, subordinated, noncumulative, contingent convertible, additional Tire 1, capital eligible 5,000 term finance certificates (TFCs) of Habib Bank Limited having face value of Rs.100,000/- each aggregating to Rs. 500 million (2019: Nil). TFCs carry markup at the rate of 3 months KIBOR+ 1.60% per annum payable quarterly in arrears.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>11. LONG TERM LOANS</b>			
<b>Considered good – Secured</b>			
Loans to employees	11.1	96,233	43,112
Loan to director	11.2	17,590	22,650
		<b>113,823</b>	<b>65,762</b>
<b>11.1 Loans to employees</b>			
Opening balance		96,795	108,496
Add: disbursement made during the year		120,021	78,870
		<b>216,816</b>	<b>187,366</b>
Less: amount received during the year		(74,095)	(90,571)
		<b>142,721</b>	<b>96,795</b>
Less: receivable within twelve months		(46,488)	(53,683)
		<b>96,233</b>	<b>43,112</b>

**11.1.1** These loans are given to employees as per approved policy of the Company and are secured against employees retirement benefits.

		2020 (Rupees '000)	2019 (Rupees '000)
<b>11.2 Loan to director</b>			
Opening balance		25,750	–
Add: disbursement made during the year		–	25,750
		<b>25,750</b>	<b>25,750</b>
Less: amount received during the year		(3,633)	–
		<b>22,117</b>	<b>25,750</b>
Less: receivable within twelve months		(4,527)	(3,100)
		<b>17,590</b>	<b>22,650</b>

**11.2.1** This represents loan paid to an executive director of the Company as per house building finance policy of the Company. Under the policy, home ownership grant of Rs. 2.5 million and mortgage assistance of Rs. 23.25 million was disbursed. Tenure of both the home ownership grant and mortgage assistance is for a period of six years. Mortgage assistance is repayable in 60 equal monthly installments.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>12. LONG TERM DEPOSITS</b>			
<b>Considered good:</b>			
Security deposits – unsecured		38,337	28,019
<b>13. STORES AND SPARES</b>			
Stores		311,225	233,322
Spares		751,299	654,337
		1,062,524	887,659
<b>14. STOCK IN TRADE</b>			
Raw material		5,131,795	3,730,840
Work in process		589,622	597,562
Finished goods		3,089,208	1,954,089
		8,810,625	6,282,491
<b>15. TRADE DEBTS</b>			
Considered good:			
<b>Foreign</b>			
Secured	15.1	4,375,676	4,250,501
Unsecured		2,232,046	3,564,083
		6,607,722	7,814,584
<b>Local</b>			
Unsecured	15.1	599,669	433,156
		7,207,391	8,247,740
<b>15.1</b>	It includes receivables from following related parties;		
<b>Foreign</b>			
IL Bangla Limited		–	44,280
Texlan Center (Pvt) Limited		136,419	352,636
Eurosox Plus BV		120,799	293,422
<b>Local</b>			
PrintKraft (Pvt) Limited		485	–
		257,703	690,338
<b>15.2</b>	The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 757.49 million (2019: Rs. 1,052.51 million).		
<b>15.3</b>	At June 30, 2020, trade debts due from related parties aggregating to Rs. 138.30 million (2019: Rs. 298.17 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:		
		2020 (Rupees '000)	2019 (Rupees '000)
Not yet due		119,407	392,170
Upto 1 month		75,746	119,452
More than 1 month		62,550	178,716
		257,703	690,338

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>16. LOANS AND ADVANCES</b>			
<b>Considered good:</b>			
<b>Loans</b>			
Current portion of loans to employees – Secured	11.1	46,488	53,683
Current portion of loan to director – Secured	11.2	4,527	3,100
Metis international (Pvt) Limited – Secured	16.1	6,777	9,560
<b>Advances</b>			
Advances to suppliers	16.2	424,874	989,598
Advances to employees	16.3	3,264	7,401
		<b>485,930</b>	<b>1,063,342</b>

**16.1** This loan was given in foreign currency amounting to US\$ 275,000 at rate of 15% per annum (the amount in \$ to be converted in PKR in accordance with conversion rate given at [www.oanda.com](http://www.oanda.com)). Upon lapse of payment date, additional mark up at the rate of 2.5% will be charged on monthly mark up installment due for each day of delay up to a maximum of 20%. The loan is secured through an irrevocable lien/charge on total assets of the Metis International (Pvt) Limited.

**16.2** It includes advance payment of Rs. 0.189 million to Texlan Center (Pvt) Limited – a related party. The maximum aggregate amount of receivable due from related party at the end of any month during the year was Rs. 0.189 million (2019: Rs. 0.189 million). At June 30, 2020, amount due from related party was past due but not impaired. The balance is outstanding for more than one year.

**16.3** Advances to employees are given to meet business expenses and are settled as and when expenses are incurred.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>17. DEPOSIT, PREPAYMENT AND OTHER RECEIVABLES</b>			
<b>Deposit</b>			
L/C margin		–	70,338
<b>Prepayment</b>			
Insurance premium		12,039	40,226
<b>Other receivables – considered good</b>			
Subsidy on gas	17.1	92,581	–
Receivables from related parties	17.2	88,562	83,980
		<b>194,815</b>	<b>204,985</b>

**17.1** This represent the subsidy receivable from Government of Pakistan (GoP) and SNGPL against sui gas consumption amounting Rs. 90.4 and 2.18 million respectively. The GoP has announced subsidy to zero-rated industry at a flat rate of \$6.5 per million British Thermal Unit (mmBtu) and SNGPL allows 50% system gas adjustment capped at initial contractual load.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>17.2</b>	<b>Receivables from related parties include receivables from:</b>		
	IL Bangla Limited – Unquoted associate	88,562	82,766
	Interloop Welfare Trust	–	1,214
		<b>88,562</b>	<b>83,980</b>

**17.3** The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 88.56 million (2019: Rs. 83.98 million).

**17.4** At June 30, 2020, receivables aggregating to Rs. 88.56 million (2019: Rs. 83.98 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2020 (Rupees '000)	2019 (Rupees '000)
Up to 1 month	5,796	7,153
More than 1 year	82,766	76,827
	<b>88,562</b>	<b>83,980</b>

**17.5** This represents balance receivable against payments made on behalf of IL Bangla Limited. Interest is charged at effective rate of 7.53% per annum.

	2020 (Rupees '000)	2019 (Rupees '000)
<b>18. ACCURED INCOME</b>		
Interest on loan to Metis International (Pvt) Limited	1,633	10,441
Profit on term finance certificates (TFCs)	606	–
	<b>2,239</b>	<b>10,441</b>
<b>19. TAX REFUNDS DUE FROM GOVERNMENT</b>		
Duty drawbacks	447,587	646,486
Sales tax refundable	954,308	401,608
Income tax refundable	1,006,119	877,345
	<b>2,408,014</b>	<b>1,925,439</b>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>20. SHORT TERM INVESTMENTS</b>			
<b>Mutual Funds – Fair value through profit or loss:</b>			
Alfalah GHP Alfa Fund		–	17,306
Alfalah GHP Sovereign Fund		–	58,944
Meezan Islamic Fund		–	34,795
Meezan Sovereign Fund		–	7
NAFA Financial Sector Income Fund		–	909
NAFA Stock Fund		–	16,986
NAFA Money Market Fund		–	1,555
UBL Government Securities Fund		–	394
		–	130,896
<b>Term Deposit Receipts (TDRs) – Amortized cost:</b>	20.1		
The Bank of Punjab		–	150,347
Allied Bank Limited		125,044	–
National Bank of Pakistan		–	790,908
		125,044	941,255
<b>Sales Tax Refund Bonds – Amortized cost:</b>			
FBR Refund Settlement Company (Private) Limited		–	135,100
		125,044	1,207,251

**20.1** Short term investment in TDRs earned interest at effective rate of 6.40% to 12.60% per annum (2019: 11.55% to 12.05% per annum). Accrued profit amounting to Rs. 0.044 million (2019: Rs. 1.255 million) is included in the carrying value.

	2020 (Rupees '000)	2019 (Rupees '000)
<b>21. CASH AND BANK BALANCES</b>		
Cash in hand	14,169	26,353
Cash at banks		
In current accounts	76,510	1,440,947
In foreign currency accounts	60,108	71,264
	136,618	1,512,211
	150,787	1,538,564

## 22. AUTHORIZED SHARE CAPITAL

2020 (Number of shares in '000)	2019 (Number of shares in '000)		2020 (Rupees '000)	2019 (Rupees '000)
965,000	965,000	Ordinary shares of Rs. 10 each	9,650,000	9,650,000
35,000	35,000	Non-voting ordinary shares of Rs. 10 each	350,000	350,000
1,000,000	1,000,000		10,000,000	10,000,000

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 23. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020 (Number of shares in '000)	2019 (Number of shares in '000)		2020 (Rupees '000)	2019 (Rupees '000)
130,900	130,900	Ordinary shares of Rs. 10 each fully paid in cash	1,309,000	1,309,000
738,500	738,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,385,000	7,385,000
1,266	1,266	Non-voting ordinary shares of Rs. 10 each fully paid in cash	12,662	12,662
1,531	1,531	Non-voting ordinary shares of Rs. 10 each issued as fully paid bonus shares	15,313	15,313
<b>872,197</b>	<b>872,197</b>		<b>8,721,975</b>	<b>8,721,975</b>

### 23.1 EMPLOYEES SHARE OPTION SCHEME (ESOS)

The shareholders of the Company approved Interloop Limited - Employee Stock Options Scheme, 2016 ("the scheme") for grant of options to certain eligible employees to purchase ordinary shares (non-voting) of the Company, to be determined by the Compensation Committee constituted by the Board of directors of the Company on 03 February 2017. The proposal for the revision in the Scheme under the pretext of now a listed company, is under review and pending approval from the shareholders of the Company and subsequently from Securities and Exchange Commission of Pakistan.

Under the existing Scheme, the options had a vesting period of one year and an exercise period of one year from the date options were vested as laid down in the scheme. Option price was payable by the employee on the exercise of options in full or part. The options have been lapsed on completion of one year from the date options were vested, if not exercised.

Shares issued in response to exercise of options are Non-Voting Ordinary Shares, hereinafter called "Class B Shares" and are not;

- have voting rights or right to receive notice, attend and vote at the general meeting of the Company, except and otherwise provided by the Companies Act, 2017; and
- be entitled for right shares (Ordinary and Voting).

Shares issues under this scheme will be converted into ordinary shares after 3 years from the date of listing of the Company i.e. April 5, 2019 or after completion of 3 years from the date of issue, whichever is later. The Company will not be obliged to buy back the shares. However, if the employees wishes to sell the shares, the Company may buy back the shares at the lesser of the prevailing price on the securities exchange or at the break up value of the shares determined as per the latest audited unconsolidated financial statements of the Company.

Information about outstanding number of options at the end of the year is as follows:

	2020 (Numbers '000)	2019 (Numbers '000)
Options outstanding at the beginning of the year	570	1,399
Options declined/lapsed but subsequently offered	–	426
Options exercised during the year	–	(790)
Options expired/lapsed during the year	(570)	(465)
Options outstanding at the end of the year	–	570

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>24. RESERVES</b>			
<b>Capital reserve</b>			
Share premium	24.1	3,791,602	3,791,602

**24.1** This represents premium received over and above face value of the shares issued to institutional investors, high net worth individuals and general public through initial public offering (IPO) and employees of the Company through employees stock option scheme (ESOS). This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>25. LONG TERM FINANCING</b>			
<b>From financial institutions – secured</b>			
Diminishing musharika	25.1	3,504,615	2,140,117
Syndicated finance facility	25.2	271,429	542,857
Syndicated finance facility (BMR)	25.3	53,449	96,208
Islamic long term finance facility – ILTFF	25.4	2,431,785	696,754
Refinance for salaries	25.5	624,576	–
Long term financing facility – LTFF	25.6	335,179	–
Demand finance loan	25.7	1,480	–
		7,222,513	3,475,936
<b>From related party – unsecured</b>			
Interloop Holdings (Pvt) Limited – associated company		–	1,400,000
		7,222,513	4,875,936
Less: Current portion of long term financing		(361,383)	(1,247,191)
		6,861,130	3,628,745

**25.1** These loans have been obtained under diminishing musharika arrangements from various banks on different dates. The repayment of the loans is to be made in quarterly installments within a maximum period of 06 years including maximum grace period of one and a half years from the date when financing was availed. These are secured against 1st joint pari passu charge - JPP of Rs. 6,468 million (2019: 6,468 million), ranking charge of Rs. 5,052 million (2019: 718 million) over fixed assets and specific charge of Rs. 992 million (2019: 1,992 million) on plant and machinery of the Company. These loans carry mark-up ranging from 03 months KIBOR plus 0.10% to 0.50% per annum (2019: 03 months KIBOR plus 0.10% to 0.50% per annum). Due to Covid 19 global outbreak, MCB Islamic and HBL deferred the loan installments for the period of one year and ABL for 06 months on different loans as a relief to the Company.

**25.2** The Company has entered into a syndicated long term finance facility arrangement for Rs. 1,900 million with a consortium of local banks, lead by ABL, for acquisition of certain assets from Kohinoor Mills Limited, disbursed on April 09, 2011. The repayment of this loan is to be made in quarterly installments in 10 years including 03 years of grace period and the loan is secured against the 1st specific charge of Rs. 2,933.34 million (2019: 2,933.34 million) over the fixed assets of Interloop Limited (Hosiery Division III). The mark up is charged at the fixed rate of 5% per annum (2019: 5% per annum). Due to Covid 19 global outbreak, consortium banks deferred the loan installments for the period of one year as a relief to the Company.

**25.3** The Company has also entered into syndicated long term finance facility arrangement for Rs. 300 million with a consortium of local banks, lead by ABL, for Balancing, Modernization and Replacement (BMR) of assets purchased from Kohinoor Mills Limited, disbursed on October 29, 2011. The repayment of loan is to be made in quarterly installments in 10 years including 03 years of grace period and securities are same as

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

mentioned in 25.2 above. Markup is charged at the rate of 03 months KIBOR plus 1.3% per annum (2019: 03 months KIBOR plus 1.3% per annum). Due to Covid 19 global outbreak, consortium banks deferred the loan installments for the period of one year as a relief to the Company.

**25.4** The Company has obtained Islamic Long Term Finance Facility - ILTFF for purchase of plant and machinery, in different tranches. Repayment of loan is to be made in quarterly installments in 10 years including a grace period of 02 years when financing was availed and is secured against 1st JPP charge of Rs. 3,734 million (2019 : Rs. 3,734 million) and ranking charge of Rs. 2,000 million over land, building and plant and machinery of the Company. These charges are same on both ILTFF and diminishing musharika facilities from HBL and is included in aggregate charge mentioned in note 25.1 above. Markup is charged at SBP ILTFF rate plus 0.75% per annum (2019: SBP ILTFF rate plus 0.75% per annum). Due to Covid 19 global outbreak, bank deferred the loan installments of different tranches for the period of one year as a relief to the Company.

**25.5** Due to the effects of Covid-19 pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing. The company has obtained Rs. 666.67 million of the said borrowing from Bank Alfalah Limited, first tranche disbursed on May 21, 2020. It is secured against a ranking charge of Rs. 1,334 million over the land of the company. It is repayable in 8 quarterly installments in 2.5 years including a grace period of 06 months starting from July 2020. Markup is charged at subsidized SBP rate i.e. zero percent plus 0.90 % per annum.

The company has availed this facility at concessional rate of markup with the undertaking not to lay off its workers/employees at least during three months from the date of first disbursement. The company has recognised its liability under SBP refinance scheme at its fair value and Rs. 42.091 million is recorded as deferred income - government grant vide note 27.2.

**25.6** The Company has obtained Long Term Finance Facility - LTFF for the expansion of Hosiery Division - V, Active wear unit, dyeing unit and Energy unit, on different dates from NBP and BOP. Repayment of loans is to be made in quarterly installments in 10 years including 02 years grace period and is secured against exclusive charge of Rs. 4,000 million (2019: Nil) and ranking charge of Rs. 2,400 million (2019: Nil) over land, building and plant & machinery of the Company. Markup is charged at SBP LTFF rate plus 0.75 % per annum (2019: Nil).

**25.7** The Company has obtained demand finance loan for the expansion of Hosiery Division - V, disbursed on March 05, 2020. Repayment of loan is to be made in quarterly installments in 10 years including 02 years grace period and is secured against Exclusive charge of Rs. 4,000 million (2019: Nil) over land, building and plant & machinery of Hosiery Division - V of the Company. This exclusive charge is same on both LTFF and term finance loan facilities from NBP as mentioned in note 25.6 above. Markup is charged at the rate of 06 months KIBOR plus 0.25 % per annum (2019: Nil).

## 26. LEASE LIABILITIES

Impact of initial application of IFRS 16

Addition in lease liability

Accretion of interest

Payments during the year

Less: Current portion shown under current liabilities

	2020 (Rupees '000)	2019 (Rupees '000)
	36,179	—
	89,471	—
	7,649	—
	(13,605)	—
	119,694	—
	(17,536)	—
	102,158	—

**26.1** These represents lease contracts for Company warehouses and employees hostel and have estimated lease terms between 3 to 5 years. These are discounted using incremental borrowing rate of the Company.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 26.2** The future minimum lease payments to which the Company is committed under the agreements will be due as follows:

	2020			
	Not later than one year	Later than one year and but later than three years	More that three years	Total
	(Rupees '000)			
Future minimum lease payments	30,814	104,899	21,120	156,833
Less: Un-amortized finance charges	(13,278)	(23,118)	(744)	(37,139)
Present value of future minimum lease payments	17,536	81,782	20,376	119,694

## 27. DEFERRED LIABILITIES

- Staff retirement gratuity  
Deferred income – Government grant

Note	2020 (Rupees '000)	2019 (Rupees '000)
27.1	3,126,168	2,482,623
27.2	14,514	–
	3,140,682	2,482,623

### 27.1 Staff retirement gratuity

#### General description

This represents an unfunded gratuity scheme which provides termination benefits for all employees of the Company who attain the minimum qualifying period. The latest actuarial valuation of the defined benefit plan was carried out as at June 30, 2020 using the Projected Unit Credit (PUC) Actuarial Cost Method. Details of the defined benefit plan are as follows:

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>27.1.1 Movement in the present value of defined benefit obligation</b>			
Opening balance		2,482,623	1,925,612
Expenses recognized in the statement of profit or loss	27.1.2	783,277	522,833
Remeasurement of plan obligation chargeable to other comprehensive income	27.1.4	(2,715)	192,825
Balance transferred to Interloop Holdings (Pvt) Limited		(17,086)	(17,120)
Balance transferred to IL Apparel (Pvt) Limited		–	(10,506)
Balance transferred to denim division		3,000	–
Paid during the year		(122,931)	(131,021)
Closing balance		3,126,168	2,482,623
<b>27.1.2 Expenses recognized in the statement of profit or loss</b>			
Current service cost		425,883	336,823
Past service cost		6,326	–
Interest cost		351,068	186,010
		783,277	522,833

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	2020 (Rupees '000)	2019 (Rupees '000)
<b>27.1.3 Amounts charged in the statement of profit or loss are as follows:</b>		
Cost of sales	670,052	440,739
Distribution expenses	22,569	14,368
Administrative expenses	90,656	67,726
	<b>783,277</b>	<b>522,833</b>
<b>27.1.4 Total remeasurement chargeable to other comprehensive income</b>		
Remeasurement of plan obligation:		
Actuarial (income)/ losses from changes in financial assumptions	(222,019)	97,569
Experience adjustments	219,304	95,256
	<b>(2,715)</b>	<b>192,825</b>
<b>27.1.5 Principal actuarial assumptions used</b>	<b>2020</b>	<b>2019</b>
Discount rate used for profit and loss charge	14.50%	10.00%
Discount rate for year end obligation	9.25%	14.50%
Salary increase used for year end obligation		
Salary increase for FY 2020	N/A	14.00%
Salary increase for FY 2021	0.00%	14.00%
Salary increase for FY 2022	9.00%	14.00%
Salary increase for FY 2023	9.00%	14.00%
Salary increase for FY 2024	9.00%	14.00%
Salary increase for FY 2025	9.00%	14.00%
Salary increase for FY 2026 onward	9.00%	14.00%
Demographic assumption		
Mortality rates (for deaths in service)	SLIC 2001–2005 Setback 1 year 60 years	SLIC 2001–2005 Setback 1 year 60 years
Retirement assumption		
<b>27.1.6</b> The expected contribution to defined benefit obligation for the year ending June 30, 2021 will be Rs. 825.136 million.		
<b>27.1.7 Sensitivity analysis</b>		
The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by 100 bps.		
	2020 (Rupees '000)	2019 (Rupees '000)
Discount rate + 100 bps	(2,792,109)	(2,232,532)
Discount rate – 100 bps	3,529,169	2,781,833
Salary change + 100 bps	3,535,318	2,785,405
Salary change – 100 bps	(2,780,665)	(2,225,007)

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

**27.1.8** The average duration of defined benefit obligation for the year ended 2020 is 12 years (2019: 11 years).

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>27.2</b>			
<b>Deferred income - Government grant</b>			
<b>Movement in deferred income is as follows;</b>			
Government grant recognized	25.5	42,091	
For the year amortization		(3,008)	–
Current portion of deferred income		(24,568)	
Closing balance		14,515	–

**27.2.1** There are no unfulfilled conditions or other contingencies attaching to these grants. The company did not benefit directly from any other forms of government assistance. The amortization is offset against relevant finance charges.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>28.</b>			
<b>TRADE AND OTHER PAYABLES</b>			
Creditors		850,123	833,328
Accrued liabilities	28.1	1,722,530	2,213,645
Advances from customers		19,007	7,398
Other payables		224,288	153,125
Employees provident fund trust	28.2	3,013	5,020
Withholding tax payable		55,513	78,845
Workers' profit participation fund	28.3	113,577	285,500
Workers' welfare fund		43,180	–
		3,031,231	3,576,861

**28.1** It includes an amount of Rs. 262.691 million (2019: Rs. 209.85 million) relating to infrastructure cess payable and Rs. 23.43 million (2019: Nil) relating to associate company- Global Veneer Trading Limited.

**28.1.1** Honourable Sindh High Court in its decision dated September 17, 2008 declared the imposition of infrastructure cess before December 28, 2006 as void and invalid. However, the Excise and Taxation Department filed an appeal before the Honourable Supreme Court of Pakistan. The Honourable Supreme court of Pakistan had disposed off the appeal with a joint statement of the parties that during the pendency of the appeal, another law i.e. fifth version came into existence which was not the subject matter of the appeal hence the case was referred back to High Court of Sindh with right to appeal to Supreme Court. The Company filed constitutional petition bearing No. 1809 of 2011 before Honourable High Court Sindh. On May 31, 2011, the High Court of Sindh had granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignment released up to December 27, 2006 and any bank guarantee / security furnished on consignment released after December 27, 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability fifth version of law and its retrospective application, the authorities are entitled to claim the amounts due under the said law with the right to appeal available to petitioner. In the light of interim relief the Company has paid 50% of the amount of Infrastructure cess. Imports of the Company are being released against 50% payment of Infrastructure cess to Excise and Taxation Department and furnishing of bank guarantee of balance amount.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The Government of Punjab imposed Punjab Infrastructure Development Levy in terms of the Punjab Infrastructure Development Cess Act, 2015 (the Act) read with PRA Notification No.PRA/IDC/2015 dated May 16, 2016 and PRA order No.PRA/Orders.08/2015 dated May 23, 2016. The Company being aggrieved filed writ petition vide WP No.24536 of 2016 before Honorable Lahore High Court challenging the constitutionality of the Act. The Lahore High Court on July 28, 2016 granted interim relief for clearance of goods subject to payment of 50% of the disputed amount and upon furnishing of a bank guarantee for the balance of 50% of the amount.

Both the above referred cases are pending litigation before respective Honorable High Courts. The case of Sindh High Court has been fixed after summer vacation, whereas case filed before Honorable Lahore High Court has been adjourned without any next date.

The full amount of Infrastructure cess forms component of cost of imported items and provision recorded in books. Bank guarantees furnished regarding imposition of infrastructure cess have been disclosed in note - 32.1 to these unconsolidated financial statements.

**28.2** The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>28.3 Workers' profit participation fund</b>			
Opening balance		285,500	210,829
Interest on funds utilized in the Company's business		2,815	21,425
		288,315	232,254
Less: paid during the year		(288,315)	(232,069)
		–	185
Add:			
- Expense allocation for the year		112,527	285,315
- Capitalized in denim division		1,050	–
		113,577	285,315
Closing balance		113,577	285,500
<b>29. ACCRUED MARK UP</b>			
<b>Mark up on:</b>			
Long term financing		85,523	46,259
Short term borrowings		105,613	64,224
		191,136	110,483
<b>30. SHORT TERM BORROWINGS</b>			
<b>From banking companies – Secured</b>			
Under mark up arrangements			
ERF – II	30.1	13,870,000	11,726,000
FE-25 Export		484,861	–
		14,354,861	11,726,000

**30.1** These are secured against first Joint Pari Passu (JPP) charge of Rs. 37,066 million (2019: 26,817.83 million) and ranking charge of Rs. 1,334 million (2019: 2,632 million) over all present and future current assets, further secured by 2nd ranking charge of Rs. 6,000 million (2019: Nil) over all present and future fixed assets of the Company by all the lending banks. The total limits available to the Company for short term borrowings from all the banks are amounting to Rs. 28,796 million (2019: 24,950 million).

**Mark up is charged as;**

ERF – II SBP Rate + 0.25 to 1.00 % per annum (2019: SBP rate + 0.25 to 0.30% per annum)

FE-25 Export 4% per annum as per mutually agreed treasury rate (2019: Nil)



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>31. CURRENT PORTION OF NON CURRENT LIABILITIES</b>			
Long term financing	25	361,383	1,247,191
Lease liabilities	26	17,536	–
Deferred income – Government grant	27.2	24,568	–
		403,487	1,247,191
<b>32. CONTINGENCIES AND COMMITMENTS</b>			
<b>32.1 Contingencies</b>			
<b>32.1.1</b> Bank guarantees issued by various banks on behalf of the company in favour of:			
Sui Northern Gas Pipelines limited against supply of gas.		560,933	547,069
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess		240,853	197,853
Faisalabad Electric Supply Company (FESCO) against supply of electricity.		70,414	70,414
Punjab Revenue Authority against imposition of infrastructure cess		11,533	8,033
State Bank of Pakistan		127,551	127,551
Total PARCO		3,000	–
		1,014,284	950,920
<b>32.1.2</b> Post dated cheques issued in favour of custom authorities for release of imported goods		4,284,124	3,291,613
<b>32.1.3</b> Corporate guarantees given to banks on behalf of IL Apparel (Pvt) Ltd – subsidiary company		1,750,000	1,130,000
<b>32.2 Commitments</b>			
Under letters of credit for:			
Capital expenditure		153,815	1,275,725
Raw material		354,040	109,974
Stores and spares		16,855	136,399
		524,710	1,522,098
<b>33. SALES – NET</b>			
Export sales	33.1	33,326,780	33,941,213
Local sales		3,765,833	3,775,022
		37,092,613	37,716,235
Less:			
Sales discount		(246,720)	(206,792)
Sales tax		(543,099)	(31,122)
		(789,819)	(237,914)
		36,302,794	37,478,321

**33.1** It includes exchange gain amounting to Rs. 204.841 million (2019: Rs. 2,258.645 million).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>34. COST OF SALES</b>			
Raw material consumed	34.1	17,004,146	15,658,024
Stores and spares consumed	34.2	1,101,147	854,199
Knitting, Processing & Packing Charges		124,469	11,897
Salaries, wages and benefits	34.3	7,122,873	5,529,513
Staff retirement gratuity	27.1.3	670,052	440,739
Fuel and power		1,987,473	2,261,283
Repairs and maintenance		192,329	129,103
Insurance		49,197	52,250
Depreciation	8.1.2	1,800,919	1,490,464
Depreciation on right of use assets	8.3.1	12,471	–
Amortization	9.1.1	5,577	–
Rent, rate and taxes		526	25,676
Other manufacturing costs		154,313	235,444
		30,233,432	26,688,592
Work in process			
Opening balance		597,562	471,276
Closing balance		(589,622)	(597,562)
		7,940	(126,286)
Cost of goods manufactured		30,225,492	26,562,306
Finished goods			
Opening balance		1,954,089	1,484,177
Closing balance		(3,089,208)	(1,954,089)
		(1,135,119)	(469,912)
		29,098,313	26,092,394
Duty drawback		(659,237)	(568,787)
		28,439,076	25,523,607
<b>34.1 Raw material consumed</b>			
Opening balance		3,730,840	3,166,265
Purchases		18,405,101	16,222,599
		22,135,941	19,388,864
Closing balance		(5,131,795)	(3,730,840)
		17,004,146	15,658,024
<b>34.2 Stores and spares consumed</b>			
Opening balance		887,659	779,198
Purchases		1,276,012	962,660
		2,163,671	1,741,858
Closing balance		(1,062,524)	(887,659)
		1,101,147	854,199

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

**34.3** Salaries, wages and benefits include Rs. 7.989 million (2019: Rs. 6.321 million) in respect of the provident fund contribution.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>35. DISTRIBUTION COST</b>			
Staff salaries and benefits	35.1	223,008	193,008
Staff retirement gratuity	27.1.3	22,569	14,368
Sea and air freight		109,914	50,145
Shipping expenses		522,238	623,785
Selling commission		920,996	1,757,956
Export development surcharge		85,451	83,243
Marketing and advertisement		122,609	60,817
Others		479	397
		<b>2,007,264</b>	<b>2,783,719</b>

**35.1** Staff salaries and benefits include Rs. 1.173 million (2019: Rs. 0.961 million) in respect of the provident fund contribution.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>36. ADMINISTRATIVE EXPENSES</b>			
Staff salaries and benefits	36.1 & 36.2	1,221,687	1,057,212
Directors' remuneration		58,703	96,362
Staff retirement gratuity	27.1.3	90,656	67,726
Postage and communication		43,596	38,675
Electricity, gas and water		25,532	22,135
Rent, rates and taxes		113,983	113,939
Printing and stationery		67,380	62,475
Travelling and conveyance		88,456	114,448
Vehicles running and maintenance		22,785	23,846
Legal and professional charges		122,213	73,982
Repairs and maintenance		37,379	45,870
Auditors' remuneration	36.3	3,975	2,875
Insurance		18,780	17,951
Entertainment		61,326	51,791
Advertisement		11,839	17,557
Newspapers and periodicals		559	1,189
Depreciation	8.1.2	179,591	150,770
Depreciation on right of use assets	8.3.1	4,364	–
Amortization	9.1.1	9,354	9,047
Others		15,791	16,359
		<b>2,197,949</b>	<b>1,984,209</b>

**36.1** Staff salaries and benefits include Rs. 5.903 million (2019: Rs. 4.746 million) in respect of the provident fund contribution.

**36.2** Staff salaries and benefits include Rs. Nil (2019: Rs. 5.031 million) in respect of employees' share option compensation expense.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>36.3 Auditors' remuneration</b>			
Annual audit fee		3,225	1,825
Other certification		–	400
Half yearly review		600	500
Out of pocket expenses		150	150
		<b>3,975</b>	<b>2,875</b>
<b>37. OTHER OPERATING EXPENSES</b>			
Exchange loss - net		37,011	15,258
Loss on disposal of property, plant and equipment		17,534	47,091
Inventory write-off		7,125	–
Realized loss on derivative financial instruments		106,843	–
Charity and donations	37.1	175,000	350,176
Workers' profit participation fund	28.3	112,527	285,315
Workers' welfare fund		43,180	–
Realized/ remeasurement loss on mutual funds	37.2	5,293	15,886
Provision for impairment loss on investment in IL Bangla Ltd.	10.2	–	70,814
		<b>504,513</b>	<b>784,540</b>

## 37.1 Donations

### Names of donees' in which a director or his spouse has an interest:

Name of Donee	Interest in Donee	Name of Director	2020 (Rupees '000)	2019 (Rupees '000)
Interloop Welfare Trust	Trustees	Mr. Navid Fazal Mr. Musadaq Zulqarnain Mrs. Sheren Aftab Mr. Jahanzeb Khan Banth Mr. Muhammad Maqsood	169,369	99,223
<b>37.2 Realized/ remeasurement loss on mutual funds;</b>				
Remeasurement loss on investment in mutual funds – fair value through profit or loss			–	20,787
Realized loss on investment in mutual funds – fair value through profit or loss			6,496	915
Dividend income on investment in mutual funds – fair value through profit or loss			(1,203)	(5,816)
			<b>5,293</b>	<b>15,886</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>38. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Interest on loan to Metis International (Pvt) Ltd		1,356	7,211
Profit on term deposit receipts (TDRs)		36,175	1,437
Profit on term finance certificates (TFCs)		55,606	–
Interest on receivables from IL Bangla Limited		5,796	5,796
<b>Income from non-financial assets</b>			
Scrap sales		68	–
		99,001	14,444
<b>39. FINANCE COST</b>			
<b>Mark up on:</b>			
Short term borrowings		601,984	552,483
Long term financing – net		381,056	315,730
Interest on workers' profit participation fund	28.3	2,815	21,425
Interest on lease liabilities		7,649	14
Bank charges and commission		143,658	106,055
		1,137,162	995,707
<b>40. TAXATION</b>			
Current year	40.1	322,056	226,216
Prior year		(2,628)	–
		319,428	226,216

**40.1** Provision for deferred tax is not required as the Company is chargeable to tax under section 154 and 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

**40.2** Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 5% on every public company other than a scheduled bank or Modaraba, that derives profits for a tax year but does not distribute at least 20% of accounting profit through cash dividend within six months of the end of said tax year.

The Company has distributed sufficient cash dividend, for the year ended June 30, 2019, which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits has been recognized in the financial statements for the year ended June 30, 2020.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

		2020	2019
<b>41.</b>	<b>EARNINGS PER SHARE – BASIC AND DILUTED</b>		
<b>41.1</b>	<b>Earnings per share – Basic</b>		
	Profit for the year (Rupees '000)	1,796,403	5,194,767
	Weighted average number of ordinary shares outstanding during the year (Numbers in'000)	872,197	778,750
	Earnings per share – basic (Rupees)	2.06	6.67

## 41.2 Earnings per share – Diluted

No figures for diluted earnings per share have been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

		Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>42.</b>	<b>CASH AND CASH EQUIVALENTS</b>			
	Cash and bank balances	21	150,787	1,538,564
	Short term investments – term deposit receipts (TDRs)	20	125,044	941,255
			275,831	2,479,819

## 43. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Balance as on July 01, 2019	Non cash changes	Cash Flows	Balance as on June 30, 2020
(Rupees '000)				
Long term financing	4,875,936	(42,091)	2,388,668	7,222,513
Lease liabilities	–	133,299	(13,605)	119,694
Short term borrowings	11,726,000	–	2,628,861	14,354,861
Unclaimed dividend	130,935	2,398,543	(2,526,526)	2,952
	16,732,871	2,489,751	2,477,398	21,700,020

		2020	2019
<b>44.</b>	<b>NUMBER OF EMPLOYEES</b>		
	Average number of employees during the year	20,004	16,402
	Number of employees at end of the year	21,104	17,395

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	2020 (Rupees '000)	2019 (Rupees '000)
<b>45. SHARIAH SCREENING DISCLOSURE</b>		
Loans/advances obtained as per Islamic mode		
Loans	8,021,400	4,826,871

**45.1** During the year, Company has acquired and settled islamic running finance/ musharika facility, maximum outstanding balance at the end of any day amounting to Rs. 1,878.99 million (2019: 568.91 million).

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>Shariah compliant bank deposits/bank balances</b>			
Bank balances		24,864	201,257
<b>Revenue earned from a shariah compliant business</b>		36,302,794	37,478,321
<b>Loss/Gain or dividend earned from shariah compliant investments</b>			
Net realized loss on disposal of mutual funds		(4,200)	(4,733)
Dividend Income on mutual funds for the year		692	615
<b>Exchange gain earned</b>		-	-
<b>Markup paid on Islamic mode of financing</b>	45.2	412,241	241,248

**45.2** Markup paid excludes the borrowing cost capitalized amounting Rs.107.501 million (2019:16 million).

	2020 (Rupees '000)	2019 (Rupees '000)
<b>Profits earned or interest paid on any conventional loan or advance.</b>		
Interest on loan to Metis International (Pvt) Ltd	1,356	7,211
Profit on term deposit receipts (TDRs)	36,175	1,437
Profit on term finance certificates (TFCs)	55,606	-
Interest on receivables from IL Bangla Limited	5,796	5,796
Interest on workers' profit participation fund	(2,815)	(21,425)
Interest on lease liabilities	(7,649)	(14)
Interest on other conventional loans	(570,797)	(626,965)

## Relationship with shariah compliant banks

### Name of institutions

MCB Islamic Bank  
Allied Bank Limited (Islamic Banking)  
Meezan Bank Limited  
Bank Alfalah Limited (Islamic)  
Bank of Punjab (Taqwa Islamic Banking)  
Habib Bank Limited (Islamic Banking)  
Faysal Bank Limited

### Relationship with institutions

Bank balance, long term financing and short term borrowing  
Bank balance and long term financing  
Bank balance, long term financing and short term borrowing  
Bank balance and long term financing  
Bank balance and long term financing  
Bank balance and long term financing  
Bank balance and short term financing

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 46. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020		
	Chief Executive	Directors	Executives
	(Rupees '000)		
Managerial remuneration	22,500	27,795	490,397
Medical allowance	–	–	11,855
Meetings fee	–	6,600	–
Reimbursable expenses	–	–	48,719
Staff retirement gratuity	–	–	23,133
Contribution to provident fund	–	–	7,025
Other allowances	308	1,500	39,006
	<u>22,808</u>	<u>35,895</u>	<u>620,135</u>
Number of persons	1	6	130

	2019		
	Chief Executive	Directors	Executives
	(Rupees '000)		
Managerial remuneration	24,008	28,779	232,094
Medical allowance	–	–	5,912
Bonus	3,750	3,750	29,610
Superannuation fund	–	33,825	–
Meetings fee	–	2,250	–
Staff retirement gratuity	–	–	14,967
Contribution to provident fund	–	–	4,051
Other allowances	–	–	52,960
	<u>27,758</u>	<u>68,604</u>	<u>339,594</u>
Number of persons	1	6	60

The chief executive officer and directors are provided with company maintained cars.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 47. TRANSACTIONS WITH RELATED PARTIES

Related parties include subsidiary company, associated companies and undertakings, entities under common directorship, directors, major shareholders, key management personnel, employees benefit trust and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under the relevant notes to the financial statements. Remuneration to directors and key management personnel is disclosed in note 46. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Name	Nature of transaction	2020 (Rupees '000)	2019 (Rupees '000)
<b>IL Bangla Limited</b>	Sale of yarn	468	–
	Interest on receivables	5,796	5,796
<b>IL Apparel (Pvt) Limited</b>	Yarn dyeing services provided	865	382
	Sale of yarn and spare parts	5,559	4,433
	Sale of assets	6,300	4,171
	Investment in share capital	345,000	499,000
	Toll manufacturing charges	25,917	–
	Share deposit money paid	–	200,000
<b>Interloop Holdings (Pvt) Limited</b>	Expenses paid on behalf of associate	–	200
	Finance management services received	84,825	7,500
	Sale of assets	7,904	22,323
	Loan obtained during the year	–	3,000,000
	Loan repaid during the year	1,400,000	1,600,000
	Mark up expense on loan from	10,109	83,651
<b>Interloop Limited ESOS Management Trust</b>	Payment received on behalf of ESOS Management Trust – net	–	838
	Dividend	45	–
<b>Interloop Welfare Trust</b>	Sale of assets	–	1,214
<b>Texlan Center (Pvt) Limited</b>	Sale of assets	–	58,100
	Sale of yarn	826,606	644,549
	Sale of spare parts and packing material	49,808	–
<b>PrintKraft (Pvt) Limited</b>	Sales of asset	485	–
<b>Momentum Logistics (Pvt) Limited</b>	Transportation services received	2,001	–
<b>Global Veneer Trading Limited</b>	Selling commission	573,728	884,278
<b>Eurosox Plus BV</b>	Sale of socks	660,364	693,658
	Reimbursement of expenses	–	5,129
<b>Interloop Employees Provident Fund</b>	Contribution to the fund	42,542	32,619
<b>Key management personnel and other related parties</b>	Sale of vehicle	–	5,551
	House building finance loan	–	25,750
	Mark up on house building finance loan	471	923
	Repayment of loan	3,633	146,573
	Issuance of bonus shares	–	5,587,323
	Rent expenses	1,169	1,062
	Issuance of ordinary shares	–	3,000
	Dividend paid	2,064,819	1,400,733

47.1 Following are the related parties with whom the Company has entered into transactions or have arrangements / agreements in place.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Company Name	Basis of Relationship	Common Directorship / Percentage of shareholding	Address and Country of Incorporation
IL Apparel (Pvt) Limited	Subsidiary	100.00%	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
IL Bangla Limited	Associate	31.61%	House # 267, Road # 19, New DOHS Mohakhali, Dhaka.
Interloop Holdings (Pvt) Limited	Associate	Common Directors	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Dairies Limited	Associate	Common Directors	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Texlan Center (Pvt) Limited	Associate	Common Directors	Dagonna Road, Minuwangoda, Sri Lanka.
Shifa Medical Center Islamabad (Pvt) Limited	Associate	Common Directors	Shifa International Hospitals, Sector H-8/4 Islamabad.
Momentum Logistics (Pvt) Limited	Associate	Subsidiary of Associate	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Printkraft (Pvt) Limited	Associate	Subsidiary of Associate	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
IRC Dairy products (Pvt) Limited	Associate	Subsidiary of Associate	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Global Veneer Trading Limited	Associate	N/A	Bahnhofsteasse22, 6300 Zug, Switzerland.
Eurosox Plus BV	Associate	N/A	Constructieweg 1, 7451 PS Holten, Netherlands
Interloop Welfare Trust	Trustee	N/A	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Limited ESOS Management Trust	Trustee	N/A	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Provident Fund Trust	Trustee	N/A	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan

#### 48. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company has carried out IPO for setting up two new projects.

- A socks knitting unit in Khurrianwala, Faisalabad, "Hosiery Division - V".
- A denim stitching unit in Lahore, "Denim Division".

Estimated cost of these two projects is as under;  
Hosiery Division - V  
Denim Division

2020 (Rupees '000)	2019 (Rupees '000)
4,504,000	4,504,000
8,325,000	6,750,423
12,829,000	11,254,423

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

These projects were planned to finance through issuance of share capital to general public and financing from banks. For this purpose, the Company carried out a successful IPO last year and had secured islamic long term finance facilities from banks. During the year, estimated cost of denim division has been revised due to devaluation of PKR and trial run losses. The increase is being financed through internal cash generation. Detail of the proceeds from IPO and financing required is classified as under;

	2020 (Rupees '000)	2019 (Rupees '000)
Proceeds from IPO	5,024,900	5,024,900
Financing from banks	6,229,523	6,229,523
Internally generated funds	1,574,577	–
	12,829,000	11,254,423

The implementation report of the projects as on June 30, 2020 is as under;

	Denim Division		Hosiery Division–V	
	Amount utilized	POs issued / LCs established	Amount utilized	POs issued / LCs established
	(Rupees '000)			
Land and building	2,396,364	353,523	270,261	–
Plant and machinery	2,680,059	292,168	736,346	17,086
Power and utilities	898,496	77,623	23,600	–
Computer and IT equipment	177,478	2,994	–	–
Miscellaneous expenses	141,941	13,979	9,184	17
Trial run losses	449,927	–	–	–
	6,744,265	740,287	1,039,391	17,103

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

49.

## OPERATING SEGMENTS

Management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker ('CODM'). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Based on internal management reporting structure and products produced and sold, the Company is organized into the following operating segments ::

- a) **Hosiery**  
This segment relates to the sale of socks.
- b) **Spinning**  
This segment relates to the sale of yarn and its in-house use.
- c) **Denim**  
This segment relates to the sale of denim products and garments.
- d) **Energy**  
This segment generates electricity for in-house consumption.
- e) **Other operating segments**

These represent various segments of the Company which currently do not meet the minimum reporting threshold mentioned in International financial reporting standards 'Operating Segments' (IFRS 8). These mainly include domestic sales, yarn dyeing and active wear.

### 49.1 Segment information

	Hosiery		Spinning		Denim		Energy		Other Segments		Elimination of Intersegment Transactions		Total Company	
	2020 (Rupees 000)	2019 (Rupees 000)	2020 Rupees in '000	2019 Rupees in '000	2020 (Rupees 000)	2019 (Rupees 000)	2020 (Rupees 000)	2019 (Rupees 000)	2020 (Rupees 000)	2019 (Rupees 000)	2020 (Rupees 000)	2019 (Rupees 000)	2020 (Rupees 000)	
<b>Sales</b>														
External sales	30,012,909	31,629,791	4,443,897	5,519,795	990,820	-	-	-	855,168	328,745	-	-	36,302,794	37,478,321
Intersegment sales	166,966	103,811	3,119,214	2,950,757	4,454	-	2,276,445	2,343,788	916,326	793,414	(6,483,405)	(6,191,770)	-	-
Cost of sales	30,179,875	31,733,602	7,563,111	8,470,542	985,274	-	2,276,445	2,343,788	1,771,494	1,122,159	(6,483,405)	(6,191,770)	36,302,794	37,478,321
Gross profit / (loss)	7,703,334	11,092,538	342,322	577,292	(883,408)	(87)	387,559	211,935	113,911	73,066	-	-	7,863,718	11,954,714
Distribution cost	(1,807,996)	(2,705,674)	(55,584)	(60,302)	(97,748)	(814)	(295)	-	(45,641)	(16,929)	-	-	(2,007,264)	(2,783,719)
Administrative expenses	(1,900,984)	(1,854,496)	(70,222)	(69,243)	(188,596)	(19,789)	(8,182)	(7,623)	(29,365)	(33,069)	-	-	(2,197,949)	(1,984,209)
<b>Profit / (loss) before taxation and unallocated income and expenses</b>	(3,708,980)	(4,560,160)	(125,606)	(129,545)	(286,344)	(20,603)	(8,477)	(7,623)	(75,606)	(49,997)	-	-	(4,205,213)	(4,767,928)
Other operating expenses	3,994,354	6,532,378	216,516	447,717	(979,752)	(20,690)	389,082	204,312	38,305	23,069	-	-	3,658,505	7,186,786
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	(504,513)
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	99,001
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,137,162)
Profit after taxation	1,216,325	1,160,837	226,188	228,761	304,268	3,647	180,328	174,947	86,167	82,089	-	-	1,795,403	5,194,767
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	2,012,276
														1,650,281

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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## 49.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim		Energy		Other Segments		Unallocated		Total Company		
	2020 (Rupees '000)	2019 (Rupees '000)	2020 (Rupees '000)	2019 (Rupees '000)	2020 (Rupees '000)	2019 (Rupees '000)	2020 (Rupees '000)	2019 (Rupees '000)	2020 (Rupees '000)	2019 (Rupees '000)	2020 (Rupees '000)	2019 (Rupees '000)	2020 (Rupees '000)	2019 (Rupees '000)	
Assets	24,700,620	24,711,233	6,017,860	5,261,938	6,796,488	2,121,212	2,041,263	1,989,744	1,234,575	1,010,428	4,576,523	5,708,007	45,367,329	40,782,622	
Liabilities	8,860,232	10,522,827	215,471	206,537	4,215,600	180,548	102,380	77,475	1,49,643	78,968	14,544,251	11,836,483	28,087,637	22,902,838	
Segment Capital Expenditures	1,520,235	3,039,218	119,098	221,575	4,668,091	1,183,058	152,680	159,820	92,472	61,422	-	-	6,542,476	4,665,093	
<b>Geographical Information</b>															
<b>49.3 The Company's revenue from external customers by geographical locations is detailed below:</b>															
Asia														4,321,213	3,940,407
Europe														16,770,360	16,976,208
North America														11,925,857	12,488,901
South America														72,082	333,885
Pakistan														3,213,282	3,738,920
														36,302,794	37,478,321

49.3.2 All non-current assets of the Company as at reporting dates are located and operating in Pakistan.

49.4 The Company earns its revenue from a large mix of customers.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 50. PLANT CAPACITY AND ACTUAL PRODUCTION

	[ UOM ]	2020	2019
(Figures '000)			
<b>Hosiery</b>			
Installed capacity – knitting	[DZN]	59,480	57,871
Actual production – knitting	[DZN]	41,694	43,242
<b>Spinning</b>			
Installed capacity after conversion into 20/s	[LBS]	29,949	29,949
Actual production after conversion into 20/s	[LBS]	23,204	26,630
<b>Yarn Dyeing</b>			
Installed capacity	[KGS]	4,928	4,928
Actual production	[KGS]	3,438	4,324
<b>Denim</b>			
Installed capacity	[Pieces]	4,322	–
Actual production	[Pieces]	2,448	–

### Active Wear

The plant capacity of this division is indeterminable due to multi product plans involving varying processes of manufacturing and run length of order lots.

#### 50.1 Reasons for shortfall

The short fall in actual production during the year when compared with capacity is mainly on account of:

- The actual production is planned to meet the internal demand and orders in hand.
- The spread of Covid-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan has effected the production and sale volumes of the Company due to closure of plant during the lock down period.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 51. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Fair value hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

2020							
Carrying Amount				Fair Value			
Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees '000)							
<b>On balance sheet financial instruments</b>							
<b>Financial assets not measured at fair value</b>							
Long term loans	– 113,823	–	113,823	–	–	–	–
Long term investments	– 500,000	–	500,000	–	–	–	–
Long term deposits	– 38,337	–	38,337	–	–	–	–
Trade debts	– 7,207,391	–	7,207,391	–	–	–	–
Loans and advances	– 57,792	–	57,792	–	–	–	–
Other receivables	– 181,143	–	181,143	–	–	–	–
Accrued income	– 2,239	–	2,239	–	–	–	–
Short term investments	– 125,044	–	125,044	–	–	–	–
Cash and bank balances	– 150,787	–	150,787	–	–	–	–
	– 8,376,556	–	8,376,556	–	–	–	–
<b>Financial liabilities not measured at fair value</b>							
Long term financing	–	– 7,222,513	7,222,513	–	–	–	–
Lease liabilities	–	– 119,694	119,694	–	–	–	–
Trade and other payables	–	– 2,799,954	2,799,954	–	–	–	–
Unclaimed dividend	–	– 2,952	2,952	–	–	–	–
Accrued mark up	–	– 191,136	191,136	–	–	–	–
Short term borrowings	–	– 14,354,861	14,354,861	–	–	–	–
	–	– 24,691,110	24,691,110	–	–	–	–

2019							
Carrying Amount				Fair Value			
Fair value through profit or loss	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees '000)							
<b>On balance sheet financial instruments</b>							
<b>Financial assets measured at fair value</b>							
Investments in mutual funds	130,896	–	130,896	130,896	–	–	130,896
<b>Financial assets not measured at fair value</b>							
Long term loans	– 65,762	–	65,762	–	–	–	–
Long term deposits	– 28,019	–	28,019	–	–	–	–
Trade debts	– 8,247,740	–	8,247,740	–	–	–	–
Loans and advances	– 66,343	–	66,343	–	–	–	–
Other receivables	– 94,421	–	94,421	–	–	–	–
Accrued income	– 10,441	–	10,441	–	–	–	–
Short term investments	– 1,076,355	–	1,076,355	–	–	–	–
Cash and bank balances	– 1,538,564	–	1,538,564	–	–	–	–
	130,896	11,117,204	11,248,100	130,896	–	–	130,896
<b>Financial liabilities not measured at fair value</b>							
Long term financing	–	– 4,875,936	4,875,936	–	–	–	–
Trade and other payables	–	– 3,205,118	3,205,118	–	–	–	–
Unclaimed dividend	–	– 2,952	2,952	–	–	–	–
Accrued mark up	–	– 110,483	110,483	–	–	–	–
Short term borrowings	–	– 11,726,000	11,726,000	–	–	–	–
	–	– 20,048,472	20,048,472	–	–	–	–



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 52. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available. Market risks are managed by the Company through the adoption of appropriate policies to cover currency risks and interest rate risks.

The Company has exposures to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

### 52.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk such as equity risk. The sensitivity analysis in the following sections relate to the position as at June 30, 2020 and 2019.

#### 52.1.1 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from investments in term deposit receipts, long term and short term loans, lease liabilities, short term borrowings and long term financing.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2020	2019
<b>Fixed rate instruments</b>		
Short term investments (Rupees '000)	125,044	1,076,355
Loan to Metis International (Pvt) Limited – Secured (Rupees '000)	6,777	9,560
Receivables from IL Bangla Limited (Rupees '000)	88,562	82,766
Long term financing – Secured (Rupees '000)	3,662,969	2,639,611
Lease liabilities (Rupees '000)	119,694	–
Short term borrowings – Secured (Rupees '000)	484,861	–
<b>Variable rate instruments</b>		
Loan to director – Secured (Rupees '000)	19,617	25,750
Effective interest rate in percentage	2.40	6.07
Long term financing from financial institutions – Secured (Rupees '000)	3,559,544	2,236,325
Effective interest rate in percentage	10.29	13.35
Short term borrowings from financial institutions – Secured (Rupees '000)	13,870,000	11,726,000
Effective interest rate in percentage	2.48	2.30

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect statement of profit or loss of the Company.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## Cash flow sensitivity analysis for variable rate instruments

If interest rates on loan, receivables, long term financing, liabilities against assets subject to finance lease and short term borrowings from banks, at the year end date, fluctuate by 100 bps higher / lower with all other variables, in particularly foreign exchange rates held constant, profit before taxation for the year 2020 and 2019 would have been affected as follows:

	2020 (Rupees '000)	2019 (Rupees '000)
Effect on profit and loss of an increase in interest rate for loan to director	182	144
Effect on profit and loss of an increase in interest rate for long term financing	(32,538)	(14,696)
Effect on profit and loss of an increase in interest rate for short term borrowings	(103,317)	(81,834)
	<u>(135,673)</u>	<u>(96,674)</u>

Decrease in interest rates at June 30 would have had the equal but opposite effect of these amounts. Sensitivity analysis has been prepared on symmetric basis.

## 52.1.2 Currency risk / Foreign Exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions.

### Exposure to Currency Risk

The Company's exposure to currency risk is restricted to the amounts receivable from/payable to the foreign entities and bank balances which are denominated in currency other than the functional currency of the Company. The Company's exposure to currency risk is as follows:

Particulars	Currency	2020		2019	
		F.Currency	Rupees	F.Currency	Rupees
(Rupees '000)					
Foreign currency bank accounts	US \$	329.39	55,419	390.39	64,024
	EUR €	24.80	4,689	38.84	7,239
			60,108		71,263
Trade debts	US \$	39,273.23	6,607,722	47,649.90	7,814,583
Loans and advances	US \$	40.52	6,777	58.48	9,560
			6,674,607		7,895,406
Less: Payables - Creditors	US \$	(267.52)	(45,145)	(332.28)	(54,661)
	EUR €	(118.09)	(22,405)	(152.36)	(28,490)
	GBP £	(14.15)	(2,939)	-	-
	CNY	(0.06)	(1)	(0.93)	(23)
	CHF	-	-	(0.45)	(75)
	JPY ¥	(17.70)	(28)	-	-
			(70,517)		(83,249)
FE-25 Export	US \$	(2,873.25)	(484,861)	-	-
<b>On Balance sheet Exposure</b>			<u>6,119,228</u>		<u>7,812,157</u>
Under letter of credit	US \$	2,019.75	340,833	4,160.32	684,373
	EUR €	517.29	98,146	4,271.95	798,812
	JPY ¥	-	-	21,776.31	33,285
	GBP £	-	-	27.00	5,628
<b>Off Balance Sheet Exposure</b>			<u>438,978</u>		<u>1,522,098</u>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The following significant exchange rates have been applied as at reporting date:

Foreign Currency	2020		2019	
	Selling	Buying	Selling	Buying
	(Rupees)		(Rupees)	
US \$	168.75	168.25	164.50	164.00
EUR €	189.73	189.11	186.99	186.37
GBP £	207.68	207.05	207.79	208.45
CHF	177.43	176.83	168.03	168.61
CNY	24	23.92	23.85	24.42
JPY ¥	1.57	1.56	1.52	1.53

## Currency rate sensitivity analysis

If the functional currency, at reporting date, had weakened by 10% against the foreign currencies with all other variables held constant, the profit before taxation would have increased for the year 2020 and 2019 by the following amounts:

Foreign Currency	2020	2019
	(Rupees '000)	(Rupees '000)
US \$	571,626	744,183
EUR €	(1,649)	(2,019)
GBP £	(274)	–
CHF	–	(7)
CNY	–	(2)
JPY ¥	(3)	–
	569,700	742,155

A 10% strengthening of the functional currency against foreign currencies at June 30 would have had the equal but opposite effect of these amounts.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The analysis assumes that all other variables remained constant.

### 52.1.3 Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 52.2 Credit risk

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations that is susceptible to changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The maximum exposure to credit risk at the reporting date is as follows :

	2020 (Rupees '000)	2019 (Rupees '000)
Long term loans	113,823	65,762
Long term investments	500,000	-
Long term deposits	38,337	28,019
Trade debts	7,207,391	8,247,740
Loans and advances	57,792	66,343
Other receivables	181,143	83,980
Accrued income	2,239	10,441
Short term investments	125,044	1,207,251
Bank balances	136,618	1,512,211
	8,362,387	11,221,747

Loans and advances consist of loans to employees & director and Metis International (Pvt) Ltd. Loans to employees and director are secured against their retirement benefits and loan to Metis International is also secured through an irrevocable lien/charge on total assets of the Metis International (Pvt) Limited. Therefore, Company is not exposed to any significant credit risk on these loans.

Long term deposits have been mainly placed with suppliers of electricity, gas and telecommunication services. Considering the financial position and credit quality of the institutions, Company's exposure to credit risk is not significant.

Trade debts amounting to Rs. 4,376 million (2019: Rs. 4,251 million) out of total debts are secured against letters of credit and insured contract. Furthermore, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews customers' credit exposure. Accordingly, the company is not exposed to any significant credit risk.

Other receivables constitute mainly receivables from the related parties and mark up subsidy from banks. Considering the financial position of related parties and credit quality of banks and insurance company exposure to credit risk is not significant.

The company has no material expected credit loss or impairment allowance at the year end regarding trade debts and other receivables.

Long and short term investments are investments in TFCs and TDRs respectively. The credit risk on these investments is limited because counter party is bank with reasonably high credit ratings.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The credit quality of Company's bank balances can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Name of Bank	Date	Long term	Short term	Outlook	Agency
Allied Bank Limited	30-Jun-20	AAA	A1+	Stable	PACRA
Askari Bank Limited	26-Jun-20	AA+	A1+	Stable	PACRA
Bank Alfalah Limited	30-Jun-20	AA+	A1+	Stable	JCR-VIS
Dubai Islamic Bank Pakistan Limited	30-Jun-20	AA	A1+	Stable	JCR-VIS
Faysal Bank Limited	29-Jun-20	AA	A-1+	Stable	JCR-VIS
Habib Bank Limited	30-Jun-20	AAA	A-1+	Stable	JCR-VIS
Habib Metropolitan Bank Limited	26-Jun-20	AA+	A1+	Stable	PACRA
MCB Bank Limited	26-Jun-20	AAA	A1+	Stable	PACRA
MCB Islamic Bank Limited	25-Jun-20	A	A1	Stable	PACRA
Meezan Bank Limited	30-Jun-20	AA+	A-1+	Stable	JCR-VIS
National Bank of Pakistan	29-Jun-20	AAA	A-1+	Stable	JCR-VIS
Standard Chartered Bank Pakistan Limited	25-Jun-20	AAA	A1+	Stable	PACRA
The Bank of Punjab	30-Jun-20	AA	A1+	Stable	PACRA
United Bank Limited	29-Jun-20	AAA	A-1+	Stable	JCR-VIS

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the risk is minimal.

## 52.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2020 the Company has Rs. 12,870 million (2019: Rs 13,224 million) unutilized borrowing limits available from financial institutions and Rs. 150.787 million (2019: Rs. 1,538.56 million) cash and bank balances. The management believes that the company is not exposed to any liquidity risk.

The following are the contractual maturity analysis of financial liabilities as at June 30, 2020 and June 30, 2019:

	2020				
	Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 year
	(Rupees '000)				
<b>Financial Liabilities :</b>					
Long term financing	7,222,513	6,621,454	245,875	515,413	5,860,166
Lease liabilities	119,694	156,833	15,613	15,201	126,019
Trade and other payables	2,799,954	2,799,954	2,799,954	–	–
Unclaimed dividend	2,952	2,952	2,952	–	–
Accrued mark up	191,136	191,136	191,136	–	–
Short term borrowings	14,354,861	14,448,227	14,448,227	–	–
	24,691,110	24,220,556	17,703,757	530,614	5,986,185

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	2019				
	Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 year
	(Rupees '000)				
<b>Financial Liabilities :</b>					
Long term financing	4,875,936	5,764,488	677,420	934,605	4,152,463
Trade and other payables	3,205,118	3,205,118	3,205,118	–	–
Unclaimed dividend	130,935	130,935	130,935	–	–
Accrued mark up	110,483	110,483	110,483	–	–
Short term borrowings	11,726,000	11,811,478	11,811,478	–	–
	<u>20,048,472</u>	<u>21,022,502</u>	<u>15,935,434</u>	<u>934,605</u>	<u>4,152,463</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 25, 26 and 30 to these unconsolidated financial statements.

## 52.4 Capital risk management

The primary objective of the Company's capital management is to safeguard the company's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to provide returns for shareholders thereby maximizing their wealth, benefits for other stakeholders and reduce the cost of capital.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of debt to equity ratio, calculated on the basis of total debt to equity.

	2020 (Rupees '000)	2019 (Rupees '000)
Long term financing	7,222,513	4,875,936
Short term borrowings	14,354,861	11,726,000
Debts	21,577,374	16,601,936
Equity	17,279,692	17,879,784
Total capital (equity + debt)	38,857,066	34,481,720
Gearing ratio (percentage)	55.53	48.15

### 53. EVENTS AFTER REPORTING PERIOD

The Board of Directors in their meeting held on September 16, 2020 have proposed a final cash dividend for the year ended June 30, 2020 of Rs. 1 per share, amounting to Rs. 872.20 million (2019: Rs. 1,526.34 million) for approval of the members at the Annual General Meeting of the Company.

The Board of Directors in their meeting held on September 16, 2020 has decided to amend the rules of the Employee Stock Option Scheme (Scheme) of the Company, subject to the approval of the members of the Company, by a special resolution at the upcoming Annual General Meeting & the SECP amid required amendments in the constituting documents and also subject to any amendments that may be required by the SECP or recommended by the Company and approved by the SECP. Consequently, 2,797,450 (two million seven hundred ninety seven thousand four hundred fifty) fully paid & non-listed, non-voting ordinary shares which have been granted, vested, exercised and/or issued to the eligible employees in terms of this Scheme shall be deemed to have been converted to the ordinary shares from the date of those requisite approvals.

### 54. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on September 16, 2020 by the Board of Directors of the Company.

### 55. GENERAL

#### 55.1 Corresponding figures

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of better presentation. However, during the year following reclassification is made in the corresponding figures.

Particulars	From	To	(Rupees '000)
Accrued interest on loan to Metis International (Pvt) Limited	Deposit, Prepayment And Other Receivables - 'Other Receivables'	Accrued income	10,441

#### 55.2 Following nomenclature has been changed during the year

Previous year nomenclature	Current year nomenclature
Dividend payable	Unclaimed dividend
Loss on mutual funds measured at fair value through profit or loss	Realized/ remeasurement loss on mutual funds

#### 55.3 Rounding

Figures have been rounded off to the nearest thousand.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer





# **CONSOLIDATED FINANCIAL STATEMENTS**

**for the year ended June 30, 2020**

# DIRECTORS' CONSOLIDATED REPORT

The Directors are pleased to present the consolidated audited results of Interloop Limited ("the holding company") and its subsidiary i.e., M/s IL Apparel (Private) Limited, for the year ended Jun 30, 2020.

The holding Company has annexed its consolidated financial statements along with its stand-alone financial statements in accordance with the requirement of International Financial Reporting Standards and as required under section 228 of the Companies Act, 2017.

Pandemic-hit Pakistan's economy witnessed an overall growth rate down in the FY20. The total size of the country's economy and per capita income is expected to shrink significantly in terms of dollar in the post-COVID-19 pandemic. Pakistan's textile and clothing exports posted a negative growth of over six percent to \$12.526 billion in the FY20, as compared to \$13.3 billion in FY19. However, the current account deficit during FY20 has shrunk by 78 percent Year-on-Year to USD 2.96 billion which is 1.1% of GDP, compared to a deficit of USD 13.43 billion in FY19 which was 4.8% of GDP.

Pertinent to note that the global textile demand has decreased sharply due to the Coronavirus pandemic, hurting Pakistan's exports. However, it is expected that Pakistan's textile industry may stand to ultimately gain from the crisis since it will recover quicker than its competitors. This can be attributed to Pakistan's largest export market Europe coming out of lockdown, home textile exports going strong, and the added benefits from global orders being rerouted out of China. Moreover, the government has also already taken measures to protect exporters during the present crisis and provided a more level playing field. Several input costs have been rationalized and Pakistan's currency is no longer overvalued.

Although Pakistan's economy received a severe hit from the pandemic and subsequent lockdown measures in the final quarter of FY 2020 (Apr-Jun), despite these challenges, the Group recorded aggregate sales revenue of Rs. 36.797 billion as compared to Rs. 37.511 billion during last year. The gross profitability of the Group stood at Rs. 7.574 billion, which decreased by 36.18% compared to Rs. 11.867 billion during last year. Operating expenses of the Group have reduced by around 11.48% mainly due to reduction in distribution cost. The finance cost of the Group was recorded at Rs. 1.201 billion, 20.17% higher as compared to Rs. 0.999 billion last year owing to an increase in the short term and long term financing of the Group. The Group earned a net profit after tax of Rs. 1.126 billion as compared to Rs. 5.061 billion during last year. The decrease is mainly due to the COVID-19 pandemic and resulted in lockdowns which effected the operations and revenues of the Group.

The Directors' Report giving a detailed analysis of the performance of the Interloop Limited and its subsidiary i.e., M/s IL Apparel (Private) Limited, for the year ended Jun 30, 2020, has also been presented separately. The Board of Directors appreciates all its stakeholders for their trust and continued support to the Company.

## On Behalf of the Board



**Navid Fazil**  
Director/CEO



**Jahan Zeb Khan Banth**  
Director

**Faisalabad**  
**September 16, 2020**

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



## Report on the Audit of Consolidated Financial Statements

### Opinion

We have audited the annexed consolidated financial statements of Interloop Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes forming part thereof conform with the International Financial Reporting Standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Group's affairs as at June 30, 2020 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Following are the Key Audit Matter(s):

S. No	Key Audit Matter(s)	How the Matter was addressed in audit
1.	<b>Adoption of IFRS 16 "Leases":</b> (Refer notes 4.1, 8, 9.3 and 27 to the consolidated financial statements)	
	The Group has changed its accounting policy due to the adoption of IFRS 16 'Leases'. Under the requirement of IFRS 16, the Group recognized right of use assets and lease liabilities for certain lease payments - i.e. these leases are on the statement of financial position. The application of this standard requires management to make judgments, estimates and assumptions with regard to lease term and discount rate for calculation of lease liabilities and consequently, considered as a key audit matter.	<p>Our audit procedures to review the application of IFRS 16 'Leases' included review of managements' impact assessment of all operating lease contracts with lessor(s) in light of application of the new standard. Our assessment included:</p> <ul style="list-style-type: none"> <li>Inspecting terms for a sample of operating lease contracts to determine whether the same are in scope of IFRS 16 and are also subject to recognition exemption under IFRS 16 for short-term and low value leases. We also reviewed contracts to identify whether it is a lease contract, and if so its various component, lease term, extended period, Group historical experience, rental amount, payment terms, lease modifications terms, etc.</li> <li>Reviewed discount rate used by the Group to determine the present value of lease liabilities and right of use assets.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



S. No	Key Audit Matter(s)	How the Matter was addressed in audit
		<ul style="list-style-type: none"> <li>Reviewed and checked the period considered for depreciating right of use assets.</li> <li>Tested calculation of present value of liability and right of use assets and its related finance cost and depreciation charge for the period.</li> <li>We further tested the adjustments made in the consolidated financial statements from initial application of IFRS 16 as a part of the transition process based on the differences identified.</li> </ul> <p>We also assessed the adequacy and appropriateness of consolidated financial statements presentation and disclosures in accordance with the applicable financial reporting framework.</p>
S. No	Key Audit Matter(s)	How the Matter was addressed in audit
<b>2.</b>	<b>Borrowings:</b> ((Refer notes 26 and 31 to the consolidated financial statements)	
	<p>The Group has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 22.189 billion, being 77% of total liabilities, as at reporting date.</p> <p>Given the significant level of borrowings, finance costs, significant gearing, the disclosure given by the management in consolidated financial statements and compliance with various loan covenants, this is considered to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Review of loan agreements and facility letters to ascertain the terms and conditions of repayment, rates of markup used and disclosed by management for finance costs and to ensure that the borrowings have been approved at appropriate level.</li> <li>Verification of disbursement of loans and utilization on sample basis. Review of documents for charge registration with regulator- SECP.</li> <li>Verification of repayments made by the Group during the year on sample basis to confirm that repayments are being made on time and no default has been made.</li> <li>Understating and assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis.</li> <li>Obtaining confirmation from Banks of the Group to confirm balances, terms &amp; conditions stated in the facility offer letter and compliance thereof.</li> <li>Performing analytical procedures, recalculations and other related procedures for verification of finance costs.</li> <li>Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the consolidated financial statements.</li> </ul>

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



S. No	Key Audit Matter(s)	How the Matter was addressed in audit
3.	<b>Capital expenditures</b> (Refer notes 7.1, note 7.2 and note 9 to the consolidated financial statements)	
	<p>The Group is investing significant amounts in its operations and there is a number of areas where management's judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among others the decision to capitalize costs; and review of useful life of the assets.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters.</p>	<p>Our audit procedures in relation to capitalization of property, plant and equipment, amongst others included the following:</p> <ul style="list-style-type: none"> <li>Understanding the design and implementation of management controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system.</li> <li>Testing, on sample basis, the costs incurred on projects with supporting documents and contracts.</li> <li>Assessing the nature of costs incurred for capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards.</li> <li>Checked the reasonableness of management's assessment of categories of assets and working of reclassification in categories of assets including impact of reclassification on both cost of assets and accumulated depreciation in each category.</li> <li>Inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including the calculation of related depreciation.</li> </ul>

## Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the (information included in the Director's report, but does not include the consolidated financial statements and auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information; we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



## **Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED



We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements:

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with for the purpose of the Group's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Group and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Khan Muhammad - FCA.

Date: September 16, 2020

Place: Faisalabad

**KRESTON HYDER BHIMJI & CO.**  
**CHARTERED ACCOUNTANTS**

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	23,512,516	18,899,292
Intangible assets	10	175,813	70,083
Long term investment	11	500,000	93,540
Long term loans	12	119,698	73,262
Long term deposits	13	43,987	33,120
		24,352,014	19,169,297
<b>CURRENT ASSETS</b>			
Stores and spares	14	1,070,940	890,404
Stock in trade	15	9,048,065	6,297,975
Trade debts	16	7,274,222	8,274,062
Loans and advances	17	493,896	1,076,724
Deposit, prepayment and other receivables	18	194,132	197,797
Accrued income	19	2,239	10,441
Short term investment	20	125,044	1,207,251
Tax refunds due from government	21	2,528,324	1,949,118
Cash and bank balances	22	161,080	1,542,907
		20,897,942	21,446,679
<b>TOTAL ASSETS</b>		<b>45,249,956</b>	<b>40,615,976</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	23	10,000,000	10,000,000
Issued, subscribed and paid up capital	24	8,721,975	8,721,975
Reserves	25	3,870,646	3,844,223
Unappropriated profit		3,672,489	4,949,685
Equity attributable to shareholders of parent company		16,265,111	17,515,883
<b>NON CURRENT LIABILITIES</b>			
Long term financing	26	6,910,179	3,628,745
Lease liabilities	27	185,742	–
Deferred liabilities	28	3,176,541	2,497,894
		10,272,462	6,126,639
<b>CURRENT LIABILITIES</b>			
Trade and other payables	29	3,149,157	3,625,644
Dividend payable		2,952	130,935
Accrued mark up	30	210,282	113,942
Short term borrowings	31	14,904,829	11,855,742
Current portion of non current liabilities	32	445,163	1,247,191
		18,712,383	16,973,454
<b>CONTINGENCIES AND COMMITMENTS</b>	33	–	–
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,249,956</b>	<b>40,615,976</b>

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>Sales - net</b>	34	36,797,159	37,511,062
<b>Cost of sales</b>	35	(29,223,185)	(25,643,715)
<b>Gross profit</b>		7,573,974	11,867,347
<b>Operating expenses</b>			
Distribution cost	36	(2,065,448)	(2,794,393)
Administrative expenses	37	(2,321,879)	(2,028,640)
Other operating expenses	38	(514,467)	(714,202)
		(4,901,794)	(5,537,235)
<b>Other income</b>	39	99,001	14,444
<b>Profit from operations</b>		2,771,181	6,344,556
Finance cost	40	(1,200,783)	(999,260)
Share of loss from associate	11.1	(119,964)	(58,485)
<b>Profit before taxation</b>		1,450,434	5,286,811
Taxation	41	(324,507)	(226,260)
<b>Profit for the year</b>		1,125,927	5,060,551
<b>Attributable to:</b>			
Shareholders of parent company		1,125,927	5,060,551
Non- controlling interest		-	-
		1,125,927	5,060,551
Earnings per share - basic and diluted (Rupees)	42	1.29	6.50

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>Profit for the year</b>		1,125,927	5,060,551
<b>Other comprehensive income/(loss):</b>			
<b>Items that will be reclassified subsequently to profit or loss:</b>			
Exchange difference on translation of foreign operations		26,424	36,569
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Remeasurement of post retirement benefits obligation – net of tax	28.1.4	3,955	(192,825)
<b>Total comprehensive income for the year</b>		1,156,306	4,904,295
<b>Attributable to:</b>			
Shareholders of parent company		1,156,306	4,904,295
Non– controlling interest		–	–
		1,156,306	4,904,295

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Attributable to Shareholders of the Parent						Non Controlling Interest	Total	
	Share Capital	Capital Reserve	Revenue Reserves			Sub-total for reserves			Total
		Share Premium	Employee Share Option Compensation Reserve	Unappropriated Profit	Translation Reserves				
	(Rupees '000)								
<b>Balance as at June 30, 2018</b>	1,901,104	30,255	8,608	6,860,264	16,051	6,915,178	8,816,282	-	8,816,282
Profit for the year	-	-	-	5,060,551	-	5,060,551	5,060,551	-	5,060,551
Other comprehensive income/(loss)	-	-	-	(192,825)	36,569	(156,256)	(156,256)	-	(156,256)
<b>Total comprehensive income for the year</b>	-	-	-	4,867,726	36,569	4,904,295	4,904,295	-	4,904,295
<b>Transactions with owners:</b>									
Dividend to ordinary shareholders	-	-	-	(1,090,247)	-	(1,090,247)	(1,090,247)	-	(1,090,247)
	-	-	-	(1,090,247)	-	(1,090,247)	(1,090,247)	-	(1,090,247)
Employee Stock Option Scheme	-	-	18	-	-	18	18	-	18
Shares issued under ESOS	7,558	27,523	(8,626)	-	-	18,897	26,455	-	26,455
Issuance of ordinary shares	1,095,000	3,934,900	-	-	-	3,934,900	5,029,900	-	5,029,900
Transaction cost on issuance of shares	-	(170,820)	-	-	-	(170,820)	(170,820)	-	(170,820)
Issuance of bonus shares	5,718,313	(30,255)	-	(5,688,058)	-	(5,718,313)	-	-	-
<b>Balance as at June 30, 2019</b>	8,721,975	3,791,603	-	4,949,685	52,620	8,793,908	17,515,883	-	17,515,883
Profit for the year	-	-	-	1,125,927	-	1,125,927	1,125,927	-	1,125,927
Other comprehensive income	-	-	-	3,955	26,424	30,379	30,379	-	30,379
<b>Total comprehensive income for the year</b>	-	-	-	1,129,882	26,424	1,156,306	1,156,306	-	1,156,306
<b>Transactions with owners:</b>									
Dividend to ordinary shareholders	-	-	-	(2,398,543)	-	(2,398,543)	(2,398,543)	-	(2,398,543)
	-	-	-	(2,398,543)	-	(2,398,543)	(2,398,543)	-	(2,398,543)
Effect of initial application of IFRS-16	-	-	-	(8,535)	-	(8,535)	(8,535)	-	(8,535)
<b>Balance as at June 30, 2020</b>	8,721,975	3,791,603	-	3,672,489	79,044	7,543,136	16,265,111	-	16,265,111

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended June 30, 2020

	2020 (Rupees '000)	2019 (Rupees '000)
<b>a) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	1,450,434	5,286,811
<b>Adjustments for:</b>		
Depreciation	2,034,359	1,653,053
Amortization	15,826	9,182
Depreciation on right of use assets	41,636	–
Employee share option compensation expense	–	5,031
Workers' profit participation fund	112,527	285,315
Workers' welfare fund	43,570	–
Staff retirement gratuity	803,739	527,598
Loss on disposal of property, plant and equipment	21,665	47,553
Inventory write-off	7,125	–
Realized loss on derivative financial instruments	112,220	–
Interest on loan to Metis Internation Pvt. Limited	(1,356)	(7,211)
Profit on term deposit receipts (TDRs)	(36,131)	(182)
Profit on term finance certificates (TFCs)	(55,606)	–
Remeasurement loss on investment in mutual funds	5,293	20,787
Share of loss from associate	119,964	58,485
Interest on receivables from IL Bangla Limited	(5,796)	(5,796)
Finance cost	1,200,783	999,260
<b>Operating cash flows before working capital changes</b>	5,870,252	8,879,886
<b>Changes in working capital</b>		
<b>(Increase)/decrease in current assets</b>		
Stores and spares	(180,536)	(111,206)
Stock in trade	(2,757,215)	(1,176,257)
Trade debts	999,840	(981,054)
Loan and advances	578,623	(449,947)
Deposit, prepayment and other receivables	19,625	(23,340)
Tax refunds due from government	(313,706)	385,675
Short term investment in mutual funds – net	125,603	(4,258)
<b>(Decrease)/Increase in current liabilities</b>		
Trade and other payables	(365,218)	803,363
	(1,892,985)	(1,557,024)
<b>Cash generated from operations</b>	3,977,267	7,322,862
Finance cost paid	(1,085,326)	(1,001,749)
Income tax paid	(454,907)	(244,341)
Staff retirement gratuity paid	(123,699)	(131,021)
Workers' profit participation fund paid	(288,315)	(232,068)
Long term loans paid	(42,231)	(21,549)
Long term deposits paid	(10,867)	(8,303)
Settlement of derivative financial instruments	(112,220)	–
Profit on TDRs received	36,131	182
<b>Net cash generated from operating activities</b>	1,895,834	5,684,013

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>b) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions in:			
Property, plant and equipment		(6,511,208)	(5,278,596)
Intangible asset		(121,556)	(36,854)
Proceeds from disposal of property, plant and equipment		42,855	135,295
Profit on term finance certificates (TFCs) received		55,000	–
Long term investments		(500,000)	–
<b>Net cash used in investing activities</b>		<b>(7,034,909)</b>	<b>(5,180,155)</b>
<b>c) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing obtained		4,661,811	4,228,002
Repayment of long term financing		(2,204,245)	(2,568,542)
Payment of lease rentals		(39,090)	(847)
Short term borrowings – net		3,049,087	(3,325,195)
Share capital issued		–	1,102,558
Share premium net of transaction cost		–	3,782,977
Dividend paid		(2,526,526)	(1,434,588)
<b>Net cash generated from financing activities</b>		<b>2,941,037</b>	<b>1,784,365</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	(a+b+c)	<b>(2,198,038)</b>	<b>2,288,223</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,484,162</b>	<b>195,939</b>
<b>Cash and cash equivalents at the end of the year</b>	43	<b>286,124</b>	<b>2,484,162</b>

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 1. THE GROUP AND ITS OPERATIONS

The Group comprises of:

### 1.1 Interloop Limited– The Holding Company

**1.1.1** Interloop Limited (the Holding Company) was incorporated in Pakistan on 25th April, 1992 as a private limited company and subsequently it was converted into public limited company on 18th July, 2008. The Company was listed on Pakistan Stock Exchange on 5th April, 2019. The Company is engaged in the business of manufacturing and selling of socks, leggings, denim and yarn, providing yarn dyeing services and generating electricity for its own use.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

- Registered office: Al-Sadiq Plaza, P-157, Railway Road, Faisalabad–Pakistan.
- Corporate office & Plant 1: 1-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad–Pakistan.
- Plant 2, Plant 4 & Spinning: 7-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad–Pakistan.
- Plant 5: 6-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad–Pakistan.
- Plant 3 & Denim: 8-KM, Manga– Raiwind Road, Raiwind, Dist. Kasur, Lahore–Pakistan.

### 1.2 IL Apparel (Private) Limited – The Subsidiary (Holding– 100% (2019: 100%))

IL Apparel (Private) Limited was incorporated in Pakistan on 28th March, 2018 under the Companies Act, 2017. The registered office of the company is situated at Al-Sadiq Plaza, P-157, Railway Road, Faisalabad. The principal business activity of the company is manufacturing and sale of garments and allied products.

### 1.3 IL Bangla Limited – The Associate (Holding– 31.61% (2019: 31.61%))

IL Bangla Ltd. is a private limited company incorporated under the Companies Act 1994 as applicable in Bangladesh vide Registration No. C-77561/09 dated 21 May 2009 floated by foreign investors (Pakistan and West Indies) having its registered Office at House # 267, Road # 19, New DOHS Mohakhali, Dhaka, Bangladesh and factory at Dakkhin kongshadi Vatpara, Narsingdi Sadar, Narsingdi, Bangladesh. The company's main objective is to carry on the business of manufacturing and sale/export of socks and hosieries.

## 2. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

Global outbreak has adversely impacted the Group's performance and resultantly sales witnessed sharp decline by 15% of total hosiery sales. Likewise, the Denim unit of the Group which was made operational during the year and Apparel unit were forced to bear cancelation of orders due to this pandemic. Consequently, the Group bears a loss of Rs. 538.571 million during the last quarter of the financial year. Other impacts are disclosed in relevant notes of these consolidated financial statements.

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in respective policy notes.

## 3.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupee which is also the group's functional currency.

## 4. NEW AND REVISED STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

### 4.1 Standards, interpretations and amendments to approved accounting standards which became effective during the year

#### – Amendment to IAS 19 'Employee Benefits, – Plan Amendment, Curtailment or Settlement':

The amendments to IAS 19 specify that an entity must;

(i) determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event and determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using:

(a) the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and

(b) the discount rate used to remeasure that net defined benefit liability (asset).

(ii) determine any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is to be recognized in profit or loss. An entity then determine the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in net interest, is recognized in other comprehensive income.

The amendments do not have any significant impact on these consolidated financial statements.

#### – Amendment to IAS 28 'Investments in Associates and Joint Ventures' – Long term investment in Associates and Joint Ventures:

The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments do not have any impact on these consolidated financial statements.

#### – Amendment to IFRS 9 'Financial Instrument'– prepayment Features with Negative Compensation and modifications of financial liabilities:

The amendment allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss. The amendments do not have any impact on these consolidated financial statements.

#### – IFRS 16, 'Leases':

IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

lease liability representing its obligation to make lease payments. IFRS 16 supersedes IAS 17 – Leases, IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC 15 – Operating Leases–Incentives and SIC 27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease. Impact of adoption of IFRS 16 is disclosed in note. 8 of the consolidated financial statements.

– **IFRIC 23 ‘Uncertainty over Income Tax Treatments’:**

IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under tax law. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation does not have any impact on these consolidated financial statements.

– **Annual Improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards (effective for annual period beginning on or after January 1, 2019):**

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements. The amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes. The amendment clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profit.
- IAS 23 Borrowing Costs. The amendment clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The improvements do not have a significant impact on these consolidated financial statements.

The other amendments to published standards and interpretations that are mandatory for the financial year are considered not to be relevant or to have any significant impact on the group’s financial reporting and operations and are therefore not disclosed in these consolidated financial statements.

**4.2 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective and have not been early adopted by the group**

– **Amendment to IAS 16 ‘Property, Plant and Equipment’ – Proceeds before Intended Use (effective for annual period beginning on or after January 01, 2022):**

The amendment prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is not likely to have an impact on the group’s financial statements.

– **Amendments to IFRS 9, ‘Financial Instruments’; IAS 39, ‘Financial Instruments: Recognition and Measurement, and IFRS 7, ‘Financial Instruments: Disclosures’ – Interest Rate Benchmark Reform (effective for the group’s annual period beginning on January 1, 2020):**

The changes in Interest Rate Benchmark Reform

- i. modify specific hedge accounting requirements so that entities would apply those hedge accounting



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;

- ii. are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- iii. are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required);
- iv. and require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The group is yet to assess the full impact of the amendments.

– **Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' – Onerous Contracts – Cost of Fulfilling a Contract (effective for annual period beginning on or after January 01, 2022):**

The amendment specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment is not likely to have an impact on the group's financial statements.

– **Amendment to IFRS 16, 'Leases' – Covid-19-Related Rent Concessions (effective for annual period beginning on or after 1 June 2020):**

The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification; require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications; require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures. The amendment is not expected to have significant impact on the group's financial statements.

– **Amendments to IFRS 3, 'Business Combinations' – Reference to the Conceptual Framework (effective for the group's annual period beginning on January 1, 2022):**

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989 with a reference to the Conceptual Framework for Financial Reporting, that was issued in March 2018, without significantly changing its requirements. In addition, the Board added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities and it clarified existing guidance in IFRS 3 for contingent assets. The amendment is not likely to have an impact on the group's financial statements.

– **Amendments to IAS 1, 'Presentation of financial statements' – Classification of Liabilities as Current or Non-current (effective for the group's annual period beginning on January 1, 2022):**

The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. Management expectations about events after the reporting date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered settlement of a liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- **Amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’ (effective for the group’s annual period beginning on January 1, 2020):**

These amendments and consequential amendments to other IFRSs:

- (i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
- (ii) clarify the explanation of the definition of material; and
- (iii) incorporate some of the guidance in IAS 1 about immaterial information.

These amendments are not expected to have a significant impact on the group’s future financial statements.

- **Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020):**

The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- **Annual Improvements to IFRS Standards 2018–2020 Cycle. The new cycle of improvements addresses improvements to following approved accounting standards (effective for annual period beginning on or after January 01, 2022):**

- IFRS 1 First-time Adoption of International Financial Reporting Standards. This amendment simplifies the application of IFRS 1 for a subsidiary that becomes a first-time adopter of IFRS Standards later than its parent – i.e. if a subsidiary adopts IFRS Standards later than its parent and applies IFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to IFRS Standards.
- IFRS 9 Financial Instruments. The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.
- IAS 41 Agriculture. The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13 – Fair Value Measurement.

There are other amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the group and therefore, have not been presented here.

Further, the following new standards have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purposes of their applicability in Pakistan:

IFRS – 1 ‘First time adoption of International Financial Reporting Standards’.

IFRS – 17 ‘Insurance Contracts’.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods. Judgments made by management in application of the approved accounting standards that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy notes. The areas where various assumptions and estimates are significant to the group's financial statements or where judgment was exercised in application of accounting policies are as follows:

Estimate of useful life of operating fixed assets – note 7.1

Impairment of non-financial assets – note 7.4

Stores and spares – note 7.6

Stock-in-trade – note 7.7

Staff retirement benefits – note 7.11

Provisions – note 7.14

Contingencies – note 7.15

Taxation – note 7.19

## 6. BASIS OF CONSOLIDATION

### Subsidiary

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group and is deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Company.

Intragroup balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of Subsidiary Company attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as separate item in the consolidated financial statements.

### Associate

Associates is an entity in which the Group has significant influence, but not control, over the financial and operating policies. Interests in associate is accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investee, until the date on which significant influence ceases.

Unrealized gains arising from transactions with equity accounted investee are eliminated against the investment to the extent of the Group companies' interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 7.1 Operating fixed assets and depreciation

Operating fixed assets, except freehold land which is stated at cost, are stated at cost less accumulated depreciation and identified accumulated impairment loss, if any. Cost comprises acquisition and other directly attributable costs.

Depreciation is calculated at the rates stated in note 9.1 applying reducing balance method. The useful life and residual value of major components of operating fixed assets are reviewed annually to determine that expectations are not significantly different from the previous estimates. Adjustment in depreciation rate for current and future periods is made if expectations are significantly different from the previous estimates. Depreciation is charged from the month when an asset becomes available for use, whereas no depreciation is charged in the month of its disposal. Gain and loss on disposal of fixed assets is included in statement of profit or loss.

Expenditure, which enhances or extends the performance of operating fixed assets beyond its original specification and its useful life, is recognized as a capital expenditure and is added to the cost of the operating fixed assets. These are depreciated on reducing balance method at the rate mentioned in note 9.1.

### 7.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and represents direct cost of material, labour, applicable overheads and borrowing costs on qualifying assets. Transfers are made to relevant property, plant and equipment category as and when assets are available for its intended use.

### 7.3 Intangible assets – Computer software

Intangible assets are stated at cost less accumulated amortization and identified accumulated impairment loss, if any. These are amortized using the reducing balance method at the rates given in note 10. Amortization on additions is charged from the month in which an intangible asset is acquired, while no amortization is charged for the month in which intangible asset is disposed off.

Costs associated with maintaining computer software program are recognized as an expense as and when incurred. Costs that are directly attributable to identifiable software and have probable economic benefits exceeding one year, are recognized as an intangible asset at the time of initial recognition. Direct costs include the purchase cost of software and related overhead costs.

Expenditure, which enhances or extends the performance of computer software beyond its original specification and useful life, is recognized as a capital expenditure and added to the cost of the software. These are amortized on reducing balance method at the rate mentioned in note 10.1.

### 7.4 Impairment of non-financial assets

The carrying amounts of the group's non-financial assets, other than stock in trade and stores and spares, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets of the unit on a pro-rata basis. Impairment losses on goodwill shall not be reversed.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

**7.5 Investment in subsidiary and associates**

Investments in subsidiary and associates are recognized at cost less impairment loss, if any. At each reporting date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

The profits and losses of subsidiary and associated entities are carried forward in their financial statements and not dealt within these financial statements except to the extent of dividend declared by the subsidiary and associates. Gains and losses on disposal of investments are included in other income.

**7.6 Stores and spares**

Stores and spares are carried at moving average cost. Provision is made for slow moving and obsolete store items when so identified. Stores and spares held for capital expenditure are included in capital work in progress.

**7.7 Stock-in-trade**

These are stated at the lower of cost and net realizable value (NRV). The methods used for the calculation of cost are as follows:

Raw material – At factory	Moving average cost
– In transit	Invoice value plus direct charges in respect thereof.
Work in process and finished goods	Prime cost including a proportion of production overheads.

Wastes are valued at net realizable value.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their net realizable value. Net realizable value signifies the selling price in the ordinary course of business less costs necessary to be incurred to affect such sale.

**7.8 Trade and other receivables**

Trade receivables are initially recognized at fair value and subsequently carried at amortised cost which approximate fair value of the consideration receivable, less any allowance for expected credit losses.

The group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 7.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cheques in hand/cheques overdrawn, balances with banks and include short term highly liquid investments with original maturities of three months or less. The cash and cash equivalents are readily convertible to known amount of cash and are subject to insignificant risk of change in value.

## 7.10 Share capital

Ordinary shares are classified as equity and recognized at their face value.

## 7.11 Staff retirement benefits

### (a) Defined Benefit Plan

The group operates an unfunded gratuity scheme for all employees according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuation being carried out at each reporting date. Remeasurement of net defined benefit liability, which comprise of actuarial gains and losses i.e. experience adjustments and the effects of changes in actuarial assumptions, are recognized immediately in other comprehensive income. The group determines net interest expense/(income) on the defined benefit obligation for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to then-net defined benefit, taking into account any change in the net defined benefit obligation during the period as a result of contributions and benefit payments. Net interest expense and other expenses e.g. current service cost, related to defined benefit plans are recognized in statement of profit or loss.

### (b) Defined Contribution Plan

There is a contributory provident fund for executive staff of the group for which contributions are charged to profit or loss as and when incurred.

The group makes monthly contribution to the fund at the rate of 7.5% whereas employees of the group have the option to contribute more than 7.5% but not exceeding 12.5% of his/her monthly basic pay with the written approval of the Board. The assets of the fund are held separately under the control of trustees.

### (c) Employees' Share Option Scheme (ESOS)

The Holding company operates an equity settled stock option scheme called as 'Interloop Limited - Employees Stock Option Scheme, 2016'. The compensation committee ("committee") of the Board of directors ("Board") evaluates the performance and other criteria of employees and recommends to the Board for grant of options. The Board on the recommendation of the committee, on its discretion, grants recommended options to employees. These options vest after a specified period subject to fulfillment of certain conditions as defined in the scheme. Upon vesting, employees are eligible to apply and secure allotment of Holding company's shares at a pre-determined price on the date of grant of options.

The fair value of the share option is measured at grant date as difference of fair value of share and exercise price and is recognized as an employee compensation expense, with a corresponding increase in equity, on the straight line basis over the vesting period. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non- market performance conditions at the vesting date.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 7.12 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Government grants received by the group in the form of economic benefits are deferred and accounted for under income approach in profit or loss. Relevant amortization income is recognized in profit or loss, net off with relevant expense, on systematic basis over the period in which the expenses for the grants are intended to compensate.

## 7.13 Trade and other payables

Liabilities for trade and other payables are carried at their amortised cost, which approximate fair value of the consideration to be paid in future for goods and services received, whether or not billed to the group. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

## 7.14 Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

## 7.15 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future events.

## 7.16 Foreign currency translation

Transactions in foreign currency during the period are initially recorded in the functional currency at the rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at functional currency at the rate of exchange prevailing at the reporting date. All non-monetary assets and liabilities are translated into rupees at exchange rates prevailing on the date of transaction or on date when fair values are determined. Exchange differences are charged to statement of profit or loss.

## 7.17 Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

**a) Sale of goods**

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the group's performance as the group performs;
- the group's performance creates and enhances an asset that the customer controls as the group performs; or
- the group's performance does not create an asset with an alternative use to the group and the group has an enforceable right to payment for performance completed to date.

**b) Rendering of services**

Revenue from a contract to provide services is recognized over time as the services are rendered.

**c) Interest income**

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**d) Other revenue**

Other revenue is recognized when it is received or when the right to receive payment is established.

**7.18 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time when the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to statement of profit or loss in the period of as and when incurred.

**7.19 Taxation**

**Current**

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any. However, for income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime. The charge for current tax also includes adjustments, where considered necessary, and provision for tax made in previous years arising from assessments framed during the year for such years.

**Deferred**

Deferred tax is accounted for using the statement of financial position method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the reporting date. In this regard, the effect on deferred taxation of the portion of income subjected to Final Tax Regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against which these can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## 7.20 Earnings per share

The group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit by weighted average number of shares outstanding during the period. Diluted EPS is calculated by adjusting for the effects of all dilutive potential ordinary shares.

## 7.21 Dividend

Dividend distribution to the group's shareholders is recognized as a liability in the group's consolidated financial statements in the period in which dividends are approved.

## 7.22 Segment reporting

Segment reporting is based on the operating (business) segments of the group. An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker ('CODM') to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the group that makes the strategic decisions.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

Transactions among the business segments are recorded at cost. Inter segment sales and purchases are eliminated from the total.

## 7.23 Related party transactions

All transactions with related parties are carried out at arm's length prices. Each transaction is evaluated to be characterized as an "arm's length transaction" and approximated to the arm's length criteria using one of the following methodologies:

- Market - based pricing
- Negotiated pricing
- Cost - based pricing

## 7.24 Financial Instruments:

### 7.24.1 Financial assets

A financial asset is measured at amortized cost if it is held in order to collect contractual cash flows which arise on specified dates and that are 'solely payment of principal and interest (SPPI)' on the principal amount outstanding. A debt investment is measured at fair value through other comprehensive income if it is held in order to collect contractual cash flows which arise on specified dates that are solely principal and interest and as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the group makes an irrevocable election on initial

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

## A. Classification and measurement of financial assets

### Investments and other financial assets

#### Classification:

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the group's business model for managing the financial assets and the contractual terms of the cash flows. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The group reclassifies debt investments when and only when its business model for managing those assets changes.

#### Measurement:

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### i) Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

#### Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## **Fair value through other comprehensive income (FVTOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

## **Fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

## **B. Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

The rights to receive cash flows from the asset have expired, or

The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## C. Impairment

The group record an allowance for a forward-looking expected credit loss (ECL) approach for all loans and other debt financial assets not held at FVPL.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The group has established a provision matrix that is based on the group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the group.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021. In this regard, the companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' during the exemption period.

## D. Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in the statement of profit or loss account.

## 7.24.2 Financial liabilities

### A. Classification and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

#### i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The group has not designated any financial liability as at fair value through profit or loss.

#### ii) Loans and borrowings

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

## B. Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

### 7.24.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set off and the group intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

## 8. CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF INTERNATIONAL FINANCIAL REPORTING STANDARD 16, 'LEASES' (IFRS 16)

Before the adoption of IFRS 16, the group classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in Statement of Profit or Loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Under IFRS 16, assets leased by the group, under operating lease, are being recognized on the statement of financial position of the group with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liability.

The group presents right-of-use assets in 'property, plant and equipment' as a separate line item with the same classification of underlying assets of the same nature that it owns.

### Key changes in accounting policies resulting from application of IFRS 16

#### 8.1 Leases

##### Right-of-use assets

At inception, the group assesses whether a contract is or contains a lease. This assessment involves the exercise of judgement about whether the group obtains substantially all the economic benefits from the use of the asset and whether the group has a right to direct the use of the asset. The group recognizes right-of-use assets (RoU) at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of RoU includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Depreciation of RoU is charged to statement of profit or loss. Residual value and the useful life of an RoU are reviewed at least at each financial year-end. Depreciation on additions to RoU is charged from the month in which an asset is acquired, while no depreciation is charged for the month in which the asset is disposed off.

## Lease liabilities

At the commencement date of the lease, the group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The related payment obligations, net of finance costs are classified as current and long term liability depending upon the timing of the payment.

In calculating the present value of lease payments, the group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to statement of profit or loss over the lease term.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and leases of low value items.

## 8.2 Impacts of adoption of IFRS 16 on these consolidated financial statements

The group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at July 01, 2019. Accordingly, the comparative information presented has not been restated.

On transition, the group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

At transition, for lease classified as operating lease under IAS 17, lease liability was measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate as at 01 July 2019 and right-of-use assets was measured at an amount equal to the present value of the remaining lease payments adjusted by the amount of any prepaid or accrued lease payments, if any. Difference of lease asset and liability has been charged to equity.

The group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- Did not recognize right of use asset and liabilities for leases where the lease term ends within 12 months of the date of the initial application.
- Did not recognize right of use assets and liabilities for leases of low value lease.

The details pertaining to right of use assets are disclosed in note 9.3 and related leases are disclosed in note 27.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	9.1	22,569,771	17,644,588
Capital work-in-progress	9.2	739,767	1,254,704
Right of use assets	9.3	202,978	–
		<b>23,512,516</b>	<b>18,899,292</b>

## 9.1 Operating fixed assets

Description	2020										
	Cost				Depreciation					W.D.V	Rate %
	As On July 1, 2019	Additions	Deletions	As On June 30, 2020	As On July 1, 2019	For the year	Trial Production Capitalization	Adjustments	As on June 30, 2020	As on June 30, 2020	

(Rupees '000)

<b>Owned</b>											
Freehold land	1,801,159	142,632	–	1,943,791	–	–	–	–	–	1,943,791	–
Buildings on freehold land	5,291,338	2,090,485	–	7,381,823	2,092,994	443,785	664	–	2,537,443	4,844,380	10
Plant and machinery	17,197,613	3,463,615	(66,488)	20,594,740	7,029,363	1,188,238	8,388	(50,647)	8,175,342	12,419,398	10
Tools and equipments	1,031,730	328,951	(1,377)	1,359,304	390,086	82,529	398	(723)	472,290	887,014	10
Office equipments	430,629	116,830	(13,027)	534,432	216,901	55,876	–	(10,489)	262,288	272,144	20
Electric installations	1,469,095	578,603	(502)	2,047,196	522,558	125,906	204	(69)	648,599	1,398,597	10
Furniture and fixtures	405,703	91,072	(51)	496,724	147,091	30,946	13	(27)	178,023	318,701	10
Vehicles	610,035	221,541	(97,742)	733,834	193,721	107,079	–	(52,712)	248,088	485,746	20
<b>Total</b>	<b>28,237,302</b>	<b>7,033,729</b>	<b>(179,187)</b>	<b>35,091,844</b>	<b>10,592,714</b>	<b>2,034,359</b>	<b>9,667</b>	<b>(114,667)</b>	<b>12,522,073</b>	<b>22,569,771</b>	

Description	2019										
	Cost				Depreciation					W.D.V	Rate %
	As On July 1, 2018	Additions	Deletions	As On June 30, 2019	As On July 1, 2018	For the year	Trial Production Capitalization	Adjustments	As on June 30, 2019	As on June 30, 2019	

(Rupees '000)

<b>Owned</b>											
Freehold land	929,470	871,689	–	1,801,159	–	–	–	–	–	1,801,159	–
Buildings on freehold land	4,730,350	578,239	(17,251)	5,291,338	1,768,810	331,085	273	(7,174)	2,092,994	3,198,344	10
Plant and machinery	15,337,893	2,158,422	(298,702)	17,197,613	6,209,372	1,009,899	3,395	(193,303)	7,029,363	10,168,250	10
Tools and equipments	853,507	185,194	(6,971)	1,031,730	332,256	61,223	175	(3,568)	390,086	641,644	10
Office equipments	363,401	76,918	(9,690)	430,629	176,388	45,653	173	(5,313)	216,901	213,728	20
Electric installations	1,314,055	155,075	(35)	1,469,095	426,792	95,518	268	(20)	522,558	946,537	10
Furniture and fixtures	313,807	95,786	(3,890)	405,703	123,857	25,466	38	(2,270)	147,091	258,612	10
Vehicles	520,799	209,123	(119,887)	610,035	172,608	84,131	–	(63,018)	193,721	416,314	20
<b>Sub total</b>	<b>24,363,282</b>	<b>4,330,446</b>	<b>(456,426)</b>	<b>28,237,302</b>	<b>9,210,083</b>	<b>1,652,975</b>	<b>4,322</b>	<b>(274,666)</b>	<b>10,592,714</b>	<b>17,644,588</b>	
<b>Leasehold</b>											
Vehicles	2,439	–	(2,439)	–	1,273	78	–	(1,351)	–	–	20
<b>Sub total</b>	<b>2,439</b>	<b>–</b>	<b>(2,439)</b>	<b>–</b>	<b>1,273</b>	<b>78</b>	<b>–</b>	<b>(1,351)</b>	<b>–</b>	<b>–</b>	
<b>Total</b>	<b>24,365,721</b>	<b>4,330,446</b>	<b>(458,865)</b>	<b>28,237,302</b>	<b>9,211,356</b>	<b>1,653,053</b>	<b>4,322</b>	<b>(276,017)</b>	<b>10,592,714</b>	<b>17,644,588</b>	



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 9.1.1 The detail of operating fixed assets disposed / written off during the year are as follows:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
(Rupees '000)							
<b>Assets having book value exceeding Rs. 500,000 each</b>							
<b>Plant and Machinery</b>							
Suction Blower System	581	76	505	100	(405)	Negotiation	Socks & Socks Private Limited
Air Washer System	12,300	9,551	2,749	270	(2,479)	Negotiation	Abdul Rasheed – Dar Ul Ahsan Town, Samundri Road, Faisalabad
Gas Genset – Ge Jenbacher – J 620 Gse01 (Old Parts Scraped Due To Overhauling Of Generator)	3,640	2,813	827	–	(827)	Scraped	Mr. Abdul Aziz – Dar Ul Ahsan Town, Samundri Road, Faisalabad
<b>Sub Total</b>	<b>16,521</b>	<b>12,441</b>	<b>4,081</b>	<b>370</b>	<b>(3,711)</b>		
<b>Vehicles</b>							
Toyota Corolla Gli	1,771	1,030	740	658	(82)	Company Policy	Mr. Shahid Butt – Company Employee
Honda Civic 1.8L I-Vtec Oriol	2,585	1,306	1,280	1,280	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda Civic Vti Ptsr Nav	2,670	534	2,136	2,136	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda City MT	1,567	831	735	735	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda City PT 1.3	1,731	622	1,109	1,109	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda City MT	1,719	411	1,308	1,308	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Honda City PT	2,106	240	1,867	1,900	33	Negotiation	Mr. Muhammad Aamir Tanveer – Company Employee
Honda City Aspire	1,852	1,041	811	658	(153)	Company Policy	Syed Mustafa Ali – Company Employee
Suzuki Swift Dlx	1,360	546	814	1,250	436	Insurance claim	UBL Insurers limited
Toyota Corolla Gli	1,771	1,037	733	658	(75)	Company Policy	Mr. Saeed Ahmad – Company Employee
Suzuki Swift Dlx	1,440	436	1,004	1,350	346	Insurance claim	EFU General insurance
Toyota Corolla Gli	1,900	1,008	892	892	–	Transferred	Interloop Holdings (Pvt) Limited – Associated Company
Toyota Corolla Gli	2,947	246	2,701	2,702	1	Negotiation	Mr. Muhammad Younas Malik, Chak # 153RB, Tehseel Chak Jhumra, Faisalabad.
Honda City MT	1,551	1,045	506	260	(246)	Company Policy	Mr. Qasim Noor Ellahi – Company Employee
Honda City Aspire	1,698	981	717	519	(198)	Company Policy	Mr. Salman Tahir – Company Employee
Suzuki Swift Dlx	1,335	774	561	519	(42)	Company Policy	Mr. Muhammad Kashif – Company Employee
Suzuki Swift Dlx	1,412	547	865	881	16	Negotiation	Mr. Muhammad Bilal Iqbal – Company Employee
Honda City Aspire MT	1,700	1,009	691	519	(172)	Company Policy	Mr. Muhammad Ilyas Kanwal – Company Employee
Toyota Corolla Xli	1,685	1,166	519	411	(108)	Company Policy	Mr. Irfan Nazir – Company Employee
Toyota Corolla Gli	1,683	1,165	519	411	(107)	Company Policy	Mr. Muhammad Fauz Ul Azeem – Company Employee
Honda City Aspire Pros	1,843	1,094	749	438	(311)	Company Policy	Mr. Waqar Ahmad Siddique – Company Employee
Honda City Aspire MT	1,685	1,156	529	260	(269)	Company Policy	Mr. Muhammad Asaf Raza – Company Employee
Suzuki Swift Dlx	1,335	795	540	519	(21)	Company Policy	Mr. Shahbaz Tahir – Company Employee
Honda City Aspire	1,700	1,010	691	519	(172)	Company Policy	Mr. Maqbool Ahmad – Company Employee
Honda City MT	1,566	930	636	519	(117)	Negotiation	Mr. Imran Sadiq – Company Employee
Suzuki Swift Dlx	1,595	399	1,196	1,200	4	Negotiation	Mr. Sheraz, Saeed Autos, 22C – Model Town, Jail Road, Faisalabad.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
(Rupees '000)							
Honda City MT	1,687	675	1,012	1,015	3	Negotiation	Mr. Abdul Rauf – Company Employee
Honda Civic 1.8L I-Vtec	2,766	1,259	1,507	1,507	–	Negotiation	Mr. Khawaja Nadeem Abbas – Company Employee
Honda City MT	1,569	959	611	519	(92)	Insurance claim	Security General Insurance Company
Toyota Corolla Gli	1,838	1,135	703	440	(263)	Company Policy	Mr. Irfan Saeed – Company Employee
Toyota Corolla Gli	1,811	1,275	536	411	(125)	Company Policy	Mr. Aftab Gondal – Company Employee
Honda City	1,556	1,053	503	305	(198)	Company Policy	Mr. Muhammad Tahir – Company Employee
Honda City MT	1,575	962	613	519	(94)	Company Policy	Mr. Irfan Akmal – Company Employee
Honda City MT	1,573	959	614	438	(177)	Company Policy	Mr. Muhammad Afzaal – Company Employee
Honda City Aspire	1,699	1,035	665	664	(1)	Company Policy	Mr. Muhammad Rafiq – Company Employee
Honda City MT	1,565	954	611	519	(93)	Company Policy	Mr. Danish Shafiq – Company Employee
Honda City MT	1,572	937	636	438	(198)	Company Policy	Mr. Javed Aslam – Company Employee
Honda City MT	1,575	938	637	519	(118)	Company Policy	Mr. Imtiaz Ahmad – Company Employee
Honda Civic	2,530	1,507	1,023	722	(301)	Company Policy	Mr. Waheed Iqbal – Company Employee
Honda Civic	2,530	1,507	1,023	911	(112)	Company Policy	Mr. Aqeel Ahmad – Company Employee
Toyota Corolla Gli	1,663	1,109	554	423	(131)	Company Policy	Mr. Humayun Javed – Company Employee
Suzuki Swift Dlx	661	118	543	519	(24)		
<b>Sub Total</b>	<b>74,378</b>	<b>37,741</b>	<b>36,638</b>	<b>33,478</b>	<b>(3,160)</b>		
<b>Other assets having book value below Rs. 500,000 each</b>	<b>88,287</b>	<b>64,486</b>	<b>23,801</b>	<b>9,007</b>	<b>(14,795)</b>		
<b>Total – 2020</b>	<b>179,187</b>	<b>114,667</b>	<b>64,520</b>	<b>42,855</b>	<b>(21,665)</b>		
Total – 2019	458,865	276,017	182,848	135,295	(47,553)		

	2020 (Rupees '000)	2019 (Rupees '000)
<b>9.1.2 Depreciation charge for the year has been allocated as under;</b>		
Cost of sales	1,840,458	1,497,725
Administrative expenses	193,901	155,328
	<b>2,034,359</b>	<b>1,653,053</b>

**9.1.3** Borrowing cost capitalized during the year amounting Rs.107.501 million (2019:16.005 million) calculated at the rate ranging from 2.75% to 14.07% per annum (2019: 2.33% to 4.92% per annum).

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>9.2 Capital work-in-progress</b>			
Civil works		210,503	654,768
Plant and machinery		312,844	151,000
Capital stores	9.2.1	132,383	20,792
Advances to suppliers		84,037	428,144
		<b>739,767</b>	<b>1,254,704</b>

**9.2.1** Capital stores include factory tools and equipments, office equipments, electric installations and furniture and fixtures that are held in store for future use and capitalization.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>9.3 Right of use assets</b>			
<b>Buildings</b>			
Transition effect on initial application		119,367	–
Additions during the year		125,247	–
		244,614	–
Opening balance		–	–
For the year depreciation	9.3.1	41,636	–
		41,636	–
<b>Net book value</b>		202,978	–

**9.3.1** Depreciation expense relating to right of use assets – buildings of Rs. 37,272 thousand has been charged in 'Cost of sales' and Rs. 4,364 thousand in 'Administrative expenses'.

## 9.4 Details of immovable property in the name of the Company:

Usage	Location	Area
Plant 1	Chak # 76 RB. 1 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	19 Acres 7 Kanals 12 Marlas
	Chak # 194 RB. 1 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	3 Acres 13 Marlas
	Chak # 108 RB. 1 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	9 Marlas
Interloop Industrial Park – (Plant 2, Plant 4 & Spinning)	Chak # 103 RB, 7 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	99 Acres 3 Kanals 9 Marlas 5 Sarsai
	Chak # 106 RB, 6 – KM, By Pass Road, Khurrianwala, Faisalabad.	14 Acres 3 Kanals 12 Marlas
	Chak # 103 RB, 7 – KM, Jaranwala Road, Khurrianwala, Faisalabad.	39 Acres 7 Kanals 15 Marlas
Plant 3	8 – KM, Manga Raiwind Road, Distt. Kasur, Lahore.	41 Acres 3 Kanals 8 Marlas
Denim Division	8 – KM, Manga Raiwind Road, Distt. Kasur, Lahore.	26 Acres 7 Kanals 14 Marlas
Plant 5	Chak # 106 RB, 6 – KM, By Pass Road, Khurrianwala, Faisalabad.	105 Acres 4 Kanals 2 Marlas 8 Sarsai
Apparel Unit	Chak # 106 RB, 6 – KM, By Pass Road, Khurrianwala, Faisalabad.	28 Acres 3 Kanals 16 Marlas
Land	Chak # 200 RB, Near Toll Plaza Gatwala, Lathianwala, Faisalabad.	2 Acres 13 Marlas 5 Sarsai

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>10. INTANGIBLE ASSET</b>			
Computer Software	10.1	71,022	70,083
Development cost – in progress		104,791	–
		175,813	70,083
<b>10.1 Computer Software</b>			
<b>Cost:</b>			
Opening balance		135,050	98,196
Addition during the year		16,765	36,854
		151,815	135,050
<b>Amortization:</b>			
Opening balance		64,967	55,785
For the year amortization	10.1.1	15,826	9,182
		80,793	64,967
Net book value		71,022	70,083
<b>Amortization rate</b>		20%	20%

**10.1.1** Amortization expense relating to intangible assets of Rs. 5,577 thousand (2019: Nil) has been charged in 'Cost of sales' and Rs. 10,249 thousand (2019: 9,182 thousand) in 'Administrative expenses'.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>11. LONG TERM INVESTMENT</b>			
<b>Un-quoted associate – at equity method</b>			
IL Bangla Limited	11.1	–	93,540
<b>Others – amortized cost</b>			
Term finance certificates – TFCs	11.2	500,000	–
		500,000	93,540
<b>11.1 Investment in associated company – under equity method</b>			
Opening balance		93,540	115,456
Share of loss for the year		(119,964)	(58,485)
Exchange gain		26,424	36,569
		(93,540)	(21,916)
Closing balance		–	93,540

**11.2 Term finance certificates - TFCs**

This represent investment as fully paid-up, rated, privately placed, perpetual, unsecured, subordinated, noncumulative, contingent convertible, additional Tire 1, capital eligible 5,000 term finance certificates (TFCs) of Habib Bank Limited having face value of Rs.100,000/- each aggregating to Rs. 500 million (2019: Nil). TFCs carry markup at the rate of 3 months KIBOR+ 1.60% per annum payable quarterly in arrears.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>12. LONG TERM LOANS</b>			
<b>Considered good – Secured</b>			
Loans to employees	12.1	96,233	43,112
Loan to director	12.2	23,465	30,150
		119,698	73,262
<b>12.1 Loans to employees</b>			
Opening balance		96,795	108,496
Add: disbursement made during the year	12.1.1	120,021	78,870
		216,816	187,366
Less: amount received during the year		(74,095)	(90,571)
		142,721	96,795
Less: receivable within twelve months		(46,488)	(53,683)
		96,233	43,112

**12.1.1** These loans are given to employees as per approved policy of the Company and are secured against employees retirement benefits.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>12.2 Loan to director</b>			
Opening balance		33,250	–
Add: disbursement made during the year	12.2.1	–	33,250
		33,250	33,250
Less: amount received during the year		(3,696)	–
		29,554	33,250
Less: receivable within twelve months		(6,090)	(3,100)
		23,465	30,150

**12.2.1** This represents loan paid to the directors as per house building finance policy. Under the policy, home ownership grant of Rs. 2.5 million and mortgage assistance of Rs. 30.75 million is disbursed during the year. Tenure of both the home ownership grant and mortgage assistance is for a period of six years. Mortgage assistance is repayable in 60 equal monthly installments along with mark up thereon.

		2020 (Rupees '000)	2019 (Rupees '000)
<b>13. LONG TERM DEPOSITS</b>			
<b>Considered good:</b>			
Security deposits - unsecured		43,987	33,120
<b>14. STORES AND SPARES</b>			
Stores		318,202	235,586
Spares		752,738	654,818
		1,070,940	890,404

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>15. STOCK IN TRADE</b>			
Raw material		5,165,103	3,735,355
Work in process		663,831	597,562
Finished goods		3,219,131	1,965,058
		<u>9,048,065</u>	<u>6,297,975</u>
<b>16. TRADE DEBTS</b>			
<b>Considered good</b>			
Foreign			
– Secured	16.1	4,438,657	4,276,821
– Unsecured		2,232,046	3,564,083
		6,670,703	7,840,904
<b>Local</b>			
– Unsecured	16.1	603,519	433,158
		7,274,222	8,274,062
<b>16.1</b>	It includes receivables from following related parties;		
<b>Foreign</b>			
IL Bangla Limited		–	44,280
Texlan Center (Pvt) Limited		136,419	352,636
Eurosox Plus BV		120,799	293,422
<b>Local</b>			
PrintKraft (Pvt) Limited		485	–
		<u>257,703</u>	<u>690,338</u>
<b>16.2</b>	The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 757.49 million (2019: Rs. 1,052.51 million).		
<b>16.3</b>	At June 30, 2020, trade debts due from related parties aggregating to Rs. 138.30 million (2019: Rs. 298.17 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:		
		2020 (Rupees '000)	2019 (Rupees '000)
Not yet due		119,407	392,170
Upto 1 month		75,746	119,452
More than 1 month		62,550	178,716
		<u>257,703</u>	<u>690,338</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>17. LOANS AND ADVANCES</b>			
<b>Considered good:</b>			
<b>Loans</b>			
Current portion of loans to employees – Secured	12.1	46,488	53,683
Current portion of loan to director – Secured	12.2	6,090	3,100
Metis International (Pvt) Limited – Secured	17.1	6,777	9,560
<b>Advances</b>			
Advances to suppliers	17.2	430,726	1,002,980
Advances to employees	17.3	3,815	7,401
		<b>493,896</b>	<b>1,076,724</b>

**17.1** This loan was given in foreign currency amounting to US \$ 275,000 at rate of 15% per annum (the amount in US \$ to be converted in PKR in accordance with conversion rate given at [www.oanda.com](http://www.oanda.com)). Upon lapse of payment date, additional mark up at the rate of 2.5% will be charged on monthly mark up installment due for each day of delay up to a maximum of 20%. The loan is secured through an irrevocable lien/charge on total assets of the Metis International (Pvt) Limited.

**17.2** It includes advance payment of Rs. 0.189 million to Texlan Center (Pvt) Limited – a related party. The maximum aggregate amount of receivable due from related party at the end of any month during the year was Rs. 0.189 million (2019: Rs. 0.189 million). At June 30, 2020, amount due from related party was past due but not impaired. The balance is outstanding for more than one year.

**17.3** Advances to employees are given to meet business expenses and are settled as and when expenses are incurred.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>18. DEPOSIT, PREPAYMENT AND OTHER RECEIVABLES</b>			
<b>Deposit</b>			
L/C margin		–	73,295
<b>Prepayment</b>			
Insurance premium		12,989	40,522
<b>Other receivables</b>			
Subsidy on gas	18.1	92,581	–
Receivables from related parties	18.2	88,562	83,980
		<b>194,132</b>	<b>197,797</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 18.1** This represent the subsidy receivable from Government of Pakistan (GoP) and Sui Northern Gas Pipelines Limited (SNGPL) against sui gas consumption amounting to Rs. 90.4 million and Rs. 2.18 million respectively. The GoP has fixed weighted average gas tariff of US \$6.5 per million British Thermal Unit (mmBtu) to zero-rated industry and announced subsidy to the units bearing higher rate than fixed one, whereas SNGPL allowed 50% system gas adjustment capped at initial contractual load.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>18.2</b>	<b>Receivables from related parties include receivables from:</b>		
	IL Bangla Limited – Unquoted associate	88,562	82,766
	Interloop Welfare Trust	–	1,214
		<b>88,562</b>	<b>83,980</b>

- 18.3** The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 88.56 million (2019: Rs. 83.98 million).

- 18.4** At June 30, 2020, receivables aggregating to Rs. 88.56 million (2019: Rs. 83.98 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2020 (Rupees '000)	2019 (Rupees '000)
Upto 1 month	5,796	7,154
More than 1 year	82,766	76,826
	<b>88,562</b>	<b>83,980</b>

- 18.5** This represents balance receivable against payments made on behalf of IL Bangla Limited. Interest is charged at effective rate of 7.53% per annum.

	2020 (Rupees '000)	2019 (Rupees '000)
<b>19. ACCRUED INCOME</b>		
Interest on loan to Metis International (Pvt) Limited	1,633	10,441
Profit on term finance certificates (TFCs)	606	–
	<b>2,239</b>	<b>10,441</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>20. SHORT TERM INVESTMENT</b>			
<b>Mutual Funds – Fair value through profit or loss:</b>			
Alfalah GHP Alfa Fund		–	17,306
Alfalah GHP Sovereign Fund		–	58,944
Meezan Islamic Fund		–	34,795
Meezan Sovereign Fund		–	7
NAFA Financial Sector Income Fund		–	909
NAFA Stock Fund		–	16,986
NAFA Money Market Fund		–	1,555
UBL Government Securities Fund		–	394
		–	130,896
<b>Term Deposit Receipts (TDRs) – Amortized cost:</b>	20.1		
The Bank of Punjab		–	150,347
Allied Bank		125,044	–
National Bank of Pakistan		–	790,908
		125,044	941,255
<b>Sales Tax Refund Bonds – Amortized cost:</b>			
FBR Refund Settlement Company (Private) Limited		–	135,100
		125,044	1,207,251

**20.1** Short term investment in TDRs earned interest at effective rate of 6.40% to 12.60% per annum (2019: 11.55% to 12.05% per annum). Accrued profit amounting to Rs. 0.044 million (2019: Rs. 1.255 million) is included in the carrying value.

		2020 (Rupees '000)	2019 (Rupees '000)
<b>21. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Duty drawback		458,373	647,238
Sales tax refundable		1,056,098	418,427
Income tax refundable		1,013,853	883,453
		2,528,424	1,949,118
<b>22. CASH AND BANK BALANCES</b>			
Cash in hand		16,010	27,837
Cash at banks			
In current accounts		83,981	1,443,807
In foreign currency accounts		61,089	71,263
		145,070	1,515,070
		161,080	1,542,907

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 23. AUTHORIZED SHARE CAPITAL

2020		2019		2020		2019	
Number of shares in '000		Number of shares in '000		(Rupees '000)		(Rupees '000)	
965,000	965,000	965,000	965,000	9,650,000	9,650,000	9,650,000	9,650,000
35,000	35,000	35,000	35,000	350,000	350,000	350,000	350,000
1,000,000	1,000,000	1,000,000	1,000,000	10,000,000	10,000,000	10,000,000	10,000,000

Ordinary shares of Rs. 10 each  
Non-voting ordinary shares of Rs. 10 each

## 24. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020		2019		2020		2019	
Number of shares in '000		Number of shares in '000		(Rupees '000)		(Rupees '000)	
130,900	130,900	130,900	130,900	1,309,000	1,309,000	1,309,000	1,309,000
738,500	738,500	738,500	738,500	7,385,000	7,385,000	7,385,000	7,385,000
1,266	1,266	1,266	1,266	12,662	12,662	12,662	12,662
1,531	1,531	1,531	1,531	15,313	15,313	15,313	15,313
872,197	872,197	872,197	872,197	8,721,975	8,721,975	8,721,975	8,721,975

Ordinary shares of Rs. 10 each fully paid in cash  
Ordinary shares of Rs. 10 each issued as fully paid bonus shares  
Non-voting ordinary shares of Rs. 10 each fully paid in cash  
Non-voting ordinary shares of Rs. 10 each issued as fully paid bonus shares

### 24.1 EMPLOYEES SHARE OPTION SCHEME (ESOS)

The shareholders of the Holding company approved Interloop Limited - Employee Stock Options Scheme, 2016 ("the scheme") for grant of options to certain eligible employees to purchase ordinary shares (non-voting) of the Holding company, to be determined by the Compensation Committee constituted by the Board of directors of the Holding company on 03 February 2017. The proposal for the revision in the Scheme under the pretext of now a listed company, is under review and pending approval from the shareholders of the Holding company and subsequently from Securities and Exchange Commission of Pakistan.

Under the existing Scheme, the options had a vesting period of one year and an exercise period of one year from the date options were vested as laid down in the scheme. Option price was payable by the employee on the exercise of options in full or part. The options have been lapsed on completion of one year from the date options were vested, if not exercised.

Shares issued in response to exercise of options are Non-Voting Ordinary Shares, hereinafter called "Class B Shares" and are not;

- have voting rights or right to receive notice, attend and vote at the general meeting of the Holding company, except and otherwise provided by the Companies Act, 2017; and
- be entitled for right shares (Ordinary and Voting).

Shares issues under this scheme will be converted into ordinary shares after 3 years from the date of listing of the Holding company i.e. April 5, 2019 or after completion of 3 years from the date of issue, whichever is later. The Holding company will not be obliged to buy back the shares. However, if the employees wishes to sell the shares, the Holding company may buy back the shares at the lesser of the prevailing price on the securities exchange or at the breakup value of the shares determined as per the latest audited financial statements of the Holding company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

Information about outstanding number of options at the end of the year is as follows:

	2020 (Numbers '000)	2019 (Numbers '000)
Options outstanding at the beginning of the year	570	1,399
Options declined/lapsed but subsequently offered	–	426
Options exercised during the year	–	(790)
Options expired/lapsed during the year	(570)	(465)
Options outstanding at the end of the year	–	570

	2020 (Rupees '000)	2019 (Rupees '000)
<b>25. RESERVES</b>		
<b>Capital reserve</b>		
Share premium	3,791,602	3,791,603
<b>Revenue reserve</b>		
Translation reserves	79,044	52,620
	3,870,646	3,844,223

**25.1** This represents premium received over and above face value of the shares issued to institutional investors, high net worth individuals and general public through initial public offering (IPO) and employees of the Company through employees stock option scheme (ESOS). This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

	2020 (Rupees '000)	2019 (Rupees '000)
<b>26. LONG TERM FINANCING</b>		
<b>From financial institutions – secured</b>		
Diminishing musharika	3,504,615	2,140,117
Syndicated finance facility	271,429	542,857
Syndicated finance facility (BMR)	53,449	96,208
Islamic long term finance facility – ILTFF	2,431,785	696,754
Refinance for Salaries	687,161	–
Long term financing facility – LTFF	335,179	–
Demand finance loan	1,480	–
	7,285,098	3,475,936
<b>From related party – unsecured</b>		
Interloop Holdings (Pvt) Limited – associated company	–	1,400,000
	7,285,098	4,875,936
Less: Current portion of long term financing	(374,919)	(1,247,191)
	6,910,179	3,628,745

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 26.1** These loans have been obtained under diminishing musharika arrangements from various banks on different dates. The repayment of the loans is to be made in quarterly installments within a maximum period of 06 years including maximum grace period of one and a half years from the date when financing was availed. These are secured against 1st joint pari passu charge - JPP of Rs. 6,468 million (2019: 6,468 million), ranking charge of Rs. 5,052 million (2019: 718 million) over fixed assets and specific charge of Rs. 992 million (2019: 1,992 million) on plant and machinery of the Holding company. These loans carry mark-up ranging from 03 months KIBOR plus 0.10% to 0.50% per annum (2019: 03 months KIBOR plus 0.10% to 0.50% per annum). Due to Covid 19 global outbreak, MCB Islamic and HBL deferred the loan installments for the period of one year and ABL for 06 months on different loans as a relief to the Holding company.
- 26.2** The Holding company has entered into a syndicated long term finance facility arrangement for Rs. 1,900 million with a consortium of local banks, lead by ABL, for acquisition of certain assets from Kohinoor Mills Limited, disbursed on April 09, 2011. The repayment of this loan is to be made in quarterly installments in 10 years including 03 years of grace period and the loan is secured against the 1st specific charge of Rs. 2,933.34 million (2019: 2,933.34 million) over the fixed assets of Interloop Limited (Hosiery Division III). The mark up is charged at the fixed rate of 5% per annum (2019: 5% per annum). Due to Covid 19 global outbreak, consortium banks deferred the loan installments for the period of one year as a relief to the Parent company.
- 26.3** The Holding company has also entered into syndicated long term finance facility arrangement for Rs. 300 million with a consortium of local banks, lead by ABL, for Balancing, Modernization and Replacement (BMR) of assets purchased from Kohinoor Mills Limited, disbursed on October 29, 2011. The repayment of loan is to be made in quarterly installments in 10 years including 03 years of grace period and securities are same as mentioned in 26.2 above. Markup is charged at the rate of 03 months KIBOR plus 1.3% per annum (2019: 03 months KIBOR plus 1.3% per annum). Due to Covid 19 global outbreak, consortium banks deferred the loan installments for the period of one year as a relief to the Holding company.
- 26.4** The Holding company has obtained Islamic Long Term Finance Facility – ILTFF for purchase of plant and machinery, in different tranches. Repayment of loan is to be made in quarterly installments in 10 years including a grace period of 02 years when financing was availed and is secured against 1st JPP charge of Rs. 3,734 million (2019: Rs. 3,734 million) over land, building and plant and machinery of the Holding company. This 1st JPP charge of Rs. 3,734 million is same on both ILTFF and diminishing musharika facilities from HBL and is included in aggregate charge mentioned in note 26.1 above. Markup is charged at SBP ILTFF rate plus 0.75% per annum (2019: SBP ILTFF rate plus 0.75% per annum). Due to Covid 19 global outbreak, bank deferred the loan installments of different tranches for the period of one year as a relief to the Holding company.
- 26.5** Due to the effects of Covid-19 pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing. The group has obtained Rs. 735.565 million of the said borrowing from Bank Alfalah Limited, first tranche disbursed on May 05, 2020 and May 21, 2020. It is secured against EM First charge of Rs. 146 million (2019: Nil) over land and a ranking charge of Rs. 1,334 million over the land of the group. It is repayable in 8 quarterly installments in 2.5 years including a grace period of 06 months starting from July 2020. Markup is charged at subsidized SBP rate i.e. zero percent plus 0.90% to 1% per annum.

The group has availed this facility at concessional rate of markup with the undertaking not to lay off its workers/ employees at least during three months from the date of first disbursement. The group has recognised its liability under SBP refinance scheme at its fair value and Rs. 48.404 million is recorded as deferred income - government grant vide note 28.2.

- 26.6** The Holding Company has obtained Long Term Finance Facility – LTFF for the expansion of Hosiery Division – V, Active wear unit, dyeing unit and Energy unit, on different dates from various banks. Repayment of loans is to be made in quarterly installments in 10 years including 02 years grace period and is secured against exclusive charge of Rs. 4,000 million (2019: Nil) and ranking charge of Rs. 2,400 million (2019: Nil) over land, building and plant & machinery of the Company. Markup is charged at SBP LTFF rate plus 0.75 % per annum (2019: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

- 26.7** The Holding Company has obtained demand finance loan for the expansion of Hosiery Division – V, disbursed on March 05, 2020. Repayment of loan is to be made in quarterly installments in 10 years including 02 years grace period and is secured against Exclusive charge of Rs. 4,000 million (2019: Nil) over land, building and plant & machinery of Hosiery Division – V of the Company. This exclusive charge is same on both LTFF and term finance loan facilities from NBP as mentioned in note 26.6 above. Markup is charged at the rate of 06 months KIBOR plus 0.25 % per annum (2019: Nil).

## 27. LEASE LIABILITIES

Impact of initial application of IFRS 16  
Addition in lease liability  
Accretion of interest  
Payments during the year

Less: Current portion shown under current liabilities

	2020 (Rupees '000)	2019 (Rupees '000)
	127,903	–
	119,115	–
	19,916	–
	(39,090)	–
	227,844	–
	(42,102)	–
	185,742	–

- 27.1** These represents lease contracts for Company warehouses and employees hostel and have estimated lease terms between 3 to 5 years. These are discounted using incremental borrowing rate of the Company.

- 27.2** The future minimum lease payments to which the Company is committed under the agreements will be due as follows:

	2020			Total
	Not later than one year	Later than one year but not later than three years	More than three years	
	(Rupees '000)			
Future minimum lease payments	67,539	199,421	21,120	288,080
Less: Un-amortized finance charges	(25,437)	(34,057)	(742)	(60,236)
Present value of future minimum lease payments	42,102	165,364	20,378	227,844

## 28. DEFERRED LIABILITIES

Staff retirement benefits  
Deferred income – Government grant

	2020 (Rupees '000)	2019 (Rupees '000)
Staff retirement benefits	3,159,893	2,497,894
Deferred income – Government grant	16,648	–
	3,176,541	2,497,894

### 28.1 Staff retirement benefits

#### General description

This represents an unfunded gratuity scheme which provides termination benefits for all employees of the Company who attain the minimum qualifying period. The latest actuarial valuation of the defined benefit plan was carried out as at June 30, 2020 using the Projected Unit Credit (PUC) Actuarial Cost Method. Details of the defined benefit plan are as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>28.1.1 Movement in the present value of defined benefit obligation</b>			
Opening balance		2,497,894	1,925,612
Expenses recognized in the statement of profit or loss	28.1.2	803,739	527,598
Remeasurement changes chargeable to other comprehensive income	28.1.4	(3,955)	192,825
Paid during the year		(123,699)	(131,021)
Balance transferred to Interloop Holdings (Pvt) Limited		(17,086)	(17,120)
Amount capitalized in Denim Division		3,000	–
Closing balance		3,159,893	2,497,894
<b>28.1.2 Expenses recognized in the statement of profit or loss</b>			
Current service cost		443,483	341,588
Past service cost		7,029	–
Interest cost		353,227	186,010
		803,739	527,598
<b>28.1.3 Amounts charged in the statement of profit or loss are as follows:</b>			
Cost of sales		685,308	444,633
Distribution expenses		24,389	14,787
Administrative expenses		94,042	68,178
		803,739	527,598
<b>28.1.4 Total remeasurement chargeable to other comprehensive income</b>			
Remeasurement of plan obligation:			
Actuarial losses from changes in financial assumptions		(224,854)	97,569
Experience adjustments		220,899	95,256
		(3,955)	192,825
<b>28.1.5 Principal actuarial assumptions used</b>			
Discount rate used for profit and loss charge		14.50%	10.00%
Discount rate for year end obligation		9.25%	14.50%
Salary increase used for year end obligation			
Salary increase for FY 2020		N/A	14.00%
Salary increase for FY 2021		0.00%	14.00%
Salary increase for FY 2022		9.00%	14.00%
Salary increase for FY 2023		9.00%	14.00%
Salary increase for FY 2024		9.00%	14.00%
Salary increase for FY 2025		9.00%	14.00%
Salary increase for FY 2026 onward		9.00%	14.00%
Demographic assumption			
Mortality rates (for deaths in service)		SLIC	SLIC
		2001–2005	2001–2005
Retirement assumption		Setback 1 year	Setback 1 year
		60 Years	60 Years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

**28.1.6** The expected contribution to defined benefit obligation for the year ending June 30, 2021 will be Rs. 849.864 million.

## 28.1.7 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions by 100 bps.

	2020 (Rupees '000)	2019 (Rupees '000)
Discount rate + 100 bps	(2,822,456)	(2,246,150)
Discount rate – 100 bps	3,566,916	2,799,035
Salary change + 100 bps	3,573,092	2,802,607
Salary change – 100 bps	(2,810,932)	(2,238,597)

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the balance sheet.

**28.1.8** The average duration of defined benefit obligation for the year ended 2020 is 12 years (2019: 11 years).

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>28.2</b>			
<b>Deferred income - Government grant</b>			
<b>Movement in deferred income is as follows;</b>			
Government grant recognized	26.5	48,404	–
For the year amortization		(3,614)	–
Current portion of deferred income		(28,142)	–
Closing balance		16,648	–

**28.2.1** There are no unfulfilled conditions or other contingencies attached to this grant as at the reporting date. The amortization is net off against relevant finance charges.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>29.</b>			
<b>TRADE AND OTHER PAYABLES</b>			
Trade creditors		911,040	848,521
Accrued liabilities	29.1	1,768,534	2,240,530
Advances from customers		21,944	7,397
Other payables		227,003	154,457
Employees provident fund trust	29.2	3,013	5,059
Withholding tax payable		60,476	84,180
Workers' profit participation fund	29.3	113,577	285,500
Workers' welfare fund		43,570	–
		3,149,157	3,625,644

**29.1** It includes an amount of Rs. 262.861 million (2019: Rs. 209.855 million) relating to infrastructure cess payable and Rs. 23.43 million (2019: Nil) relating to associate company- Global Veneer Trading Limited

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

**29.1.1** Honourable Sindh High Court in its decision dated September 17, 2008 declared the imposition of infrastructure cess before December 28, 2006 as void and invalid. However, the Excise and Taxation Department filed an appeal before the Honourable Supreme Court of Pakistan. The Honourable Supreme court of Pakistan had disposed off the appeal with a joint statement of the parties that during the pendency of the appeal, another law i.e. fifth version came into existence which was not the subject matter of the appeal hence the case was referred back to High Court of Sindh with right to appeal to Supreme Court. On May 31, 2011, the High Court of Sindh had granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignment released up to December 27, 2006 and any bank guarantee / security furnished on consignment released after December 27, 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability fifth version of law and its retrospective application, the authorities are entitled to claim the amounts due under the said law with the right to appeal available to petitioner. In the light of interim relief the Group has paid 50% of the amount of Infrastructure cess. Imports of the Company are being released against 50% payment of Infrastructure cess to Excise and Taxation Department and furnishing of bank guarantee of balance amount.

The Government of Punjab imposed Punjab Infrastructure Development Levy in terms of the Punjab Infrastructure Development Cess Act, 2015 (the Act) read with PRA Notification No.PRA/IDC/2015 dated May 16, 2016 and PRA order No.PRA/Orders.08/2015 dated May 23, 2016. The Company being aggrieved filed writ petition vide WP No.24536 of 2016 before Honorable Lahore High Court challenging the constitutionality of the Act. The Lahore High Court on July 28, 2016 granted interim relief for clearance of goods subject to payment of 50% of the disputed amount and upon furnishing of a bank guarantee for the balance of 50% of the amount.

Both the above referred cases are pending litigation before respective Honorable High Courts. The case of Sindh High Court has been fixed after summer vacation, i.e August 01, 2020 whereas case filed before Honorable Lahore High Court has been adjourned without any next date.

The full amount of Infrastructure cess forms component of cost of imported items and provision recorded in books. Bank guarantees furnished regarding imposition of infrastructure cess have been disclosed in note – 33.1 to these consolidated financial statements.

**29.2** The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.

**29.3 Workers' profit participation fund**

Balance as on July 01, 2019  
Interest on funds utilized in the group's business  
  
Less: paid during the year  
  
Add: allocation for the year  
Add: capitalized in Denim division

	2020 (Rupees '000)	2019 (Rupees '000)
	285,500	210,828
	2,815	21,425
	288,315	232,253
	(288,315)	(232,068)
	–	185
	112,527	285,315
	1,050	–
	113,577	285,315
	113,577	285,500



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>30. ACCRUED MARK UP</b>			
<b>Mark up on:</b>			
Long term financing		103,981	46,259
Short term borrowings		106,301	67,683
		<b>210,282</b>	<b>113,942</b>
<b>31. SHORT TERM BORROWINGS</b>			
<b>From banking companies – secured</b>			
Under mark up arrangements			
ERF – II	31.1	13,870,000	11,726,000
Running finance		549,968	129,742
FE–25 Export		484,861	–
		<b>14,904,829</b>	<b>11,855,742</b>

**31.1** These are secured against first Joint Pari Passu (JPP) charge of Rs. 38,368 million (2019: 27,352 million) over all present and future current assets, First charge of Rs. 347 million (2019: Nil) and ranking charge of Rs. 1,334 million (2019: 2,632 million) over all present and future current assets, further current assets, further secured by 2nd ranking charge of Rs. 6,000 million (2019: Nil) over all present and future fixed assets of the group by all the lending banks. The total limits available to the group for short term borrowings from all the banks are amounting to Rs. 29,621 million (2019: 25,250 million).

**Mark up is charged as;**

ERF – II	SBP Rate + 0.25 to 1.00 % per annum (2019: SBP rate + 0.25 to 0.30% per annum)
Running finance	3 month KIBOR + 0.30 to 0.70 % per annum (2019: 3 month KIBOR + 0.30% per annum)
FE–25 Export	4% per annum as per mutually agreed treasury rate (2019: Nil)

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>32. CURRENT PORTION OF NON CURRENT LIABILITIES</b>			
Long term financing	26	374,919	1,247,191
Lease Liabilities	27	42,102	–
Deferred income – Government grant	28.2	28,142	–
		<b>445,163</b>	<b>1,247,191</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>33. CONTINGENCIES AND COMMITMENTS</b>			
<b>33.1 Contingencies</b>			
<b>33.1.1</b> Bank guarantees issued by various banks on behalf of the company in favour of:			
Sui Northern Gas Pipelines limited against supply of gas.		560,933	547,069
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess		242,353	198,853
Faisalabad Electric Supply Company (FESCO) against supply of electricity.		70,414	70,414
Punjab Revenue Authority		11,533	8,033
State Bank of Pakistan		127,551	127,551
Total Parco Pakistan Ltd		3,000	–
		1,015,784	951,920
<b>33.1.2</b> Post dated cheques issued in favour of custom authorities for release of imported goods		4,302,908	3,291,613
<b>33.2 Commitments</b>			
Under letters of credit for:			
Capital expenditure		156,690	1,275,725
Raw material		354,040	109,974
Stores and spares		16,855	136,399
		527,585	1,522,098
<b>34. SALES – NET</b>			
Export sales	34.1	33,828,233	33,978,768
Local sales		3,765,436	3,770,209
Gross sales		37,593,669	37,748,977
Less:			
Sales discount		(251,361)	(206,793)
Sales tax		(545,149)	(31,122)
		(796,510)	(237,915)
		36,797,159	37,511,062

**34.1** It includes exchange gain amounting to Rs. 210.84 million (2019: Rs. 2,259.977 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>35. COST OF SALES</b>			
Raw material consumed	35.1	17,409,016	15,707,302
Stores and spares consumed	35.2	1,131,282	859,712
Knitting charges		244,555	18,930
Salaries, wages and benefits	35.3	7,435,290	5,574,179
Staff retirement gratuity	28.1.3	685,308	444,633
Fuel and power		2,008,413	2,264,744
Repairs and maintenance		196,501	129,769
Insurance		51,184	52,485
Depreciation	9.1.2	1,840,458	1,497,725
Depreciation on right of use assets	9.3.1	37,272	–
Amortization	10.1.1	5,577	–
Rent, rate and taxes		526	32,900
Other manufacturing costs		166,768	238,042
		31,212,150	26,820,421
Work in process			
Opening balance		597,562	471,276
Closing balance		(663,831)	(597,562)
		(66,269)	(126,286)
Cost of goods manufactured		31,145,881	26,694,135
Finished goods			
Opening balance		1,965,058	1,484,177
Closing balance		(3,219,131)	(1,965,058)
		(1,254,073)	(480,881)
Drawback		(668,623)	(569,539)
		29,223,185	25,643,715
<b>35.1 Raw material consumed</b>			
Opening balance		3,735,355	3,166,265
Purchases		18,838,764	16,276,392
		22,574,119	19,442,657
Closing balance		(5,165,103)	(3,735,355)
		17,409,016	15,707,302
<b>35.2 Stores and spares consumed</b>			
Opening balance		890,404	779,198
Purchases		1,311,818	970,918
		2,202,222	1,750,116
Closing balance		(1,070,940)	(890,404)
		1,131,282	859,712

**35.3** Salaries, wages and benefits include Rs. 7.989 million (2019: Rs. 6.321 million) in respect of the provident fund contribution.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>36. DISTRIBUTION COST</b>			
Staff salaries and benefits	36.1	254,315	201,868
Staff retirement gratuity	28.1.3	24,389	14,787
Sea and air freight		121,221	50,165
Shipping expenses		524,147	623,897
Selling commission		922,770	1,757,956
Export development surcharge		86,675	83,310
Marketing and advertisement		126,506	61,492
Others		5,425	918
		<b>2,065,448</b>	<b>2,794,393</b>

**36.1** Staff salaries and benefits include Rs. 1.173 million (2019: Rs. 0.961 million) in respect of the provident fund contribution.

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>37. ADMINISTRATIVE EXPENSES</b>			
Staff salaries and benefits	37.1 & 37.2	1,279,815	1,066,010
Directors' remuneration		70,155	111,952
Staff retirement gratuity	28.1.3	94,042	68,178
Postage and communication		49,809	39,254
Electricity, gas and water		25,532	22,135
Rent, rates and taxes		120,618	122,419
Printing and stationery		69,786	63,218
Travelling and conveyance		99,324	114,820
Vehicles running and maintenance		24,373	24,491
Legal and professional		123,042	74,578
Repairs and maintenance		39,323	46,548
Auditors' remuneration	37.3	4,375	3,000
Insurance		19,435	18,221
Entertainment		64,552	52,221
Advertisement		11,934	17,576
Newspapers and periodicals		572	1,190
Depreciation	9.1.2	193,901	155,328
Depreciation on right of use assets	9.3.1	4,364	–
Amortization	10.1.1	10,249	9,182
Others		16,678	18,319
		<b>2,321,879</b>	<b>2,028,640</b>

**37.1** Staff salaries and benefits include Rs. 6.125 million (2019: Rs. 4.746 million) in respect of the provident fund contribution.

**37.2** Staff salaries and benefits include Rs. Nil (2019: Rs. 5.031 million) in respect of employees' share option compensation expense.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>37.3 Auditors' remuneration</b>			
Annual audit fee		3,525	1,950
Other certification		100	400
Half yearly review		600	500
Out of pocket expenses		150	150
		<b>4,375</b>	<b>3,000</b>
<b>38. OTHER OPERATING EXPENSES</b>			
Exchange loss - net		37,067	15,272
Loss on disposal of property, plant and equipment	9.1.1	21,665	47,553
Inventory write-off		7,125	–
Realized loss on derivative financial instruments		112,220	–
Charity and donations	38.1	175,000	350,176
Workers' profit participation fund	29.3	112,527	285,315
Workers' welfare fund		43,570	–
Realized/ remeasurment loss on mutual funds	38.2	5,293	15,886
		<b>514,467</b>	<b>714,202</b>

### 38.1 Charity and donations

Donations include the following in which a director or his spouse has an interest;

Name of Donee in Donee	Interest Director	Name of	2020 (Rupees '000)	2019 (Rupees '000)
Interloop Welfare Trust	Trustees	<ul style="list-style-type: none"> <li>Mr. Navid Fazal</li> <li>Mr. Musadaq Zulqarnain</li> <li>Mrs. Sheren Aftab</li> <li>Mr. Jahanzeb Khan Banth</li> <li>Mr. Muhammad Maqsood</li> </ul>	169,369	99,223
<b>38.2 Loss on mutual funds measured at fair value through profit or loss;</b>				
Remeasurement loss on investment in mutual funds – fair value through profit or loss			–	20,787
Realised loss on investment in mutual funds – fair value through profit or loss			6,496	915
Dividend income on investment in mutual funds – fair value through profit or loss			(1,203)	(5,816)
			<b>5,293</b>	<b>15,886</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>39. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Interest on loan to Metis Internation Pvt. Limited		1,356	7,211
Profit on term deposit receipts (TDRs)		36,175	1,437
Profit on term finance certificates (TFCs)		55,606	
Interest on receivables from IL Bangla Limited		5,796	5,796
<b>Income from non-financial assets</b>			
Scrap Sale		68	–
		99,001	14,444
<b>40. FINANCE COST</b>			
<b>Mark up on:</b>			
Short term borrowings		648,711	555,942
Long term financing		381,138	315,730
Interest on workers' profit participation fund	29.3	2,815	21,425
Lease finance charges		19,916	14
Bank charges and commission		148,203	106,149
		1,200,783	999,260
<b>41. TAXATION</b>			
Current	41.1	327,066	226,260
Prior years		(2,559)	–
		324,507	226,260

**41.1** The Company is chargeable to tax under section 154 and 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future. Therefore, provision for deferred tax is not required. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is also not required in view of presumptive taxation.

**41.2** Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 5% on every public company other than a scheduled bank or Modaraba, that derives profits for a tax year but does not distribute at least 20% of accounting profit through cash dividend within six months of the end of said tax year.

The group has distributed sufficient cash dividend, for the year ended June 30, 2019, which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits has been recognized in the financial statements for the year ended June 30, 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

		2020	2019
<b>42.</b>	<b>EARNINGS PER SHARE – BASIC AND DILUTED</b>		
<b>42.1</b>	<b>Earnings per share – basic</b>		
	Profit for the year (Rupees '000)	1,125,927	5,060,551
	Weighted average number of ordinary shares outstanding during the year (Numbers in '000)	872,197	778,750
	Earnings per share – basic (Rupees)	1.2909	6.4983

## 42.2 Earnings per share - Dilluted

No figure for the dilluted earnings per share have been presented as the group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

		Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>43.</b>	<b>CASH AND CASH EQUIVALENTS</b>			
	Cash and bank balances	22	161,080	1,542,907
	Short term investments – term deposit receipts (TDRs)	20	125,044	941,255
			286,124	2,484,162

## 44. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Balance as on July 01, 2019	Non cash change	Cash Flows	Balance as on June 30, 2020
	(Rupees '000)			
Long term financing	4,875,936	(48,404)	2,457,566	7,285,098
Lease liabilities	–	266,934	(39,090)	227,844
Short term borrowings	11,855,742	–	3,049,087	14,904,829
Unclaimed dividend	130,935	2,398,543	(2,526,526)	2,952
	16,862,613	2,617,073	2,941,037	22,420,723

		2020 (Rupees '000)	2019 (Rupees '000)
<b>45.</b>	<b>SHARIAH SCREENING DISCLOSURE</b>		
	<b>Loans/advances as per Islamic mode</b>		
	Loans	8,021,400	4,826,871

**45.1** During the year, Company has acquired and settled islamic running finance/ musharika facility, maximum outstanding balance at the end of any day amounting to Rs. 1,878.99 million (2019: 568.91 million).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	Note	2020 (Rupees '000)	2019 (Rupees '000)
<b>Shariah compliant bank deposits/bank balances</b>			
Bank balances		24,864	201,257
<b>Revenue earned from a shariah compliant business</b>			
		36,302,794	37,478,321
<b>Loss/Gain or dividend from shariah compliant investments</b>			
Net realized loss on disposal of mutual funds		(4,200)	(4,733)
Dividend Income on mutual funds for the year		692	615
<b>Mark up on Islamic mode of financing</b>	45.2	(412,241)	(241,248)

**45.2** Markup excludes the borrowing cost capitalized amounting Rs.107.501 million (2019:16 million).

	2020 (Rupees '000)	2019 (Rupees '000)
<b>Profits or interest on any conventional loan or advance</b>		
Interest on loan to Metis International (Pvt) Ltd	1,356	7,211
Profit on term deposit receipts (TDRs)	36,175	1,437
Profit on term finance certificates (TFCs)	55,606	–
Interest on receivables from IL Bangla Limited	5,796	5,796
Interest on workers' profit participation fund	(2,815)	(21,425)
Interest on lease liabilities	(19,916)	(14)
Interest on other conventional loans	(617,606)	(626,965)

## Relationship with shariah compliant banks

### Name of institutions

MCB Islamic Bank  
Allied Bank Limited (Islamic Banking)  
Meezan Bank Limited  
Bank Alfalah Limited (Islamic)  
Bank of Punjab (Taqwa Islamic Banking)  
Habib Bank Limited (Islamic Banking)  
Faysal Bank Limited

### Relationship with institutions

Bank balance, long term financing and short term borrowing  
Bank balance and long term financing  
Bank balance, long term financing and short term borrowing  
Bank balance and long term financing  
Bank balance and long term financing  
Bank balance and long term financing  
Bank balance and long term financing  
Bank balance and short term financing



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 46. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020		
	Chief Executive	Directors	Executives
	(Rupees '000)		
Managerial remuneration	22,500	38,707	516,652
Medical allowance	–	–	12,653
Bonus	–	–	–
Meetings fee	–	6,600	–
Reimbursable expenses	–	–	52,318
Staff retirement gratuity	–	–	24,582
Contribution to provident fund	–	–	7,167
Other allowances	308	2,040	41,068
	<u>22,808</u>	<u>47,347</u>	<u>654,440</u>
Number of persons	1	7	138

	2019		
	Chief Executive	Directors	Executives
	(Rupees '000)		
Managerial remuneration	24,008	43,442	240,236
Medical allowance	–	170	6,060
Bonus	3,750	4,300	29,924
Superannuation fund	–	33,825	–
Meetings fee	–	2,250	–
Staff retirement gratuity	–	–	14,967
Other allowances	–	207	57,356
	<u>27,758</u>	<u>84,194</u>	<u>348,543</u>
Number of persons	1	8	63

The chief executive officer, executive director and some executives are provided with company maintained cars.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 47. TRANSACTIONS WITH RELATED PARTIES

Related parties include associated companies and undertakings, entities under common directorship, directors, major shareholders, key management personnel, employees benefit trust and post employment benefit plans. The group in the normal course of business carries out transactions with these related parties. Amounts due from and to related parties are shown under the relevant notes to the financial statements. Remuneration to directors and key management personnel is disclosed in note - 46. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Name	Nature of transaction	2020 (Rupees '000)	2019 (Rupees '000)
<b>IL Bangla Limited</b>	Sale of yarn	486	–
	Interest on receivables	5,796	5,796
<b>Interloop Holdings (Pvt) Limited</b>	Expenses paid on behalf of associate	–	200
	Finance management services received	84,825	7,500
	Sale of assets	7,904	22,323
	Loan obtained during the year	–	3,000,000
	Loan repaid during the year	1,400,000	1,600,000
	Mark up expense on loan	10,109	83,651
<b>Interloop Limited ESOS Management Trust</b>	Dividend	45	–
	Payment received on behalf of Trust - net	–	838
<b>Interloop Welfare Trust</b>	Sale of assets	–	1,214
<b>Texlan Center (Pvt) Limited</b>	Sale of assets	–	58,100
	Sale of yarn	826,606	644,549
	Sale of spare parts and packing material	49,808	–
<b>PrintKraft (Pvt) Limited</b>	Sales of asset	485	–
<b>Momentum Logistics (Pvt) Limited</b>	Transportation services received	2,001	–
<b>Global Veneer Trading Limited</b>	Selling commission	573,728	884,278
<b>Eurosox Plus BV</b>	Sale of socks	660,364	693,658
	Reimbursement of expenses	–	5,129
<b>Interloop Provident Fund Trust</b>	Contribution to the fund	42,991	32,619
<b>Key management personnel and other related parties</b>	Sale of vehicle	–	5,551
	House building finance loan	–	33,250
	Mark up on house building finance loan	642	923
	Repayment of loan	3,696	146,573
	Issuance of bonus shares	–	5,587,323
	Rent expenses	1,169	1,062
	Issuance of ordinary shares	–	3,000
	Dividend paid	2,064,819	1,400,733

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

**47.1** Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Company	Basis of Relationship	Common Directorship / Percentage of shareholding	Address and Country of Incorporation
IL Bangla Limited	Associate	31.61%	House # 267, Road # 19, New DOHS Mohakhali, Dhaka, Bangladesh
Interloop Holdings (Pvt) Limited	Associate	Common Directors	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Dairies Limited	Associate	Common Directors	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Momentum Logistics (Pvt) Limited	Associate	Subsidiary of Associate	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Shifa Medical Center Islamabad (Pvt) Limited	Associate	Common Directors	Shifa International Hospitals, Sector H-8/4 Islamabad, Pakistan
Printkraft (Pvt) Limited	Associate	Subsidiary of Associate	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Texlan Center (Pvt) Limited	Associate	Common Directors	Dagonna Road, Minuwangoda, Sri Lanka.
IRC Dairy Products (Pvt) Limited	Associate	Subsidiary of Associate	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Global Veneer Trading Limited	Associate	N/A	Bahnhofsteasse22, 6300 Zug, Switzerland.
Eurosox Plus BV	Associate	N/A	Constructieweg 1, 7451 PS Holten, Netherlands
Interloop Welfare Trust	Trustee	N/A	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Limited ESOS Management Trust	Trustee	N/A	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan
Interloop Provident Fund Trust	Trustee	N/A	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan

**48. NUMBER OF EMPLOYEES**

Average number of employees during the year

Number of employees at end of the year

	2020	2019
Average number of employees during the year	21,013	16,579
Number of employees at end of the year	22,438	17,953

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 49. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company has carried out IPO for setting up two new projects.

- A socks knitting unit in Khurrianwala, Faisalabad, “Hosiery Division – V”.
- A denim stitching unit in Lahore, “Denim Division”.

Estimated cost of these two projects is as under;  
Hosiery Division – V  
Denim Division

	2020 (Rupees '000)	2019 (Rupees '000)
	4,504,000	4,504,000
	8,325,000	6,750,423
	12,829,000	11,254,423

These projects were planned to finance through issuance of share capital to general public and financing from banks. For this purpose, the Company carried out a successful IPO last year and had secured islamic long term finance facilities from banks. During the year, estimated cost of denim division has been revised due to devaluation of PKR and trial run losses. The increase is being financed through internal cash generation. Detail of the proceeds from IPO and financing required is classified as under;

Proceeds from IPO  
Financing from banks  
Internally generated funds

	2020 (Rupees '000)	2019 (Rupees '000)
	5,024,900	5,024,900
	6,229,523	6,229,523
	1,574,577	–
	12,829,000	11,254,423

The implementation report of the projects as on June 30,2020 is as under;

	Denim Division		Hosiery Division–V	
	Amount utilized	POs issued / LCs established	Amount utilized	POs issued / LCs
	(Rupees '000)			
Land and building	2,396,364	353,523	270,261	–
Plant and machinery	2,680,059	292,168	736,346	17,086
Power and utilities	898,496	77,623	23,600	–
Computer and IT equipment	177,478	2,994	–	–
Miscellaneous expenses	141,941	13,979	9,184	17
Trial run Losses	449,927	–	–	–
	6,744,265	740,287	1,039,391	17,103



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 50.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim		Energy		Apparel		Other Segments		Unallocated		Group Total					
	2020 (Rupees,000)	2019 (Rupees,000)	2020 (Rupees,000)	2019 (Rupees,000)	2020 (Rupees,000)	2019 (Rupees,000)	2020 (Rupees,000)	2019 (Rupees,000)	2020 (Rupees,000)	2019 (Rupees,000)	2020 (Rupees,000)	2019 (Rupees,000)	2020 (Rupees,000)	2019 (Rupees,000)	2020 (Rupees,000)	2019 (Rupees,000)	2020 (Rupees,000)			
Assets	24,626,046	24,710,831	6,017,660	5,261,938	6,736,488	2,121,212	2,041,263	1,969,744	1,240,933	749,010	1,234,578	1,010,431	3,222,788	4,792,810	45,249,956	40,615,976				
Liabilities	8,861,342	10,522,827	2,15,471	206,537	4,214,550	180,548	102,380	77,475	897,207	197,258	149,644	78,965	14,544,251	11,636,483	28,984,645	23,100,093				
Segment Capital Expenditures	1,513,985	2,972,159	1,19,098	225,021	4,666,092	1,242,499	192,990	139,820	96,588	654,528	92,471	61,423	-	-	6,632,764	5,315,450				
<b>Geographical Information</b>																				
<b>50.3 The Group's revenue from external customers by geographical locations is detailed below:</b>																				
	Asia		Europe		North America		South America		Pakistan											
	4,448,375		3,940,408		16,929,653		17,013,762		12,064,741		12,488,901		146,146		333,885		3,208,245		3,734,106	
	36,797,150		37,511,062																	

50.3.2 All non-current assets of the Group as at reporting dates are located and operating in Pakistan.

50.4 The Group earns its revenue from a large mix of customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 51. PLANT CAPACITY AND ACTUAL PRODUCTION

	[ UOM ]	2020	2019
(Figures '000)			
<b>Hosiery</b>			
Installed capacity – knitting	[DZN]	59,480	57,871
Actual production – knitting	[DZN]	41,694	43,242
<b>Spinning</b>			
Installed capacity after conversion into 20/s	[LBS]	29,949	29,949
Actual production after conversion into 20/s	[LBS]	23,204	26,630
<b>Yarn Dyeing</b>			
Installed capacity	[KGS]	4,928	4,928
Actual production	[KGS]	3,438	4,324
<b>Denim</b>			
Installed capacity	[Pieces]	4,322	–
Actual production	[Pieces]	2,448	–
<b>Active Wear &amp; Apparel</b>			

The plant capacity of these divisions is indeterminable due to multi product plans involving varying processes of manufacturing and run length of order lots.

### 51.1 Reasons for shortfall

The short fall in actual production during the year when compared with capacity is mainly on account of:

- The actual production is planned to meet the internal demand and orders in hand.
- The spread of Covid-19 as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan has effected the production and sale volumes of the Company due to closure of plant during the lock down period.

## 52. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### Fair value hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## On balance sheet financial instruments

### Financial assets not measured at fair value

	Carrying Amount			Fair Value			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Long term loans	–	119,698	–	119,698	–	–	–
Long term investment	–	500,000	–	500,000	–	–	–
Long term deposits	–	43,987	–	43,987	–	–	–
Trade debts	–	7,274,222	–	7,274,222	–	–	–
Loans and advances	–	59,355	–	59,355	–	–	–
Other receivables	–	181,143	–	181,143	–	–	–
Accrued income	–	2,239	–	2,239	–	–	–
Short term investments	–	125,044	–	125,044	–	–	–
Cash and bank balances	–	161,080	–	161,080	–	–	–
	–	8,466,768	–	8,466,768	–	–	–

### Financial liabilities measured at fair value

### Financial liabilities not measured at fair value

Long term financing	–	–	7,285,098	7,285,098	–	–	–	–
Lease liabilities	–	–	227,844	227,844	–	–	–	–
Trade and other payables	–	–	2,909,590	2,909,590	–	–	–	–
Unclaimed dividend	–	–	2,952	2,952	–	–	–	–
Accrued mark up	–	–	210,282	210,282	–	–	–	–
Short term borrowings	–	–	14,904,829	14,904,829	–	–	–	–
	–	–	25,540,595	25,540,595	–	–	–	–

## On balance sheet financial instruments

### Financial assets measured at fair value

	Carrying Amount			Fair Value				
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
Investments in mutual funds	130,896	–	–	130,896	130,896	–	–	130,896
Financial assets not measured at fair value								
Long term loans	–	73,262	–	73,262	–	–	–	–
Long term deposits	–	33,120	–	33,120	–	–	–	–
Trade debts	–	8,274,062	–	8,274,062	–	–	–	–
Loans and advances	–	66,343	–	66,343	–	–	–	–
Other receivables	–	83,980	–	83,980	–	–	–	–
Accrued income	–	10,441	–	10,441	–	–	–	–
Short term investments	–	1,076,355	–	1,076,355	–	–	–	–
Cash and bank balances	–	1,542,907	–	1,542,907	–	–	–	–
	130,896	11,160,470	–	11,291,366	130,896	–	–	130,896

### Financial liabilities measured at fair value

### Financial liabilities not measured at fair value

Long term financing	–	–	4,875,936	4,875,936	–	–	–	–
Trade and other payables	–	–	3,248,567	3,248,567	–	–	–	–
Unclaimed dividend	–	–	130,935	130,935	–	–	–	–
Accrued mark up	–	–	113,942	113,942	–	–	–	–
Short term borrowings	–	–	11,855,742	11,855,742	–	–	–	–
	–	–	20,225,122	20,225,122	–	–	–	–



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The group follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available. Market risks are managed by the group through the adoption of appropriate policies to cover currency risks and interest rate risks.

The group has exposures to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

### 53.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and other price risk such as equity risk. The sensitivity analysis in the following sections relate to the position as at June 30, 2020 and 2019.

#### 53.1.1 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from investments in term deposit receipts, long term and short term loans, short term borrowings, long term financing and liabilities against assets subject to finance lease.

At the balance sheet date, the interest rate profile of the group's interest bearing financial instruments is as follows:

	2020	2019
<b>Fixed rate instruments</b>		
Short term investments (Rupees '000)	125,044	1,076,355
Loan to Metis International (Pvt) Limited – Secured (Rupees '000)	6,777	9,560
Receivables from IL Bangla Limited (Rupees '000)	88,562	82,766
Long term financing – Secured (Rupees '000)	3,725,554	2,639,611
Lease liabilities (Rupees '000)	227,844	–
Short term borrowings – Secured (Rupees '000)	484,861	–
<b>Variable rate instruments</b>		
Loan to director – Secured (Rupees '000)	27,054	33,250
Effective interest rate in percentage	2.40	6.07
Receivables from IL Bangla Limited (Rupees '000)	88,562	82,766
Effective interest rate in percentage	7.53	7.53
Long term financing from financial institutions – Secured (Rupees '000)	3,559,544	2,236,325
Effective interest rate in percentage	10.29	13.35
Short term borrowings from financial institutions – Secured (Rupees '000)	14,419,968	11,855,742
Effective interest rate in percentage	4.19	3.03

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect statement of profit or loss of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## Cash flow sensitivity analysis for variable rate instruments

If interest rates on loan, receivables, long term financing, liabilities against assets subject to finance lease and short term borrowings from banks, at the year end date, fluctuate by 100 bps higher / lower with all other variables, in particularly foreign exchange rates held constant, profit before taxation for the year 2020 and 2019 would have been affected as follows:

	2020 (Rupees '000)	2019 (Rupees '000)
Effect on profit and loss of an increase in interest rate for loan to director	248	144
Effect on profit and loss of an increase in interest rate for long term financing	(33,202)	(14,696)
Effect on profit and loss of an increase in interest rate for short term borrowings	(71,031)	(63,191)
	(103,985)	(77,743)

Decrease in interest rates at June 30 would have had the equal but opposite effect of these amounts. Sensitivity analysis has been prepared on symmetric basis.

## 53.1.2 Currency risk / Foreign Exchange risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument, will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to foreign currency transactions.

### Exposure to Currency Risk

The Company's exposure to currency risk is restricted to the amounts receivable from/payable to the foreign entities and bank balances which are denominated in currency other than the functional currency of the Company. The Company's exposure to currency risk is as follows:

Particulars	Currency	2020		2019	
		F.Currency	Rupees	F.Currency	Rupees
		(Amounts '000)			
Foreign currency bank accounts	US \$	335.21	56,400	390.39	64,024
	EUR	24.80	4,689	38.84	7,239
			61,089		71,263
Trade debts	US \$	39,646.73	6,670,563	47,810.39	7,840,904
	EUR	0.74	140	-	-
Loans and advances	US \$	40.52	6,777	58.48	9,560
			6,738,569		7,921,727
Less: Payables - Creditors	US \$	(290.35)	(48,852)	(345.28)	(54,661)
	EUR €	(118.09)	(22,331)	(152.36)	(28,490)
	GBP £	(16.39)	(3,393)	-	-
	CNY	(0.06)	(1)	(0.93)	(23)
	CHF	-	-	(0.45)	(75)
	JPY ¥	(17.70)	(28)	-	-
FE-25 Export	US \$	(2,873.25)	(74,606) (484,861)	-	(83,249) -
<b>On Balance sheet Exposure</b>			6,179,102		7,838,479
Under letter of credit	US \$	2,036.78	343,707	4,160.32	684,373
	EUR	517.29	98,146	4,271.95	798,812
	JPY ¥	-	-	21,776.31	33,285
	GBP £	-	-	27.00	5,628
<b>Off Balance Sheet Exposure</b>			441,853		1,522,098

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The following significant exchange rates were applied during the year :

Foreign Currency	2020		2019	
	Selling	Buying	Selling	Buying
	Rupees			
US \$	168.75	168.25	142.70	164.00
EUR €	189.73	189.11	163.85	186.37
GBP £	207.68	207.05	183.80	208.45
CHF	177.43	176.83	145.07	168.03
CNY	24.00	23.92	21.29	23.85
JPY ¥	1.57	1.56	1.31	1.53

## Currency rate sensitivity analysis

If the functional currency, at reporting date, had weakened by 10% against the foreign currencies with all other variables held constant, the profit before taxation would have increased for the year 2020 and 2019 by the following amounts:

Foreign Currency	2020	2019
	(Rupees '000)	(Rupees '000)
US \$	577,223	746,684
EUR €	(1,629)	(2,019)
GBP £	(316)	–
CNY	–	(2)
CHF	–	(7)
JPY ¥	(3)	–
	575,275	744,655

A 10% strengthening of the functional currency against foreign currencies at June 30 would have had the equal but opposite effect of these amounts.

Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. The analysis assumes that all other variables remained constant.

### 53.1.3 Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The group is not exposed to any significant other price risk.

### 53.2 Credit risk

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations that is susceptible to changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The maximum exposure to credit risk at the reporting date is as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	2020 (Rupees '000)	2019 (Rupees '000)
Long term loans	119,698	73,262
Long term investment	500,000	–
Long term deposits	43,987	33,120
Trade debts	7,274,222	8,274,062
Loans and advances	59,355	66,343
Other receivables	181,143	83,980
Accrued income	2,239	10,441
Short term investments	125,044	1,207,251
Bank balances	145,070	1,515,070
	<b>8,450,758</b>	<b>11,263,529</b>

Loans and advances consist of loans to employees & director and Metis International (Pvt) Ltd. Loans to employees and director are secured against their retirement benefits and loan to Metis International along with its accrued interest is also secured through an irrevocable lien/charge on total assets of the Metis International (Pvt) Limited. Therefore, Company is not exposed to any significant credit risk on these loans.

Long term deposits have been mainly placed with suppliers of electricity, gas and telecommunication services. Considering the financial position and credit quality of the institutions, Company's exposure to credit risk is not significant.

Trade debts amounting to Rs. 4,439 million (2019: 4,277 million) out of total debts are secured against letters of credit and insured contract. Furthermore, credit quality of customers is assessed taking into consideration their financial position and previous dealings and on that basis, individual credit limits are set. Moreover, the management regularly monitors and reviews customers' credit exposure. Accordingly, the company is not exposed to any significant credit risk.

Other receivables constitute mainly receivables from the related parties and subsidy on gas. Considering the financial position of related parties and credit quality of the institution, Company's exposure to credit risk is not significant.

Long and short term investments are investments in TFCs and TDRs respectively. The credit risk on these investments and their accrued profit is limited because counter party is bank with reasonably high credit ratings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

The credit quality of Company's bank balances can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

Name of Bank	Date	Long term	Short term	Outlook	Agency
Askari Bank Limited	26/Jun/20	AA+	A1+	Stable	PACRA
Bank Alfalah Limited	30/Jun/20	AA+	A1+	Stable	JCR-VIS
Dubai Islamic Bank Pakistan Limited	30/Jun/20	AA	A1+	Stable	JCR-VIS
Faysal Bank Limited	29/Jun/20	AA	A-1+	Stable	JCR-VIS
Habib Bank Limited	30/Jun/20	AAA	A-1+	Stable	JCR-VIS
Habib Metropolitan Bank Limited	26/Jun/20	AA+	A1+	Stable	PACRA
MCB Bank Limited	26/Jun/20	AAA	A1+	Stable	PACRA
MCB Islamic Bank Limited	25/Jun/20	A	A1	Stable	PACRA
Meezan Bank Limited	30/Jun/20	AA+	A-1+	Stable	JCR-VIS
National Bank of Pakistan	29/Jun/20	AAA	A-1+	Stable	JCR-VIS
Standard Chartered Bank Pakistan Limited	25/Jun/20	AAA	A1+	Stable	PACRA
The Bank of Punjab	30/Jun/20	AA	A1+	Stable	PACRA
United Bank Limited	29/Jun/20	AAA	A-1+	Stable	JCR-VIS

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the risk is minimal.

### 53.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company's approach to manage liquidity risk is to maintain sufficient level of liquidity by holding highly liquid assets and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2020 the Company has Rs. 13,185.63 million (2019: Rs 13,394.26 million) unutilized borrowing limits available from financial institutions and Rs. 161.080 million (2019: Rs. 1,542.907 million) cash and bank balances. The management believes that the company is not exposed to any liquidity risk.

The following are the contractual maturity analysis of financial liabilities as at June 30, 2020 and 2019:

	2020				
	Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 year
	(Rupees '000)				
<b>Financial Liabilities :</b>					
Long term financing	7,285,098	6,690,433	245,957	532,637	5,911,839
Lease Liability	227,844	288,081	31,242	36,298	220,541
Trade and other payables	2,909,590	2,909,590	2,909,590	–	–
Unclaimed dividend	2,952	2,952	2,952	–	–
Accrued mark up	210,282	210,282	210,282	–	–
Short term borrowings	14,904,829	14,998,195	14,998,195	–	–
	25,540,595	25,099,533	18,398,218	568,935	6,132,380

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

	2019				
	Carrying amount	Contractual cash flows	Within 6 months	More than 6 months and up to 1 year	More than 1 year and up to 5 year
	(Rupees '000)				
<b>Financial Liabilities:</b>					
Long term financing	4,875,936	5,764,488	677,420	934,605	4,152,463
Trade and other payables	3,248,567	3,248,567	3,248,567	–	–
Dividend payable	130,935	130,935	130,935	–	–
Accrued mark up	113,942	113,942	113,942	–	–
Short term borrowings	11,855,742	11,941,219	11,941,219	–	–
	<b>20,225,122</b>	<b>21,199,151</b>	<b>16,112,083</b>	<b>934,605</b>	<b>4,152,463</b>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 26, 27 and note 31 to these financial statements.

## 53.4 Capital risk management

The primary objective of the Company's capital management is to safeguard the company's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to provide returns for shareholders thereby maximizing their wealth, benefits for other stakeholders and reduce the cost of capital.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of debt to equity ratio, calculated on the basis of total debt to equity.

	2020 (Rupees '000)	2019 (Rupees '000)
Long term financing	7,285,098	4,875,936
Short term borrowings	14,904,829	11,855,742
Debts	22,189,927	16,731,678
Equity	16,265,111	17,515,883
Total capital (equity + debt)	38,455,038	34,247,561
Gearing ratio (Percentage)	57.70	48.86

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended June 30, 2020

## 54. EVENTS AFTER REPORTING PERIOD

The Board of Directors of the Holding company in their meeting held on September 16, 2020 have proposed a final cash dividend for the year ended June 30, 2020 of Rs. 1 per share, amounting to Rs. 872.2 million (2019: Rs. 1,526.34 million) for approval of the members at the Annual General Meeting of the Holding company.

The Board of Directors of the Holding company in their meeting held on September 16, 2020 has decided to amend the rules of the Employee Stock Option Scheme (Scheme) of the Holding company, subject to the approval of the members of the Holding company, by a special resolution at the upcoming Annual General Meeting & the SECP amid required amendments in the constituting documents and also subject to any amendments that may be required by the SECP or recommended by the Holding company and approved by the SECP. Consequently, 2,797,450 (two million seven hundred ninety seven thousand four hundred fifty) fully paid & non-listed, non-voting ordinary shares which have been granted, vested, exercised and/or issued to the eligible employees in terms of this Scheme shall be deemed to have been converted to the ordinary shares from the date of those requisite approvals.

## 55. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on September 16, 2020 by the Board of Directors of the Holding company.

## 56. GENERAL

### 56.1 Corresponding figures

Corresponding figures have been rearranged and reclassified wherever necessary for the purpose of better presentation. However, during the year following reclassification is made in the corresponding figures.

Particulars	From	To	(Rupees '000)
Accrued interest on loan to Metis International (Pvt) Limited	Deposit, Prepayment And Other Receivables - 'Other Receivables'	Accrued income	10,441

### 56.2 Following nomenclature has been changed during the year

Previous year nomenclature	Current year nomenclature
Dividend payable	Unclaimed dividend
Loss on mutual funds measured at fair value through profit or loss	Realized/ remeasurement loss on mutual funds

### 56.3 Rounding

Figures have been rounded off to the nearest thousand.

  
Chief Executive Officer

  
Director

  
Chief Financial Officer

**Sanitize Your  
Hands  
Regularly**



Prevention

EMBRACING THE  
**NEW  
NORMAL**







# SHAREHOLDERS' INFORMATION

# NOTICE OF 28<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting (“AGM”) of Interloop Limited (the “Company”) will be held on Thursday, October 15, 2020 at 10:30 a.m. at the Interloop Executive Club, Interloop Industrial Park located at 7-KM Khurrianwala-Jaranwala Road, Khurrianwala, Faisalabad, to transact the following businesses:

## ORDINARY BUSINESS:

1. To confirm the minutes of the last Annual General Meeting of the Company held on October 14, 2019.
2. To receive, consider and adopt the annual unconsolidated and consolidated Audited Financial Statements of the Company for the year ended June 30, 2020, together with the Auditors’ and Directors’ Reports thereon and Chairman’s Review Report.
3. To approve Final Cash Dividend @ 10% [i.e. Rs. 1/Share], for the year ended June 30, 2020 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the financial year 2020-21. The members are hereby given notice that Audit Committee and the Board of Directors have recommended the name of retiring auditors, M/s Kreston Hyder Bhimji & Company, Chartered Accountants for re-appointment as Auditors of the Company.
5. To elect seven (7) directors of the Company as fixed by the Board of Directors, in accordance with Section 159(1) of the Companies Act, 2017 for a term of three (3) year commencing from October 22, 2020. Names of the retiring directors who are eligible for re-election are given below:
  - 1) Mr. Musadaq Zulqarnain
  - 2) Mr. Navid Fazil
  - 3) Mr. Jahan Zeb Khan Banth
  - 4) Mr. Muhammad Maqsood
  - 5) Ms. Shereen Aftab
  - 6) Mr. Saeed Ahmad Jabal
  - 7) Mr. Tariq Iqbal Khan

Attached to this notice being sent to the members is a Statement pertaining to the Special Business under Section 134(3) of the Companies Act, 2017 & Statement pertaining to the Ordinary Business under 166(3) of the Companies Act, 2017.

## SPECIAL BUSINESS:

6. To consider, and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution, as circulated to the members of the Company along with the notice of this AGM and duly initialed by the Company Secretary for the purpose of identification, to set out the amendments in the Employee Stock Option Scheme (ESOS):

The text of this Special Resolution is as under:

**RESOLVED THAT** the amended Rules of the Employee Stock Option Scheme (ESOS) of the Company, placed in draft form before this meeting and duly initialed by the Company Secretary for the purpose of identification, be and are hereby approved subject to any amendments that may be required by the SECP or recommended by the Company and approved by the SECP.

**RESOLVED FURTHER THAT** Mr. Navid Fazil, Director/CEO, Mr. Muhammad Maqsood, Director, and Rana Ali Raza, Company Secretary, be and are hereby authorized singly to fulfill all legal, corporate and procedural formalities, make amendments, modification addition or deletion and to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution and filings with SECP along with all requisite documents, affidavits, statements etc. for recording of the above amendments.

**RESOLVED FURTHER THAT** the aforesaid amendments in ESOS of the Company shall be subject to any amendment, modification, addition or deletion as may be deemed appropriate by the authorized person as may be suggested, directed and advised by the SECP which suggestion, direction and advise shall be deemed to be have been approved as part of the passed Special Resolution without the need of the members to pass a fresh Special Resolution.

7. To consider and, if thought fit, to approve the following resolutions as Special Resolutions (with or without any amendments, modifications or alterations) by each class or members, namely, the members holding Ordinary Shares and the members holding Non-Voting Ordinary Shares, in each case, by the requisite majority required under the proviso to Section 38(1) of the Companies Act, 2017:

**RESOLVED THAT** subject to the approval of the Securities & Exchange Commission of Pakistan (SECP) and such other approvals as may be necessary, 2,797,450 (two million, seven hundred ninety seven thousand, four hundred fifty), fully paid & non-listed, Non-Voting Ordinary Shares which have been granted, vested, exercised and/or issued before the listing of the Company to the Eligible Employees in terms of Approved ESOS, be and are hereby converted into 2,797,450 (two million, seven hundred ninety seven thousand, four hundred fifty) Ordinary Shares having par value of Rs. 10/- per share, ranking pari passu with, and having the same rights as, the existing Ordinary Shares of the Company in all respects.

**RESOLVED FURTHER THAT** Mr. Navid Fazil, Director/CEO, Mr. Muhammad Maqsood, Director, and Rana Ali Raza, Company Secretary are authorized jointly and severally to apply for listing of the 2,797,450 (two million, seven hundred ninety seven thousand, four hundred fifty) Ordinary Shares with Pakistan Stock Exchange (PSX) and also to request Central Depository Company of Pakistan Limited (CDC) to add and record 2,797,450 (two million, seven hundred ninety seven thousand, four hundred fifty) Ordinary Shares (being the shares converted from Non-Voting Ordinary Shares) in the Central Depository System, sign agreements, give undertakings under stamp of the Company or otherwise and to do all such acts and things as may be required in this connection.

**RESOLVED FURTHER THAT** Mr. Navid Fazil, Director/CEO, Mr. Muhammad Maqsood, Director, and Rana Ali Raza, Company Secretary are authorized jointly and severally to take any and all actions necessary or conducive for the implementation of the foregoing resolutions and to do all such other acts, deeds and things as may be necessary and/or expedient for the aforesaid purposes.

8. To consider, and if thought fit, pass Special Resolutions, given below, to amend the Memorandum and Articles of Association of the Company as circulated to the members of the Company along with the notice of this AGM and duly initialed by the Company Secretary for the purpose of identification, to set out the elimination of Class "Non-Voting Ordinary Shares":

**RESOLVED THAT** pursuant to the provisions of the Companies Act, 2017 and any other applicable law(s), the alteration of/amendments in Memorandum and Articles of Association of the Company, placed in draft form before this meeting and duly initialed by the Company Secretary for the purpose of identification, be and are hereby approved subject to any amendments that may be required by the SECP or recommended by the Company and approved by the SECP:

**RESOLVED FURTHER THAT** Mr. Navid Fazil, Director/CEO, Mr. Muhammad Maqsood, Director, and Rana Ali Raza, Company Secretary, be and are hereby authorized singly to fulfill all legal, corporate and procedural formalities, make amendments, modification addition or deletion and to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution and filings with SECP along with all requisite documents, affidavits, statements etc. for recording of the above amendments.

**RESOLVED FURTHER THAT** the aforesaid amendments in Memorandum and Articles of Association of the Company shall be subject to any amendment, modification, addition or deletion as may be deemed appropriate by the authorized person or as may be suggested, directed and advised by the SECP which suggestion, direction and advise shall be deemed to be have been approved as part of the passed Special Resolution without the need of the members to pass a fresh Special Resolution.

## OTHER BUSINESS:

9. To transact any other business with the permission of the Chair.

By Order of the Board



(Rana Ali Raza)  
Company Secretary

Place: Faisalabad  
Dated: September 23, 2020

## Notes:

### 1. Closure of Share Transfer Books:

The Share Transfer Books of the Company will be closed from October 08, 2020 to October 15, 2020 (both days inclusive). Transfers received at the M/s. CDC Share Registrar Services Limited, CDC House, 99 -B, Block B, S.M.C.H.S., Main Shahrah-e- Faisal, Karachi-74400 at the close of business on October 07, 2020 treated in time for the purpose of above entitlement to the transferees and/or for attending of meeting.

### 2. Election of Directors:

In terms of Section 159(1) of the Companies Act, 2017, the Directors have fixed the number of elected directors at seven (7) to be elected in the AGM for the next term of three year commencing from October 22, 2020.

Any person who seeks to contest the election of directors shall, whether he is a retiring director or otherwise, file with the Company, the following documents and information at its registered office not later than fourteen days before the day of the above said meeting:

- a) His/Her Folio No./CDC Investors Account No./CDC Participant No./Sub-Account No.
- b) Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 159(3) of the Companies Act, 2017.
- c) Consent to act as director on Form 28 under Section 167 of the Companies Act, 2017.
- d) A detailed profile along with his/her office address for placement onto the Company's website <http://interloop-pk.com/>
- e) The selection of independent directors shall be as per requirements of Section 166 of the Companies Act, 2017. Any member intending to contest as independent director shall submit a declaration that he/she qualifies the criteria of eligibility and independence notified under the Companies Act, 2017 and rules and regulations issued thereunder.
- f) An attested copy of Computerized National Identity Card (CNIC).
- g) A declaration that:
  - i. He/She is not ineligible to become a director of the Company under Section 153 of the Companies Act, 2017 and any other applicable laws, rules and regulations.
  - ii. He/She is not serving as a director of more than seven listed companies.
  - iii. Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor director or officer of a corporate brokerage house.
  - iv. He/She is aware of his/her duties and powers under the Companies Act, 2017, Memorandum & Articles of Association of Company, regulations of Pakistan Stock Exchange Limited and other applicable laws, rules and regulations.

### 3. Participation in the AGM:

All members, entitled to attend and vote at the meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy must be a member of the Company. In case of corporate entities, a resolution of the Board of Directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity and attested copy of CNIC shall be submitted to the Company at meeting

or along with a completed proxy form. The proxy holders are required to produce their original valid CNICs or original passports at the time of the meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at least 48 hours before the time for holding the meeting.

CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

a) For Attending the Meeting

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid CNIC or the original passport at the time of attending the meeting.
- ii. Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

b) For Appointing Proxies

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per above requirements.
- ii. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce original valid CNIC or original passport at the time of the meeting.
- iv. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- v. Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

**4. Change of Address:**

Shareholders are requested to promptly notify any change in their address quoting their Folio No(s). to the Share Registrar of the Company.

**5. Notice of Shareholders who have not provided their CNIC:**

The members who have not yet submitted copy of their valid CNIC / NTN (in case of corporate entities) are requested to submit the same to the Company's Share Registrar with members Folio No. / CDC Account No. mentioned thereon.

**6. CNIC / NTN number on Electronic Dividend (Mandatory):**

- i. As per SRO 831 (1) / 2012 dated July 05, 2012 and other relevant rules the electronic Dividend should also bear the CNIC Number of the registered shareholder or the authorized person, except in case of minor[s] and corporate shareholder[s].
- ii. As per Regulation no. 4 & 6 of SRO 1145 (1)/2017 (as amended), the Company shall be constrained to withhold the payment of Dividend to the Shareholders, in case of non-availability of identification number (CNIC or National Tax Number) of the shareholder or authorized person.
- iii. Accordingly, the Shareholders, who have not yet submitted copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Share Registrar.

**7. Payment of Cash Dividend Electronically:**

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled Shareholders and SECP vide S.R.O.1145(I)/2017 (as amended) directed all Shareholders to provide their valid International Bank Account Numbers (IBAN) to receive cash dividend electronically.

The Shareholders are hereby advised to provide details of their bank mandate specifying:

- (i) Title of Account,
- (ii) IBAN,
- (iii) Bank Name,
- (iv) Branch Name and Address to the Company's Share Registrar, Shareholders who hold shares with Participants/ CDC are advised to provide the mandate to the concerned Broker/Participant/CDC Investor account services.

The form for providing such information has been made available under the Investor Information section at Company's website <https://www.interloop-pk.com/>.

#### **8. Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001 ("Income tax Ordinance"):**

The rates of deduction of withholding tax for Filers and Non-Filers as prescribed under Section 150 of the Income Tax Ordinance 2001, are as under:

- For Filers of income tax returns 15.00%
- For Non-Filers of income tax returns 30.00%

#### **Withholding tax on Dividend in case of Joint Account Holders**

Members who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his/her shareholding.

If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher side, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the Annual General Meeting date.

Folio/CDC A/c No.of	Total No Shares	Name of Principal Shareholder and CNIC #	Share Holding	Name of Joint Shareholders and CNIC #	Share Holding
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#### **Valid Tax Exemption Certificate for Exemption from Withholding Tax**

A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Clause 47B of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 and wish to seek an exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of commencement of Book closure otherwise tax will be deducted according to the applicable law.

#### **Unclaimed Dividend**

Shareholders, who by any reason, could not claim their dividend, if any, are advised to contact our Share Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99 -B, Block B, S.M.C.H.S., Main Shahrah-e- Faisal, Karachi-74400 collect / enquire about their unclaimed dividend, if any.

#### **9. Zakat Declaration (CZ-50):**

Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the share (Rs. 10 each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declaration under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981, CZ-50 Form with our Share Registrar. Physical Shareholders are requested to submit the said declaration to our Share Registrar in the proper manner. The Shareholders must write Interloop Limited's name and their respective CDS A/C # or Folio numbers on Zakat Declarations at relevant place.

#### **10. Postal Ballot:**

- i. Pursuant to the Companies (Postal Ballot) Regulations, 2018 for the purpose of election of directors and for any other agenda item, the members will be allowed to exercise their right of vote through postal ballot that is voting by post or through any electronic mode, in accordance with the requirements and procedure contained in the aforesaid Regulations.
- ii. If the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159(1) of the Companies Act, 2017, then the Company shall provide its members with the option of voting by postal ballot in accordance with the provisions of the Companies (Postal Ballot) Regulations, 2018.

#### **11. Deposit of Physical Shares into CDC Accounts:**

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

#### **12. Transmission of Audited Financial Statements / Notices Through Email:**

Members are hereby informed that pursuant to SECP SRO 787(1)/2014 dated September 8, 2014, and under section 223(6) of the Companies Act 2017, circulation of Audited Financial Statements and Notice of Annual General Meeting has been allowed in electronic format through email.

In compliance with the above requirements, members who wish to receive the Annual Report 2020 in electronic form may file an application as per the form provided on the Company's website in compliance with the subject SRO. The members who have provided consent to receive Annual Report 2020 can subsequently request any other media including hard copy which shall be provided free of cost within seven days.

#### **13. Transmission of Annual Financial Statements Through CD/DVD/USB:**

SECP through its SRO 470 (I)/2016 dated May 31, 2016 have allowed companies to circulate their Annual Balance Sheet, Profit and Loss Account, Auditor's Report and Directors' Report to its members through CD/DVD/USB at their registered addresses. In view of the above, the Company has sent its Annual Report to the Shareholders in the form of CD/DVD along with the annexures comprising amended ESOS as Annexure A and amendments in the Articles of Association of the Company with track changes Annexure B, for the information of the members. Any Member can send request for printed copy of the Annual Report to the Company on standard request form placed under the Investor Information section on its website <https://www.interloop-pk.com>.

**14. Placement of Financial Statements on Website:**

The Financial Statements of the Company for the year ended June 30, 2020 along with reports have been placed on the website of the Company:

<https://www.interloop-pk.com>

**15. Consent for video conference facility:**

Pursuant to Section 132(2) & section 134(b) of the Companies Act, 2017, if company receives consent form from Shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to registered office of the Company:

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Interloop Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio/CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member



## STATEMENT UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

### AGENDA NO. 5 - ELECTION OF DIRECTORS:

Persons eligible under Section 153, meet the criteria under Section 166 of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors) Regulation, 2018, may submit their nominations to be elected as independent directors. However, it is noteworthy to mention that independent directors shall be elected in the same manner as other directors are elected in terms of Section 159 of the Companies Act, 2017.

## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESS

This statement sets out the material facts pertaining to the Special Business, being Items on the notice, intended to be transacted at the annual general meeting of the Company to be held on October 15, 2020.

### AGENDA NO. 6- AMENDMENTS TO Employee Stock Option Scheme (ESOS) RULES

Interloop Limited's Employee Stock Option Scheme ("ESOS") of the Company were approved by the Shareholders of the Company at an EOGM held on December 31, 2015 and by the SECP vide its letter dated September 01, 2016.

As the Company has now become listed on Pakistan Stock Exchange (PSX) during last year, certain provisions in the approved scheme require customization in consistent with the listed Companies Regulations. In accordance with applicable Rules & Regulations in this regard, the Company now wishes to vary certain terms of the ESOS.

The Board of Directors of the Company in their meeting held on September 16, 2020, has approved the proposed amendments in the Interloop Limited's Employee Stock Option Scheme (ESOS).

A copy of the amended Scheme/Rules bearing the initials of the Company Secretary for the purpose of identification, is being annexed as "Annexure A" which is included in the CD/DVD with the notice of Annual General Meeting which shall also be available at the Registered Office of the Company for inspection and perusal by any shareholder during office hours from Monday to Friday (9.00 a.m. - 5.00 p.m.) from the date of issuance/publication of this notice till the date of General Meeting. A copy will also be provided to the Shareholders who require one, at the meeting. The amended Rules include other necessary amendments which resulted from the enactment of the Companies (Further Issue of Shares) Regulations, 2020 and repealing the Public Companies (Employee Stock Option Scheme) Rules 2001.

The directors of the Company have no personal interest in this amended scheme but one executive director has been issued shares under the existing approved scheme during the previous year.

### AGENDA NO. 7- CONVERSION OF NON-VOTING ORDINARY SHARES INTO VOTING SHARES

The Board of Directors in their meeting held on September 16, 2020 has decided to convert 2,797,450 (two million, seven hundred ninety seven thousand, four hundred fifty) fully paid & non-listed, Non-Voting Ordinary Shares which have been granted, vested, exercised and/or issued before the listing of the Company to the Eligible Employees in terms of Approved ESOS, into Ordinary Shares at par value of Rs.10/- per share after required amendments in the Approved Employee Stock Option Scheme (ESOS) of the Company subject to the approval by the members as Special Resolutions in AGM with or without modification, addition or deletion.

Modification in the Approved Employee Stock Option Scheme (ESOS) of the Company and Memorandum and Articles of Association of the Company is necessary to cater for the conversion of such number of Non-Voting Ordinary Shares (unlisted security) into Ordinary Shares. The proposed changes in the Approved constitutions of the Company is being made to accommodate above conversion as approved by the Board subject to approval by the holders of voting shares and the holders of non-voting shares.

**AGENDA NO. 8- ALTERATION OF/AMENDMENTS IN THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY**

The alteration of/amendments in Memorandum and Articles of Association of the Company are being carried out in order to eliminate the other Class of shares (“Non-Voting Ordinary Shares”). The following alteration of/amendment in “Clause V” of the Memorandum of Association of the Company has been recommended by the Board for adoption in the Annual General Meeting.”

Sr. No.	Existing Provision of Memorandum	Proposed Amended Provision of Memorandum
i	V. The Authorized Capital of the Company is Rs. 10,000,000,000/- (Rupees Ten Billion only) divided into 965,000,000 (Nine Hundred Sixty Five Million) Ordinary Shares of Rs.10/- (Rupees Ten) each and 35,000,000 (Thirty Five Million) Non-Voting Ordinary Shares of Rs.10/- (Rupees Ten) each, with attached thereto respectively such preferential, deferred, qualified or special rights, privileges and conditions as provided in the Articles of Association of the Company, or in accordance with the Companies Ordinance, 1984, and to vary, modify or abrogate such rights, privileges and conditions, in such manner as may be permitted by the Companies Ordinance, 1984 and to increase and/or reduce the capital and to divide shares in the capital into several kinds and classes and to consolidate or subdivide the shares and to issue shares for higher or lower denominations.	V. The Authorized Capital of the Company is Rs. 10,000,000,000/- (Rupees Ten Billion only) divided into 1,000,000,000 (one billion) Ordinary Shares of Rs.10/- (Rupees Ten) each, with attached thereto respectively such preferential, deferred, qualified or special rights, privileges and conditions as provided in the Articles of Association of the Company, or in accordance with the Companies Act, 2017, and to vary, modify or abrogate such rights, privileges and conditions, in such manner as may be permitted by the Companies Act, 2017 and to increase and/or reduce the capital and to divide shares in the capital into several kinds and classes and to consolidate or subdivide the shares and to issue shares for higher or lower denominations. (Altered)

A copy of the amendments in the Articles of Association of the Company with track changes, bearing the initials of the Company Secretary for the purpose of identification, is being annexed as “Annexure B” which is included in the CD/DVD with the notice of Annual General Meeting for the information of the members which have also been kept at the Registered Office of the Company and may be inspected by members on working days during usual business hours from Monday to Friday (9.00 a.m. - 5.00 p.m.) from the date of issuance/publication of this notice till the date of General Meeting.

## 10- پوسٹل بیلٹ:

- i- کمپنیز (پوسٹل بیلٹ) ریگولیشنز، 2018 کے مطابق ڈائریکٹرز کے انتخاب اور ایجنڈا پر موجود دیگر امور کیلئے ممبران کو بذریعہ پوسٹ بیلٹ ووٹ کا حق دیا جائے گا جو کہ پہلے متذکرہ ریگولیشنز کے طریقہ کار اور ضروریات کے تحت بذریعہ ڈاک یا الیکٹرانک ذرائع وونگ کا حق ہے۔
- ii- اگر بطور ڈائریکٹر انتخاب کے خواہشمند افراد کی تعداد کمپنیز ایکٹ 2017 کے سیکشن (1) 159 کے تحت متعین کردہ تعداد سے زیادہ ہے تو کمپنی کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کے مطابق اپنے ممبران کو بذریعہ پوسٹل بیلٹ ووٹ کا حق استعمال کرنے کا اختیار دے گی۔

## 11- فزیکل شیئرز کی سی ڈی سی اکاؤنٹ میں منتقلی:

کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق ہر موجودہ کمپنی کیلئے لازم ہے کہ وہ اپنے فزیکل شیئرز تک انٹری فارم کے ساتھ مخصوص انداز میں اور کمیشن کی بتائی گئی تاریخ کے حساب سے رکھے اور یہ دورانہ کمپنیز ایکٹ 2017 کے نفاذ کی تاریخ (31 مئی، 2017) سے لیکر 4 سال سے زائد نہیں ہونا چاہیے۔

فزیکل شیئرز ہولڈنگ رکھنے والے شیئرز ہولڈرز اپنے فزیکل شیئرز Scrip-less صورت میں رکھنے کیلئے سی ڈی سی میں براہ راست کسی بروکر یا انویسٹرز اکاؤنٹ کے ساتھ ڈی بی سی سی اکاؤنٹ کھول سکتے ہیں۔ یہ اگلے شیئرز کی حفاظت اور ایسی بھی وقت فروخت جیسے کسی زاویوں سے سود مند ثابت ہوگا کیونکہ پاکستان سٹاک ایکسچینج لمیٹڈ کے موجودہ قواعد کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہ ہے۔

## 12- آڈٹ شدہ مالیاتی گوشواروں/نوٹسز کی بذریعہ ای میل منتقلی:

ممبران کو مطلع کیا جاتا ہے کہ ایس ای سی پی ایس آراہ 2014/787(1) تاریخ 8 ستمبر 2014 اور کمپنیز ایکٹ 2017 کے سیکشن (6) 223 کے مطابق آڈٹ شدہ مالیاتی گوشواروں اور سالانہ اجلاس عام کے نوٹسز کی الیکٹرانک شکل بذریعہ ای میل اجراء کی اجازت دے دی گئی ہے۔

متذکرہ سہولت کے حوالہ سے اگر کوئی ممبر سالانہ رپورٹ 2020 بذریعہ الیکٹرانک شکل موصول کرنا چاہتا ہے تو کمپنی کی ویب سائٹ پر ایس آراہ کے نام سے دیئے گئے فارم پر درخواست جمع کروا سکتا ہے۔ اسی طرح جو ممبران سالانہ رپورٹ 2020 کی موصولی کسی دیگر شکل مثلاً ہارڈ کاپی کی خواہش رکھتے ہیں، وہ بھی درخواست دے سکتے ہیں اور ان کو یہ کاپی سات پوم کے اندر مفت فراہم کی جائے گی۔

## 13- سالانہ مالیاتی گوشواروں کی بذریعہ سی ڈی/ڈی وی ڈی/یو ایس بی منتقلی:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے ایس آراہ 2016/470 (I) مورخہ 31 مئی 2016 کمپنیوں کو اپنی بیلنس شیٹ، نفع و نقصان کے حسابات، آڈیٹری رپورٹ اور ڈائریکٹرز کی رپورٹ ممبران کو بذریعہ سی ڈی/ڈی وی ڈی/یو ایس بی اُن کے رجسٹرڈ پتہ پر ارسال کرنے کی منظوری دے دی تھی۔ مذکورہ کے تحت کمپنی نے اپنی سالانہ رپورٹ مع ESOS میں ترمیم کردہ بیانیہ بطور Annexure A اور کمپنی کے آرٹیکلز آف ایسوسی ایشن میں ترمیم بطور Annexure B (ٹریک تبدیلیوں کے ساتھ) شیئرز ہولڈرز کو اُن کی معلومات کیلئے سی ڈی/ڈی وی ڈی کی شکل میں ارسال کر دی ہے۔ کمپنی کی سالانہ رپورٹ کی مطبوعہ نقل حاصل کرنے کیلئے کوئی بھی ممبر اس کی ویب سائٹ <https://www.interloop-pk.com/> پر انویسٹرانٹس سیکشن میں دیئے گئے مجوزہ درخواست فارم پر اپنی درخواست بھیج سکتا ہے۔

## 14- مالی گوشواروں کا ویب سائٹ پر آویزاں ہونا:

سال تختہ 30 جون 2020 کیلئے کمپنی کے مالیاتی گوشوارے مع رپورٹس کمپنی کی ویب سائٹ <https://www.interloop-pk.com/> پر آویزاں کر دیئے گئے ہیں۔

## 15- ویڈیو کانفرنس کی سہولت کی رضامندی:

کمپنیز ایکٹ 2017 کے سیکشن (2) 132 اور سیکشن (b) 134 کے مطابق مجموعی طور پر 10 فیصد یا زائد شیئرز کے حامل ایک ہی مقام پر پراہش پذیر شیئرز ہولڈرز کی جانب سے اجلاس کے انعقاد سے سات یوم قبل اجلاس میں بذریعہ ویڈیو کانفرنس شمولیت کی درخواست جمع کروانے کی صورت میں کمپنی اُس شہر میں ویڈیو کانفرنس کی سہولت مہیا کرنے کی پابند ہوگی بشرطیکہ اُس شہر میں یہ سہولت میسر ہو۔ یہ سہولت حاصل کرنے کیلئے براہ مہربانی درج ذیل معلومات فراہم کریں اور کمپنی کے رجسٹرڈ دفتر میں جمع کروائیں:

میں/ہم \_\_\_\_\_ کے \_\_\_\_\_ انٹرلوپ کے ممبر ہونے کے ناطے \_\_\_\_\_ آرڈنری شیئرز کے حامل ہیں جس کا رجسٹرڈ فونو نمبر/سی ڈی سی اکاؤنٹ

نمبر \_\_\_\_\_ ہے۔ بذریعہ ہذا \_\_\_\_\_ شہر میں ویڈیو کانفرنس کی سہولت کا انتخاب کرتے ہیں۔

## 7- کیش ڈیویڈنڈ کی الیکٹرانک ادائیگی:

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت تمام نقد واجب الادا ڈیویڈنڈ براہ راست شیئرز ہولڈرز کی جانب سے متعین کردہ بینک اکاؤنٹ میں بذریعہ الیکٹرانک طریقہ کار منتقل کیے جائیں گے اور بحوالہ ایس ای سی پی کے ایس آر او 2017(1) 1145 (تراہم کردہ) تمام شیئرز ہولڈرز کو ہدایت کی جاتی ہے کہ وہ کیش ڈیویڈنڈ الیکٹرانک ذریعے سے موصول کرنے کیلئے مستند انٹرنیشنل بینک اکاؤنٹ نمبرز (IBAN) مہیا کریں۔

اس لیے شیئرز ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اپنے بینک اکاؤنٹ کی متعلقہ معلومات:

- i- اکاؤنٹ کا نام،
- ii- آئی بی اے این،
- iii- بینک کا نام،
- iv- برانچ کا نام اور پتہ کمپنی کے شیئرز رجسٹر اوفراہم کریں۔ ایسے شیئرز ہولڈرز جو شراکت داروں/اسی ڈی سی کے ساتھ شیئرز کے حامل ہیں، کو ہدایت کی جاتی ہے کہ وہ متعلقہ بروکر/شراکت دار/اسی ڈی سی انویسٹرا کاؤنٹ سرورسز کو اختیار دیں۔

ایسی معلومات کی فراہمی کیلئے فارم کمپنی کی ویب سائٹ [www.interloop-pk.com](http://www.interloop-pk.com) پر انویسٹرا انفارمیشن سیکشن میں دستیاب ہے۔

## 8- آگمٹس آرڈیننس 2001 کے سیکشن 150 (آگمٹس آرڈیننس) کے تحت ڈیویڈنڈ سے آگمٹس کی کوٹی:

آگمٹس آرڈیننس 2001 کے سیکشن 150 (آگمٹس آرڈیننس) کے تحت فائلرز اور نان فائلرز کیلئے آگمٹس کوٹی کی شرح درج ذیل ہے:

آگمٹس ریٹرز کے فائلرز کیلئے	15 فیصد
آگمٹس ریٹرز کے نان فائلرز کیلئے	30 فیصد

جوائنٹ اکاؤنٹ ہولڈرز کی صورت میں ڈیویڈنڈ پر ود ہولڈنگ ٹیکس:

جو ممبران فائلرز اور نان فائلرز دونوں کے مشترکہ شیئرز کے مالک ہیں، ان کو فرادفا فائلرز/نان فائلرز کے سٹیٹس کے حساب سے تصور کیا جائے گا۔ ہر اکاؤنٹ ہولڈر کو فائلر یا نان فائلر سمجھا جائے گا اور اس کے شیئرز ہولڈنگ تناسب کی بنیاد پر ٹیکس کوٹی ہوگی۔

آگمٹس قابل تصدیق نہیں ہے تو پھر شیئرز ہولڈرز کو برابر تناسب کے حساب سے شیئرز کا مالک سمجھا جائے گا اور اس کے مطابق کوٹی کی جائے گی۔ اس لئے تمام جوائنٹ شیئرز ہولڈرز سے درخواست ہے کہ وہ زیادہ شرح کے حساب سے ٹیکس کوٹی سے بچنے کیلئے سالانہ اجلاس عام سے قبل کمپنی کے شیئرز رجسٹر اوفراہم کریں۔

فولیو/سی ڈی سی اکاؤنٹ نمبر	کل شیئرز	پرنسپل شیئرز ہولڈرز کا نام اور قومی شناختی کارڈ نمبر	شیئرز ہولڈنگ	جوائنٹ شیئرز ہولڈرز کا نام اور قومی شناختی کارڈ نمبر	شیئرز ہولڈنگ کا تناسب
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ود ہولڈنگ ٹیکس کوٹی سے استثنیٰ کیلئے مستند استثنائی سرٹیفکیٹ:

آگمٹس آرڈیننس 2001 کے سیکشن 150 کے مطابق ود ہولڈنگ ٹیکس کوٹی سے استثنیٰ کیلئے مستند استثنائی سرٹیفکیٹ لازم ہے۔ جو ممبران آگمٹس آرڈیننس 2001 کے سیکشن 150 کی شق 47B آف پارٹ IV کے تحت اہل ہوں اور ود ہولڈنگ ٹیکس سے استثنیٰ کے خواہشمند ہوں، وہ کمپنی کتب کی بندش سے قبل تک ٹیکس کوٹی سے استثنیٰ کے سرٹیفکیٹ کی کاپی شیئرز رجسٹر اوفراہم کریں بصورت دیگر نافذ العمل قوانین کے مطابق ٹیکس کوٹی ہوگی۔

دعویٰ نہ کیے گئے ڈیویڈنڈ:

ایسے شیئرز ہولڈرز جو کسی وجہ سے اپنے ڈیویڈنڈ طلب نہیں کر سکے (اگر کوئی ایسا ہوتو) کو ہدایت کی جاتی ہے کہ وہ اپنے دعویٰ نہ کیے گئے شیئرز کی وصولی/معلومات کیلئے ہمارے شیئرز رجسٹر اوفراہم کریں۔ سی ڈی سی شیئرز رجسٹر اوفراہم کریں۔ ہاؤس، 99-بی، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس، مین شاہراہ فیصل، کراچی-74400 سے رابطہ کریں۔

## 9- زکوٰۃ کوٹی (سی زیڈ-50):

ذخائر میں موجود ڈیویڈنڈز سے شیئرز (10 روپے پی) کی ادا شدہ قیمت کے 2.5 فیصد کی شرح سے زکوٰۃ کی کوٹی ہوگی اور یہ مجوزہ مدت کے دوران متعلقہ اتھارٹی کے پاس جمع کروائی جائے گی۔ استثنیٰ کا دعویٰ کرنے کیلئے براہ مہربانی زکوٰۃ اینڈ مشن آرڈیننس، 1980 اور رولز 4 آف زکوٰۃ (کوٹی اور واپسی) رولز، 1981 کے تحت اپنا زکوٰۃ اعلامیہ، سی زیڈ فارم ہمارے شیئرز رجسٹر اوفراہم کریں۔ فزیکل شیئرز ہولڈرز سے درخواست ہے کہ وہ مذکورہ اعلامیہ ہمارے شیئرز رجسٹر اوفراہم کر کے پاس مناسب طریقہ کار کے مطابق جمع کروائیں۔ شیئرز ہولڈرز کو انٹرنیٹ پر اپنا زکوٰۃ اعلامیہ نام اور اپنے متعلقہ سی ڈی ایس اکاؤنٹ نمبر یا فولیو نمبرز کا زکوٰۃ اعلامیہ میں مجوزہ مقام پر اندراج کرنا ہوگا۔

- g- اس بات کا حلف نامہ کہ
- i- وکھینزا ایکٹ 2017 کے سیکشن 153 اور نافذ العمل قوانین، قواعد اور ریگولیشنز کے تحت کمپنی کا ڈائریکٹر منتخب ہونے کیلئے نااہل نہیں ہے
- ii- وہ سات سے زائد لٹل کمپنیز میں بطور ڈائریکٹر خدمات سرانجام نہیں دے رہا/ رہی
- iii- وہ اور نہ ہی اُس کا بیون ساتھی بروکر ٹیج کے کاروبار سے منسلک ہیں اور نہ ہی وہ کارپوریٹ بروکر ٹیج ہاؤس کا سپانسر ڈائریکٹر یا آفیسر ہیں
- iv- وکھینزا ایکٹ 2017، کمپنی کے میورنڈم اینڈ آرٹیکل آف ایسوسی ایشن، پاکستان سٹاک ایکسچینج لمیٹڈ کے قواعد اور دیگر نافذ العمل قوانین اور ریگولیشنز کے مطابق اپنی ذمہ داریوں اور اختیارات سے بخوبی واقف ہے

### 3- سالانہ اجلاس عام میں شمولیت

کوئی بھی ممبر جو سالانہ اجلاس عام میں شرکت کرنے اور ووٹ دینے کا/ کی حقدار ہے وہ اجلاس میں شرکت کرنے اور ووٹ دینے کیلئے کسی دوسرے ممبر کو تخریراً اپنا پراسی مقرر کر سکتا ہے۔ پراسی کیلئے کمپنی کا ممبر ہونا لازمی ہے۔ کارپوریٹ ادارہ کی صورت میں بورڈ آف ڈائریکٹرز/ پاور آف اٹارنی کی قرارداد کارپوریٹ ادارہ کی جانب سے اجلاس میں شرکت کرنے اور ووٹ ڈالنے والے پیکسٹین کے دستخط اور شناختی کارڈ کی فوٹو کاپی اور مکمل کیے گئے پراسی فارم کے ساتھ کمپنی کو اجلاس کے وقت جمع کروانی ہوگی۔ بطور پراسی شرکت کرنے والے افراد اجلاس کے وقت اپنا مستند اصلی قومی شناختی کارڈ یا اصل پاسپورٹ فراہم کریں۔ پراسی کے موثر ہونے کیلئے مکمل اور دستخط شدہ پراسی فارم کمپنی کے رجسٹری ڈسٹریکٹ آفس میں اجلاس کے انعقاد سے 48 گھنٹے قبل وصول ہو جانے چاہئیں۔ سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے تحت بیان کی گئی درج ذیل ہدایات پر عملدرآمد کرنا ہوگا۔

#### a- اجلاس میں شرکت کیلئے

- i- فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہوں، تو اجلاس میں شرکت کیلئے اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر اپنی شناخت واضح کرنا ہوگی
- ii- سی ڈی سی رجسٹریڈ ممبران کو بھی اپنے کو آف یعنی آئی ڈی نمبر ز اور سی ڈی ایس میں اکاؤنٹ نمبر ز ہمراہ لانا ہوں گے
- iii- کارپوریٹ ادارہ کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی (جب تک کہ وہ پیکلے فراہم نہ کی گئی ہو) مع نامزد فرد کے نمونہ دستخط پیش کرنا ہوگی۔

#### b- پراسی کی تقرری

- (i) فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر جن کی رجسٹریشن تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہوں، کو مذکورہ ضرورت کے مطابق پراسی فارم جمع کروانا ہوگا
- (ii) تینٹیشنل انورازر پراسی کی قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی پراسی فارم کے ساتھ جمع کروانی ہوگی
- (iii) پراسی کو اجلاس کے موقع پر اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا
- (iv) کارپوریٹ ادارہ کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی (جب تک کہ وہ پیکلے فراہم نہ کی گئی ہو) مع نمونہ دستخط کمپنی کو پراسی فارم کے ساتھ جمع کروانا ہوگی
- (v) پراسی فارم کیلئے دو گواہان کا ہونا لازمی ہے جن کا نام، پتہ اور قومی شناختی کارڈ نمبر فارم پر درج ہوں

#### 4- پتہ میں تبدیلی کی اطلاع:

کمپنی کے شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے ڈاک پتہ میں تبدیلی (اگر ہو تو) کی اطلاع فوئیو نمبر بتا کر ہمارے شیئر رجسٹرار/ ٹرانسفر ایجنٹ کو دیں

#### 5- قومی شناختی کارڈ مہیا نہ کرنے والے حصص یافتگان کا نوٹس:

ایسے ممبران جنہوں نے تاحال اپنے مستند قومی شناختی کارڈ/ این آئی این (کارپوریٹ ادارہ کی صورت میں) کی کاپی جمع نہیں کروائی اُن سے درخواست ہے کہ وہ کمپنی کے شیئر رجسٹرار کے پاس ان کی نقول ہمراہ فوئیو نمبر/ سی ڈی سی اکاؤنٹ نمبر جمع کروائیں

#### 6- الیکٹرانک ڈیویڈنڈ پر قومی شناختی کارڈ نمبر/ این آئی این نمبر (لازمی):

- i- ایس آراو 2012/1(831) تاریخ 05 جولائی 2012 اور دیگر متعلقہ قوانین کے مطابق الیکٹرانک ڈیویڈنڈ پر شیئر ہولڈر یا مجاز نمائندہ کا قومی شناختی کارڈ نمبر درج ہونا لازم ہے اور اس سے صرف نابالغ بچے اور کارپوریٹ شیئر ہولڈرز مستثنیٰ ہیں۔
- ii- ایس آراو 2017/1(1145) ریگولیشن نمبر 4 اور 6 (ترمیم کردہ) کے مطابق شیئر ہولڈر/ مجاز نمائندہ کی جانب سے شناختی نمبر (سی آئی این سی یا این آئی این) کی عدم فراہمی کی صورت میں کمپنی شیئر ہولڈرز کو ڈیویڈنڈ کی ادائیگی روکنے پر مجبور ہو جائے گی
- iii- چنانچہ جن شیئر ہولڈرز نے تاحال اپنے مستند قومی شناختی کارڈ یا این آئی این کی نقل جمع نہیں کروائی اُن سے ایک بار پھر درخواست کی جاتی ہے کہ وہ فی الفور شیئر رجسٹرار کو جمع کروائیں

"مزید طے پایا کہ جناب نوید فاضل ڈائریکٹر/چیف ایگزیکٹو آفیسر، جناب محمد مقصود ڈائریکٹر اور رانا علی رضا کمپنی سیکرٹری مذکورہ قراردادوں کے نفاذ کیلئے تمام لازمی اور سازگار اقدامات اٹھانے اور اس مقصد کیلئے لازم یا مفید ایسے تمام دیگر کاموں، ایکٹ اور اشیاء کیلئے مشترکہ اور انفرادی طور پر مجاز ہیں۔"

8۔ جیسا کہ کمپنی ممبران کو سالانہ اجلاس عام کے نوٹس اور تصدیق کیلئے کمپنی سیکرٹری کے دستخط کے ساتھ ارسال کیا گیا، "نان ووٹنگ آرڈری شیئرز" کلاس کی حدنی کیلئے کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں ترمیم کی قرارداد پر غور، اگر موزوں ہو تو اس کی منظوری

"طے پایا کہ کمپنی ایکٹ 2017 اور دیگر نافذ العمل قوانین کے مطابق کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں جو تبدیلی/ترمیم مسودہ کی شکل میں اجلاس میں رکھی گئیں اور تصدیق کیلئے اس پر کمپنی سیکرٹری کے دستخط موجود تھے، ایس ای سی پی کی ضرورت یا کمپنی کی سفارش کردہ ترمیم کے مطابق ان کی منظوری دی جاتی ہے جو ایس ای سی پی کی منظوری سے مشروط ہے۔"

"مزید طے پایا کہ جناب نوید فاضل ڈائریکٹر/چیف ایگزیکٹو آفیسر، جناب محمد مقصود ڈائریکٹر اور رانا علی رضا کمپنی سیکرٹری مذکورہ قرارداد کو سو مند بنانے کیلئے اس سے منسلک اور اس سے متعلقہ درکار تمام قانونی، ادارہ جاتی اور پروجیکٹ کارروائیوں، ترمیم، اضافہ و کمی کی صورت میں تبدیلی اور تمام لازمی اقدامات، کاموں اور اشیاء اور اوپر بیان کی گئی ترمیم کے ایس ای سی پی کے ساتھ اندراج کیلئے تمام مطلوبہ دستاویزات، حلف نامے، بیانات وغیرہ کے فرداً مجاز ہیں"

"مزید طے پایا کہ کمپنی کے میمورنڈم اور آرٹیکلز آف ایسوسی ایشن میں مذکورہ ترمیم میں مجاز شخص کی جانب سے مناسب سمجھی گئی اور ایس ای سی پی کی جانب سے تجویز، ہدایت اور نصیحت کردہ کسی تبدیلی، ترمیم، اضافہ اور حدنی کی صورت میں وہ تجویز، ہدایت اور رائے منظور کردہ خصوصی قرارداد کے حصہ کے طور پر منظور تصور ہوگی اور اس مقصد کیلئے ممبران کو فی قرارداد پیش کرنا لازم نہیں ہے"

## دیگر امور:

9۔ چیئرمین کی اجازت سے کسی دیگر کاروباری امور کی انجام دہی  
بلکم بورڈ



(رانا علی رضا)

کمپنی سیکرٹری

گزارشات

## 1۔ شیئر ٹرانسفر بکس کی بندش

کمپنی کی شیئر ٹرانسفر بکس مورخہ 08 اکتوبر 2020ء تا 15 اکتوبر 2020ء (بشمول دونوں ایام) بند رہی گی۔ میسرزی ڈی سی شیئر رجسٹرار سرور لمیٹڈ، سی ڈی سی ہاؤس، 99۔ بی، بلاک بی، ایس۔ ایم۔ سی۔ ایچ۔ ایس، مین شاہراہ فیصل، کراچی 74400 میں مورخہ 17 اکتوبر 2020ء کو کاروباری ایام کار کے اختتام تک موصول ہونے والی ٹرانسفر منتقل الیہ کو متذکرہ استحقاق اور/یا اجلاس میں شمولیت کیلئے بروقت منظور کی جائیں گی۔

## 2۔ ڈائریکٹرز کا انتخاب:

کمپنی ایکٹ 2017 کے سیکشن (1) 159 کے مطابق ڈائریکٹرز نے سالانہ اجلاس عام میں ڈائریکٹرز کی تعداد 7 مقرر کی ہے۔ ان ڈائریکٹرز کا انتخاب 22 اکتوبر 2020ء سے تین سال کیلئے کیا جائے گا۔ اگر کوئی شخص خواہ وہ بطور ڈائریکٹر بیٹا زور ہو یا کوئی دیگر، ڈائریکٹر کے انتخاب کیلئے مقابلہ میں حصہ لینا چاہتا ہے تو کمپنی کو مطلع کرے اور اس مقصد کیلئے مذکورہ بالا اجلاس کے انعقاد سے کم از کم 14 یوم قبل درج ذیل دستاویزات اور معلومات کمپنی کے رجسٹرار آفس کو مہیا کرے۔

a۔ اپنا فوٹو نمبر/سی ڈی سی انویسٹرز کاؤنٹ نمبر/سی ڈی سی شمولیت نمبر/ذیلی اکاؤنٹ نمبر

b۔ کمپنی ایکٹ 2017 کے سیکشن (3) 159 کے تحت بطور ڈائریکٹر انتخاب کی خواہش کا اظہار رائی نوٹس

c۔ کمپنی ایکٹ 2017 کے سیکشن 167 کے تحت بطور ڈائریکٹر خدمات فراہمی کا اقرار نامہ

d۔ کمپنی کی ویب سائٹ <http://interloop-pk.com/> پر آویزاں کرنے کیلئے تفصیلی پروفائل مع دفتر کا پتہ

e۔ خود مختار ڈائریکٹرز کا انتخاب کمپنی ایکٹ 2017 کے سیکشن 166 کے زیر قوت ہوگا۔ کوئی بھی ممبر جو خود مختار ڈائریکٹر کے طور پر نامزدگی کا خواہشمند ہے، اسے کمپنی ایکٹ 2017 اور اس کے تحت نافذ العمل قواعد و ضوابط کے مطابق

اہلیت کے معیار اور انڈینڈنس پر پورا اترنے کا حلف نامہ جمع کروانا ہوگا

f۔ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی تصدیق شدہ فوٹو کاپی

## نوٹس برائے 28 واں سالانہ اجلاس عام

درج ذیل کاروباری امور کی انجام دہی کیلئے انٹرویو لیٹیڈ ("کمپنی") کا 28 واں سالانہ اجلاس عام مورخہ 15 اکتوبر 2020ء بروز جمعرات بوقت 10:30 بجے دن انٹرویو ایگزیکٹو کلب، انٹرویو انڈسٹریل پارک بہتھام-7، کلومیٹر کھڑیا نوالہ-جڑا نوالہ روڈ، کھڑیا نوالہ، فیصل آباد میں منعقد ہوگا۔

### عمومی امور:-

- 1- مورخہ 14 اکتوبر 2019ء کو ہونے والے آخری سالانہ اجلاس عام کے مندرجات کی توثیق
- 2- 30 جون 2020ء کو ختم ہونے والے سال کیلئے کمپنی کی غیر مجموعی اور مجموعی آڈٹ شدہ مالی سٹیٹمنٹس کی چیئر مین کی نظر ثانی رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹ کیساتھ وصولی، غور و خوض اور منظوری
- 3- 30 جون 2020ء کو اختتام پذیر ہونے والے سال کیلئے بورڈ آف ڈائریکٹرز کی جانب سے سفارش کردہ حتمی نقد منافع منقسمہ کی بحساب 10 فیصد یعنی مبلغ 1 روپے فی شیئر کی منظوری
- 4- مالی سال 2020-21 کیلئے آڈیٹرز کی تعیناتی اور ان کے مشاہرہ کا تعین۔ ممبران کو مطلع کیا جاتا ہے کہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ریٹائرڈ ہونے والے آڈیٹرز میسرز کریسنٹن حیدر جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز دوبارہ تعیناتی کی سفارش کی ہے۔
- 5- بورڈ آف ڈائریکٹرز کی ہدایت کے مطابق کمپنیز ایکٹ 2017 کے سیکشن (1) 159 کے تحت مورخہ 22 اکتوبر 2020ء کو شروع ہونے والی مدت سے تین سال کیلئے کمپنی کے سات (7) ڈائریکٹرز کا انتخاب۔ ریٹائر ہونے والے ڈائریکٹرز جو دوبارہ انتخاب کے اہل ہیں، درج ذیل ہیں:

- 1- محترم صدق ذوالقرنین
  - 2- محترم نوید فاضل
  - 3- محترم جہانزیب خان بانٹھ
  - 4- محترم محمد مقصود
  - 5- محترمہ شیریں آفتاب
  - 6- محترم سعید احمد جنیل
  - 7- محترم طارق اقبال خان
- کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت خصوصی امور اور کمپنیز ایکٹ 2017 کے سیکشن (3) 166 کے تحت عمومی امور کیلئے ریٹائر ہونے والے ممبران کو ارسال کیا جا چکا ہے۔

### خصوصی امور:-

6- جیسا کہ ممبران کو سالانہ اجلاس عام کے اس نوٹس میں کمپنی سیکرٹری کی جانب سے مکمل دستخط کے ساتھ (نشاندہی کیلئے) ارسال کیا جا چکا ہے، ایپلانی اسٹاک آپشن سکیم (ESOS) میں ترمیم کیلئے درج ذیل قرارداد بطور خصوصی قرارداد زیر غور لانا، اور اگر موزوں لگے تو اس کی مع ترمیم یا بغیر کسی ترمیم منظوری:

اس خصوصی قرارداد کا متن درج ذیل ہے:

"طے پایا ہے کہ کمپنی کی ایپلانی اسٹاک آپشن سکیم کے ترمیم کردہ قوانین، جو اس اجلاس میں پیش کیے گئے اور کمپنی سیکرٹری کی جانب سے بذریعہ دستخط ان کی تصدیق کی گئی، ایس ای سی پی یا کمپنی کی ضروریات کے مطابق سفارش کردہ ترمیم کے ساتھ منظور کیے جاتے ہیں جو ایس ای سی پی کی منظوری سے مشروط ہیں۔"

"مزید طے پایا کہ جناب نوید فاضل ڈائریکٹر/ چیف ایگزیکٹو آفیسر، جناب محمد مقصود ڈائریکٹر اور ناظمی رضا کمپنی سیکرٹری مذکورہ قرارداد کو سود مند بنانے کیلئے اس سے منسلک اور اس سے متعلقہ درکار تمام قانونی، ادارہ جاتی اور پروسیجرل کارروائیوں، ترمیم، اضافہ و کمی کی صورت میں تبدیلی اور تمام لازمی اقدامات، کاموں اور اشیاء اور اوپر بیان کی گئی ترمیم کے ایس ای سی پی کے ساتھ اندراج کیلئے تمام مطلوبہ دستاویزات، حلف نامے، بیانات وغیرہ کے فرداً مجاز ہیں"

"مزید طے پایا کہ کمپنی کی ایپلانی اسٹاک آپشن سکیم میں مذکورہ ترمیم میں مجاز شخص کی جانب سے مناسب سبھی گئی اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے تجویز، ہدایت اور نصیحت کردہ کسی تبدیلی، ترمیم، اضافہ و حرجی کی صورت میں وہ تجویز، ہدایت اور رائے منظور کردہ خصوصی قرارداد کے حصہ کے طور پر منظور تصور ہوگی اور اس مقصد کیلئے ممبران کو کوئی قرارداد پیش کرنا لازم نہیں ہے"

7- آرڈرنری شیئرز اور نان ووٹنگ آرڈرنری شیئرز رکھنے والی ہر کلاس یا ممبران کی جانب سے درج ذیل قراردادوں کو کمپنیز ایکٹ 2017 کے سیکشن (1) 38 کے مطابق درکار مطلوبہ اکثریت کے ساتھ بطور خصوصی قرارداد زیر غور لانا اور اگر موزوں ہو تو انکی منظوری (ترمیم، تبدیلیوں یا بدلاؤ کے ساتھ یا بغیر)

"طے پایا ہے کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور ایسی دیگر لازم منظور یوں سے 2,797,450 (دو ملین، سات سو ستانوے ہزار، چار سو پچاس) مکمل ادا شدہ اور نان لسٹڈ، نان ووٹنگ آرڈرنری شیئرز جو کہ کمپنی کی لسٹنگ سے قبل اہل ملازمین کو منظور شدہ ای ایس او ایس کی مد میں سوئے، وقف، جاری کیے گئے، کو 2,797,450 (دو ملین، سات سو ستانوے ہزار، چار سو پچاس) آرڈرنری شیئرز (فی شیئر 10 روپے مالیت) میں بدلے جاتے ہیں اور یہ باقی کے مساوی اور ہر لحاظ سے کمپنی کے موجودہ آرڈرنری شیئرز کے مماثل حقوق رکھتے ہیں"

"مزید طے پایا کہ جناب نوید فاضل ڈائریکٹر/ چیف ایگزیکٹو آفیسر، جناب محمد مقصود ڈائریکٹر اور ناظمی رضا کمپنی سیکرٹری مشترکہ اور انفرادی طور پر ان 2,797,450 (دو ملین، سات سو ستانوے ہزار، چار سو پچاس) آرڈرنری شیئرز کی پاکستان سٹاک ایکسچینج (پی ایس ایکس) کے ساتھ لسٹنگ اور سنٹرل ڈیپازٹری کمپنی آف پاکستان لیٹیڈ (سی ڈی سی) سے ان 2,797,450 (دو ملین، سات سو ستانوے ہزار، چار سو پچاس) آرڈرنری شیئرز کو سنٹرل ڈیپازٹری سٹم میں جمع کرنے اور لکھتے میں لانے کی درخواست دینے، معاہدہ کرنے، کمپنی کے نام یا دیگر سے حلف نامہ دینے اور اس سے متعلقہ درکار سبھی اقدام اور اشیاء کیلئے مکمل مجاز ہیں"

# PATTERN OF SHAREHOLDING AS ON JUNE 30, 2020

Number Of Shareholders	Shareholding		Total Shares Held
	From	To	
108	1	100	3,129
1,572	101	500	770,352
1,043	501	1,000	1,034,170
1,150	1,001	5,000	2,774,984
217	5,001	10,000	1,629,873
73	10,001	15,000	913,438
22	15,001	20,000	396,686
21	20,001	25,000	503,744
15	25,001	30,000	413,215
27	30,001	35,000	872,452
8	35,001	40,000	311,912
5	40,001	45,000	213,432
15	45,001	50,000	738,580
2	50,001	55,000	106,000
4	55,001	60,000	234,945
4	60,001	65,000	255,218
6	65,001	70,000	411,279
2	70,001	75,000	150,000
5	75,001	80,000	387,689
1	80,001	85,000	83,819
4	85,001	90,000	352,000
1	90,001	95,000	95,000
3	95,001	100,000	295,250
1	100,001	105,000	102,000
1	105,001	110,000	105,918
2	110,001	115,000	224,375
1	115,001	120,000	116,000
1	120,001	125,000	122,576
1	125,001	130,000	128,750
1	135,001	140,000	140,000
3	145,001	150,000	450,000
1	160,001	165,000	162,177
1	165,001	170,000	170,000
3	170,001	175,000	523,129
1	185,001	190,000	188,644
4	195,001	200,000	791,000
2	205,001	210,000	416,760
1	220,001	225,000	225,000
1	275,001	280,000	279,642
1	315,001	320,000	319,148
1	360,001	365,000	363,415
1	385,001	390,000	385,500
1	410,001	415,000	413,829
1	425,001	430,000	425,250
1	450,001	455,000	453,250
1	490,001	495,000	492,712
1	495,001	500,000	500,000
1	695,001	700,000	697,020
1	745,001	750,000	750,000
1	760,001	765,000	761,377
1	850,001	855,000	853,172



Number Of Shareholders	Shareholding		Total Shares Held
	From	To	
1	860,001	865,000	863,172
1	1,105,001	1,110,000	1,109,222
1	1,195,001	1,200,000	1,197,662
1	1,550,001	1,555,000	1,552,470
1	1,715,001	1,720,000	1,717,500
1	1,800,001	1,805,000	1,802,000
1	1,850,001	2,100,000	1,825,218
1	2,100,001	2,105,000	2,103,500
1	2,160,001	2,165,000	2,160,250
1	2,265,001	2,270,000	2,266,701
1	2,315,001	2,320,000	2,318,500
1	2,580,001	2,585,000	2,581,218
1	2,890,001	2,895,000	2,890,610
1	3,305,001	3,310,000	3,306,000
1	3,730,001	3,735,000	3,735,000
2	3,995,001	4,000,000	8,000,000
2	4,340,001	4,345,000	8,681,396
1	5,865,001	5,870,000	5,866,750
2	7,195,001	7,200,000	14,400,000
1	7,565,001	7,570,000	7,569,500
1	7,660,001	7,665,000	7,664,062
1	8,915,001	8,920,000	8,917,500
1	13,865,001	13,870,000	13,867,560
1	17,075,001	17,080,000	17,076,396
1	34,830,001	34,835,000	34,835,000
1	37,225,001	37,230,000	37,229,040
1	69,000,001	71,185,000	69,358,284
1	282,495,001	282,500,000	282,498,838
1	298,495,001	298,500,000	298,498,840
4,377			869,400,000

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	11	709,223,004	81.57
Associated Companies, undertakings and related parties	–	–	–
Executives	8	23,549,884	2.71
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	21	60,268,776	6.93
Mutual Funds	39	26,363,975	3.03
General Public			
a. Local	4,239	44,927,249	5.17
b. Foreign	5	58,600	0.01
Foreign Companies	–	–	–
Others	54	5,008,512	0.58
Totals	4,377	869,400,000	100
Share holders holding 10% or more	2	580,997,678	66.83

# PATTERN OF SHAREHOLDING AS ON JUNE 30, 2020 NON-VOTING ORDINARY SHARES

Number Of Shareholders	Shareholding		Total Shares Held
	From	To	
9	101	500	2,767
7	501	1,000	5,385
158	1,001	5,000	441,511
112	5,001	10,000	800,948
31	10,001	15,000	385,900
10	15,001	20,000	171,237
7	20,001	25,000	155,900
1	25,001	30,000	28,594
3	30,001	35,000	99,150
2	40,001	45,000	83,549
1	45,001	50,000	47,507
2	50,001	55,000	103,547
1	55,001	60,000	56,064
1	75,001	80,000	76,462
1	90,001	95,000	91,700
1	95,001	100,000	97,142
1	150,001	155,000	150,087
348			2,797,450

Shareholder's category	Number of shareholders	Number of shares hold	Percentage
Individuals	348	2,797,450	100.00

# INFORMATION FOR SHAREHOLDERS

## Company Registered Office

Interloop Limited  
Al – Sadiq Plaza, P – 157,  
Railway Road, Faisalabad, Pakistan  
Phone: +92 – 41 – 2619724  
Fax: +92 – 41 – 2639400

## Share Registrar

CDC Share Registrar Services Limited

### Karachi Office:

Share Registrar Department CDC House, 99-B, Block B,  
S.H.C.H.S, Main Shakra-e-Faisal, Karachi – 74400  
Tel: (92-21) 111-111-500  
Fax: (92-21) 34326031

### Lahore Office:

Mezzanine Floor, South Tower, LSE Plaza,  
19-Khayaban-e-Aiwan-e-Iqbal, Lahore.  
Tel: (042) – 36362061-66

## Company Website

Updated information regarding the Company can be accessed at [www.interloop-pk.com](http://www.interloop-pk.com). The website contains the latest financial results of the Company together with the Company's profile and product range.

## Exchange Listing

Interloop Limited became listed on Pakistan Stock Exchange (PSX) on April 5, 2019.

## Annual Listing Fee

The annual listing fee for the Financial Year 2020-21 has been paid within the prescribed time limit.

## Stock Symbol

The stock symbol for dealing in equity shares of Interloop Limited is "ILP"

## Financial Information

The Company has posted its Annual and Quarterly Accounts on the Company's website in addition to transmitting them through the Exchange.

## Statutory Compliance

During the year, the Company has complied with all applicable provisions, filed all returns/forms, and furnished all the relevant particulars as required under the Companies Act, 2017, and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations, and the Listing regulations of PSX.

## Share Transfer System

Share transfers received by the Company's Share Registrar are registered within the prescribed period.

## Annual General Meetings

Pursuant to Section 132 of the Companies Act, 2017, the Company holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore & Islamabad.

## Presence of Chairman Audit Committee at AGM

Interloop always strives to build a strong bonding with companies' shareholders and eager to provide ease to address their queries and concerns.

To address any concerns and queries raised by our honored shareholders, all members of the Board including the Chairperson Audit Committee, Chief Executive and other senior management personnel were present at the last Annual General Meeting.

## Issues Raised at Last Agm

No significant issues were raised by the shareholders during the last Annual General Meeting (AGM), however, the same routine questions on the accounts and business were raised by the shareholder, and general clarifications were sought.

## Steps taken by the management to encourage the minority Shareholders to attend the General Meetings

General Meeting provides a forum for two-way engagement with the shareholders, particularly the minority shareholders. As Interloop Limited last year became listed on PSX and held its first AGM after being listed on October 14, 2019, the Company facilitated and ensured shareholders presence at the said meeting and also valued and honored their inputs and recorded their concerns including suggestions in the minutes and kept them abreast on the progress and subsequent actions.

The Company takes the following measures to ensure meaningful participation of minority shareholders in General meetings:

- Notice of General meetings is sent at least 21 days before the meeting. The notice is also published in newspapers (both English & Urdu) having nationwide circulation. Moreover, the notice is also circulated from the forum of PSX
- The Company timely updates its website with respect to all notices of general meetings
- The shareholders are encouraged to raise queries and give suggestions relating to the company's operations
- Annual Report of the company is sent to each member before Annual General Meeting (AGM)

- All minority shareholders irrespective of their shareholding can appoint proxy, participate through video conference and vote through e-voting

### **Proxies**

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote on his/her behalf. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy who sought to be a member of the Company. The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the registered office of the Company not less than forty-eight hours before the said general meeting.

### **Dividend Mandate (Mandatory)**

As per provision of Section 242 of Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders and SECP vide S.R.O.1145(I)/2017 (as amended) directed all shareholders to provide their valid International Bank Account Numbers (IBAN) to receive cash dividend electronically. The company shall be constrained to withhold the payment of Dividend to the shareholders, in case of non-availability of IBAN of the shareholder or authorized person.

### **Withholding Tax/Zakat on dividends:**

As per the provisions of Section 150 of the Income Tax Ordinance, 2001, withholding tax is deductible at source on the amount of dividend paid by the Company at the rate of 15% for filers and at the rate of 30% for non-filers.

In the light of clarification from the Federal Board of Revenue, all the shareholders who intend to seek exemption from withholding of taxes on payment of dividend under clause 47B of Part – IV of the Second Schedule of the Income Tax Ordinance, 2001, are requested to provide valid Exemption Certificate under section 159(1) of the Income Tax Ordinance, 2001 duly issued by the concerned Commissioner of Inland Revenue in order to claim the said exemption. Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction of zakat.

**INTERLOOP LIMITED**  
**FORM OF PROXY**  
**28<sup>th</sup> ANNUAL GENERAL MEETING**

I/We \_\_\_\_\_ of \_\_\_\_\_

CDC A/C NO./ FOLIO NO. \_\_\_\_\_ being a shareholder of **Interloop Limited** (The Company)

do hereby appoint. Mr./Ms./Miss \_\_\_\_\_ of

\_\_\_\_\_ CDC A/C NO./ FOLIO NO. \_\_\_\_\_ and or falling him/her \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ who is/are also a shareholder of the said Company, as my /

our proxy in my /our absence to attend and vote for me /us at the 28<sup>th</sup> Annual General Meeting of the Company to be held

on October 15, 2020 (Thursday) at 10:30 A.M. at Interloop Executive Club, Interloop Industrial Park, 7-KM Khurrianwala-

Jaranwala Road, Faisalabad and/or any adjournment thereof in the same manner as I/we myself /ourselves would vote if

personally present at that meeting.

At witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2020.

1. Signed \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

C.N.I.C/Passport NO. \_\_\_\_\_

Signature on Rs. 5/-  
Revenue Stamps

2. Signed \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

C.N.I.C/Passport NO. \_\_\_\_\_

**Important:**

- a. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, Interloop Limited, Al-Sadiq Plaza P-157, Railway Road, Faisalabad, not less than 48 hours before the time of holding the meeting.
- b. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- c. The proxy form shall be witnessed by two persons whose names, addresses and CNIC/SNIC (Computer National Identity Card/Smart National Identity Card) numbers shall be mentioned on the form.
- d. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with proxy form.
- e. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

# پراکسی فارم انٹرویو لمیٹڈ

28 واں سالانہ اجلاس عام

میں/ہم کے \_\_\_\_\_

سی ڈی سی اکاؤنٹ نمبر/فولیو نمبر \_\_\_\_\_ انٹرویو لمیٹڈ ("دی کمپنی") کے شیئر ہولڈر ہونے کے ناطے محترم/محترمہ \_\_\_\_\_

کے \_\_\_\_\_ سی ڈی سی اکاؤنٹ نمبر/فولیو نمبر \_\_\_\_\_ اور/یا سے \_\_\_\_\_

جو کہ مذکورہ کمپنی کے شیئر ہولڈر بھی ہیں، کو اپنی غیر موجودگی میں پراکسی مقرر کرتا/کرتی ہوں۔

میں اسے اختیار دیتا/دیتی ہوں کہ وہ مورخہ 15 اکتوبر 2020 (بروز جمعرات) کو بوقت 10:30 بجے صبح انٹرویو ایگزیکٹو کلب، انٹرویو انڈسٹریل پارک، 7- کلومیٹر کھڑیا نوالہ- جزائروالہ روڈ، فیصل آباد میں منعقد ہونے والے 28 ویں سالانہ اجلاس عام رائے دہی کا حق استعمال کر سکتا/سکتی ہے اور اس سلسلہ میں کسی بھی التواء

دستخط بروز \_\_\_\_\_ 2020 \_\_\_\_\_

## گواہان

1-

نام:

\_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

\_\_\_\_\_

پتہ:

\_\_\_\_\_

2-

نام:

\_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

\_\_\_\_\_

پتہ:

\_\_\_\_\_

## نوٹ


- 1 - ہر لحاظ سے مکمل اور دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس انٹرویو لمیٹڈ، الصدفیق بلازہ P-157، ریلوے روڈ، فیصل آباد میں اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہیے
- ب - اگر کوئی ممبر ایک سے زائد پراکسی متعین کرتا ہے یا اگر کسی ممبر کی جانب سے کمپنی کے ساتھ ایک سے زائد انٹرویو مینٹس آف پراکسی جمع کروائی جاتی ہیں تو ایسے تمام انٹرویو مینٹس آف پراکسی ناقابل قبول تصور ہوں گے
- پ - پراکسی فارم پر دو اشخاص کی گواہی ہونا لازم ہے اور ان گواہان کے نام، پتہ اور شناختی کارڈ نمبر/سمارٹ میٹھل شناختی کارڈ نمبر فارم پر درج ہونے چاہئیں
- ت - تین فیصل اور پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ مہیا کرنا ہوں گی
- ث - کارپوریٹ ادارہ کی صورت میں بورڈ آف ڈائریکٹرز ریزولوشن/پاور آف اٹارنی مع نمونہ جات کمپنی کو پراکسی فارم کے ساتھ جمع کروانا ہوگا (ماسوائے اگر وہ پہلے جمع کروایا گیا ہو)

51 روپے کار سیدی  
نکتہ یہاں چسپاں کریں




## Interloop limited


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