

**FULL FAMILY
CLOTHING
PARTNER
OF CHOICE**

FULL FAMILY CLOTHING PARTNER OF CHOICE

Interloop is a Business with Purpose!

Pursuing our Vision 2025, our strategic focus is to maintain our leadership in the hosiery business and build further credibility of our multi-category products, enhancing our customer experience through provision of value-added services, offering products across all ages, genders, and abilities. We will continue to lead the way in responsible manufacturing, meeting the highest standards of environmental and social performance and will achieve our strategy through a diverse, inclusive, and engaged workforce building a high-performing organization, digital transformation, and an agile and lean approach across all aspects of our business.

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• **Company Overview**

MISSION

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

CORE VALUES



INTEGRITY



CARE



ACCOUNTABILITY



RESPECT



EXCELLENCE

VISION 2025

It is a **Growth Led Strategy**, which will enable Interloop to be a Full Family Clothing **Partner of Choice**

Vision 2025 charts out our strategy from July 2021 through to June 2026. It is guided by a customer first approach with our strategic focus on offering multi-category products, manufactured responsibly meeting the highest standards of social and environmental performance.

Our strategic focus will be to maintain leadership in hosiery and build credibility of our new categories, offering products across all ages, genders and abilities, becoming a full family clothing supplier.

We aim to be a partner of choice through exceptional customer service delivered by our value added services and responsible business practices.

To successfully deliver our strategy, we will unleash the potential of our people by building a diverse, inclusive and engaged workforce creating a high performing organization. This will be enabled by our digital transformation and by an agile and lean mindset across all aspects of our business.

Our Vision 2025

To Become a Full Family Clothing
Partner of Choice



HOW WE'LL DO IT

PEOPLE



A diverse, inclusive and engaged workforce creating a high performing organization

DIGITAL TRANSFORMATION



Drive efficiencies through digitalization and provide transparency to our customers with real time information

AGILE MANUFACTURING



Drive an agile organization retaining our competitive position as a responsive high quality manufacturer

\$700M

REVENUE BY FY 2026

Transforming into a full family clothing business will build further credibility with our customers

2.5x

REVENUE THROUGH
VALUE ADDED SERVICES

Providing value added services creating strong lasting partnerships

25%

LOWER CARBON FOOTPRINT
AND RESOURCE CONSUMPTION

Lead the way in responsible manufacturing meeting highest standards of environmental and social performance

KEY PERFORMANCE INDICATORS



*includes PKR 1 per share Final Dividend and 3% bonus shares, recommended by the Board of Directors in board meeting held on September 15, 2021, subject to approval at Annual General Meeting to be held on October 15, 2021

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. We expect our employees to act with honesty and professionalism and be scrupulous towards company information, funds, equipment, facilities, using their authority fairly and equitably. Respect and equality are key values at Interloop, where politicizing and debating ethical and religious topics or hurting anyone on such grounds is not acceptable. The company believes in a diverse, inclusive, and engaged workforce creating a high-performance organization. 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.

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.

ASSETS AND PROPRIETARY INFORMATION

We consider our company's physical and intellectual assets valuable and must protect them in the interest of the company and its shareholders. Our employees are expected to strictly comply with internal policies, preserve company's physical and intellectual assets and confidential information. Our employees are accountable for applying all available tools to manage the company's information resources and records properly and proficiently.

OUR PEOPLE

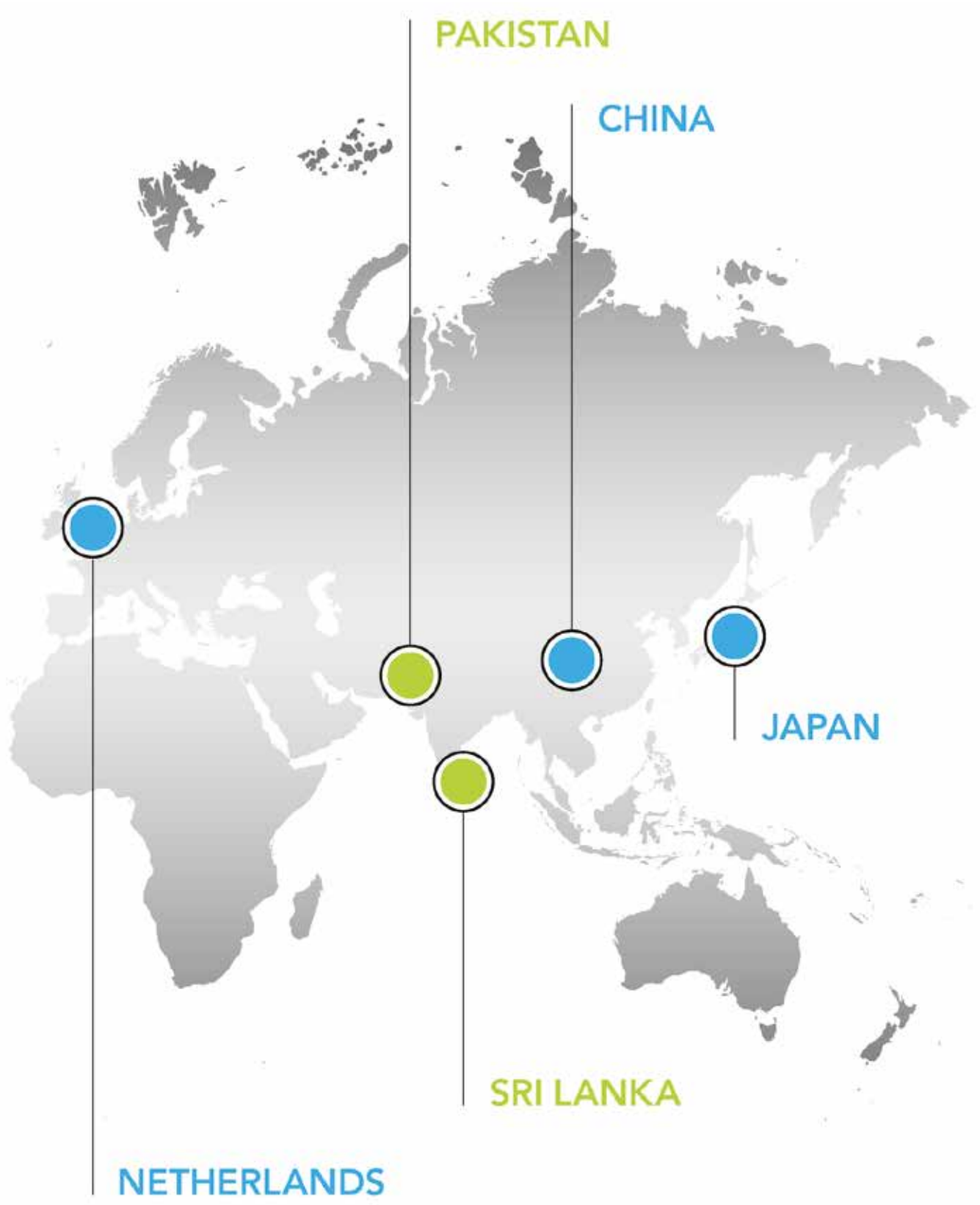
We believe that highly engaged employees are essential for professional development and business success. Therefore, we encourage our employees to contribute their best and to avail the opportunities for development and growth. We have specific management policies and SOPs in line with best international practices for operations and support functions. We invest in continuous improvement of processes including organizational structure, HR planning and performance management. 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
Affiliates & Associates



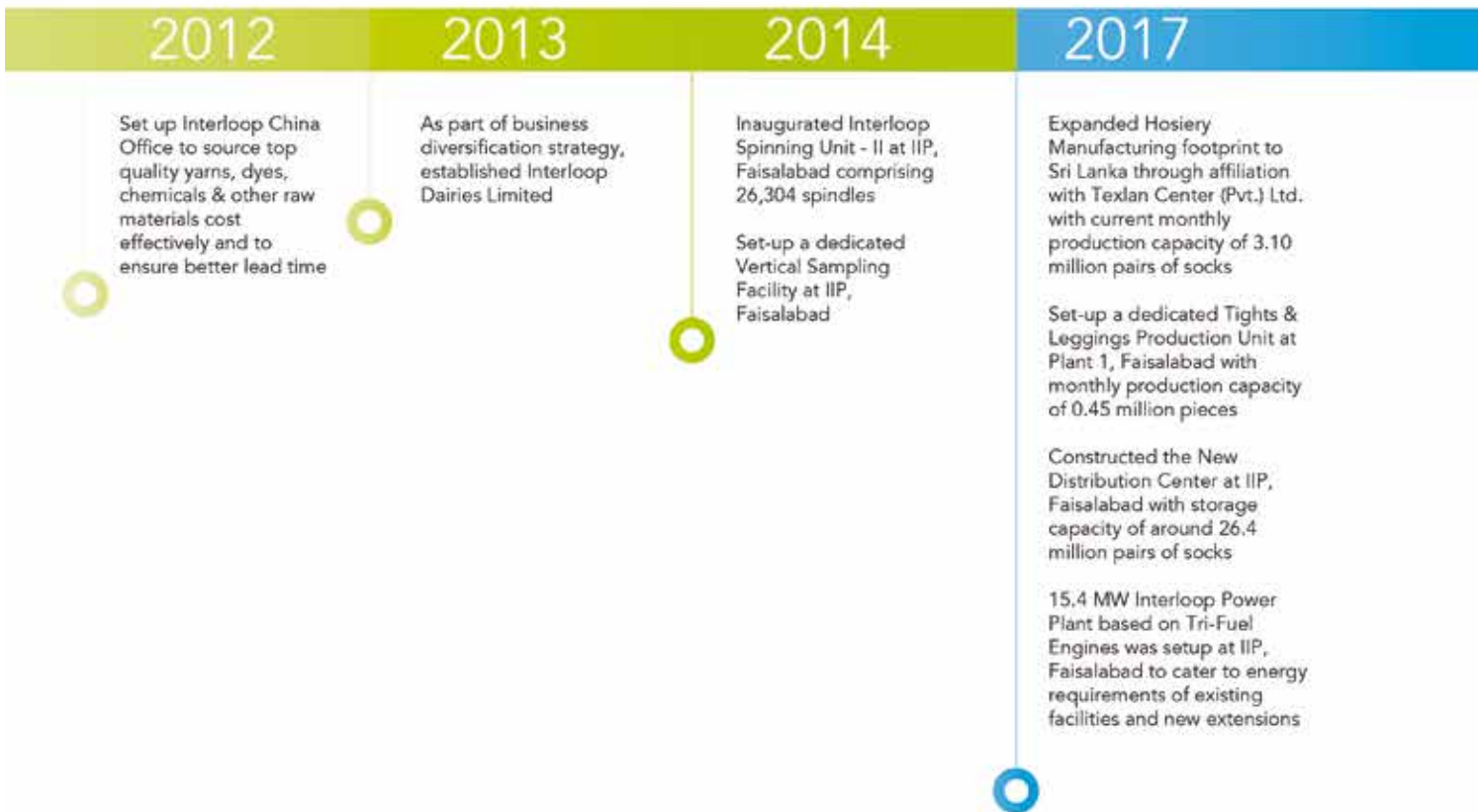
 SERVICES  MANUFACTURING



OUR JOURNEY



1992



Established vertically integrated Hosiery Plant 2 at IIP, Faisalabad with current monthly production capacity of 17.6 million pairs of socks

Established Yarn Dyeing Division at IIP, Faisalabad with current dyeing capacity of 405,000 kgs per month

2006

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

2007

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

2009

Established Hosiery Plant 3 at Lahore through acquisition, with current monthly production capacity of 11.3 million pairs of socks

2011

2020

2018

Commissioned Regions First LEED Gold Certified Socks manufacturing facility (Plant 4) at IIP, Faisalabad with current 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 Apparel Division; looking after the Knitwear Apparel

2019

Established Interloop Denim Apparel manufacturing plant at Lahore as per LEED Platinum Standards. The Plant commenced operation in Dec 2019 with current production capacity of 500,000 pcs per month and planned capacity of 1 million pcs per month by end of 2021

Established Hosiery Plant 5 pilot project with 330 modern Italian Knitting machines with current monthly production capacity of 3.4 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

2020

Groundbreaking of vertically integrated Plant 5 was held in Nov 2020 with a capacity of 1,200 Knitting Machines. First phase will be completed by Oct 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

Musadaq Zulqarnain
Chairman / Non-Executive Director

Navid Fazil
Chief Executive Officer / Executive Director

Muhammad Maqsood
Executive Director / Group CFO

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

RISK MANAGEMENT COMMITTEE

Tariq Iqbal Khan
Chairman

Muhammad Maqsood
Member

Yaqub Ahsan
Member

Syed Hamza Gillani
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 - 54000
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, Raiwind,
Lahore, Pakistan

Denim Plant:

8 Km Manga Raiwind Road, Raiwind,
Lahore, Pakistan

Plant 5:

6 Km Bypass Road, Khurrianwala,
Faisalabad, Pakistan

COMPANY PROFILE

Interloop Limited, headquartered in Pakistan, is a vertically integrated multi-category Full Family Clothing company, manufacturing Hosiery, Denim, Knitwear & Seamless Apparel products, for top international brands and retailers, endeavoring to become a Partner of Choice, for all.

Being the largest listed textile company on Pakistan Stock Exchange by market capitalization & 2nd largest exporter of Pakistan, we employ over 25,000 highly motivated and engaged people from 15 different nationalities, including more than 1,500 females. We enjoy an organizational network spread across 3 continents, with large well-equipped industrial infrastructure based in Pakistan and Sri Lanka, and marketing services offices in USA, Europe & Japan.

Interloop Limited, is a world-class organization dedicated to innovation and manufacturing excellence, a pioneer in environmental consciousness and at the forefront of social change. Aiming for Race to Zero, our focus has been on circular by choice, reducing carbon foot print and using less water. Interloop Hosiery Plant 4 is South Asia's First LEED Gold Certified Socks manufacturing facility and Interloop Denim is one of the Largest and among the only 12 Apparel manufacturing facilities globally, to receive LEED® v4 Platinum Certification by US Green Building Council.

At Interloop Limited, we are passionate about the products we make while being responsible stewards of

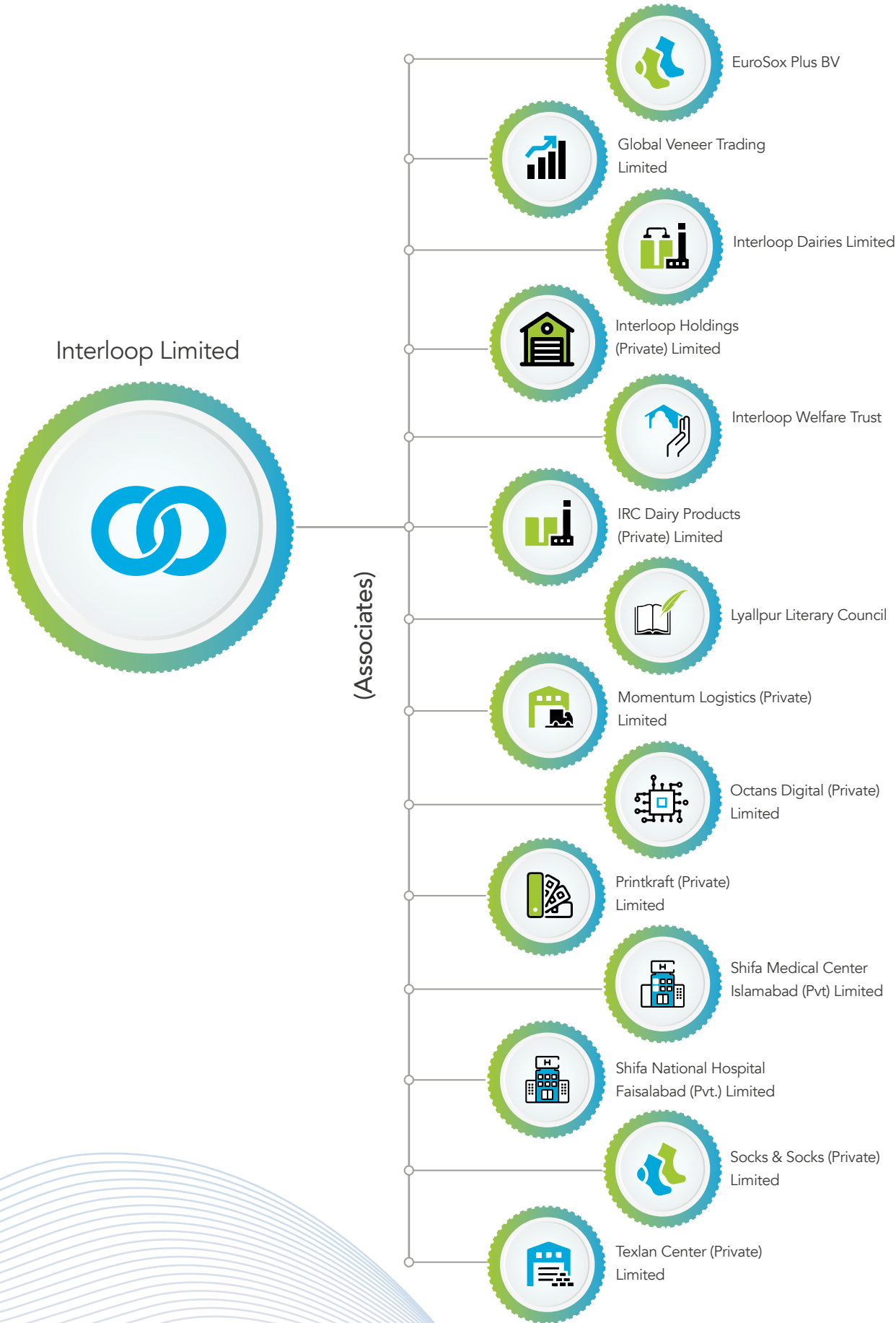
the resources we use. Almost 50% of our raw materials are derived from sustainable sources and we have increased the use of organic cotton by around 400% since 2016.

Living the digital first reality, we ensure that existing operations are carried out as per industry best practices and new initiatives are pursued to digitize operations and enable our people to work faster and better. We have already deployed Robotic Process Automation across repetitive tasks, improving speed and accuracy and its expansion from shared services to merchandising and planning activities. We have introduced analytics dashboard across various teams providing a real time view of the critical KPIs.

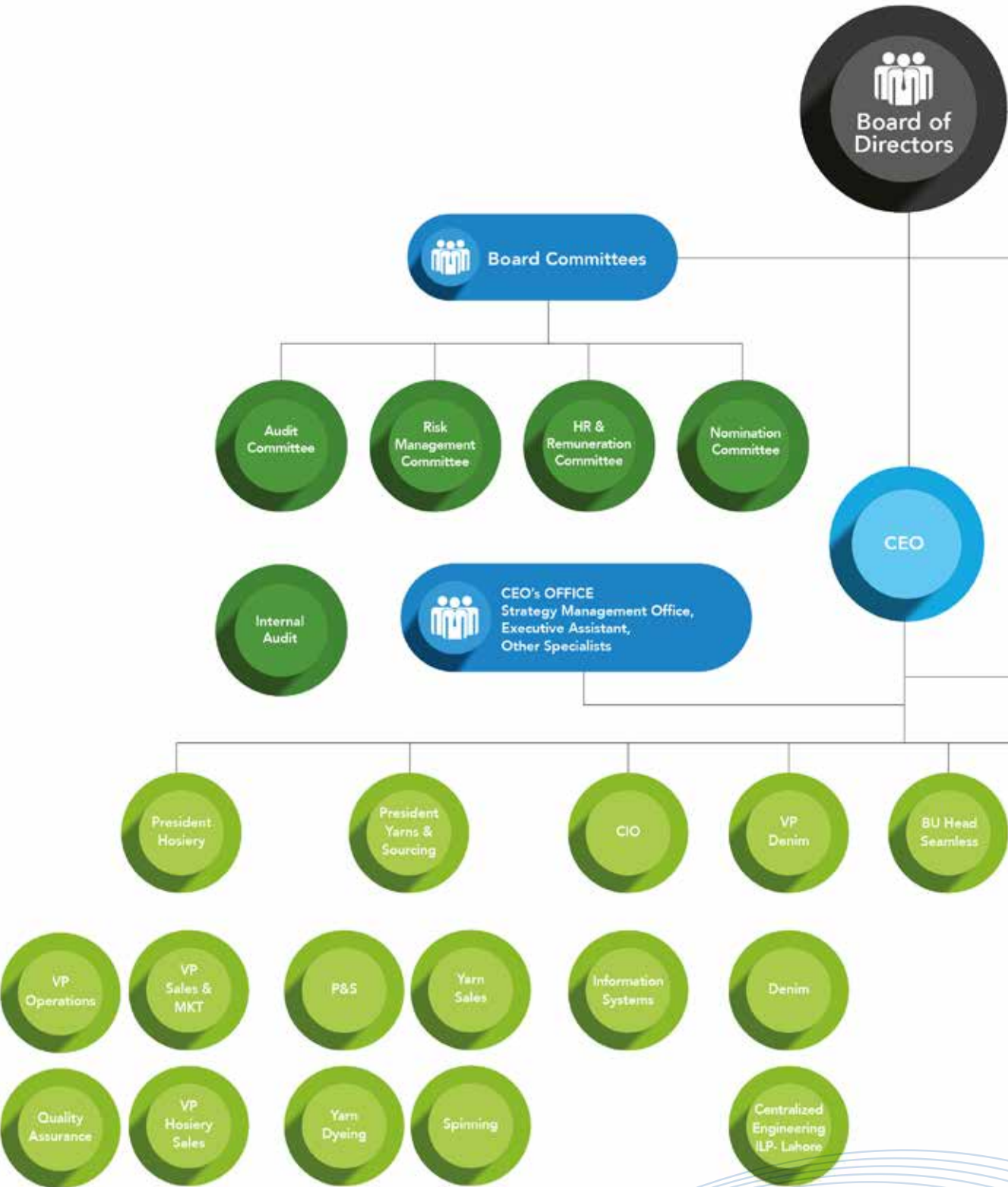
Interloop is a Business with Purpose! Following the Triple Bottom Line approach focused on People, Planet & Prosperity, our Mission & reason for existence is to bring about a positive change in the community. Our ambition to transform lives, improve well-being, build a diverse, inclusive and engaged workforce and conserve the environment is reflected in our business decisions & practices as well as in our social responsibility initiatives.

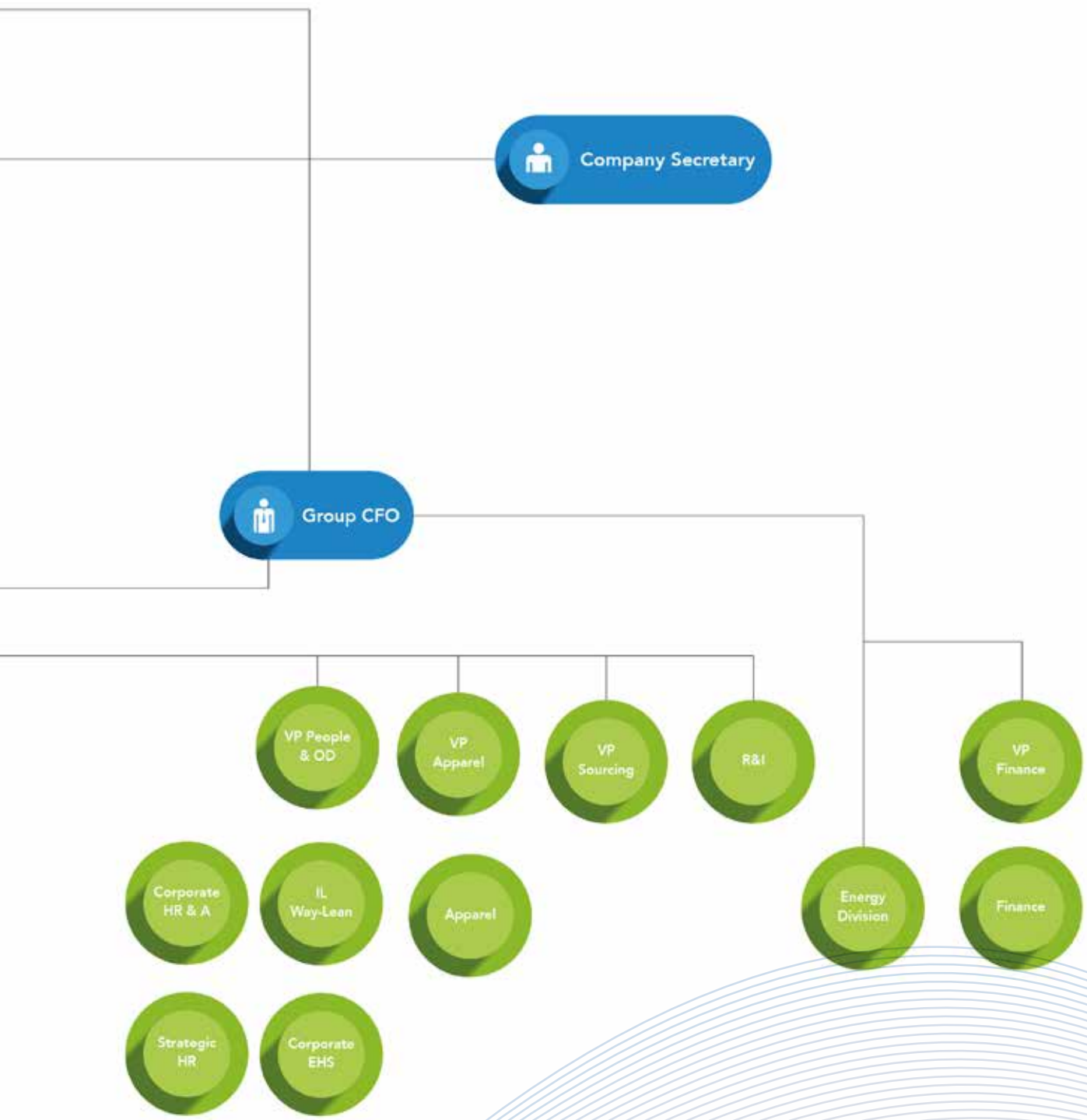
Our focus has always been to reduce inequalities and build gender equitable workplace which has gained us international recognition from top organizations like the UN Global Compact, UN Women, and Fair Trade.

GROUP STRUCTURE



ORGANIZATIONAL STRUCTURE





BUSINESS CATEGORIES

HOSIERY

700+ million pairs of socks
annual production capacity

Interloop Limited has maintained its position as one of the largest suppliers of socks globally, over the last 29 years, exporting to top brands and retailers, including Nike, adidas, Puma, Target, H&M, C&A, Amazon, and Uniqlo, to name a few. With 5 vertically integrated manufacturing facilities spread across South Asia, including 4 in Pakistan and 1 in Sri Lanka, Interloop Hosiery is equipped with the latest Italian Knitting Machines, Spanish Processing Machines, and Italian Dyeing Machines, having quick changeover capability and highly skilled staff to produce high volumes of standard mix and low volumes of customized products. Interloop Plant 4, located at Interloop Industrial Park is Pakistan's & Region's First LEED Gold Certified Socks Production Facility. Under the V4 rating system, it ensures 26% Energy Savings, 51% Reduction in Potable Water Usage & 25% Enhanced Fresh Air Intake for Comfort.

Interloop has the capacity to produce 700 million pairs of socks annually. This includes athletic, performance, fashion, and casual wear regardless of gender and size and one of the largest capacity for infant socks. The company is on responsible manufacturing trajectory, ensuring sustainable production from farm to factory and to customers. As Interloop aims to become a full-service company for its customers, it has the edge of having in-house end-to-end services for Product Development, Quality Assurance, Research & Innovation and Digital Sampling. It is aggressively investing in its digital capabilities to transform its way of working across product design and development, manufacturing, and customer services. Interloop is in the process of expanding its capacity to 6,500 knitting machines at its manufacturing locations across Pakistan and Sri Lanka.



DENIM

6 million garments
annual production capacity

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 LEED Platinum certified by US Green Building Council and in line with Lean concepts. The operations generate minimal environmental impact and prioritize worker well-being in keeping with Interloop's commitment towards United Nations Sustainable Development Goals.

With over 3,500 associates, Denim intends to achieve a 1:1 male to female ratio in its workforce in the long run. The plant has current production capacity of 500,000 pcs per month and aims at enhancing it to 1 million pcs per month by 2022. The product line includes bottoms, shorts, skirts, jackets, work wear cargos for all ages, genders, and sizes, providing services to brands and retailers such as Diesel, Guess, Hugo Boss, Mustang, ALDI, NYDJ, INDITEX. 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. The implementation of new, more efficient, and environmental friendly technologies will have favorable impacts, both on our people & planet.

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



BUSINESS CATEGORIES

KNITWEAR

20 million garments
annual production capacity

Expanding further into the Apparel segment, Interloop established its Knitwear Apparel Business in 2019 as a cut & sew pilot project, which is now backed by a modern dye house launched in August 2021. With a dyeing capacity of 10 tons per day, this dye house brings the fabric dyeing and finishing operations in-house, while the value added services are expanded to knitting, printing, and embroidery. By Dec 2021, it will become a fully vertically integrated Knitwear Apparel facility equipped with in-house knitting, dyeing, cutting, embellishment, and sewing capabilities.

Knitwear Apparel has a production capacity of 1.2 million garments per month with a planned enhancement to 1.8 million pcs by March 2022. The product mix includes T-Shirts, Innerwear, Polo's, Sweatshirts, Pants, Fleece Hoodies & Jackets being exported to eminent brands and retailers in USA, UK, and EU including Target, Tom Tailor, Carhartt, Ben Sherman, Katin, Russel Athletic, Penfield Original, Penguin, Elle, and Juicy Couture.

A hi-tech and fully vertically integrated Apparel Manufacturing Complex will start its operations at Interloop Apparel Park, Faisalabad in Q2 2023 with 42 tons of knitting/dyeing capacity per day, producing over 2 million garments per month.



SEAMLESS

4 million garments
annual production capacity

Interloop has set up a state-of-the-art vertically integrated Seamless Active wear production facility at the Interloop Industrial Park, with the latest Italian knitting machines having average monthly production capacity of 345,000 pcs.

The latest Japanese machines provide a large variety of sewing capabilities, as well as a variety of styling from basic to high 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 without any additional cut & stitch panels involved. The product range includes active & performance wear, base layers, seamless innerwear, and shape wears for both men & women. Currently, Interloop is serving seamless active wear business of prestigious names such as adidas, H&M, Kappa, Reebok, Bebe, Pepe Jeans, Aldi & Kaufland, and continuously striving to engage more distinguished customers in our portfolio.

A dedicated, self-sufficient Product Development Facility with 4 Santoni knitting machines, 3 dyeing machines, and 20 sewing machines, is also in process and will be operational by Q3, 2021 to ensure quick sampling with desired quality.



BUSINESS CATEGORIES

YARNS

26 million kgs
annual production capacity

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
- 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 manufacturers.

YARN DYEING & AIR COVERING

A state-of-the-art Yarn Dyeing facility, equipped with modern machines including highly automated dyeing operations, automatic dyestuff, chemical dispensing system etc., is providing a wide variety of colours 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.

Keeping in view the vision 2025, the company is also planning to further add in-house dyeing capacity of 10 tons spun cotton yarns per day to cater to Interloop Limited's all business categories and speed to market.



RECOGNITIONS

EFP EXPORTERS RECOGNITION AWARD 2020

Interloop Limited being an Innovation-driven manufacturer, has been recognized all over the globe for instituting sustainable practices for its people, operations and the community. These commendable practices have therefore earned Interloop the Export Recognition Award 2020 for Top 100 exporters of Pakistan presented by His Excellency Dr. Arif Alvi, President Islamic Republic of Pakistan.



UNGC LIVING THE GLOBAL COMPACT BEST PRACTICES SUSTAINABILITY AWARD 2020

Interloop Limited participated in the UN Global Compact Living the Global Compact Best Practices Sustainability Awards 2020 for the first time and won the 3rd Prize in the large scale manufacturing category. This is a testament to Interloop's commitment towards contributing to a healthier and sustainable future for all, in line with the UN SDGs and 10 principles of the UN Global Compact, embedded in the way it conducts business.



15TH EFP-OSH AWARD 2019

At the 15th EFP – OSH Awards 2019, Interloop was awarded the 1st prize in the Textile sector across the country, in recognition of its best practices in Safety, Health & Environment. Employee Health Monitoring, Emergency Preparedness, Quality of EHS Management, Leadership Commitment, Staff Participation, Training Program, Incident Reporting & Analysis, and Performance Monitoring were the aspects and domains considered for evaluating the contesting companies.



CUSTOMERS

Some of our top clients across Europe,
USA and Asia









2 • 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 also serves on the Board of Karandaz Pakistan and is the President of Interloop Welfare Trust and Lyallpur Literary Council. 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 profession, Musadaq's leadership experience spans over four decades. Through his vision & commitment, he successfully led Interloop to become one of the world's largest hosiery manufacturers, and expand into denim, knitwear and seamless apparel manufacturing, backed by a strong purpose of creating positive change. Musadaq also has the honour of serving on the Council of Business Leaders advisory to the Prime Minister, as a member of the CPEC Business Council, and as Chairman of the Complaint Oversight Committee, FBR.

Musadaq is a development enthusiast and philanthropist, actively engaged in nurturing the youth of Pakistan by facilitating education, women empowerment and sports. He has always been at the forefront in providing free health services for poor patients and relief activities during natural disasters including the current pandemic.



NAVID FAZIL

Chief Executive Officer / Executive Director

Navid Fazil is a Founding Director and CEO of Interloop Limited. He also serves on the Boards of TCPL and Interloop Holdings (Pvt.) Limited. He is the Vice President of Interloop Welfare Trust which is engaged in numerous philanthropic activities across the country.

Navid enjoys around three decades' 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 suppliers for top international brands and retailers, with an annual turnover of 331 Million USD. Being a progressive leader, he has spearheaded company's expansion into multi-category manufacturing including Denim, Knitwear and Seamless Apparel, endeavoring to become a Full Family Clothing, Partner of Choice, for all. Under his leadership, Interloop Limited stands today as the second largest textile exporter of Pakistan.

Navid is an Electrical Engineer and earned his Masters in Management from the University of Oxford, UK. Having a technically trained and intellectual mind, he puts great emphasis on continuous improvement with special focus on Lean Manufacturing, Research & Innovation and Sustainability. A strong supporter of Diversity, Inclusion and Sustainable Growth, Navid is actively involved in many social responsibility programs, both professionally and personally. He is passionate about protecting the environment for future generations and keenly follows developments in regenerative agriculture around the world.



MUHAMMAD MAQSOOD

Executive Director

Muhammad Maqsood is Executive Director Interloop Limited. He is also a Member of the Boards of Interloop Dairies, Texlan Center (Pvt.) Limited and Interloop Welfare Trust. With an overall experience of 26 years, Maqsood's association with Interloop spans 19 years. He is performing his duties as Group CFO. 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 Ph.D. degree in Immunology from the University of Manchester, UK and is an 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 Bantth 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 41 years, Jahan Zeb has spent the last 23 years with Interloop.



SAEED AHMAD JABAL

Independent Director

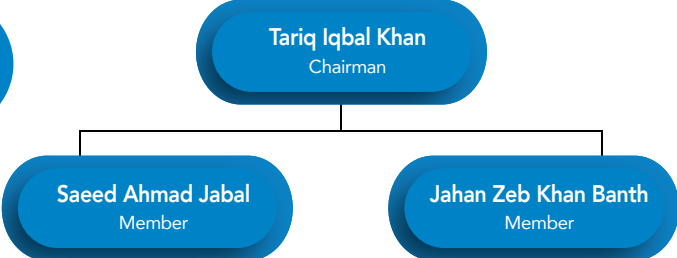
Saeed Ahmad Jabal is an Independent Director on the Board of Interloop Limited. A Chartered Accountant by profession, Saeed carries four and a half decades' rich and versatile experience of working in Pakistan and overseas, at leadership positions throughout as CFO, Director Finance, Executive Director,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

An important milestone in his career; Saeed looked after enhancing the computerized financial system on the IBM platform. He also supervised the implementation of Oracle ERP System and conversion of data in a composite textile manufacturing and exports company. Besides Finance & Accounts, he also developed SOPs for ISO 9000 certification and systems, procedures & policies for business operations, management and organizational development, etc. While in overseas employment, Saeed had been a member of a huge computerization project in the mid 80s and was responsible for system assurance and financial data handling by the computer system. He was also responsible for cost management and control of the contracted projects.

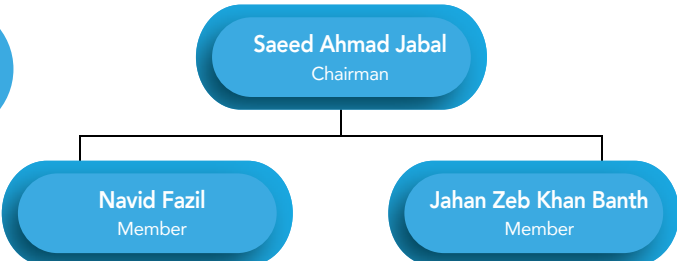


BOARD COMMITTEES

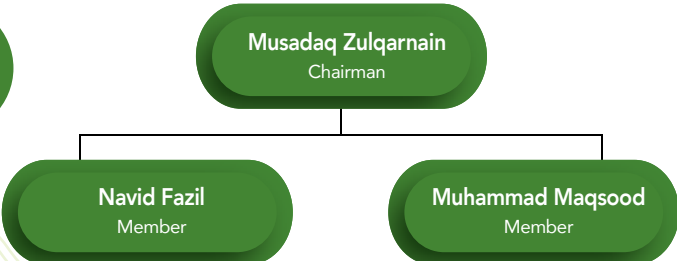
Audit Committee



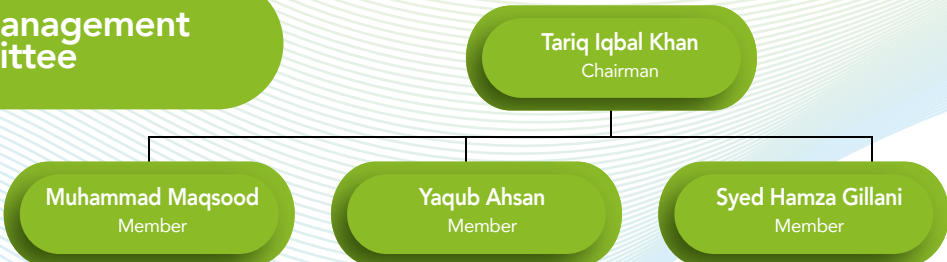
HR & Remuneration Committee



Nomination Committee



Risk Management Committee



MANAGEMENT COMMITTEE



NAVID FAZIL
Chief Executive Officer /
Executive Director



TARIQ RASHID MALIK
President Yarns & Sourcing



MUHAMMAD MAQSOOD
President / Group CFO



AZHAR SADIQ
President Hosiery



ZAIN SADIQ
Vice President Operations



FEROZE AHMED
Vice President Denim



FARYAL SADIQ
Vice President Sales & Marketing



YAQUB AHSAN
Chief Information Officer



MASOOMA ZAIDI
Vice President Hosiery Sales



AQEEL AHMAD
Vice President People & OD



TAYAB MASOOD
Vice President Apparel

CHAIRMAN'S REVIEW REPORT

Dear Shareholders, I am delighted to present performance review of Interloop Limited ('the Company' or 'ILP') and the role played by the Board of Directors ('the Board') in achieving the objectives of the Company, for the year ended June 30, 2021.

ECONOMIC OUTLOOK

The economy posted a fairly strong expansion in the fiscal year 2021 (July 2020–June 2021), due to rebounding domestic demand and healthier export growth. Turning to FY 2022, conditions seem to be subdued in the first quarter as the loosening of lockdown restrictions in late June resulted in an increase in new COVID-19 cases. Consequently, some key economic regions implemented partial lockdowns in July and August, which should be weighing on activity somewhat. Furthermore, export growth eased notably in July, likely due to supply chain disruptions amid renewed COVID-19 restrictions across the region. That being said, fiscal support measures outlined in this fiscal year's budget should be stoking domestic demand.

Economies all over the world including Pakistan have been facing challenges posed by new waves and variants of the COVID-19 pandemic but Pakistan's economy has witnessed V-shaped restoration. The International Monetary Fund (IMF) has acknowledged Pakistan's stronger economic activity and kept the global growth forecast largely unchanged at six percent for the current year and 4.9pc for the next year. GDP growth in FY 2022 (July 2021–June 2022) is set to get slow following FY 2021's rebound. Fixed investment and private consumption growth should taper as ongoing pandemic-related concerns and a moderating global economic recovery weigh on domestic demand. Downside risks stem from new variants of the virus, rising debt, and geopolitical tensions.

BUSINESS PERFORMANCE

Despite challenging business environment, your Company's results of operations, financial position, and net assets are indicative of a solid financial condition. The current financial year was the most successful year as the Company was able to achieve its highest ever sales figure and reported the net sales of Rs. 54.962 billion as compared to Rs. 36.303 billion during last year. Further, net profit after tax increased from Rs. 1.796 billion to Rs. 6.292 billion, up by 250.23%. This was mainly due to the post lockdown effect and opening of global markets. This net profit translated into Earnings per Share (EPS) of Rs. 7.21 as against Rs. 2.06 of last year.

The Company is investing a substantial amount to increase its reserve base and with the Grace of Allah

Almighty, we are pretty much hopeful to get new successes as we have a number of factors in our favor; the strength of our balance sheet, our strong cash generation, our expertise and most of all, the dedication and will of our employees.

ROLE OF THE BOARD OF DIRECTORS

During the pandemic, the Board remained engaged with the management which helped it to meet the exceptional and unforeseen challenges. The continuous monitoring of the Board throughout the period and the deliberations to the management were cardinal in achieving all the targets and overcoming the pandemic impacts. The Board has performed remarkably well even through the impacts of the pandemic have been devastating. The Company successfully steered through the uncertain times with emphasis on health and safety yet, ensuring business continuity, on the back of guidance from the Board of Directors.

ILP has a seven member Board of Directors, which comprises individuals with diverse backgrounds, having core competencies, knowledge, and expertise relevant to the business of the Company. All Board Members and the Leadership team of the Company are humbled by your overwhelming response and are determined to deliver as per your expectations. The Board provides strategic direction to the management and fulfills its fiduciary responsibilities with a sense of commitment.

The Board has constituted the Boards' Audit Committee, Human Resource & Remuneration Committee, Nomination Committee, and Risk Management Committee. These committees provided valuable input and assistance to the Board. The Audit Committee particularly focuses on the detailed review of financial statements and internal controls. These sub-committees held meetings and reported to the Board as per stipulations of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Best practices of corporate governance having been embedded into the Company's culture to maintain the highest level of professionalism and business conduct.

An annual evaluation of performance of the Board, members of the Board, and its Committees was carried out with the help of a formal and effective mechanism. Based on the feedback received through this mechanism overall role of the Board has been found to be effective. The Board has fulfilled all its mandatory responsibilities including ensuring compliance with all legal and regulatory requirements for the Company.

I would like to share that all the Directors, including

Independent Directors, fully participated and contributed to the decision making process of the Board. The Board performed its duties and responsibilities diligently, inter alia, by:

- Ensuring that Mission, Vision, and Values of the Company are being followed;
- Effectively guiding the Company in its strategic affairs;
- Setting annual goals and targets for the management;
- Overseeing management's performance and focusing on major risk areas;
- Evaluating significant investments;
- 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 always make sure that the Board stays pro-active and works closely with the management to oversee the implementation of the Company's strategy and provide counsel and insights wherever required. The board and the management are fully conscious of the challenges ahead and are well prepared to tackle them with the required vision, knowledge, and experience.

On behalf of the Board, I would like to express my appreciation for the contribution of the Board, excellent efforts put in by our management and employees as well as for the support received from all stakeholders including our valued customers, suppliers, banks, regulators, and other organizations. I hope and pray that the Company may maintain the momentum of growth in the future years.



Musadaq Zulqarnain
Chairman

Faisalabad,
September 15, 2021



DIRECTORS' REPORT

The Directors of Interloop Limited ('the company' or 'ILP') are pleased to present the Annual Report together with the audited Financial Statements and Auditors' Report thereon for the year ended June 30, 2021.

ECONOMIC & INDUSTRY OVERVIEW

Pakistan's economy already had a volatile growth pattern over the years, with regular boom and bust cycles, facing challenges in achieving long-term and inclusive growth. The FY21 began in the midst of the most severe global health crisis experienced in modern history. Despite myriad of challenges, Pakistan's economy, on the back of various measures and achievements during the year, has witnessed a V-shaped recovery post COVID and a growth rate of 3.9% as against initial estimate of 1.5% released by IMF whereas the current indicators show visible improvements and the FY22 whereby it is expected that the economy will grow by approximately 5% and will accelerate further over the medium term.

Moreover, the Ministry of Commerce and Ministry of Industries & Production have played a pivotal role in developing a permitting environment for industrial growth. The Textile Industry is considered one of the most vital sectors for Pakistan's economic growth. It is a significant contributor to its industrial exports. Pakistan's textile exports have mostly recovered from the COVID-19 pandemic shocks and have picked up a growing pace. According to the Pakistan Bureau of Statistics (PBS), textile exports have increased by 22.94% during FY21. In the textile sector, the highest exports were of Knitwear segment with a growth of 37% on a YoY basis. The Knitwear exports were \$ 3.83 billion in FY21 compared to \$ 2.80 billion in FY20. Whereas, Exports of Bed Wear and Readymade Garment's segments had substantial growth by 29% YoY and 19% YoY, respectively.

FINANCIAL AND OPERATIONAL PERFORMANCE

Current financial year has been a challenging year for Pakistan's economy. The COVID-19 pandemic has been a source of stress and adversity, the world over. Pakistan's economy showed its resilience and braced the negative impacts of the global pandemic far better than expected. The efficient response by the Government and SBP to tackle the pandemic resulted in increased business in the country as compared to the neighboring countries.

Despite challenging business environment, the current financial year was the most successful year of your company by the grace of Allah Almighty. Sales revenue of your company increased by 51.40% to the highest ever sales figure of Rs. 54,962.27 million, as compared to Rs. 36,302.79 million during the corresponding period. Your company earned profit after tax of Rs 6,291.57 million for the year under review as compared to Rs 1,796.40 million during the previous year. The net profit translated into Earnings per Share (EPS) of Rs. 7.21 as against Rs. 2.06 of last year.

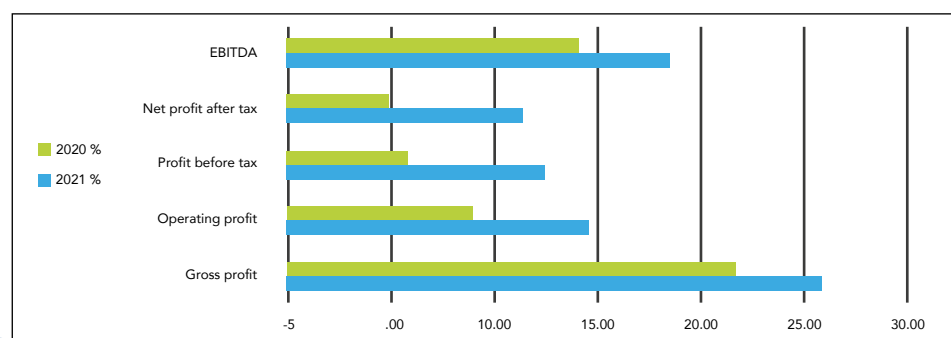
The operating results of the company are summarized as follows:

	2021	2020
	(Rs. in Millions)	
Sales – net	54,962.27	36,302.79
Gross profit	14,212.28	7,863.72
EBITDA	10,175.59	5,121.61
Profit before Tax	6,872.86	2,115.83
Less : Tax Expense	581.29	319.428
Profit after Tax	6,291.57	1,796.40
Unappropriated profit brought forward	4,766.12	5,366.21
Effect of initial application of IFRS 16	-	(0.67)
Transfer upon amalgamation	(804.50)	-
Profit available for Appropriations	6,219.92	1,799.12
Appropriations		
- Final dividend 2019		1,526.34
- Interim dividend 2020		872.20
- Final dividend 2020	872.20	
- Interim dividend 2021	1,308.30	
Unappropriated profit carried forward	8,001.04	4,766.12
Earnings per share – Basic (Rs.)	7.21	2.06
Earnings per share – Diluted (Rs.)	7.21	2.06

The company is focused on maintaining its growth momentum in the long run. The management is acutely monitoring its resources to reap the maximum benefits for its Stakeholders. This involves optimizing revenue generation using both; key financial indicators and strategic indicators that provide a meaningful assessment of our performance against the strategy.

VERTICAL ANALYSIS

Category	2021	2020
	%	%
Gross profit	25.86	21.66
Operating profit	14.59	8.96
Profit before tax	12.50	5.83
Net profit after tax	11.45	4.95
EBITDA	18.51	14.11



EARNINGS PER SHARE

The Basic and Diluted earnings per share after tax is Rs. 7.21 (2020: Rs 2.06)

DIVIDEND

In view of the company's earnings, the Board of Directors has recommended a Final Cash Dividend in respect of the financial year ended June 30, 2021, at the rate of Rs. 1 per share (i.e. 10%), is subject to approval of the members at the Annual General Meeting to be held on October 15, 2021, including the interim dividend of Rs.1.50 per share (i.e. 15%) already paid, which make a total cash distribution of Rs. 2.5 (i.e. 25%) for the year ended Jun 30, 2021. These financial statements do not include the effect of the proposed final dividend.

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) Yarns (Spinning & Yarn Dying) - This segment relates to the sale of yarns
- c) Apparel – This segment relates to the readymade garments
- d) 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.

The details of the business segments of the company are annexed in the Annual Report.

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. Outstanding taxes and levies are given in the Notes to the Financial Statements.
11. The management of the company is committed to good corporate governance, and appropriate steps are taken to comply with best practices.
12. The company operates a contributory provident fund scheme for employees and defined benefit gratuity scheme for its management/non-management employees. The value of investments based as at Jun 30, 2021, are as follows:

Provident Fund Rs. 92,369,196

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, Eight (8) 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	8
Navid Fazil	Chief Executive Officer/ Executive Director	8
Jahan Zeb Khan Banth	Non-Executive Director	8
Muhammad Maqsood	Group CFO/Executive Director	8
Shereen Aftab	Non-Executive Director	1
Saeed Ahmad Jabal	Independent Director	8
Tariq Iqbal Khan	Independent Director	8

FEMALE DIRECTOR

Shereen Aftab is the only female Director on the Board of Directors of the company.

BOARD COMMITTEES

The Board of Directors has constituted Board's Audit Committee (AC), Human Resource & Remuneration Committee (HR&R), Nomination Committee (NC) and Risk Management Committee (RMC) 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, and the audit processes. During the year 2020-21, Nine (9) Committee meetings were held. The name of Directors and number of meetings attended by each Director are as follows:

Name(s) of Committee Members	Meetings Attended
Tariq Iqbal Khan (Chairman)	9
Saeed Ahmad Jabal	9
Jahan Zeb Khan Banth	8

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 2020-21, Six (6) Committee meetings were held. The name of Directors and number of meetings attended by each Director are as follows:

Name(s) of Committee Members	Meetings Attended
Saeed Ahmad Jabal (Chairman)	6
Navid Fazil	6
Jahan Zeb Khan Banth	6

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 2020-21.

Name(s) of Committee Members
Musadaq Zulqarnain (Chairman)
Navid Fazil
Muhammad Maqsood

RISK MANAGEMENT COMMITTEE (RMC)

A Risk Management Committee has been constituted this fiscal year to assist the Board, primarily for reviewing and identifying the systems of internal control and risk management of the company, to identify any weaknesses and for making recommendations to the Board with regards to any major necessary intervention required therein. During the year 2020-21, One (1) Committee meeting was held. The names of Directors & Members who attended the meeting are as follows:

Name(s) of Committee Members	Meetings Attended
Tariq Iqbal Khan (Chairman)	1
Muhammad Maqsood	1
Yaqub Ahsan	1
Syed Hamza Gillani	1

BOARD EVALUATION

As required under the Code of Corporate Governance, the Board conducts a self-evaluation of its performance on an annual basis. The evaluation also includes the assessment of the performance of the Executive Directors, Independent Directors, and its Sub Committees. The Board of Directors believe that a continuous assessment is critical to measure how effectively the Board has performed against the objectives and goals that they have set for themselves. Based on the results, the areas of improvements are identified, and corrective action plans are prepared.

The assessment of the Board is conducted against the defined parameters including but not limited to the overall structure and size of the Board, integrity, credibility and trustworthiness in decision making, clarity in setting the Board's own performance targets, preparedness for the Board meetings, agility and effectiveness of the Board and quality of contribution by the members.

The overall performance of the Board and its sub-committees measured on the basis of approved criteria remained satisfactory.

The overall performance of the Board and its sub-committees measured on the basis of approved criteria remained satisfactory.

DIRECTORS' TRAINING PROGRAM

All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies. By June 30, 2021, all Directors had acquired the prescribed certification under Directors Training Program or are exempt from the Directors' Training Program 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.

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 programs to make sure that the entire Board is aligned with the Organization's Mission and Corporate Governance.

DIRECTORS' REMUNERATION

The Directors' Remuneration Policy for Independent Directors has been approved by the shareholders of the company. The policy includes transparent procedure for remuneration of Directors in accordance with the Companies Act, 2017 and Companies Listed (Code of Corporate Governance) Regulations, 2019. Independent Directors are only entitled to receive fixed fees in lieu of remuneration for attending the Board and Committee Meetings and General Meetings of the company together with travelling and lodging costs borne by the company. No Director is involved in deciding his/her own remuneration.

Appropriate disclosure of remuneration paid during the year to Directors and Chief Executive Officer has been provided in Note no. 46 to the Financial Statements.

REVIEW OF CEO'S PERFORMANCE

The Chief Executive Officer (CEO), being part of the Board, is present in every meeting of the Board. He provides an overview of the company's performance to the Board and

addresses any specific questions by the Board members. The performance of the CEO is assessed through the evaluation system set by the company. The principle factors of evaluation include financial performance, business processes, compliance, business excellence and people management.

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 Companies Listed (Code of Corporate Governance) Regulations, 2019 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 2020-21, 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.

EMPLOYEE STOCK OPTION SCHEME

The company had 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.

Certain amendments to the Scheme had been approved by the shareholders of the company in its last Annual General Meeting held on October 15, 2020 with the context of listed Companies regulations owing to its listing on Pakistan Stock Exchange (PSX) during the year 2019. The Scheme had originally been approved by the members in the general meeting held on December 31, 2015 and by SECP through its letter no. SMD/CIW/ESOS/01/2016 dated September 01, 2016.

Apart from the requisite amendments made under the approval of the SECP, there had been no further consequential changes made to the Scheme. The legislative changes made in the constitutional law as indexed below may be taken as incorporated;

- i. Companies Ordinance, 1984 has been repealed with Companies Act, 2017;
- ii. Public Companies (Employees Stock Option Scheme) Rules, 2001 have been repealed with Companies (Further Issue of Shares) Regulations, 2020.

Owing to the recent amendments in the Scheme approved by the shareholders of the company & SECP respectively as stated supra, the B class of Shares (Non-Voting Ordinary Shares) have now been eliminated from the applicable Scheme by approving and proposing requisite alteration of/amendment to the Memorandum & Articles of Association (MOA-AOA) of the company. Accordingly, the Scheme is now fully operative and applicable under the prescribed amendments.

CREDIT RATING

The management believes in transparency and credibility of financial information. In this regard the company approached VIS Credit Rating Company Limited (VIS), a 'Full Service' rating agency providing independent rating services in Pakistan which in its Press Release of April 20, 2021 had assigned an initial entity rating of 'A+/A-1' (Single A plus/Single A-One) to Interloop Limited (ILP). Outlook on the assigned ratings was 'Stable'. Long term rating of 'A+' signified good credit quality with adequate protection factors. Risk may vary slightly from time to time because of economic conditions. Short Term Rating of 'A-1' indicated high certainty of timely payment, and excellent liquidity factors supported by good fundamental protection factors.

These ratings reflect Interloop's sound financial position resulting from a robust capital structure and denotes

a very low expectation of credit risk and very strong capacity for timely payments of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

ADEQUATE INTERNAL CONTROLS AND MONITORING

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly has established an efficient system of internal controls for ensuring effective and efficient conduct of operations, safeguarding company assets, compliance with applicable laws and regulations and reliable financial reporting. 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 of Directors has established a system of sound internal financial controls, for achieving effectiveness and efficiency in its operations, reliable financial reporting and compliance with applicable laws and regulations. The independent Internal Audit function of the company regularly monitors implementation of financial controls whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on a continuous basis.

INTERNAL AUDIT AND CONTROL

The Board has set up an independent Internal 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

Pattern of Shareholding as at June 30, 2021, which are required to be disclosed under the reporting framework, is annexed to this report.

COMMUNICATION

The company focuses on the importance of the communication with all the stakeholders. The Annual, Half-yearly and Quarterly Reports are distributed to them within the time specified in the Companies Act, 2017. Company engaged the Shareholders & analyst

through various briefing sessions during the year. The activities of the company are updated on its website at www.interloop-pk.com, on timely basis.

CORPORATE BRIEFING SESSION (CBS)

The company held CBS on November 19, 2020. The objective behind the company's engagement through this briefing was to give investors (both existing and potential) the right perspective of the company's business affairs, to help them make informed investment decisions. Investors from all walks of life attended the event and showed great interest in the affairs of the company. The Board continues to value the importance of building strong investor relations. The company believes that the relationship with Shareholders is crucial in helping us achieve our targets.

BUSINESS CONTINUITY PLAN

The company has implemented the security management system, has well-established disaster recovery / business continuity plan and data backup to cope with any unwarranted event, along with the analysis of the preventive measures specific for site. It has also taken into consideration every possible aspect of safety measures during construction and erection of building and plant. Further, the company has complete insurance cover in case of any catastrophic incident to enable the company to restate at its position.

APPOINTMENT OF STATUTORY AUDITORS

The present auditors M/S. Kreston Hyder Bhimji & company, Chartered Accountants have completed their tenure for the year (FY 2020-21) and will be retiring at the conclusion of the forthcoming Annual General Meeting (AGM). 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 2021-22).

COVID-19 EFFECTS AND MEASURES

Interloop Limited continues to operate as a going concern despite challenges posed by the COVID-19 Pandemic. We are pleased to announce that the company has been able to maintain strict SOPs for combating the COVID-19 pandemic and to keep the team and the workplace safe under these challenging circumstances. The company continues to keep the health and safety of its employees as its top priority and has pursued an aggressive strategy

to get its team members vaccinated against COVID-19. The company Management would like to place on record and appreciate the support extended by the Government of Punjab and the Provincial Health Department for a mass vaccination drive conducted at the company's premises.

GOVERNMENT POLICES DURING THE YEAR

The Government took several important policy decisions like monetary and fiscal measures, smart lockdowns, rapid vaccination etc. IMF has acknowledged that the government policies have been critical in supporting the economy and saving lives and livelihoods.

After the COVID-19 outbreak, the State Bank of Pakistan proactively reduced the policy rates from 13.25 percent to 7.0 percent. The target of monetary policy was shifted towards supporting growth and employment during the pandemic. The same policy continued during FY 2020-21, which has supported the economic recovery while keeping inflation expectations under control and safeguarding financial stability. This policy provides inexpensive source of Short term/Long term financing for the company and has significantly improved the bottom line of company in the current financial year. A special mention needs to be made about the ingenuity of the SBP in taking charge of the monetary policy at the right time and restoring confidence among the business community along with introduction of the Temporary Economic Relief Facility (TERF) which mobilized human and financial capital to push forward expansion plans.

FBR tax collection has witnessed a significant growth owing to the revival of domestic economic activity and ongoing comprehensive tax policy and administrative reforms. Sales tax refunds are processed with the short improved procedures making it easy for the company. In addition to these, Duty Drawback on Local Taxes & Levies (DLTL) is also an excellent scheme from the government to support the exporters in efficient financial management.

To revive the forest cover and wildlife resources in Pakistan, the government has launched the Ten Billion Tree Tsunami Programme. Interloop Limited has supported the government initiative by planting a number of trees through its employees. Different types of trees have been planted at different locations sequestration helping off-set GHG emissions.

HEALTH, SAFETY & ENVIRONMENT

Your company is continuously investing substantial resources to improve working conditions and maintaining the highest standards of 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

During the current financial year, Interloop's CSR vision has been aimed at protecting our environment, operating in a socially responsible manner, developing the communities in which we operate, maintaining standards of excellence in our work and advocating healthy lifestyles, acting with integrity and adhering to the highest ethical standards, promoting diversity in our work force and partnering with diverse suppliers and ensuring a safe, healthy workplace. The detailed analysis on CSR activities is presented in the Annual and Sustainability Reports of the company.

EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

i. Dividend

The Board of Directors in its meeting held on September 15, 2021 has proposed final cash dividend for the year ended June 30, 2021 @ Rs.1 per share, for approval of the members in the Annual General Meeting.

ii. Bonus Shares

The Board of Directors in its meeting held on September 15, 2021 has proposed the issue of bonus shares in the proportion of 3% i.e., 3 bonus shares for every 100 shares held, for the year ended June 30, 2021, for approval of the members in the Annual General Meeting.

MATERIAL CHANGES DURING THE CURRENT YEAR

The company had the following material events during the FY 2020-21;

i. Amalgamation of Wholly owned Subsidiary - IL Apparel (Private) Limited (ILA)

During the year, the Board of Directors of Interloop Limited (ILP) and IL Apparel (Private) Limited (ILA) in their respective meetings held on October 28,

2020 & November 05, 2020 approved the scheme of arrangement for amalgamation of ILA, a wholly owned subsidiary of ILP, with and into ILP with effect from January 31, 2021. ILA is amalgamated with and into ILP with the approval of the Securities and Exchange Commission of Pakistan. The entire issued, subscribed and paid-up capital of ILA, comprising of 104,500,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from January 31, 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

Risks & Opportunities are discussed in detail on page no.60 of the Annual Report..

BUSINESS CHALLENGES AND FUTURE OUTLOOK

Interloop Limited has outlined its Vision 2025 which reads as "TO BECOME A FULL FAMILY CLOTHING PARTNER OF CHOICE" with the Targeted Revenue of USD 700M with total planned investment of USD 302.27M. The company needs to achieve certain goals and may have to face some challenges to reach the targets set for 2025 which include:

- Significant Size in the World Market
- End to End Services
- Engaged Employees
- Serving the Community

The company is planning to expand its operations to achieve the set targets by addition of Hosiery Plant and Denim Fabric Mill. Further planning to increase the capacity of manufacturing in all segments focusing from infant to adult customer.

Interloop Limited has elevated its commitment to the environment by joining the Fashion Industry's Charter for Climate Action to drive net-zero GHG emissions by 2050. We will work towards a target of 25% GHG emission reductions by FY2026. We are also functioning on reducing water consumption by 25%, diverting 100% of our waste from landfills and ensuring Zero Discharge of Hazardous Chemicals.

Although the challenges are huge but we are committed to perform in the best possible manner and add value to our stakeholders by meeting the long-term goals of the company. For improving quality of our products and

getting premium on selling prices, we will continue to upgrade plant and machinery with the prime objective of reducing imbalance and inefficiencies, reducing utilities and maintenance requirements and develop our human capital.

ACKNOWLEDGMENT

The achievements of the company are a mirror image of the unrelenting commitment and contribution of its employees, and the trust of its clients, suppliers, service carriers and Shareholders. The company recognizes and offers gratitude to all stakeholders for the confidence reposed in it.

On Behalf of the Board of Directors



Navid Fazil
Chief Executive Officer / Director



Jahan Zeb Khan Banth
Director

Faisalabad
September 15, 2021

اگرچہ چیلنجز بہت بڑے ہیں لیکن ہم بہترین ممکنہ انداز میں کارکردگی کا مظاہرہ کرنے اور کمپنی کے طویل مدتی اہداف کو پورا کرتے ہوئے اپنے اسٹیک ہولڈرز کی قدر بڑھانے کے لیے پرعزم ہیں۔ ہماری مصنوعات کے معیار کو بہتر بنانے اور قیمتوں کی فروخت پر پریمیوم حاصل کرنے کے لیے، ہم پلانٹ اور مشینری کو اپ گریڈ کرتے رہیں گے، جس کا بنیادی مقصد عدم توازن اور نا کامی کو کم کرنا، افادیت اور دیکھ بھال کی ضروریات کو کم کرنا اور ہمارے انسانی سرمائے کو ترقی دینا ہے۔

تسلیم و تحسین:

کمپنی کی کامیابیاں اپنے ملازمین کے غیر متزلزل عزم، وابستگی اور اس کے صارفین، سپلائرز، سروس کیئر بیوز اور شیئرز ہولڈرز کے اعتماد کی آئینہ دار ہیں۔ کمپنی اس پر اعتماد کرنے کے لیے تمام اسٹیک ہولڈرز کو تسلیم کرتی ہے اور ان کا شکریہ ادا کرتی ہے۔

بحکم

بورڈ آف ڈائریکٹرز



نوید فاضل

چیف ایگزیکٹو/ڈائریکٹر

فیصل آباد

مورخہ 15 ستمبر 2021

Talaw Zed

جہاں زیب خان بانٹھ

ڈائریکٹر

پاکستان میں جنگلات کے احاطے اور جنگلی حیات کے وسائل کی بحالی کے لیے حکومت نے دس بلین ٹری سونامی پروگرام شروع کیا ہے۔ انٹرویو لیمینڈ نے اپنے ملازمین کے ذریعے متعدد درخت لگا کر حکومتی اقدامات کی حمایت کی ہے۔ مختلف جگہوں پر مختلف قسم کے درخت لگائے گئے ہیں جس سے GHG کے اخراج میں مدد ملتی ہے۔

صحت، حفاظت اور ماحولیات:

آپ کی کمپنی کام کرنے کے حالات کو بہتر بنانے اور صحت، حفاظت اور ماحولیات (HSE) کے اعلیٰ معیار کو برقرار رکھنے کے لیے مسلسل وسائل کی سرمایہ کاری کر رہی ہے تاکہ ہمارے ساتھ کام کرنے والے لوگوں کی فلاح و بہبود کو یقینی بنایا جاسکے۔

کارپوریٹ سماجی ذمہ داری:

رواں مالی سال کے دوران، انٹرویو لیمینڈ کے CSR وژن کا مقصد ہمارے ماحول کی حفاظت کرنا، سماجی طور پر ذمہ دارانہ انداز میں کام کرنا، ان کیہ ونٹیز کو ترقی دینا ہے جن میں ہم کام کرتے ہیں، اپنے کام میں بہترین مہارت کے معیار کو برقرار رکھنا اور صحت مند طرز زندگی کی حمایت کرنا، ذمہ داری کے ساتھ کام کرنا اور اس پر عمل پیرا ہونا اعلیٰ ترین اخلاقی معیارات، ہماری ورک فورس میں تنوع کو فروغ دینا اور متنوع سپلائرز کے ساتھ شراکت داری اور محفوظ، صحت مند کام کی جگہ کو یقینی بنانا۔ سی ایس آر کی سرگرمیوں کا تفصیلی تجزیہ کمپنی کی سالانہ اور پائیداری رپورٹس میں پیش کیا گیا ہے۔

مالی پوزیشن کی تاریخ کے گوشوارے کے بعد کے واقعات:

(i) منافع منقسمہ

بورڈ آف ڈائریکٹرز نے مورخہ 15 ستمبر 2021 کو ہونے والے اپنے اجلاس میں سالانہ جنرل میٹنگ میں ممبران کی منظوری کے لیے مورخہ 30 جون 2021 کو ختم ہونے والے سال کے لیے حتمی نقد منافع منقسمہ (Rs.1/-) ایک روپے فی شیئر کی تجویز دی ہے۔

(ii) بونس شیئرز:

بورڈ آف ڈائریکٹرز نے مورخہ 15 ستمبر 2021 کو منعقد ہونے والے اپنے اجلاس میں بونس شیئرز 3 فیصد کے تناسب سے جاری کرنے کی منظوری دی ہے، یعنی 30 جون 2021 کو ختم ہونے والے سال کے سالانہ اجلاس عام میں اراکین کی منظوری کے لئے ہر حصص کے لئے 3 بونس شیئرز کے تناسب سے ہے۔

موجودہ سال کے دوران مادی تبدیلیاں:

مالی سال 2021 - 2020 کے دوران کمپنی کے مندرجہ ذیل مادی واقعات تھے۔

(i) مکمل ملکیتی ذیلی ادارے آئی ایل ایپریل (پرائیویٹ) لیمینڈ (IL A) کا انضمام:

سال کے دوران، انٹرویو لیمینڈ (ILP) اور آئی ایل ایپریل (پرائیویٹ) لیمینڈ (IL A) کے بورڈ آف ڈائریکٹرز نے مورخہ 28 اکتوبر 2020 اور مورخہ 05 نومبر 2020 کو ہونے والی اپنی متعلقہ میٹنگز میں IL A کے انضمام کے انتظام کی اسکیم کی منظوری دی تھی، ILP کا مکمل ملکیتی ذیلی ادارہ، مورخہ 31 جنوری 2021 سے ILP کے ساتھ اور اس میں شامل ہے۔ IL A کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے ILP کے ساتھ ضم کیا گیا ہے۔ IL A کا جاری کردہ، سبسکرائب شدہ اور ادا شدہ سرمایہ، 10 روپے کے 104,500,000 عام حصص پر مشتمل ہے، جس کو مورخہ 31 جنوری 2021 سے بغیر کسی ادائیگی یا دیگر غور کے منسوخ کر دیا گیا ہے۔

بنیادی خطرات اور غیر یقینی صورتحال:

سالانہ رپورٹ کے صفحات نمبر 60 پر خطرات اور مواقع پر تفصیلی گفتگو کی گئی ہے۔

کاروباری چیلنجز اور مستقبل کا آؤٹ لک:

انٹرویو لیمینڈ نے اپنے وژن 2025 کا خاکہ پیش کیا ہے جو کہ "مکمل خاندان کے کپڑے کا پارٹنر آف چوائس بننا" کے طور پر ہے جس کی ہدف شدہ آمدن 700 بلین امریکی ڈالر ہے جس کی مجموعی منصوبہ بند سرمایہ کاری کی مالیت 302.27 بلین ڈالر ہے۔ کمپنی کو کچھ اہداف حاصل کرنے کی ضرورت ہے اور 2025 کے لیے مقرر کردہ اہداف تک پہنچنے کے لیے کچھ چیلنجز کا سامنا کرنا پڑ سکتا ہے جن میں شامل ہیں:

- عالمی مارکیٹ میں نمایاں سائز
- اینڈ ٹو اینڈ سروسز
- ملازمین کی مصروفیات
- کمیونٹی کی خدمت

کمپنی ہوزری پلانٹ اور ڈینٹیم فیبرک مل کے اضافے کے ساتھ مقررہ اہداف کے حصول کے لیے اپنے کام کو بڑھانے کی منصوبہ بندی کر رہی ہے۔ تمام شعبوں میں مینیجنگ پراجیکٹ کی صلاحیت کو بڑھانے کے لیے مزید منصوبہ بندی جو کہ نو زائیدہ سے لے کر بڑی عمر کے صارفین تک ہے۔ انٹرویو لیمینڈ نے 2050 تک مطلق صفر GHG اخراج کے ساتھ فیشن انڈسٹری کو رواں رکھنے کے چارٹ آف کلیمٹ ایکشن میں شامل ہو کر پرفضا ماحول کے لیے اپنے عزم کو بلند کیا ہے۔ مالی سال 2026 تک ہم 25 فیصد GHG اخراج میں کمی کے ہدف کی جانب اپنا کام جاری رکھیں گے۔ ہم پانی کی کھپت میں 25 فیصد تک کم کرنے، اپنے 100 فیصد فضلے کو لینڈ فلز سے موڑنے اور مصزب کیبلز کے زیر و بسچارج کو یقینی بنانے پر بھی کام کر رہے ہیں۔

مناسب داخلی مالیاتی کنٹرول:

بورڈ آف ڈائریکٹرز نے آزاد اندرونی مالیاتی کنٹرول کا ایک بہترین نظام قائم کیا ہے جس کی سربراہی ایک اہل شخص کے ذمہ ہے جو کہ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کمیٹی کے آزادانہ آڈٹ کا دائرہ کار واضح طور پر بیان کیا گیا ہے جس میں وسیع پیمانے پر اس کے اندرونی کنٹرول سسٹم کا جائزہ اور تفتیش شامل ہے۔

شیئر ہولڈنگ کا نمونہ:

مورخہ 30 جون 2021 تک شیئر ہولڈنگ کا پینٹرن، جسے رپورٹنگ فریم ورک کے تحت ظاہر کرنا ضروری ہے، اس رپورٹ کے ساتھ منسلک ہے۔

مواصلات:

کمیٹی تمام اسٹیک ہولڈرز کے ساتھ رابطے کی اہمیت پر توجہ مرکوز کرتی ہے۔ ان کو سالانہ، ششماہی اور سہ ماہی رپورٹیں کمیٹی ایکٹ 2017 میں بتائے گئے وقت کے اندر تقسیم کی جاتی ہیں۔ شیئر ہولڈرز اور تجزیہ کار کو کمیٹی نے سال کے دوران مختلف بریفنگ سیشنز کے ذریعے سے شامل رکھا۔ کمیٹی کی سرگرمیوں کو اس کی ویب سائٹ www.interloop-pk.com پر بروقت بنیاد پر آپ ڈیٹ کیا جاتا ہے۔

کارپوریٹ بریفنگ سیشن (سی بی ایس):

کمیٹی نے مورخہ 19 نومبر 2020 کو سی بی ایس کا انعقاد کیا۔ اس بریفنگ کے ذریعے کمیٹی کی شمولیت کے پس پردہ بنیادی مقصد (موجودہ اور ممکنہ دونوں) سرمایہ کاروں کو کمیٹی کے کاروباری معاملات کا درست نقطہ نظر دینا تھا، تاکہ ان کو باخبر سرمایہ کاری کی فیصلہ سازی کرنے میں مدد مل سکے۔ زندگی کے ہر شعبے سے تعلق رکھنے والے سرمایہ کاروں نے شرکت کی اور کمیٹی کے معاملات میں گہری دلچسپی ظاہر کی۔ بورڈ سرمایہ کاروں کے مضبوط تعلقات استوار کرنے کی اہمیت کو جاری رکھے ہوئے ہے۔ کمیٹی کا ماننا ہے کہ ہمارے اہداف کو حاصل کرنے میں شیئر ہولڈرز کے ساتھ تعلقات ہماری مدد کرنے میں اہم ہیں۔

کاروباری تسلسل کی منصوبہ بندی:

کمیٹی نے سیکورٹی اینجینٹ سسٹم کو نافذ کیا ہے، کسی بھی غیر ضروری واقعہ سے نمٹنے کے لیے اچھی طرح سے قائم کردہ ڈیجیٹل ریکوری/کاروباری تسلسل کی منصوبہ بندی اور ڈیٹا بیک اپ کے ساتھ ساتھ سائٹ کے لیے مخصوص حفاظتی اقدامات کا تجزیہ بھی کیا ہے۔ اس نے عمارت اور پلانٹ کی تعمیر اور تعمیراتی کاموں کے دوران حفاظتی اقدامات کے ہر ممکن پہلو کو بھی مد نظر رکھا ہے۔ مزید یہ کہ کمیٹی کسی بھی حادثاتی واقعے کی صورت میں انشورنس کا مکمل احاطہ کرتی ہے تاکہ کمیٹی کو اپنی پوزیشن پر بحال کرنے کے قابل بنایا جاسکے۔

قانونی آڈیٹرز کی تقرری:

موجودہ آڈیٹرز میسرز کرسٹن حیدر جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے سال مالی سال (2020-21) کے لیے اپنی مدت مکمل کر لی ہے اور آئندہ سالانہ اجلاس عام (اے جی ایم) کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کے ناٹے، انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ آڈٹ کمیٹی نے سال مالی سال (2021-22) کے لیے کمیٹی کے بطور آڈیٹرز کی دوبارہ تقرری کی سفارش کی ہے۔

کووڈ 19 کے اثرات اور اقدامات:

انٹرویو لیٹیو کووڈ 19 کی وبائی صورتحال کے باعث سے درپیش مشکلات کے باوجود بہتری کے لئے کام کو جاری رکھے ہوئے ہے۔ ہمیں یہ اعلان کرتے ہوئے نہایت خوشی ہے کہ کمیٹی کووڈ 19 کی وبائی صورتحال کا مقابلہ کرنے کے لیے سخت ایس او پیز برقرار رکھنے نیز ان مشکل حالات میں ٹیم اور کام کی جگہ کو محفوظ رکھنے میں کامیاب رہی ہے۔ اپنے ملازمین کی صحت اور حفاظت کو کمیٹی اپنی اولین ترجیح کے طور پر جاری رکھے ہوئے ہے اور اس نے اپنی ٹیم کے ارکان کے لئے کووڈ 19 کی حفاظتی ویکسین لگانے کے لیے ایک سخت حکمت عملی اختیار کی ہے۔ کمیٹی اینجینٹ ریکارڈ پر رکھنا چاہتی ہے، نیز حکومت پنجاب اور صوبائی محکمہ صحت کی جانب سے کمیٹی کے احاطے میں وسیع پیمانے پر ویکسینیشن مہم کے لیے دی گئی حمایت کو بھی سراہتی ہے۔

سال کے دوران حکومتی پالیسی:

حکومت کی جانب سے کئی اہم پالیسی فیصلے کیے گئے جیسا کہ مانیٹری اور فنانس اقدامات، اسٹاک ڈاؤن، تیزی کے ساتھ ویکسینیشن وغیرہ آئی ایم ایف نے بھی حکومتی اقدامات کو سراہا ہے کہ ان کی پالیسیوں نے معیشت کو سہارا دینے اور زندگی و معاش کو بچانے میں نمایاں کردار ادا کیا ہے۔ کووڈ 19 کے پھیلاؤ کے بعد، اسٹیٹ بینک آف پاکستان نے فعال طور پر پالیسی کی شرح 13.25 فیصد سے کم کر کے 7.0 فیصد کر دی۔ مالیاتی پالیسی کا ہدف وبائی صورتحال کے دوران ترقی اور روزگار کی معاونت کی طرف منتقل کیا گیا۔ یہی پالیسی مالی سال 2020-21 کے دوران بھی جاری رہی، جس نے معاشی بحالی کی حمایت کی ہے جبکہ افراط زر کی توقعات کو کنٹرول میں رکھتے ہوئے اور مالی استحکام کی حفاظت کی ہے۔ یہ پالیسی کمیٹی کے لیے قبل مدتی/طویل مدتی فنانسنگ کا سستا ذریعہ فراہم کرتی ہے اور اس نے موجودہ مالی سال میں کمیٹی کے نچلے حصے میں نمایاں بہتری کو ممکن بنایا ہے۔ مالیاتی پالیسی کا صحیح وقت پر چارج سنبھالنے اور کاروباری برادری کے درمیان اعتماد بحال کرنے کے ساتھ ساتھ عارضی اقتصادی ریلیف سہولت (ٹی ای آر ایف) متعارف کروانے میں اسٹیٹ بینک کی دانشمندی کے بارے میں ایک خاص ذکر کرنے کی ضرورت ہے جس نے وسیع کے منصوبوں کو آگے بڑھانے کے لئے انسانی وسائل اور مالی سرمائے کو متحرک کیا۔

گھریلو معاشی سرگرمیوں کی بحالی اور جاری جامع ٹیکس پالیسی اور انتظامی اصلاحات کے باعث ایف بی آر ٹیکس وصولی میں نمایاں اضافہ دیکھنے میں آیا ہے۔ سٹریٹجکس کی رقم کی واپسی مختصر بہتر طریقہ کار کے ساتھ عمل میں لائی جاتی ہے جو کمیٹی کے لیے آسانی کو ممکن بناتی ہے۔ ان کے علاوہ، مقامی ٹیکسوں اور لیویز پر ڈیوٹی ڈرایب (DLTL) بھی حکومت کی طرف سے ایک بہترین اسکیم ہے تاکہ برآمد کنندگان کو موثر مالی انتظام میں مدد مل سکے۔

سی ای او کی کارکردگی کا جائزہ:

چیف ایگزیکٹو آفیسر (سی ای او)، بورڈ کا حصہ ہونے کے ناطے بورڈ کی ہر میٹنگ میں موجود ہوتا ہے۔ وہ بورڈ کو کمپنی کی کارکردگی کا ایک جائزہ فراہم کرتا ہے اور بورڈ کے ممبروں کے کسی مخصوص سوال کا حل پیش کرتا ہے۔ سی ای او کی کارکردگی کا اندازہ کمپنی کی طرف سے مقرر کردہ تشخیصی نظام کے ذریعے کیا جاتا ہے۔ تشخیص کے بنیادی عوامل میں مالی کارکردگی، کاروباری عمل، تعمیل، کاروباری مہارت اور افراد کا انتظام شامل ہیں۔

چیئر مین کا جائزہ:

معاشی نقطہ نظر، کمپنی کی کارکردگی، بورڈ آف ڈائریکٹرز کا کردار اور مستقبل کے امکانات اور غیر یقینی صورتحال سے متعلق چیئر مین کا جائزہ سالانہ رپورٹ میں شامل ہے۔

متعلقہ فریقین کی لین دین کا جائزہ:

کمپنی نے اپنے متعلقہ فریقین کے ساتھ اپنی دسترس کے دام پر تمام لین دین کے فرائض کو انجام دیا ہے ماسوائے اس کے کہ جہاں مالی گوشاواروں میں اسے مشکف کیا گیا ہو۔ لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019، اور قابل اطلاق قوانین و ضوابط کی تعمیل میں، تمام متعلقہ پارٹی ٹرانزیکشنز کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں اور آڈٹ کمیٹی کی سفارش پر انہیں بورڈ کے سامنے نظر ثانی اور منظوری کے لیے پیش کیا جاتا ہے۔ مالی سال 2020-21 میں متعلقہ فریق کے ساتھ ٹرانزیکشن کے بارے میں معلومات کے لیے، براہ کرم نوٹس برائے مالیااتی گواشاوارے ملاحظہ کریں۔

کمپنی کے حصص میں تجارت:

ڈائریکٹرز اور ایگزیکٹوز یا ان کے اہل خانہ کی طرف سے کمپنی کے حصص کی تجارت اور ہولڈنگز کو کمپنی سیکرٹری کو قیمت، حصص کی تعداد، شیئر خرید کی شکل اور لین دین کی نوعیت کے ساتھ تحریری طور پر مطلع کیا گیا تھا، جسے کمپنی سیکرٹری نے بورڈ، ایس ای سی پی اور پاکستان اسٹاک ایکسچینج کو مقررہ وقت کے اندر مطلع کیا تھا۔ اس طرح کی تمام ہولڈنگز شیئر ہولڈنگ کے پیٹرن میں ظاہر کی گئی ہیں۔

ملازمین کے لئے اسٹاک آپشن اسکیم:

کمپنی نے پبلک کمپنیز (ایمپلائز اسٹاک آپشن اسکیم) روٹرز 2001 کے مطابق اپنے اہل ایگزیکٹو ملازمین کو کمپنی کے حصص کی پیشکش کے لیے "انٹرویو لیٹڈ ایمپلائز اسٹاک آپشن اسکیم، 2016 (ESOS)" متعارف کروائی تھی، جس نے انہیں اسٹیک ہولڈرز سے شیئر ہولڈرز میں تبدیل کیا۔ یہ حصص کمپنی کے وقتاً فوقتاً اعلان کردہ بونس حصص، منافع یا اسی طرح کے کارپوریٹ فوائد کے لیے اہل ہیں۔ یہ اسکیم لیکچرار، رضا کارانہ اور ملازمین کی طویل مدتی ترقی اور خوشحالی پر مرکوز ہے۔

مذکورہ اسکیم میں کچھ ترامیم کو کمپنی کے حصص یافتگان نے مورخہ 15 اکتوبر 2020 کو منعقد ہونے والی اپنی آخری سالانہ جنرل میٹنگ میں منظوری دے دی تھی جو سال 2019 کے دوران پاکستان اسٹاک ایکسچینج (PSX) میں اس کی لسٹنگ کی وجہ سے لسٹڈ کمپنیوں کے ضوابط کے تناظر میں تھی۔ اس اسکیم کو دراصل ممبران نے مورخہ 3 دسمبر 2015 کو ہونے والی جنرل میٹنگ میں اور ایس ای سی پی نے اپنے لیٹر نمبر SMD/CIW/ESOS/01/2016 بتاریخ کیمبر، 2016 کے ذریعے منظور کیا تھا۔

ایس ای سی پی کی منظوری کے تحت مطلوبہ ترامیم کے علاوہ، اسکیم میں مزید کوئی نتیجہ خیز تبدیلیاں نہیں کی گئیں۔ ذیل میں درج آئینی قوانین میں کی گئی قانون سازی کی تبدیلیوں کو شامل کیا جاسکتا ہے۔

- (i) - کمپنیز آرڈیننس 1984 کو کمپنیز ایکٹ 2017 کے ساتھ منسوخ کر دیا گیا ہے۔
- (ii) - پبلک کمپنیاں (ایمپلائز اسٹاک آپشن اسکیم) روٹرز 2001 کو کمپنیز (شیئرز کا مزید اجراء) ریگولیشنز 2020 کے ساتھ منسوخ کر دیا گیا ہے۔

کمپنی کے میمورنڈم اور آرٹیکل آف ایسوسی ایشن (AOA-MOA) میں ترمیم/مطلوبہ تبدیلی کی منظوری اور تجویز کے ذریعے کمپنی اور ایس ای سی پی کے شیئر ہولڈرز کی جانب سے بالترتیب منظور کردہ اسکیم میں حالیہ ترامیم کے سبب شیئرز کی بی کلاس (غیر وونگ شدہ عام شیئرز) کو قابل اطلاق اسکیم سے خارج کر دیا گیا ہے جیسا کہ بیان کیا گیا ہے نیز اس کے مطابق، اسکیم اب مکمل طور پر فعال اور مقررہ ترامیم کے تحت لاگو ہے۔

کریڈٹ ریٹنگ:

انتظامیہ مالی معلومات کی شفافیت اور ساکھ پر یقین رکھتی ہے۔ اس ضمن میں کمپنی نے VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ سے رجوع کیا، جو کہ ایک 'مکمل سروس' ریٹنگ ایجنسی ہے اور پاکستان میں آزادانہ درجہ بندی کی خدمات فراہم کرتی ہے جس نے مورخہ 20 اپریل 2021 کی جاری کردہ اپنی رپورٹس میں انٹرویو لیٹڈ (ILP) کی 'A+/A-1' (سنگل اے پلس/سنگل اے ون) کی ابتدائی درجہ بندی کی تھی۔ تفویض کردہ درجہ بندی پر آؤٹ لک 'مستحکم' تھا۔ 'اے پلس' کی طویل مدتی درجہ بندی مناسب حفاظتی عوامل کے ساتھ اچھے کریڈٹ معیار کی نشاندہی کرتی ہے۔ معاشی حالات کی وجہ سے خطرہ وقتاً فوقتاً مختلف ہو سکتا ہے۔ 'A-1' کی قلیل مدتی درجہ بندی نے بروقت ادائیگی کی اعلیٰ اعتماد کی نشاندہی کی ہے، نیز بہترین لیکویڈٹی عوامل بنیادی تحفظ کے عوامل سے معاون ہیں۔

یہ درجہ بندی انٹرویو لیٹڈ کے مستحکم مالیاتی پوزیشن کو ظاہر کرتی ہے جس کا نتیجہ مضبوط سرمایہ دارانہ ڈھانچہ ہے اور یہ کریڈٹ رسک کی بہت کم توقع اور مالی وعدوں کی بروقت ادائیگی کے لیے نہایت مضبوط صلاحیت کی نشاندہی کرتا ہے۔ یہ صلاحیت قابل ذکر واقعات کے لیے نمایاں طور پر ہرگز کمزور نہیں ہے۔

مناسب داخلی کنٹرول اور نگرانی:

بورڈ آف ڈائریکٹرز اندرونی کنٹرول ماحول کے حوالے سے اپنی ذمہ داریوں سے مکمل طور پر آگاہ ہے اور اس کے مطابق آپریشن کے موثر اور قابل انعقاد کو یقینی بنانے کے لیے، کمپنی کے اثاثہ جات کی حفاظت، قابل اطلاق قوانین اور قواعد و ضوابط کی تعمیل اور قابل اعتماد مالیاتی رپورٹنگ کو یقینی بنانے کے لیے اندرونی کنٹرول کا ایک موثر نظام قائم کیا گیا ہے۔ اس طرح کے نظام کو متبجنت مؤثر طریقے سے مانیٹر کرتی ہے جبکہ بورڈ آڈٹ کمیٹی خطرات کی تشخیص اور بورڈ آف ڈائریکٹرز کو پیش کردہ رپورٹوں کی بنیاد پر اندرونی کنٹرول سسٹم کا جائزہ لیتی ہے۔

نومینیشن کمیٹی (NC):

بورڈ کی نامزدگی کمیٹی تشکیل دی گئی ہے جو بنیادی طور پر بورڈ کی ساخت، سائز اور ساخت کو باقاعدہ جائزہ کے تحت رکھے اور اس میں ضروری تبدیلیوں کے حوالے سے بورڈ کو سفارشات پیش کرے۔ سال 2020-21 کے دوران کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔

کمیٹی ممبران کے نام

جناب صدق ذوالقرنین (چیئر مین)

جناب نوید فاضل

جناب محمد مقصود

رسک مینجمنٹ کمیٹی (RMC)

بورڈ کی مدد کے لیے رواں مالی سال ایک رسک مینجمنٹ کمیٹی تشکیل دی گئی ہے، بنیادی طور پر کمپنی کے اندرونی کنٹرول اور رسک مینجمنٹ کے نظامات کا جائزہ لینے اور ان کی شناخت کے لیے، کسی بھی کمزوری کی نشاندہی کرنے کے لیے اور بورڈ کو کسی اہم ضروری مداخلت کے حوالے سے سفارشات پیش کرنے کے لیے اس کی ضرورت ہے۔ سال 2020-21 کے دوران، ایک کمیٹی کا اجلاس منعقد ہوا۔ اجلاس میں شریک ڈائریکٹرز اور ممبران کے نام درج ذیل ہیں۔

کمیٹی ممبران کے نام	اجلاسوں میں شرکت
جناب طارق اقبال خان (چیئر مین)	1
جناب محمد مقصود	1
جناب یعقوب احسن	1
جناب سید مزہر گیلانی	1

بورڈ کی تشخیص:

جیسا کہ کارپوریٹ گورننس کے ضابطے کے تحت ضروری ہے، بورڈ سالانہ بنیاد پر اپنی کارکردگی کا از خود جائزہ لیتا ہے۔ تشخیص میں ایگزیکٹو ڈائریکٹرز، آزاد ڈائریکٹرز اور اس کی ذیلی کمیٹیوں کی کارکردگی کا جائزہ بھی شامل ہے۔ بورڈ آف ڈائریکٹرز کا ماننا ہے کہ ایک مسلسل تشخیص اس بات کی پیمائش کے لیے اہم ہے کہ بورڈ نے ان مقاصد اور اہداف کے حصول میں کس قدر مؤثر کارکردگی کا مظاہرہ کیا ہے جو انہوں نے اپنے لیے مقرر کیے ہیں۔ نتائج کی بنیاد پر، بہتری کے شعبوں کی نشاندہی کی جاتی ہے اور اصلاحی ایکشن پلان تیار کیے جاتے ہیں۔

بورڈ کی تشخیص متعین پیرامیٹرز کے خلاف کی جاتی ہے جس میں بورڈ کا مجموعی ڈھانچہ اور سائز، خود مختاری، سہ کار اور فیصلہ سازی میں اعتماد، بورڈ کی اپنی کارکردگی کے اہداف کے تعین میں وضاحت، بورڈ کے اجلاسوں کے لیے تیاری، جا کدستی اور بورڈ کی تاثیر اور ممبران کی شراکت کا معیار شامل ہیں۔

بورڈ اور اس کی ذیلی کمیٹیوں کی منظور شدہ معیار کی بنیاد پر پیمائش کردہ مجموعی کارکردگی تسلی بخش رہی۔

ڈائریکٹرز ٹریننگ پروگرام:

تمام ڈائریکٹرز کارپوریٹ اداروں کے ڈائریکٹرز کی حیثیت سے اپنے فرائض منصبی اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔ مورخہ 30 جون 2021 تک، تمام ڈائریکٹرز نے ڈائریکٹرز ٹریننگ پروگرام کے تحت مقررہ سرٹیفیکیشن حاصل کر لیا تھا یا ڈائریکٹرز ٹریننگ پروگرام سے مستثنیٰ تجربہ کی بنیاد پر لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کے تحت کمپنیشن کی طرف سے مقرر کردہ اور اس کے ذریعہ منظور شدہ معیار کے مطابق مستثنیٰ ہیں۔

بورڈ کو قانونی، ریگولیشن اور گورننس کے معاملات پر باقاعدہ کاغذات اور کمپنی سیکرٹری سے بریفنگ اور اندرونی اور بیرونی مشیروں کی پریزینٹیشنز کے ذریعے آپ ڈیٹ رکھا جاتا ہے۔ ڈائریکٹرز کارپوریٹ گورننس کو برقرار رکھنے اور کمپنی کو اسٹریٹجک سمت فراہم کرنے کے ذمہ دار ہیں۔ بورڈ کی تاثیر کی بہتری کے لیے، کمپنی کی ڈائنامکس اور آپریشنز کے بارے میں جاننا نئے ممبران کے لیے مناسب ہے۔ آپ کی کمپنی مختلف ترین پروگراموں کا انعقاد کرتی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ تمام بورڈ آرگنائزیشن کے ممبران اور کارپوریٹ گورننس سے ہم آہنگ ہے۔

ڈائریکٹرز کا مشاہرہ:

آزاد ڈائریکٹرز کے لیے ڈائریکٹرز کی اجرت کی پالیسی کمیٹی کے حصص یافتگان نے منظور کیا ہے۔ کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق، پالیسی میں ڈائریکٹرز کے مشاہرے کے لیے شفاف طریقہ کار شامل ہے۔ آزاد ڈائریکٹرز بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے معاوضے کے عوض صرف مقررہ فیس وصول کرنے کے حقدار ہیں اور کمپنی کی جزل میٹنگز کے ساتھ ساتھ سفر اور رہائش کے اخراجات بھی کمپنی کے ذمہ ہیں۔ کوئی بھی ڈائریکٹر اپنے مشاہرے کا فیصلہ کرنے میں شامل نہیں ہے۔

ڈائریکٹرز اور چیف ایگزیکٹو آفیسر کو سال کے دوران ادا کیے جانے والے مشاہرے کا مناسب انکشاف مالیاتی گوشوارے کے نوٹ 46 میں دیا گیا ہے۔

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیاں:

بورڈ

انٹرویو لیٹیوڈ کے پاس سات رکنی (6 مرد اور 1 خاتون پر مشتمل) بورڈ آف ڈائریکٹرز ہیں جو مختلف پس منظر رکھنے والے افراد پر مشتمل ہوتے ہیں، جو کمپنی کے کاروبار سے متعلق بنیادی مہارت، علم اور مہارت رکھتے ہیں۔ مزید یہ کہ، کمپنی کا کوئی بھی ایگزیکٹو ڈائریکٹر کسی اور لیٹیوڈ کمپنی میں نان ایگزیکٹو ڈائریکٹر کی حیثیت سے خدمات انجام نہیں دے رہا ہے۔ ہمارے بورڈ کی تشکیل شیئر ہولڈرز کے تمام زمروں کے مفادات کی مکمل نمائندگی کرتی ہے اور ان پر مشتمل ہے:

2	☆ آزاد ڈائریکٹرز
3	☆ دیگر نان ایگزیکٹو ڈائریکٹرز
2	☆ ایگزیکٹو ڈائریکٹرز

سال کے دوران، بورڈ کے آٹھ (8) اجلاس منعقد ہوئے۔ ڈائریکٹروں کے نام اور ہر ڈائریکٹر کی شرکت کردہ میٹنگز کی تعداد درج ذیل ہے۔

اجلاسوں میں شرکت	ڈائریکٹروں کے نام
8	جناب مصدق ذوالقرنین
8	جناب نوید فاضل
8	جناب جہاں زیب خان بانٹھ
8	جناب محمد مقصود
1	محترمہ شیریں آفتاب
8	جناب سعید احمد جبل
8	جناب طارق اقبال خان

خاتون ڈائریکٹر:

محترمہ شیریں آفتاب کمپنی کے بورڈ آف ڈائریکٹرز میں واحد خاتون ڈائریکٹر ہیں۔

بورڈ کمیٹیاں:

بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی (اے سی)، ہیومن ریسورس اینڈ ریمونیویشن کمیٹی (ایچ آر اینڈ آر)، نوٹیفیکیشن کمیٹی (این سی) اور رسک مینجمنٹ کمیٹی (آر ایم سی) کو مندرجہ ذیل طور پر تشکیل دیا ہے۔

آڈٹ کمیٹی (اے سی):

بورڈ آڈٹ کمیٹی بنیادی طور پر شیئر ہولڈرز کو مالی اور غیر مالیاتی معلومات کا جائزہ لینے، رپورٹ کرنے اور آڈٹ کے عمل میں بورڈ کی نگرانی کی ذمہ داریوں کی تکمیل میں معاونت کرتی ہے۔ سال 2020-21 کے دوران، کمیٹی کے نو (9) اجلاس منعقد ہوئے۔ ڈائریکٹرز کے نام اور ہر ڈائریکٹر کی شرکت کردہ میٹنگز کی تعداد حسب ذیل ہے:

اجلاسوں میں شرکت	کمیٹی ممبران کے نام
9	جناب طارق اقبال خان (چیئر مین)
9	جناب سعید احمد جبل
8	جناب جہاں زیب خان بانٹھ

ہیومن ریسورس اینڈ ریمونیویشن کمیٹی (HR & R)

کمیٹی مشاہرے کے تمام عناصر، تنظیمی اور ملازمین کی ترقیاتی پالیسیوں کا جائزہ لینے اور سفارش کرنے کے لیے سینئر ایگزیکٹوز سے متعلق ہے۔ سال 2020-21 کے دوران، کمیٹی کے چھ (6) اجلاس منعقد ہوئے۔ ڈائریکٹرز کے نام اور ہر ڈائریکٹر کی شرکت کردہ میٹنگز کی تعداد حسب ذیل ہے:

اجلاسوں میں شرکت	کمیٹی ممبران کے نام
6	جناب سعید احمد جبل (چیئر مین)
6	جناب نوید فاضل
6	جناب جہاں زیب خان بانٹھ

آمدن فی حصص:

بعداً محصول فی حصص بنیادی اور ڈائی لیونڈ آمدن 7.21 روپے (2020: Rs 2.06) ہے۔

منافع منقسمہ:

کمپنی کی آمدن کو دیکھتے ہوئے، بورڈ آف ڈائریکٹرز کی سفارش پر 30 جون 2021 کو ختم شدہ مالیاتی سال کے لئے حتمی نقد منافع منقسمہ بشرح 10 فیصد یعنی ایک روپے فی شیئر کی منظوری۔ بورڈ آف ڈائریکٹرز نے مورخہ 30 جون 2021 کو ختم ہونے والے مالی سال کے حوالے سے حتمی نقد منافع کی تجویز پیش کی ہے۔ مورخہ 15 اکتوبر 2021 کو منعقد ہونے والی سالانہ اجلاس عام میں ارکان، بشمول 1.50 روپے فی شیئر کا عبوری منافع (یعنی 15 فیصد) کے پہلے عبوری نقد منافع کے علاوہ ہے، جو مورخہ 30 جون 2021 کو ختم ہونے والے سال کے لیے مجموعی طور پر روپے کی نقد تقسیم (2.5) ڈھائی روپے (یعنی 25 فیصد) بنتا ہے۔ مذکورہ مالیاتی بیانات میں تجویز حتمی منافع کا اثر شامل نہیں ہے۔

کاروباری شعبہ جات:

کمپنی کی انتظامیہ نے معلومات کے مطابق آپریٹنگ شعبہ جات کا تعین کیا ہے جو کہ کمپنی کے بورڈ آف ڈائریکٹرز کو وسائل کی تقسیم اور کارکردگی کی تشخیص کے لیے پیش کی جاتی ہے۔ شعبہ کی کارکردگی کا اندازہ عمومی طور پر کارکردگی کے بعض اہم عوامل کی بنیاد پر کیا جاتا ہے جن میں کاروباری حجم اور مجموعی منافع شامل ہیں۔ اندرونی بیجمنٹ رپورٹنگ ڈھانچے اور تیار کردہ اور فروخت شدہ مصنوعات کی بنیاد پر، کمپنی کو مندرجہ ذیل آپریٹنگ حصوں میں منظم کیا گیا ہے۔

- الف) ہوزری - یہ شعبہ جرابوں اور ٹائٹس کی فروخت سے متعلق ہے۔
- ب) یارن (اسپننگ اور یارن ڈائنگ) - یہ شعبہ سوت کی فروخت سے متعلق ہے۔
- ج) لمبوسات - یہ شعبہ ریڈی میڈ گارمنٹس سے متعلق ہے۔
- د) دیگر آپریٹنگ شعبہ جات - یہ کمپنی کے مختلف حصوں کی نمائندگی کرتا ہے جو فی الحال بین الاقوامی مالیاتی رپورٹنگ کے معیارات میں بیان کردہ رپورٹنگ کے مطلوبہ معیار پر پورا نہیں اُترتے ہیں۔ ان میں بنیادی طور پر ڈومیسٹک میلز، انرجی، یارن ڈائنگ، ڈنیم اور ایکٹیو ویئر شامل ہیں۔

کمپنی کے کاروباری شعبہ جات کی تفصیلات سالانہ رپورٹ میں ضم کی گئی ہیں۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

کمپنی بیجمنٹ اپنی ذمہ داریوں سے پوری طرح آگاہ ہے جیسا کہ کمپنی ایکٹ، 2017، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے لسٹڈ کمپنیز کے لئے جاری کردہ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت اور پاکستان اسٹاک ایکسچینج کے قواعد کی کتاب کے مطابق ہیں۔

درج ذیل رائے کارپوریٹ گورننس اور مسلسل بہتری کے اعلیٰ معیارات کے لیے کمپنی کے عزم کا اعادہ کرتے ہیں۔

- 1- کمپنی کے بیجمنٹ کی طرف سے تیار کردہ مالیاتی بیانات، اس کے معاملات کی صورتحال، اس کے آپریشن کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو پیش کرتے ہیں۔
- 2- کمپنی کے اکاؤنٹ کی کتب کو درست طور پر برقرار رکھا گیا ہے۔
- 3- مناسب حساب کتاب کی پالیسیوں کو مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلے پر مبنی ہے۔
- 4- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو کردہ بین الاقوامی مالیاتی رپورٹنگ کے اسٹینڈرڈز کی پیروی کی گئی ہے اور اس سے انحراف کو مناسب طریقے سے ظاہر اور بیان کیا گیا ہے۔
- 5- کمپنی کے لیے ایک مشن اسٹیٹمنٹ، ویژن اور مجموعی طور پر کارپوریٹ حکمت عملی تیار اور نافذ کی جاتی ہے، اور جب بورڈ اسے مناسب سمجھتا ہے، حسب ضرورت اپنایا جاتا ہے۔
- 6- اندرونی کنٹرول کے نظام کا ڈھانچہ مضبوط ہے اور اسے مؤثر طریقے سے نافذ اور مانٹر کیا گیا ہے۔
- 7- کمپنی کے جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔
- 8- کارپوریٹ گورننس کے بہترین طریقوں سے قطعی انحراف نہیں کیا گیا، جیسا کہ فہرست سازی کے قواعد و ضوابط میں تفصیلاً بیان کیا گیا ہے۔
- 9- کمپنی کے کلیدی آپریٹنگ اور مالی اعداد و شمار کا خلاصہ منسلک ہے۔
- 10- آؤٹ اسٹینڈنگ ٹیکس اور لیویز کی بابت تفصیل مالیاتی گوشواروں کے نوٹس میں دی گئی ہے۔
- 11- کمپنی کی انتظامیہ بہترین کارپوریٹ گورننس کے لیے عزم ہے نیز بہترین طریقہ کار کی ترقی کے لیے مناسب اقدامات کیے گئے ہیں۔
- 12- کمپنی ملازمین کے لیے شراکت داری کے ساتھ پروویڈنٹ فنڈ اسکیم کو جاری رکھتی ہے اور اپنے بیجمنٹ/نان بیجمنٹ ملازمین کے لیے پینڈنٹ گریجویٹ اسکیم کو چلاتی ہے۔ مورخہ 30 جون 2021 کی بنیاد پر سرمایہ کاری کی ویلیو درج ذیل ہے:

پروویڈنٹ فنڈ 92,369,196 روپے۔

کارپوریٹ گورننس کے ضابطے کی تعمیل کا بیان:

کمپنی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضروریات کی پوری طرح تعمیل کی ہے۔ اس حوالے سے ایک بیان اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

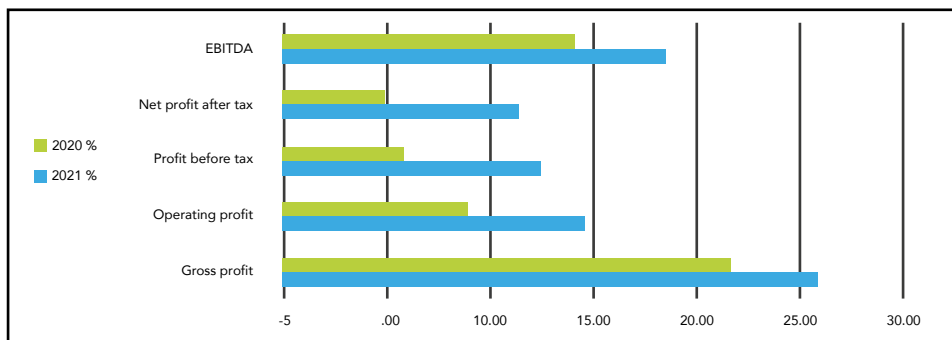
کمپنی کے آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل ہے:

2020 سال	2021 سال	
		روپے بلین میں
36,302.79	54,962.27	سیلز - مجموعی
7,863.72	14,212.28	مجموعی نفع
5,121.61	10,175.59	EBITDA
2,115.83	6,872.86	نفع قبل از محصول
319.428	581.29	کم: ٹیکس اخراجات
1,796.40	6,291.57	نفع بعد از محصول
5,366.21	4,766.12	غیر مختص منافع جو ظاہر کیا گیا
(0.67)	---	IFRS16 کا ابتدائی درخواست پراثر
---	(804.50)	انضمام پر منتقلی
1,799.12	6,219.92	تخصیص کے لئے دستیاب منافع
		تخصیص
1,526.34		حتمی منافع منقسمہ 2019
872.20		عبوری منافع منقسمہ 2020
	872.20	حتمی منافع منقسمہ 2020
	1,308.30	عبوری منافع منقسمہ 2021
	8,001.04	غیر مختص منافع جو سامنے لایا گیا
4,766.12		آمدن فی حصص - بنیادی (روپے)
2.06	7.21	آمدن فی حصص - ڈائی لیونڈ (روپے)
2.06	7.21	

کمپنی کی توجہ طویل عرصے تک اپنی ترقی کی رفتار کو برقرار رکھنے پر مرکوز ہے۔ انتظامیہ اپنے اسٹیک ہولڈرز کے لیے زیادہ سے زیادہ فوائد حاصل کرنے کے لیے اپنے وسائل کی کڑی نگرانی کر رہی ہے۔ اس میں دونوں کا استعمال کرتے ہوئے آمدنی کی پیداوار کو بہتر بنانا شامل ہے؛ کلیدی مالیاتی اشارے اور اسٹریٹجک اشارے جو حکمت عملی کے خلاف ہماری کارکردگی کا باہمی جائزہ فراہم کرتے ہیں۔

عمودی تجزیہ:

2020 سال	2021 سال	
فیصد	فیصد	
21.66	25.86	مجموعی منافع
8.96	14.59	آپریٹنگ منافع
5.83	12.50	نفع قبل از محصول
4.95	11.45	گھل نفع بعد از محصول
14.11	18.51	EBITDA



ڈائریکٹرز رپورٹ

انٹرویو لمیٹڈ ('کمپنی' یا 'ILP') کے ڈائریکٹرز نہایت مسرت کے ساتھ 30 جون 2021 کو ختم ہونے والے مالی سال کے لئے کمپنی کی سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے بمعہ آڈیٹرز رپورٹ پیش کر رہے ہیں۔

اقتصادی و صنعتی جائزہ:

پاکستان کی معیشت پہلے سے ہی کئی سالوں کے دوران غیر مستحکم نمو کی تمثیل کی حامل ہے، جس میں باقاعدہ تجارتی سرگرمیوں کے دورانیے کے ساتھ طویل مدتی اور جامع ترقی کے حصول میں چیلنجوں کا سامنا ہے۔ مالی سال 2021 کا آغاز جدید دور کے شدید ترین عالمی صحت کے بحران کے درمیان ہوا۔ متعدد چیلنجوں کے باوجود، پاکستان کی معیشت میں، سال کے دوران مختلف اقدامات اور کامیابیوں کے باعث کووڈ کے بعد وئی سائز کی بحالی اور آئی ایم ایف کے جاری کردہ 1.5 فیصد کے ابتدائی تخمینے کے مقابلے میں 3.9 فیصد کی شرح نمو نظر آئی ہے جبکہ حالیہ اشارے واضح بہتری اور مالی سال 2022 کے تحت توقع کی جاتی ہے کہ معیشت میں تقریباً 5 فیصد اضافہ ممکن ہے اور درمیانی مدت میں مزید تیزی آئے گی۔

مزید برآں، وزارت تجارت اور وزارت صنعت و پیداوار نے صنعتی نمو کے لیے سازگار ماحول پیدا کرنے میں اہم کردار ادا کیا ہے۔ نیکیٹائل انڈسٹری پاکستان کی معاشی نشوونما کے لیے انتہائی اہم شعبوں میں سے ایک سمجھی جاتی ہے۔ یہ اس کی صنعتی برآمدات میں ایک اہم شراکت دار ہے۔ پاکستان کی زیادہ تر نیکیٹائل برآمدات COVID-19 کے وبائی دھچکے سے بحال ہو گئی ہیں اور جنہوں نے بڑھتی ہوئی رفتار میں اضافہ ہوا ہے۔ پاکستان کے ادارہ برائے شماریات (پی بی ایس) کے مطابق مالی سال 2021 کے دوران نیکیٹائل کی برآمدات میں 22.94 فیصد اضافہ ہوا ہے۔ نیکیٹائل سیکٹر میں سب سے زیادہ ایکسپورٹس ویزیکیشن کی تھی جس میں سالانہ کی بنیاد پر 37 فیصد اضافہ ہوا۔ مالی سال 2021 میں نٹ ویزیکیشن کی برآمدات 3.83 بلین ڈالر تھیں، جبکہ مالی سال 2020 میں 2.80 بلین ڈالر تھیں۔ جبکہ، ہیڈ ویز اور ریڈی میڈ گارمنٹس کے شعبوں کی برآمدات میں بالترتیب 29 فیصد اور 19 فیصد سالانہ اضافہ ہوا ہے۔

مالی اور آپریشنل کارکردگی:

رواں مالی سال پاکستان کی معیشت کے لیے ایک مشکل سال رہا ہے۔ کووڈ 19 جیسی وبائی صورتحال پوری دنیا میں پریشانی اور اذیت کا باعث رہی۔ پاکستان کی معیشت نے اپنی چلک دکھائی اور عالمی وبائی مرض کے منفی اثرات کا توقع سے بڑھ کر سامنا کیا۔ وبائی امراض سے نمٹنے کے لیے حکومت اور اسٹیٹ بینک کی جانب سے موثر رد عمل کے نتیجے میں پڑوسی ممالک کے مقابلے میں ملک میں کاروبار میں اضافہ ہوا۔

کٹھن کاروباری ماحول کے باوجود، موجودہ مالیاتی سال رب العزت کے فضل و کرم سے آپ کی کمپنی کا کامیاب ترین سال رہا۔ آپ کی کمپنی کا نیٹ پروٹو 51.40 فیصد بڑھ کر اب تک کی سب سے زیادہ سب کے اعداد و شمار اسی مدت کے دوران 36,302.79 ملین روپے کے مقابلے میں 54,962.27 ملین روپے پر ہے۔ آپ کی کمپنی نے نظر ثانی کے تحت گزشتہ سال کے 1,796.40 ملین روپے کی نسبت سال کے لیے 6,291.57 ملین روپے کا بعد از ٹیکس منافع کمایا۔ گزشتہ سال کے 2.06 کے مقابلے میں 7.21 روپے کا خالص منافع فی حصص آمدنی (EPS) میں بدلا گیا۔

STATEMENT OF COMPLIANCE

Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company : Interloop Limited

Year Ending : June 30, 2021

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
Independent Directors	Tariq Iqbal Khan Saeed Ahmad Jabal
Other Non-executive Directors (excluding female director)	Musadaq Zulqarnain Jahan Zeb Khan Banth
Executive Directors	Navid Fazil Muhammad Maqsood
Female Directors (Non-Executive)	Shereen Aftab

Note: For a Board comprising of seven member, one-third equates to 2.33. Two independent directors have been appointed, however, the fraction of 0.33 in such one-third is not rounded up as one since the fraction is below half (0.5);

- 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. All the directors are either exempt or have acquired the prescribed certification under Directors' Training Program specified and approved by the Commission. Supplemental to that, one female executive also obtained Directors' Training Program Certification from ICAP during the fiscal year under consideration;
- 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

Tariq Iqbal Khan	Chairman
Saeed Ahmad Jabal	Member
Jahan Zeb Khan Banth	Member

B) HUMAN RESOURCE AND REMUNERATION COMMITTEE

Saeed Ahmad Jabal	Chairman
Navid Fazil	Member
Jahan Zeb Khan Banth	Member

C) NOMINATION COMMITTEE

Musadaq Zulqarnain	Chairman
Navid Fazil	Member
Muhammad Maqsood	Member

D) RISK MANAGEMENT COMMITTEE

Tariq Iqbal Khan	Chairman
Muhammad Maqsood	Member
Yaqub Ahsan	Member
Syed Hamza Gillani	Member

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) **Human Resource and Remuneration Committee – On requirement basis**
 - c) **Nomination Committee - On requirement basis**
 - d) **Risk Management 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. Also, 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.



Navid Fazil
Chief Executive Officer / Director



Jahan Zeb Khan Banth
Director

Faisalabad
September 15, 2021

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 June 30, 2021, 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 of 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 June 30, 2021.



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Engagement Partner: Syed Aftab Hameed

DATED: September 15, 2021
FAISALABAD





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• Risks and 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 minimizing 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, 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's Board of Directors is also responsible for establishing an effective risk management framework and provides oversight through the Board Committees. The Risk Management Committee assists the Board, primarily for monitoring and approving the risk policies and associated risk management frameworks. The Risk Management Committee is also responsible for:

- Reviewing and approving the Corporation's risk appetite statement on an annual basis and approving any material amendment to the risk appetite statement
- Reviewing and approving the Contingency Funding Plan at least annually, and approving any material revisions to this plan before implementation
- Reviewing significant risk exposures and the steps that management has taken to identify, measure, monitor, control, and report such exposures, including risks such as credit, market, liquidity, operational (which includes fiduciary and technology risks), strategic, and model and risks associated with incentive compensation plans
- Evaluating risk exposure and tolerance
- Reviewing and evaluating the company's practices concerning risk assessment and risk management
- Reviewing significant issues identified by Risk and Compliance and the Internal Audit Department concerning the risk management and compliance activities of the Corporation, together with management's responses and follow-up to these reports
- Reviewing significant examination reports and associated matters identified by regulatory authorities relating to risk management and compliance issues, and management's responses

The Audit Committee monitors financial and regulatory compliance risks and the internal audit function provides independent and objective analysis of the company's controls and governance processes. The Human Resource & Remuneration Committee reviews succession planning for the availability of the adequate competent human resource for key company operations and assesses compensation programs 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

TYPES OF RISK	RISK	SOURCE	NATURE	MITIGATION STRATEGIES
Strategic	Political and Economic Instability	External	Impact: H Likelihood: M	Interloop Limited regularly participates in 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 the textile sector in particular. We continue to optimize country of production opportunities to minimize the impact of political instability.
	Regulatory Regime		Impact: M Likelihood: M	Our Corporate, 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.
Commercial	Changing Tariff Regimes/ Near Shoring	External	Impact: H Likelihood: M	We continue to closely monitor competitive forces in the market and invest in our capacity, technology, 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 a credit risk analysis of our customer base. We regularly monitor our credit period and the receivable amount and manage the risks associated with intolerance levels.
Operational	Claims	Internal	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 passing on any critical defects to the customer.
	Environment, Health and Safety (EHS)		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.

* H = High M = Medium L = Low

TYPES OF RISK	RISK	SOURCE	NATURE	MITIGATION STRATEGIES
Financial	Capital Risk	Internal	Impact: M Likelihood: L	When managing capital, it is our prime objective to safeguard the company's ability to continue as a going concern to provide returns for shareholders. Therefore, the company management diligently opts for the optimal capital structure to reduce the cost of capital. The company maintains a low leveraged capital structure and monitors the capital structure based on the gearing ratio.

OPPORTUNITIES & MATERIALIZATION STRATEGIES

OPPORTUNITIES	SOURCE	CAPITAL	MATERIALIZATION STRATEGIES
Full Family Clothing	External	Financial, Social and Relationship, Human Capital	Expanding our apparel products portfolio 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 continue to build credibility with our customers and leverage our relationships offering a broader set of products including hosiery, denim, knitwear apparel and seamless products for all ages, sizes, genders and abilities.
Market Penetration		Human and Financial Capital	Our market intelligence and research and 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.
Value Added Services		Financial, Social and Relationship, Human Capital	We aim to be a partner of choice for our customers by offering value-added services including trends and analytics, design services, collaborative planning, forecasting, warehousing, and logistics. We will build on our existing long-term relationships and bring onboard new customers, offering superior customer experience and service.
Digitization		Human, Manufactured and Financial Capital	We are investing in our digital capabilities and transforming the way we work to remain competitive and efficient. We are deploying technology across product design and development, manufacturing, and customer services processes.

OPPORTUNITIES	SOURCE	CAPITAL	MATERIALIZATION STRATEGIES
Sustainability	External	Human, Financial and Social & Relationship Capital	As demand patterns shift, the move towards more sustainably manufactured products has been accelerated by the COVID-19 outbreak. We are investing in our capabilities to competitively source sustainable raw materials (organic, BCI, recycled), invest in technology and processes that minimize our impact on the environment (GHG emissions reduction, water, and energy saving), and invest in upgrading our people as well as community 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 financial statements. Future projections indicate the adequacy of capital structure for the foreseeable future.

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





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● Performance and Position

KEY FINANCIAL RATIOS

Particulars		2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross Profit Margin	%	25.86	21.66	31.90	29.37	26.48	28.27
Net Profit Margin	%	11.45	4.95	13.86	12.48	11.35	13.90
Return on Equity	%	30.67	10.40	29.05	42.78	20.85	29.39
Liquidity Ratios							
Current Ratio	Times	1.22	1.14	1.27	0.86	1.26	1.53
Quick/Acid Test Ratio	Times	0.77	0.59	0.84	0.56	0.85	0.97
Investment/Market Ratios							
Earnings per share - basic	Rs	7.21	2.06	6.67	5.10	3.95	4.81
Earnings per share - diluted	Rs	7.21	2.06	6.67	5.10	3.95	4.81
Dividend Yield Ratio	%	3.57	4.55	6.78	-	-	-
Cash dividend per share - declared	Rs	2.50	2.00	3.00	5.00	5.21	3.03
Market Price - at year end	Rs	70.03	43.92	44.27	-	-	-
Break up value per share	Rs	23.52	19.81	20.50	47.78	76.04	65.70
Capital Structure							
Leverage Ratio	Times	1.50	1.27	0.93	2.04	0.74	0.62
Interest Cover	Times	8.29	3.15	7.09	10.62	10.81	10.44
Operating Cycle	Days	135.56	144.66	124.04	117.58	103.86	106.47

LAST SIX YEARS STATEMENT OF FINANCIAL POSITION

Particulars	2021	2020	2019	2018	2017	2016
	Rupees in '000					
Assets						
Non Current Assets						
Property, plant and equipment	26,193,029	22,744,239	18,256,474	15,451,969	13,639,799	11,710,739
Intangible Asset	209,623	171,459	66,161	42,410	47,205	34,923
Long term investments	-	1,853,735	1,008,735	380,549	1,400,159	1,400,159
Long term loans	144,673	113,823	65,762	60,747	50,027	63,227
Long term deposits	60,478	38,337	28,019	25,055	29,372	48,356
Total non current assets	26,607,803	24,921,593	19,425,151	15,960,730	15,166,563	13,257,404
Current Assets						
Stores and spares	1,199,116	1,062,524	887,659	779,198	696,743	583,261
Stock in trade	11,276,308	8,810,625	6,282,491	5,121,718	3,565,881	3,176,741
Trade debts	15,052,940	7,207,391	8,247,740	7,293,008	4,814,220	4,778,114
Loan and advances	1,034,836	485,930	1,063,342	617,743	1,007,837	621,987
Prepayment and other receivables	318,708	193,182	194,544	179,864	480,505	227,858
Accrued Income	2,131	2,239	10,441	-	-	-
Tax refunds due from government	4,328,555	2,408,014	1,925,439	2,451,806	1,971,626	952,073
Short term investments	500,000	125,044	1,207,251	147,425	716,526	-
Deferred employee share option compensation expense	-	-	-	5,014	968	-
Cash and bank balances	374,442	150,787	1,538,564	193,687	58,599	51,374
Total current assets	34,087,036	20,445,736	21,357,471	16,789,463	13,312,905	10,391,408
Total Assets	60,694,839	45,367,329	40,782,622	32,750,193	28,479,468	23,648,813
Equity & Liabilities						
Equity						
Issued, subscribed and paid up capital	8,721,975	8,721,975	8,721,975	1,901,104	1,899,385	1,896,000
Reserves	3,791,602	3,791,602	3,791,602	38,863	21,052	-
Unappropriated profit	8,001,035	4,766,115	5,366,207	7,142,570	12,522,990	10,560,457
Total equity	20,514,612	17,279,692	17,879,784	9,082,537	14,443,427	12,456,457
Non current liabilities						
Long term financing	8,213,978	6,861,130	3,628,745	2,247,936	1,916,475	3,133,871
Lease liabilities	152,969	102,158	-	615	1,084	-
Deferred liabilities	3,816,001	3,140,682	2,482,623	1,925,612	1,572,461	1,262,174
Total non current liabilities	12,182,948	10,103,970	6,111,368	4,174,163	3,490,020	4,396,045
Current liabilities						
Trade and other payables	5,551,641	3,031,231	3,576,861	2,730,414	1,815,056	2,159,892
Dividend payable	4,004	2,952	130,935	475,276	-	-
Accrued mark up	221,674	191,136	110,483	137,856	83,140	88,958
Short term borrowings	19,636,066	14,354,861	11,726,000	15,180,937	7,636,573	3,255,000
Derivative financial instruments	33,074	-	-	-	-	-
Current portion of non current liabilities	2,550,820	403,487	1,247,191	969,010	1,011,252	1,292,461
Total current liabilities	27,997,279	17,983,667	16,791,470	19,493,493	10,546,021	6,796,310
Total equity and liabilities	60,694,839	45,367,329	40,782,622	32,750,193	28,479,468	23,648,813

HORIZONTAL ANALYSIS ON STATEMENT OF FINANCIAL POSITION

Particulars	2021vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016vs 2015
	Percentage					
Assets						
Non Current Assets						
Property, plant and equipment	15%	25%	18%	13%	16%	2%
Intangible Asset	22%	159%	56%	-10%	35%	23%
Long term investments	-100%	84%	165%	-73%	0%	16%
Long term loans	27%	73%	8%	21%	-21%	119%
Long term deposits	58%	37%	12%	-15%	-39%	-33%
Total non current assets	7%	28%	22%	5%	14%	4%
Current Assets						
Stores and spares	13%	20%	14%	12%	19%	4%
Stock in trade	28%	40%	23%	44%	12%	-21%
Trade debts	109%	-13%	13%	51%	1%	12%
Loan and advances	113%	-54%	72%	-39%	62%	113%
Prepayment and other receivables	65%	-1%	8%	-63%	111%	141%
Accrued Income	-5%	-79%	100%	0%	0%	0%
Tax refunds due from government	80%	25%	-21%	24%	107%	2%
Short term investments	300%	-90%	719%	-79%	100%	0%
Deferred employee share option compensation expense	0%	0%	-100%	418%	100%	0%
Cash and bank balances	148%	-90%	694%	231%	14%	20%
Total current assets	67%	-4%	27%	26%	28%	2%
Total Assets	34%	11%	25%	15%	20%	3%
Equity & Liabilities						
Equity						
Issued, subscribed and paid up capital	0%	0%	359%	0%	0%	0%
Reserves	0%	0%	9656%	85%	100%	0%
Unappropriated profit	68%	-11%	-25%	-43%	19%	40%
Total equity	19%	-3%	97%	-37%	16%	32%
Non current liabilities						
Long term financing	20%	89%	61%	17%	-39%	-30%
Lease liabilities	50%	100%	-100%	-43%	100%	-100%
Deferred liabilities	22%	27%	29%	22%	25%	28%
Total non current liabilities	21%	65%	46%	20%	-21%	-21%
Current liabilities						
Trade and other payables	83%	-15%	31%	50%	-16%	32%
Dividend payable	36%	-98%	-72%	100%	0%	0%
Accrued mark up	16%	73%	-20%	66%	-7%	-47%
Short term borrowings	37%	22%	-23%	99%	135%	-36%
Derivative financial instruments	100%	0%	0%	0%	0%	0%
Current portion of non current liabilities	532%	-68%	29%	-4%	-22%	16%
Total current liabilities	56%	7%	-14%	85%	55%	-15%
Total equity and liabilities	34%	11%	25%	15%	20%	3%

VERTICAL ANALYSIS ON STATEMENT OF FINANCIAL POSITION

Particulars	2021	2020	2019	2018	2017	2016
	Percentage					
Assets						
Non Current Assets						
Property, plant and equipment	43%	50%	44%	47%	48%	50%
Intangible Asset	0%	0%	0%	0%	0%	0%
Long term investments	0%	4%	2%	1%	5%	6%
Long term loans	0%	0%	0%	0%	0%	0%
Long term deposits	0%	0%	0%	0%	0%	0%
Total non current assets	43%	54%	46%	48%	53%	56%
Current Assets						
Stores and spares	2%	2%	2%	2%	2%	2%
Stock in trade	19%	19%	15%	16%	12%	14%
Trade debts	25%	16%	21%	23%	17%	20%
Loan and advances	2%	1%	3%	2%	4%	3%
Prepayment and other receivables	0%	1%	1%	1%	2%	1%
Accrued Income	0%	0%	0%	0%	0%	0%
Tax refunds due from government	7%	5%	5%	7%	7%	4%
Short term investments	1%	1%	3%	0%	3%	0%
Deferred employee share option compensation expense	0%	0%	0%	0%	0%	0%
Cash and bank balances	1%	1%	4%	1%	0%	0%
Total current assets	57%	46%	54%	52%	47%	44%
Total Assets	100%	100%	100%	100%	100%	100%
Equity & Liabilities						
Equity						
Issued, subscribed and paid up capital	14%	19%	21%	6%	7%	8%
Reserves	6%	8%	9%	0%	0%	0%
Unappropriated profit	13%	11%	13%	22%	44%	45%
Total equity	33%	38%	43%	28%	51%	53%
Non current liabilities						
Long term financing	14%	15%	9%	7%	7%	13%
Lease liabilities	0%	0%	0%	0%	0%	0%
Deferred liabilities	7%	7%	7%	6%	6%	5%
Total non current liabilities	21%	22%	16%	13%	13%	18%
Current liabilities						
Trade and other payables	9%	7%	9%	8%	6%	10%
Dividend payable	0%	0%	0%	1%	0%	0%
Accrued mark up	1%	0%	0%	0%	0%	0%
Short term borrowings	32%	32%	29%	47%	26%	14%
Derivative financial instruments	0%	0%	0%	0%	0%	0%
Current portion of non current liabilities	4%	1%	3%	3%	4%	5%
Total current liabilities	46%	40%	41%	59%	36%	29%
Total equity and liabilities	100%	100%	100%	100%	100%	100%

LAST SIX YEARS STATEMENT OF PROFIT OR LOSS

Particulars	2021	2020	2019	2018	2017	2016
	Rupees in '000					
Sales - net	54,962,265	36,302,794	37,478,321	31,138,736	26,529,786	26,333,359
Gross Profit	14,212,280	7,863,718	11,954,714	9,144,499	7,026,284	7,445,009
Operating expenses	(6,192,379)	(4,610,725)	(5,538,024)	(4,655,082)	(3,520,071)	(3,097,516)
Profit from operations	8,019,901	3,252,993	6,416,690	4,489,417	3,506,213	4,347,493
Finance cost	(1,147,038)	(1,137,162)	(995,707)	(483,654)	(391,940)	(472,972)
Profit before taxation	6,872,863	2,115,831	5,420,983	4,005,763	3,114,273	3,874,521
Taxation	(581,292)	(319,428)	(226,216)	(119,954)	(103,188)	(214,117)
Profit for the year	6,291,571	1,796,403	5,194,767	3,885,809	3,011,085	3,660,404

HORIZONTAL ANALYSIS ON STATEMENT OF PROFIT OR LOSS

Particulars	2021vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016vs 2015
	Percentage					
Sales - net	51%	-3%	20%	17%	1%	9%
Gross Profit	81%	-34%	31%	30%	-6%	32%
Operating expenses	34%	-17%	19%	32%	14%	42%
Profit from operations	147%	-49%	43%	28%	-19%	26%
Finance cost	1%	14%	106%	23%	-17%	-47%
Profit before taxation	225%	-61%	35%	29%	-20%	51%
Taxation	82%	41%	89%	16%	-52%	175%
Profit for the year	250%	-65%	34%	29%	-18%	47%

VERTICAL ANALYSIS ON STATEMENT OF PROFIT OR LOSS

Particulars	2021	2020	2019	2018	2017	2016
	Percentage					
Sales - net	100%	100%	100%	100%	100%	100%
Gross Profit	25.86%	21.66%	31.90%	29.37%	26.48%	28.27%
Operating expenses	-11.27%	-12.70%	-14.78%	-14.95%	-13.27%	-11.76%
Profit from operations	14.59%	8.96%	17.12%	14.42%	13.22%	16.51%
Finance cost	-2.09%	-3.13%	-2.66%	-1.55%	-1.48%	-1.80%
Profit before taxation	12.50%	5.83%	14.46%	12.86%	11.74%	14.71%
Taxation	-1.06%	-0.88%	-0.60%	-0.39%	-0.39%	-0.81%
Profit for the year	11.45%	4.95%	13.86%	12.48%	11.35%	13.90%

LAST SIX YEARS STATEMENT OF CASH FLOWS

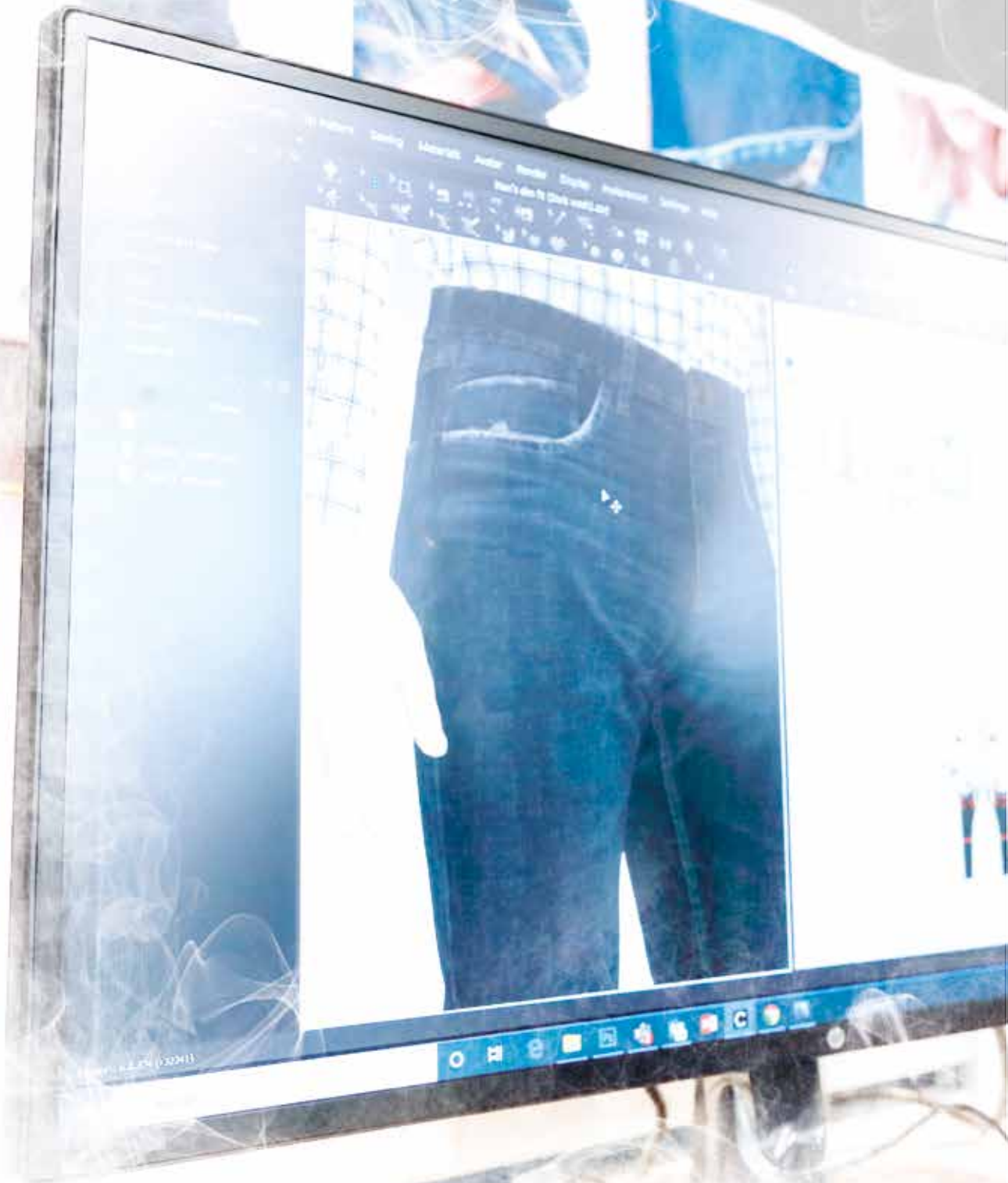
Particulars	2021	2020	2019	2018	2017	2016
Rupees in '000						
Cash Flows from Operating Activities	(707,684)	2,602,454	5,856,137	(2,790,766)	1,238,798	5,310,648
Cash Flows from Investing Activities	(4,618,250)	(7,283,840)	(5,224,627)	(4,467,281)	(3,152,722)	(1,526,224)
Cash Flows from Financing Activities	5,413,852	2,477,398	1,654,622	7,369,132	1,945,152	(3,775,710)
Net increase/(decrease) in cash and cash equivalents	87,918	(2,203,988)	2,286,132	111,085	31,228	8,714

HORIZONTAL ANALYSIS ON STATEMENT OF CASH FLOWS

Particulars	2021 vs 2020	2020 vs 2019	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015
Percentage						
Cash Flows from Operating Activities	-127%	-56%	310%	-325%	-77%	50%
Cash Flows from Investing Activities	37%	-39%	-17%	-42%	-107%	42%
Cash Flows from Financing Activities	119%	50%	-78%	279%	152%	-294%
Net increase/(decrease) in cash and cash equivalents	104%	-196%	1958%	256%	258%	116%

VERTICAL ANALYSIS ON STATEMENT OF CASH FLOWS

Particulars	2021	2020	2019	2018	2017	2016
Percentage						
Cash Flows from Operating Activities	-805%	-118%	257%	-2512%	3967%	60941%
Cash Flows from Investing Activities	-5253%	330%	-229%	-4021%	-10096%	-17514%
Cash Flows from Financing Activities	6158%	-112%	72%	6633%	6229%	-43327%
Net (decrease) / increase in cash and cash equivalents	100%	100%	100%	100%	100%	100%





5 • Outlook

FORWARD LOOKING STATEMENT

COMPANY'S PERFORMANCE AGAINST LAST YEAR'S PROJECTIONS/STATUS OF PROJECTS

2020 – 2021 was an unprecedented year which presented a global crisis on many fronts that we have never experienced. The health and economic crisis were followed by severe supply chain disruptions; including raw material shortages, logistic challenges and mounting cost pressures.

At Interloop, our teams worked incredibly hard to overcome these challenges and continued to provide outstanding service to our partners. Despite difficult business conditions, we made a conscious decision to ensure there were no layoffs or retrenchments. As a result we quickly mobilised our workforce as we changed gears to move into growth mode. Our business bounced back better than expected, recording the highest annual sales in Interloop's history at USD 351 million. Major contribution came from the hosiery business at USD 270 million, followed by our yarns business contributing USD 40 million. More importantly, our new business categories including Denim, Knitted Apparel, and Seamless Active wear contributed another USD 40 million laying a strong foundation for our future growth plans.

Vision 2020 was our previous five years' strategy, ending June 2021. Our ambition to drive top line growth through value addition, process improvement and nourishing talent proved successful as we diversified our business launching new categories. We came very close to our financial ambition and have laid a solid foundation for our next five years' strategy.

FORWARD LOOKING STATEMENT

Vision 2025 charts out our strategy from July 2021 to June 2026. It is guided by our CUSTOMER FIRST approach with

a strategic focus on offering multi-category products, delivered with exceptional customer service and manufactured responsibly, meeting the highest standards of social and environmental performance.

With a stable political outlook, strong macroeconomic indicators and fully vaccinated workforce, we are confident about the future, as we go all in to execute Vision 2025.

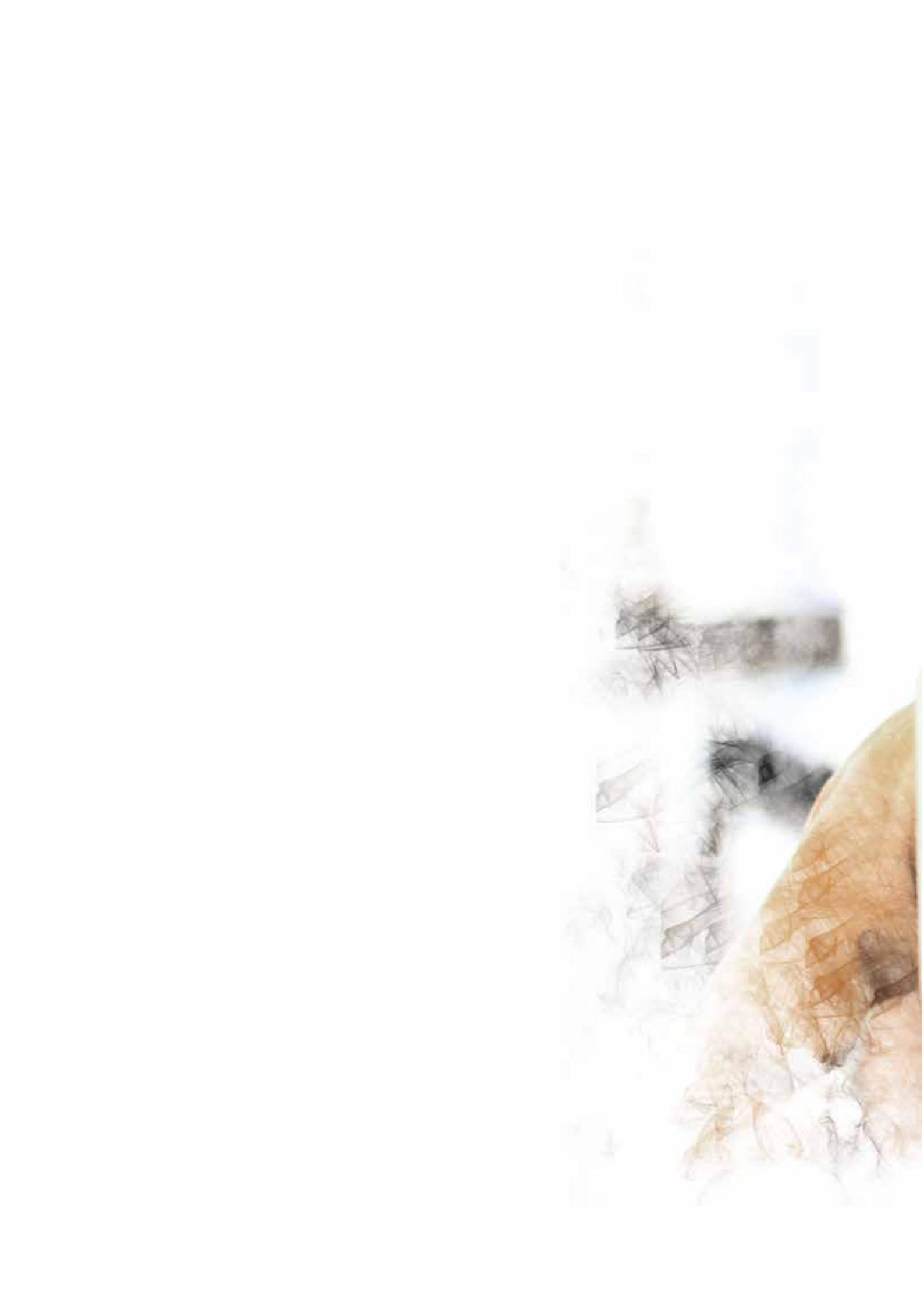
SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR FORECASTS

The projections for the upcoming financial years are based on assumptions and analyses comprising historical trends, current state, future forecasts and expansion plans, in-line with company's mission. Operational and financial plans are devised in line with strategic direction and approval of the Board of Directors, following an extensive due diligence process including legal, financial, and technical feasibility studies.

COMPANY'S PREPAREDNESS TO RESPOND TO CRITICAL CHALLENGES

The company has a robust Business Continuity Plan and is well equipped to respond to critical challenges and uncertainties as and when they arise. A recent example is managing the COVID-19 crisis during which Interloop had put together and executed the Pandemic Recovery Plan and kept its employees safe and healthy, got more than 94% employees vaccinated ensuring business continuity. The Management regularly reviews the risk matrix to update mitigation strategies and stay ahead of the curve.







6

• Sustainability & Corporate Social Responsibility

PEOPLE

ACHIEVEMENTS VS TARGETS 2021

GOALS	TARGETS	ACHIEVEMENTS
Build a Diverse & Empowered Workforce	Women across all levels of our workforce to 10%	8%
	Provide decent work and employment opportunities to 20,000 people	25,000+
	Empower our team members by adopting true Lean philosophy and deploying Lean tools and trainings to over 2000 people	8,000+
Transform Lives	Provide affordable, equitable and quality education to 4000 children by sponsoring 25 TCF schools in under privileged communities	Educating 4000 children in 27 TCF Schools
	Provide 500 young women and men access to technical and higher education	500*
	Provide equal access to education for 300 children with disabilities	500*
	Provide quality early childhood development and pre-primary education to at least 200 children at Interloop's childcare centers	152**
Improve Well-being	Promote local sporting talent by enabling 3000 people to participate in sporting events	3,500
	Improve well-being of 4000 people in our community through promoting reading, and literature	4,000***
	Providing treatments for 8000 patients	11,500

*Approximate Figure **Children enrolled so far *** In FY2021, Literary Events were conducted virtually due to COVID-19 pandemic

GOAL 2025

A diverse, inclusive and engaged workforce creating a high performing organization

PEOPLE TARGETS 2025



Increase Workforce Diversity

30%



Boost Employee Engagement

70%



Train Workforce on Relevant & Future Competencies

80%

PLANET

ACHIEVEMENTS VS TARGETS 2021*

AREAS	TARGETS	ACHIEVEMENTS
Sustainable Raw Material	25% of total raw material	47.6%
Water	15% Reduction	9.0% Reduced
Energy	15% Reduction	8.7% Increased
GHG Emissions	15% Reduction	9.3% Reduced
Renewable Energy	4 MW	5.9 MW
Wastewater	ZDHC Foundational level	ZDHC Foundational level achieved
ILP Sustainability Certifications		2021: Jeans Redesigned Certified 2021: LEED Platinum Certified (Denim)


* Hosiery Only

GOAL 2025

Lead the way in responsible manufacturing meeting highest standards of environmental & social performance

ENVIRONMENTAL TARGETS 2025


Reduce Carbon Footprint
25%
reduction in GHG Emissions



Reduce water consumption by
25%



Increase use of sustainable raw materials upto
70%



Divert waste from landfills
100%



ZDHC Supplier to Zero Complaint Facilities
100%



Invest in community well-being
4% of profits



PROSPERITY

Interloop's Economic Performance

Particulars		FY 2021 PKR in Million	FY 2020 PKR in Million
Direct Economic Value Generated			
Revenue	a	55,933	36,945
Direct Economic Value Distributed			
Operating Cost	b	33,762	22,980
Employee Wages/Benefits	c	12,327	9,523
Payment to Providers of Capital	d	3,326	2,879
Payment to Government	e	2,149	1,333
Investments in community	f	330	175
Economic Value Retained	$g = a - b - c - d - e - f$	4,039	55

CERTIFICATIONS

ENVIRONMENTAL



COMMITMENTS & COLLABORATIONS

CHEMICAL MANAGEMENT PORTALS



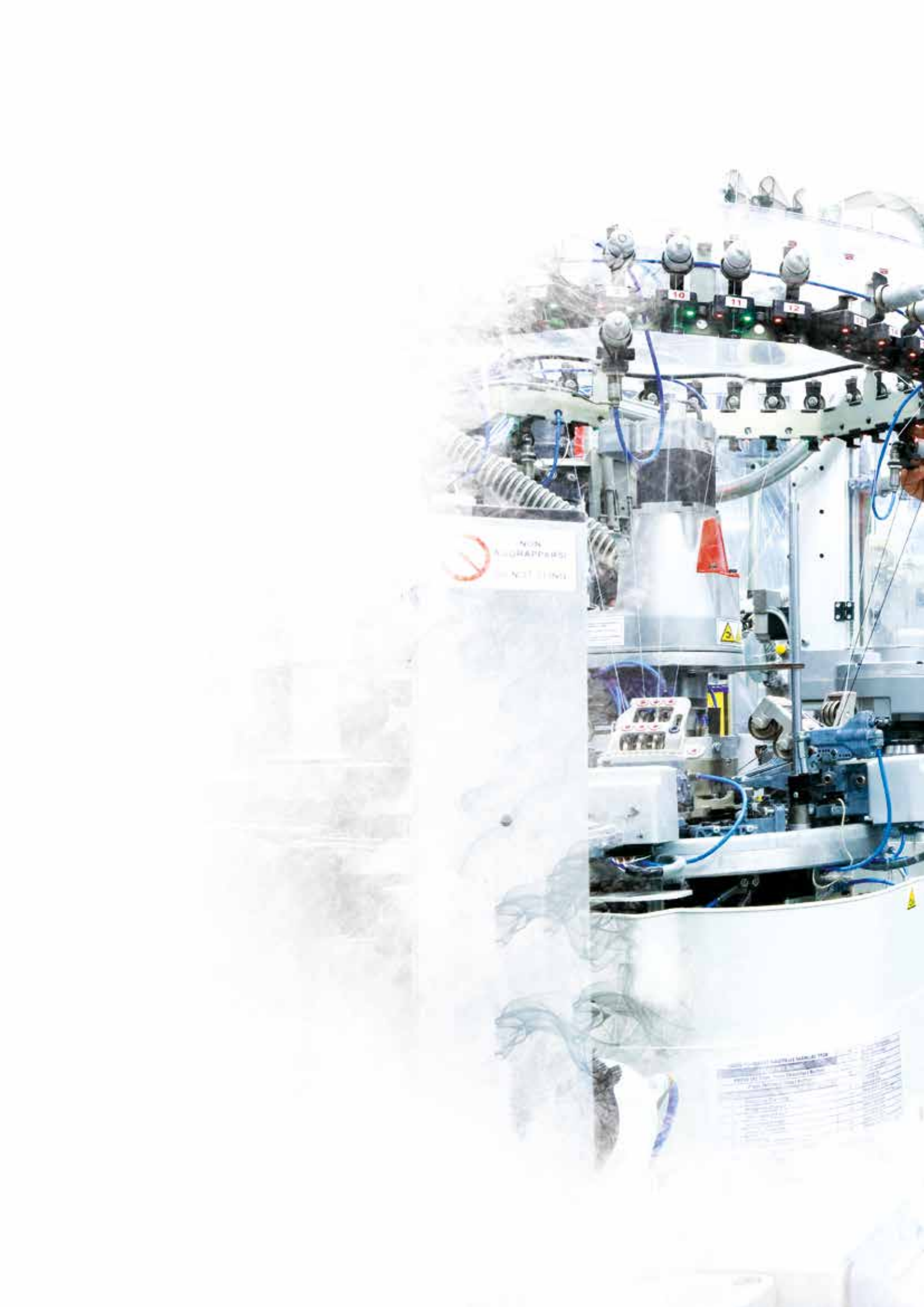
SOCIAL

OTHERS



MEMBERSHIPS





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7

● **Financial Statement**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERLOOP LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of Interloop Limited ("the Company"), which comprise the statement of financial position as at June 30, 2021, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and notes to the 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 statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform Accounting and 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, 2021 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 financial statements of the current period. These matters were addressed in the context of our audit of the 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.	Borrowings: (Refer notes 24 and 29 to the financial statements)	
	<p>The Company has significant amounts of borrowings from Banks and other financial institutions amounting to Rs. 30.289 billion, being 75% 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 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"> 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. Verification of disbursement of loans and utilization on sample basis. Review of documents for charge registration with regulator- SECP. 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.

S. No	Key Audit Matter(s)	How the Matter was addressed in audit
		<ul style="list-style-type: none"> • Assessing procedures designed by management to comply with the debt covenants and performing covenant tests on sample basis. • Obtaining confirmation from Banks of the Company to confirm balances, terms & conditions stated in the facility offer letter and compliance thereof. • Performing analytical procedures, recalculations and other related procedures for verification of finance costs. • Ensuring that the outstanding liabilities have been properly classified and related securities and other terms are adequately disclosed in the financial statements
2.	Capital expenditures (Refer notes 7 to the financial statements)	
	<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>The Company's principal accounting policy on operating fixed assets and capital work in progress are disclosed in notes – 6.1 and 6.2 to the financial statements.</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"> • 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. • Testing, on sample basis, the costs incurred on projects with supporting documents and contracts. • 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. • 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. • 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.

S. No	Key Audit Matter(s)	How the Matter was addressed in audit
3.	<p>Inventory existence and valuation (Refer notes 12 and 13 to the financial statements)</p> <p>The company has significant levels of inventories amounting to Rs. 12.475 billion as at the reporting date, being 21% of the total assets of the Company.</p> <p>There is a risk in estimating the eventual NRV of items held, as well as assessing which items may be slow-moving or obsolete.</p> <p>The Company's principal accounting policy on stores and spares and stock in trade are disclosed in notes – 6.6 and 6.7 to the financial statements.</p> <p>The significance of the balance coupled with the judgments and estimates involved on their valuation has resulted in the inventories being considered as a key audit matter.</p>	<p>Our audit procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management; • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets; • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice; • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any; • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
4.	<p>Revenue recognition (Refer note 32 to the financial statements)</p> <p>We identified recognition of revenue of the Company as a key audit matter because revenue is one of the key performance indicators and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>The Company earns revenue from multiple business lines which operate as distinct business units with significant volume of revenue transactions.</p> <p>Revenue is recorded in accordance with the requirements of IFRS-15 which provides a comprehensive model of revenue recognition and requires the Company to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the model to contracts with customers.</p> <p>For further information, refer to the summary of significant accounting policies, Revenue from contracts with customers' note 6.18 to the financial statements.</p>	<p>We performed a range of audit procedures in relation to revenue including the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We performed analytical review procedures and other test of details over various revenue streams including the cut-off procedures to check that revenue has been recognized in the appropriate accounting period; • We assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.

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

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

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 other 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 financial statements, including the disclosures, and whether the 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 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- 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 Syed Aftab Hameed - FCA.



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

**Date: September 15, 2021
Place: Faisalabad**

STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	7	26,193,029	22,744,239
Intangible assets	8	209,623	171,459
Long term investments	9	–	1,853,735
Long term loans	10	144,673	113,823
Long term deposits	11	60,478	38,337
		26,607,803	24,921,593
CURRENT ASSETS			
Stores and spares	12	1,199,116	1,062,524
Stock in trade	13	11,276,308	8,810,625
Trade debts	14	15,052,940	7,207,391
Loans and advances	15	1,034,836	485,930
Prepayment and other receivables	16	318,708	193,182
Accrued income	17	2,131	2,239
Tax refunds due from Government	18	4,328,555	2,408,014
Short term investments	19	500,000	125,044
Cash and bank balances	20	374,442	150,787
		34,087,036	20,445,736
TOTAL ASSETS		60,694,839	45,367,329
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	21	10,000,000	10,000,000
Issued, subscribed and paid up capital	22	8,721,975	8,721,975
Reserves	23	3,791,602	3,791,602
Unappropriated profit		8,001,035	4,766,115
		20,514,612	17,279,692
NON CURRENT LIABILITIES			
Long term financing	24	8,213,978	6,861,130
Lease liabilities	25	152,969	102,158
Deferred liabilities	26	3,816,001	3,140,682
		12,182,948	10,103,970
CURRENT LIABILITIES			
Trade and other payables	27	5,551,641	3,031,231
Unclaimed dividend		4,004	2,952
Accrued mark up	28	221,674	191,136
Short term borrowings	29	19,636,066	14,354,861
Derivative financial instruments		33,074	–
Current portion of non current liabilities	30	2,550,820	403,487
		27,997,279	17,983,667
CONTINGENCIES AND COMMITMENTS	31	–	–
TOTAL EQUITY AND LIABILITIES		60,694,839	45,367,329

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



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS


For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
Sales - net	32	54,962,265	36,302,794
Cost of sales	33	(40,749,985)	(28,439,076)
Gross profit		14,212,280	7,863,718
Operating expenses			
Distribution cost	34	(2,639,632)	(2,007,264)
Administrative expenses	35	(2,796,180)	(2,197,949)
Other operating expenses	36	(919,479)	(504,513)
		(6,355,291)	(4,709,726)
Other income	37	162,912	99,001
Profit from operations		8,019,901	3,252,993
Finance cost	38	(1,147,038)	(1,137,162)
Profit before taxation		6,872,863	2,115,831
Taxation	39	(581,292)	(319,428)
Profit for the year		6,291,571	1,796,403
Earnings per share - basic and diluted (Rupees)	40	7.21	2.06

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



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
Profit for the year		6,291,571	1,796,403
Other comprehensive (loss)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post retirement benefits obligations	26.1.4	(71,653)	2,715
Total comprehensive income for the year		6,219,918	1,799,118

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



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY


For the year ended June 30, 2021

	Share capital	Capital reserve	Revenue reserve	Total
		Share premium	Unappropriated profit	
(Rupees '000)				
Balance as at June 30, 2019	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
Total comprehensive income for the year	–	–	1,799,118	1,799,118
Effect of initial application of IFRS-16	–	–	(667)	(667)
Transactions with owners:				
Dividend to ordinary shareholders	–	–	(2,398,543)	(2,398,543)
Balance as at June 30, 2020	8,721,975	3,791,602	4,766,115	17,279,692
Profit for the year	–	–	6,291,571	6,291,571
Other comprehensive loss	–	–	(71,653)	(71,653)
Total comprehensive income for the year	–	–	6,219,918	6,219,918
Transfer upon amalgamation (note 44)	–	–	(804,504)	(804,504)
Transactions with owners:				
Dividend to ordinary shareholders	–	–	(2,180,494)	(2,180,494)
Balance as at June 30, 2021	8,721,975	3,791,602	8,001,035	20,514,612

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



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

	2021 (Rupees '000)	2020 (Rupees '000)
a) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,872,863	2,115,831
Adjustments for:		
Depreciation	2,279,613	1,980,510
Amortization	18,329	14,931
Depreciation on right of use assets	41,215	16,835
Workers' welfare fund	140,262	43,180
Workers' profit participation fund	369,111	112,527
Staff retirement gratuity	857,791	783,277
Loss on disposal of non current assets	19,535	17,534
Exchange (gain)/loss - net	(36,056)	37,011
Inventory write-off	434	7,125
Realized loss on derivative financial instruments	27,251	106,843
Unrealized loss on derivative financial instruments	33,074	-
Remeasurement loss on investment in mutual funds	-	5,293
Profit on term deposit receipts (TDRs)	(3,088)	(36,131)
Profit on term finance certificates (TFCs)	(45,624)	(55,606)
Interest on loan to Metis International (Pvt) Ltd	(1,152)	(1,356)
Reversal of impairment loss	(70,814)	-
Interest on receivables from IL Bangla Limited	(5,308)	(5,796)
Finance cost	1,147,038	1,137,162
Operating cash flows before working capital changes	11,644,474	6,279,170
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	(126,666)	(174,865)
Stock in trade	(2,056,846)	(2,535,259)
Trade debts	(7,632,722)	1,040,349
Loans and advances	(469,075)	571,644
Prepayment and other receivables	(114,482)	17,322
Tax refunds due from government	(1,876,611)	(218,701)
Short term investment in mutual funds - net	-	125,603
Increase/(decrease) in current liabilities		
Trade and other payables	2,071,469	(433,974)
	(10,204,933)	(1,607,881)
Cash generated from operations	1,439,541	4,671,289
Finance cost paid	(1,097,987)	(1,049,053)
Income tax paid	(531,448)	(448,202)
Staff retirement gratuity paid	(281,467)	(122,931)
Workers' profit participation fund paid	(119,000)	(288,315)
Long term loans paid	(88,237)	(42,293)
Long term deposits paid	(16,505)	(10,318)
Settlement of derivative financial instruments	(27,251)	(106,843)
Profit on term deposit receipts (TDRs) received	3,132	36,131
Exchange gain/(loss) - net	11,538	(37,011)
Net cash (used in)/generated from operating activities	(707,684)	2,602,454

	Note	2021 (Rupees '000)	2020 (Rupees '000)
b) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in:			
Property, plant and equipment		(5,077,335)	(6,422,247)
Intangible assets		(81,439)	(120,229)
Proceeds from disposal of non current assets		90,848	48,636
Profit on term finance certificates (TFCs) received		45,609	55,000
Changes in long term investments		404,067	(845,000)
Net cash used in investing activities		(4,618,250)	(7,283,840)
c) CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		3,997,643	4,592,913
Repayment of long term financing		(747,505)	(2,204,245)
Payment of lease rentals		(50,297)	(13,605)
Changes in short term borrowings - net		4,393,453	2,628,861
Dividend paid		(2,179,442)	(2,526,526)
Net cash generated from financing activities		5,413,852	2,477,398
Net increase/(decrease) in cash and cash equivalents	(a+b+c)	87,918	(2,203,988)
Add: Transfer upon amalgamation		10,693	-
Cash and cash equivalents at the beginning of the year		275,831	2,479,819
Cash and cash equivalents at the end of the year	41	374,442	275,831

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



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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 2019, 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 to generate 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.
- Corporate office & Plant 1: 1-KM, Khurrianwala – Jaranwala Road, Khurrianwala, Faisalabad-Pakistan.
- Plant 2, Plant 4 & Spinning unit: 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.
- Apparel unit: 117-J.B, Millat Road Dhanola, Faisalabad-Pakistan. (Rented)

2. AMALGAMATION OF IL APPAREL (PRIVATE) LIMITED

The Board of Directors of the Company in their meeting held on October 28, 2020 approved the amalgamation of IL Apparel (Private) Limited ("ILA"), a wholly owned subsidiary of Interloop Limited ("the Company") with and into the Company, in accordance with the terms of Scheme of Amalgamation prepared under the provisions of section 284 read with all other enabling provisions of the Companies Act, 2017. In pursuance of the scheme of amalgamation approved by the Board as above, the Securities and Exchange Commission of Pakistan approved the scheme on January 25, 2021 and sanctioned the effective date of the amalgamation i.e. January 31, 2021. Pursuant to the scheme, the entire undertaking and business of ILA with all the property, assets, rights, liabilities and obligations of every description stand amalgamated into the Company while the shares of ILA held by the Company stood cancelled.

As the above amalgamation represents a transaction between commonly controlled entities, the said transaction is outside the scope of IFRS-3 'Business Combinations' and therefore is accounted for as a common control transaction and predecessor accounting has been applied as of the date of amalgamation. Accordingly, the assets and liabilities of ILA have been amalgamated in the financial statements of the Company at their net carrying amount as recorded in ILA separate financial statements as at January 31, 2021. The difference in value of the net assets and cost of investment in ILA in the long-term investments of the Company has been included in equity under the head unappropriated profit. All inter-company balances stand eliminated as at January 31, 2021 without any fund movement. The ILA stand dissolved without winding up. The statement of financial position of ILA is merged prospectively from the date of amalgamation. Detail of the net assets transferred upon amalgamation is disclosed in note. 44 to the financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These 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 FINANCIAL STATEMENTS

For the year ended June 30, 2021

3.2 Basis of measurement

These 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 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

- **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 Company's annual period beginning on or after January 01, 2020):**

The changes in Interest Rate Benchmark Reform

- 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;
- are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- 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);
- and require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

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

- **Amendment to IFRS 16, 'Leases' - Covid-19-Related Rent Concessions (effective for annual period beginning on or after June 01, 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 does not have any impact on these financial statements.

- **Amendments 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 or after January 01, 2020):**

These amendments and consequential amendments to other IFRSs:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

The amendments do not have any significant impact on these 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 January 01, 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 amendment does not have any significant impact on these financial statements.

During the year certain other amendments to standards or new interpretations became effective, however, the amendments or interpretations did not have any material effect on these financial statements of the Company.

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 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 Company's financial statements.

- **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.

- **Amendments to IFRS 3, 'Business Combinations' - Reference to the Conceptual Framework (effective for the Company's annual period beginning on January 01, 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 Company's financial statements.

- **Amendments to IAS 8, 'Accounting policies, changes in accounting estimates and errors' - Definition of Accounting Estimates (effective for the Company's annual period beginning on January 01, 2023):**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. The Company is yet to assess the full impact of the amendment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- **Amendments to IAS 1, 'Presentation of financial statements' and IFRS Practice Statement 2- Disclosure of Accounting Policies (effective for the Company's annual period beginning on January 01, 2023):**

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendment is not likely to have an impact on the Company's financial statements.

- **Amendments 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 01, 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.

- **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 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'.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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 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:

Estimate of useful life of operating fixed assets - note 6.1
Estimated useful life of intangible assets - note 6.3
Impairment of non-financial assets - note 6.4
Stores and spares - note 6.6
Stock-in-trade - note 6.7
Estimation used in right of use asset and corresponding lease liability - note 6.10
Staff retirement benefits - note 6.12
Provisions - note 6.15
Contingencies - note 6.16
Taxation - note 6.20
Impairment of Financial Assets - note 6.25.1

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 - 7.1 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.

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 - 7.1.

An item of operating fixed asset and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition of an item of operating fixed asset is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognized in the statement of profit or loss.

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 its intended use.

6.3 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 - 8.1. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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 the relevant note.

6.3.1 Development costs

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as development cost in intangible assets. Directly attributable costs that are capitalized as part of the software includes advance payments for the software. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

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.

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.

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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 debts and other receivables

Trade debts are recognized and carried at the original invoice amounts, being the fair value, less loss allowance, if any. For measurement of loss allowance for trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses.

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

6.9 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.

6.10 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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.

6.11 Share capital

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

6.12 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 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.

6.13 Government grants

Grants from the government are recognized 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 the grants are intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

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6.14 Trade and other payables

Liabilities for trade and other payables are carried at their amortized 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.

6.15 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.

6.16 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.

6.17 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.

6.18 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 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:

NOTES TO THE FINANCIAL STATEMENTS

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- 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.

6.19 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.

6.20 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

6.21 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.

6.22 Dividend

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

6.23 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.

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

6.24 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

6.25 Financial Instruments:

6.25.1 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 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 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 statement of 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 statement of profit or loss and presented in other income / (other operating expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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 statement of 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 operating 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 operating 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

NOTES TO THE FINANCIAL STATEMENTS

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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.

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.

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. They are subsequently remeasured at fair value, with all gains or losses, realized and unrealized, recognized in the statement of profit or loss.

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6.25.2 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 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.

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 statement of profit or loss.

6.25.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the 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.

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	Note	2021 (Rupees '000)	2020 (Rupees '000)
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	23,467,161	21,897,796
Capital work-in-progress	7.2	2,543,689	733,655
Right of use assets	7.3	182,179	112,788
		26,193,029	22,744,239

7.1 Operating fixed assets

Description	2021											Rate %
	Cost				Depreciation				W.D.V			
	As On July 1, 2020	Additions	Transfer upon amalgamation	Deletions	As on June 30, 2021	As on July 1, 2020	For the year	Transfer upon amalgamation	Adjustments	As on June 30, 2021		
(Rupees '000)												
Owned												
Freehold land	1,723,264	188,598	220,527	-	2,132,389	-	-	-	-	-	2,132,389	-
Buildings on freehold land	7,323,607	610,953	60,294	-	7,994,854	2,530,865	521,017	9,608	-	3,061,490	4,933,364	10
Plant and machinery	20,367,053	1,593,773	241,678	(89,737)	22,112,767	8,148,454	1,314,441	37,090	(73,690)	9,426,295	12,686,472	10
Tools and equipment	1,282,851	96,820	76,842	-	1,456,513	464,024	83,665	12,265	-	559,954	896,559	10
Office equipment	497,145	195,230	39,139	(13,082)	718,432	254,422	64,156	11,334	(9,488)	320,424	398,008	20
Electric installations	1,984,922	290,621	62,840	(4,785)	2,333,598	641,190	142,514	10,620	(2,845)	791,479	1,542,119	10
Furniture and fixtures	480,528	93,405	16,849	-	590,782	176,184	41,694	2,694	-	220,572	370,210	10
Vehicles	689,573	198,784	40,938	(128,643)	800,652	236,008	112,126	12,560	(68,082)	292,612	508,040	20
Total	34,348,943	3,268,184	759,107	(236,247)	38,139,987	12,451,147	2,279,613	96,171	(154,105)	14,672,826	23,467,161	

Description	2020											Rate %
	Cost				Depreciation				W.D.V			
	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)												
Owned												
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	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	12,218,599	12,218,599	10
Tools and equipment	975,631	308,597	(1,377)	1,282,851	388,974	75,375	398	(723)	464,024	818,827	818,827	10
Office equipment	408,316	101,856	(13,027)	497,145	215,163	49,748	-	(10,489)	254,422	242,723	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	1,343,732	10
Furniture and fixtures	396,077	84,502	(51)	480,528	146,669	29,529	13	(27)	176,184	304,344	304,344	10
Vehicles	582,590	204,064	(97,081)	689,573	188,288	100,314	-	(52,594)	236,008	453,565	453,565	20
Total	27,616,301	6,915,703	(183,061)	34,348,943	10,577,861	1,980,510	9,667	(116,891)	12,451,147	21,897,796	21,897,796	

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7.1.1 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)							
Assets having book value exceeding Rs. 500,000 each							
Plant and Machinery							
Air compressor - Atlas Copco - SCD - 750 SBH	1,500	943	557	100	(457)	Negotiation	Mr. Muhammad Safdar - House # 782, Street # 09, Zulfqar Colony, Faisalabad, Pakistan
Gas absorption chiller - Dalian Sanyo - D-G-22 GML	4,985	3,968	1,017	842	(175)	Negotiation	Mr. Abdul Aziz - House # 117, Street # 02, Sarfraz Colony, Faisalabad, Pakistan
Automatic boarding machine - Techopea	2,125	1,328	797	513	(284)	Negotiation	Socks & Socks (Pvt.) Limited - Associated Company
Automatic boarding machine - Techopea	2,125	1,328	797	513	(284)	Negotiation	Socks & Socks (Pvt.) Limited - Associated Company
Automatic boarding machine - Techopea	2,125	1,328	797	513	(284)	Negotiation	Socks & Socks (Pvt.) Limited - Associated Company
Sub Total	12,860	8,895	3,965	2,481	(1,484)		
Vehicles							
Toyota Corolla GLI Prosmetic	1,881	1,107	774	664	(110)	Company Policy	Mr. Muhammad Shoaib - Company Employee
Honda City M/T ASP 1.3	1,716	865	851	973	122	Company Policy	Mr. Ali Imran Raja - Company Employee
Honda City M/T ASP 1.5	1,838	757	1,081	1,309	228	Company Policy	Mr. Muhammad Shahzad Afzal - Company Employee
Suzuki Cultus VXL	1,893	338	1,555	1,556	1	Company Policy	Mr. Hassan Javed - Company Employee
Suzuki Cultus VXR	1,277	553	724	724	-	Company Policy	Mr. Mehboob Khaliq Ansari - Company Employee
Suzuki Cultus VXL	1,419	728	691	691	-	Transferred	IL Apparel (Pvt) Limited - Subsidiary Company
Toyota Corolla GLI A/T	1,931	1,132	799	664	(135)	Company Policy	Mr. Muhammad Awais Asghar - Company Employee
Toyota Corolla GLI M/T	2,865	366	2,499	2,500	1	Negotiation	Mr. Muhammad Zaman Khan - House # 96, Canal Garden 203 R.B, Faisalabad, Pakistan
Toyota Corolla GLI M/T	2,837	1,663	1,174	1,004	(170)	Company Policy	Ms. Faryal Sadiq - Company Employee
Honda Accord 2.4	10,650	7,670	2,980	3,854	874	Company Policy	Mr. Tariq Rasheed - Company Employee
Toyota Corolla GLI A/T	1,861	1,115	746	722	(24)	Company Policy	Mr. Jamshaid Iqbal - Company Employee
Suzuki Ciaz GL A/T	2,116	973	1,143	1,142	(1)	Company Policy	Mr. Naveed Ahmad Khan - Company Employee
Toyota Corolla ALTIS	2,376	1,759	617	860	243	Company Policy	Mr. Shafqat Hasan Khawaja - Company Employee
Suzuki Cultus VXR	1,277	676	601	601	-	Company Policy	Mr. Shahid Habib - Company Employee
Toyota Fortuner	5,352	3,800	1,552	1,555	3	Negotiation	Mr. Sheraz, Saeed Autos, 22C-Model Town, Jail Road, Faisalabad, Pakistan.
Honda City M/T	1,575	1,045	530	305	(225)	Company Policy	Mr. Waqas Ahmed Gill - Company Employee
Suzuki Swift DLX	1,360	765	595	450	(145)	Company Policy	Mr. Ghulam Murtaza - Company Employee
Toyota Corolla GLI A/T	2,463	779	1,684	1,684	-	Company Policy	Mr. Shakeel Ahmad Anjum - Company Employee
Toyota Corolla ALTIS	2,296	1,105	1,191	1,225	34	Negotiation	Mr. Sheraz, Saeed Autos, 22C-Model Town, Jail Road, Faisalabad, Pakistan.
Suzuki Cultus VXR	1,297	625	672	191	(481)	Company Policy	Mr. Inam Ul Haq - Company Employee
Toyota Fortuner 4X4	4,014	1,556	2,458	1,004	(1,454)	Company Policy	Mr. Feroze Ahmed - Company Employee
Toyota Hilux Revo 4X4	5,851	1,794	4,057	5,550	1,493	Insurance Claim	EFU General Insurance Limited
Toyota Corolla GLI	1,924	1,099	825	531	(294)	Company Policy	Mr. Rizwan Zahid - Company Employee
Honda City M/T	1,569	1,051	518	324	(194)	Company Policy	Mr. Muhammad Shahid Mehmood - Company Employee
Honda City M/T	1,583	917	666	531	(135)	Company Policy	Mr. Amjad Farooq - Company Employee
Toyota Corolla GLI A/T	1,201	398	803	701	(102)	Company Policy	Mr. Shakeel Akhtar - Company Employee
Honda City M/T	1,577	913	664	531	(133)	Company Policy	Mr. Abid Ali Gill - Company Employee
Toyota Corolla GLI A/T	1,924	1,115	809	664	(145)	Company Policy	Mr. Saeed Hassan Bhatti - Company Employee
Toyota Corolla ALTIS	2,083	1,209	874	723	(151)	Company Policy	Mr. Ghulam Qasim Shaheen - Company Employee
Honda Civic Oriol	2,673	1,549	1,124	723	(401)	Company Policy	Mr. Akmal Nasim - Company Employee

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
(Rupees '000)							
Honda City M/T	1,587	920	667	531	(136)	Company Policy	Mr. Safdar Ali - Company Employee
Suzuki Swift DLX	1,359	788	571	531	(40)	Company Policy	Mr. Muhammad Waqas Ahsan - Company Employee
Honda City M/T	1,582	918	664	450	(214)	Company Policy	Mr. Altaf Rasool - Company Employee
Toyota Corolla G/LI A/T	1,902	1,296	606	275	(331)	Company Policy	Mr. Ali Javaid - Company Employee
KIA Picanto	2,039	510	1,529	1,560	31	Negotiation	Mr. Sheraz, Saeed Autos, 22C-Model Town, Jail Road, Faisalabad, Pakistan.
Suzuki Cultus VXL	691	92	599	701	102	Company Policy	Ms. Arshia Zia - Company Employee
Honda City M/T	1,587	909	678	450	(228)	Company Policy	Ms. Ghazala Kanwal - Company Employee
Suzuki Cultus VXL	1,419	845	574	500	(74)	Company Policy	Mr. Maqbool Alam Baig - Company Employee
Honda City M/T	1,577	939	638	450	(188)	Company Policy	Mr. Muhammad Amjad - Company Employee
Honda City M/T	1,587	909	678	450	(228)	Company Policy	Mr. Muhammad Toufique - Company Employee
Toyota Corolla XLI	1,771	1,178	593	415	(178)	Company Policy	Mr. Muhammad Tariq - Company Employee
Honda Civic Turbo	2,735	1,609	1,126	450	(676)	Company Policy	Mrs. Rahat Naseem - Company Employee
Honda City M/T	1,582	931	651	450	(201)	Company Policy	Mr. Noman Rasheed - Company Employee
Toyota Corolla ALTIS	3,554	1,307	2,247	2,250	3	Negotiation	Mr. Sheraz, Saeed Autos, 22C-Model Town, Jail Road, Faisalabad, Pakistan.
Suzuki Cultus VXL	1,566	611	955	1,500	545	Insurance Claim	EFU General Insurance Limited
Toyota Yaris CVT	2,869	-	2,869	2,810	(59)	Negotiation	Mr. Sheraz, Saeed Autos, 22C-Model Town, Jail Road, Faisalabad, Pakistan.
Toyota Corolla ALTIS	2,657	1,358	1,299	1,298	(1)	Transferred	Interloop Holdings (Pvt) Limited - Associated Company
Sub Total	106,743	54,542	52,201	49,027	(3,174)		
Other assets having book value below Rs. 500,000 each	116,644	90,668	25,976	39,340	13,364		
Total - 2021	236,247	154,105	82,142	90,848	8,706		
Total - 2020	183,061	116,891	66,170	48,636	(17,534)		

		Note	2021 (Rupees '000)	2020 (Rupees '000)
7.1.2	Depreciation expense for the year has been allocated as under;			
	Cost of sales	33	2,054,495	1,800,919
	Administrative expenses	35	225,118	179,591
			2,279,613	1,980,510
7.1.3	Borrowing cost capitalized during the year was Nil (2020: Rs. 107.501 million calculated @ 2.75% to 14.07%).			
		Note	2021 (Rupees '000)	2020 (Rupees '000)
7.2	Capital work-in-progress			
	Civil works		1,216,376	209,268
	Plant and machinery		547,137	308,734
	Capital stores	7.2.1	129,762	131,616
	Advances to suppliers		650,414	84,037
			2,543,689	733,655

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 7.2.1 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	2021 (Rupees '000)	2020 (Rupees '000)
7.3 Right of use assets			
Buildings			
Transition effect on initial application of IFRS-16		–	35,511
Opening balance		112,788	–
Transfer upon amalgamation		65,017	–
Additions during the year		46,500	94,112
Termination during the year		(911)	–
		223,394	129,623
For the year depreciation	7.3.1	(41,215)	(16,835)
Net book value		182,179	112,788

- 7.3.1 Depreciation expense relating to right of use assets - buildings of Rs. 40.844 million (2020: Rs. 12.471 million) has been charged in 'Cost of sales' and Rs. 0.371 million (2020: Rs. 4.364 million) in 'Administrative expenses'.

7.4 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 unit)	Chak # 103 RB, 7 - KM, Jaranwala Road, Khurrianwala, Faisalabad.	138 Acres 11 Kanals 4 Marlas 5 Sarsai
	Chak # 106 RB, 6 - KM, By Pass Road, Khurrianwala, Faisalabad.	14 Acres 3 Kanals 12 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 & Apparel unit	Chak # 106 RB, 6 - KM, By Pass Road, Khurrianwala, Faisalabad.	175 Acres 3 Kanals 14 Marlas 8 Sarsai
Land	Chak # 200 RB, Near Toll Plaza Gatwala, Lathianwala, Faisalabad.	2 Acres 13 Marlas 5 Sarsai

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

		2021	2020
		(Rupees '000)	(Rupees '000)
	Note		
8. INTANGIBLE ASSETS			
Computer software	8.1	209,623	67,168
Development cost - in progress		–	104,291
		209,623	171,459
8.1 Computer Software			
Cost:			
Opening balance		146,932	130,994
Addition during the year		185,730	15,938
Transfer upon amalgamation		4,883	–
Write-off during the year		(36,486)	–
		301,059	146,932
Amortization:			
Opening balance		79,764	64,833
Transfer upon amalgamation		1,480	–
For the year amortization	8.2	18,329	14,931
Adjustment		(8,137)	–
		91,436	79,764
Net book value		209,623	67,168
Amortization rate		20%	20%

8.2 Amortization expense relating to intangible assets of Rs. 2.118 million (2020: Rs. 5.577 million) has been charged in 'Cost of sales' and Rs. 16.211 million (2020: Rs. 9.354 million) in 'Administrative expenses'.

		2021	2020
		(Rupees '000)	(Rupees '000)
	Note		
9. LONG TERM INVESTMENTS			
Unquoted equity - at cost			
Subsidiary company			
IL Apparel (Pvt) Limited	2	–	1,045,000
Associated company			
IL Bangla Limited	9.1	–	308,735
Others - at amortized cost			
Term finance certificates (TFCs)	9.2	–	500,000
		–	1,853,735
9.1 IL Bangla Limited			
Cost of investment	9.1.1	308,735	308,735
Reversal of impairment loss		70,814	–
		379,549	308,735
Disposed off during the year		(379,549)	–
		–	308,735

9.1.1 This represent Company's investment in 31.825 million ordinary share of BD Takas 10/- each, equity held 31.61%. However, the Company in its Extra Ordinary General Meeting held on December 10, 2020, after giving due consideration, had approved the sale of its investment "IL Bangla Limited". The decision was taken keeping in mind the best interest of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021 (Rupees '000)	2020 (Rupees '000)
9.2 Term finance certificates - TFCs		
Habib Bank Limited	500,000	500,000
Transferred to short term investments	(500,000)	–
	–	500,000

9.2.1 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 (2020: Rs. 500 million). TFCs carry markup at the rate of 3 months KIBOR+ 1.60% per annum payable quarterly in arrears.

	Note	2021 (Rupees '000)	2020 (Rupees '000)
10. LONG TERM LOANS			
Considered good - Secured			
Loans to employees	10.1	131,788	96,233
Loan to director	10.2	12,885	17,590
		144,673	113,823
10.1 Loans to employees			
Opening balance		142,721	96,795
Add: transfer upon amalgamation		7,155	–
Add: disbursement made during the year		232,683	120,021
		382,559	216,816
Less: amount received during the year		(139,830)	(74,095)
		242,729	142,721
Less: receivable within twelve months	15	(110,941)	(46,488)
		131,788	96,233

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

	Note	2021 (Rupees '000)	2020 (Rupees '000)
10.2 Loan to director			
Opening balance		22,117	25,750
Less: amount received during the year		(4,616)	(3,633)
		17,501	22,117
Less: receivable within twelve months	15	(4,616)	(4,527)
		12,885	17,590

10.2.1 This represents loan paid to executive director of the Company as per house building finance policy of the Company. Under the first policy, home ownership grant of Rs. 2.5 million and mortgage assistance of Rs. 23.25 million. Tenure of 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 markup thereon.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
11. LONG TERM DEPOSITS			
Considered good:			
Security deposits - unsecured		60,478	38,337
12. STORES AND SPARES			
Stores		336,118	311,225
Spares		862,998	751,299
		1,199,116	1,062,524
13. STOCK IN TRADE			
Raw materials		6,667,859	5,131,795
Work in process		1,368,804	589,622
Finished goods		3,239,645	3,089,208
		11,276,308	8,810,625
14. TRADE DEBTS			
Considered good:			
Foreign			
- Secured	14.1	6,234,955	4,375,676
- Unsecured		7,869,261	2,232,046
		14,104,216	6,607,722
Local			
- Unsecured	14.1	948,724	599,669
		15,052,940	7,207,391
14.1	It includes receivables from following related parties;		
Foreign			
Texlan Center (Pvt) Limited		307,824	136,419
Eurosox Plus BV		75,155	120,799
Local			
PrintKraft (Pvt) Limited		–	485
Socks & Socks (Pvt) Limited		144,208	–
		527,187	257,703
14.2	The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs. 623.720 million (2020: Rs. 757.49 million).		
14.3	At June 30, 2021, trade debts due from related parties aggregating to Rs. 200.96 million (2020: Rs. 138.30 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:		
		2021 (Rupees '000)	2020 (Rupees '000)
Not yet due		326,230	119,407
Upto 1 month		83,776	75,746
More than 1 month		117,181	62,550
		527,187	257,703

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

		2021 (Rupees '000)	2020 (Rupees '000)
	Note		
15. LOANS AND ADVANCES			
Considered good:			
Loans			
Current portion of loans to employees	10.1	110,941	46,488
Current portion of loan to director	10.2	4,616	4,527
Metis International (Pvt) Limited	15.1	6,398	6,777
Advances			
Advances to suppliers	15.2	911,211	424,874
Advances to employees	15.3	1,670	3,264
		1,034,836	485,930

15.1 This loan was given in foreign currency amounting to US \$ 275,000 at the rate of 15% per annum (amount in US \$ to be converted in PKR in accordance with conversion rate given at 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 and is repayable on demand.

15.2 It includes advance payment of Nil (2020: 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 Nil (2020: Rs. 0.189 million).

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

		2021 (Rupees '000)	2020 (Rupees '000)
	Note		
16. PREPAYMENT AND OTHER RECEIVABLES			
Prepayment			
Insurance premium		19,451	12,039
Prepaid expenses		10,071	–
Other receivables - considered good			
Subsidy on gas	16.1	288,511	92,581
Receivables from related parties	16.2	675	88,562
		318,708	193,182

16.1 This represents the subsidy receivable against sui gas consumption from Government of Pakistan (GoP) amounting to Rs. 235.92 million (2020: Rs. 90.4 million) and Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs. 52.59 million (2020: Rs. 2.18 million). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
16.2 Receivables from related parties:			
IL Bangla Limited - Unquoted associate	16.5	–	88,562
Interloop Limited ESOS Management Trust		675	–
		675	88,562

16.3 The maximum aggregate amount of other receivable due from related parties at the end of any month during the year was Rs. 94.54 million (2020: Rs. 88.56 million).

16.4 At June 30, 2021, other receivables aggregating to Rs. 0.68 million (2020: Rs. 88.56 million) were past due but not impaired. The ageing analysis of these receivables is as follows:

	2021 (Rupees '000)	2020 (Rupees '000)
Up to 3 months	–	5,796
More than 3 months	675	–
More than 1 year	–	82,766
	675	88,562

16.5 This represented balance receivable against payments made on behalf of IL Bangla Limited. Interest charged at effective rate of 7.53% per annum.

	Note	2021 (Rupees '000)	2020 (Rupees '000)
17. ACCURED INCOME			
Interest on loan to Metis International (Pvt) Limited		1,510	1,633
Profit on term finance certificates (TFCs)		621	606
		2,131	2,239
18. TAX REFUNDS DUE FROM GOVERNMENT			
DDT		2,398,409	447,587
Sales tax refundable		966,547	954,308
Income tax refundable		963,599	1,006,119
		4,328,555	2,408,014
19. SHORT TERM INVESTMENTS			
At amortized cost			
Term Deposit Receipts (TDRs)			
Allied Bank Limited	19.1	–	125,044
Term Finance Certificates (TFCs)			
Habib Bank Limited	9.2	500,000	–
		500,000	125,044

19.1 Short term investment in TDRs earned interest at effective rate of 6.40% per annum (2020: 6.40% to 12.60% per annum). Accrued profit was Nil (2020: Rs. 0.044 million) included in the carrying value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

20. CASH AND BANK BALANCES

Cash in hand
Cash at banks
 In current accounts
 In foreign currency accounts

2021 (Rupees '000)	2020 (Rupees '000)
18,287	14,169
338,095	76,510
18,060	60,108
356,155	136,618
374,442	150,787

21. AUTHORIZED SHARE CAPITAL

2021 (Number of shares in '000)	2020 (Number of shares in '000)
1,000,000	965,000
–	35,000
1,000,000	1,000,000

Ordinary shares of Rs. 10 each
Non-voting ordinary shares
of Rs. 10 each

2021 (Rupees '000)	2020 (Rupees '000)
10,000,000	9,650,000
–	350,000
10,000,000	10,000,000

21.1 Pursuant to conversion of non voting ordinary shares into voting ordinary shares (as detailed in Note 22.1), clause V of the memorandum of association of the Company was accordingly amended in light of proposed conversion/change in class of share capital which was approved by SECP on March 03, 2021.

22. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021 (Number of shares in '000)	2020 (Number of shares in '000)
132,166	130,900
740,031	738,500
–	1,266
–	1,531
872,197	872,197

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

Note

2021 (Rupees '000)	2020 (Rupees '000)
1,321,662	1,309,000
7,400,313	7,385,000
–	12,662
–	15,313
8,721,975	8,721,975

22.1

22.1 Employees Share Option Scheme (ESOS)

Interloop Limited ("the Company") had introduced its Employee Stock Option Scheme, 2016 ("the Scheme"), whereby certain amendments have been approved by the shareholders of the Company in its Annual General Meeting held on October 15, 2020 in the Scheme with the context of listed Companies regulations owing to its listing on Pakistan Stock Exchange (PSX) during year 2019. The Scheme had originally been approved by the members in the general meeting held on December 31, 2015 and by SECP through its letter no. SMD/CIW/ESOS/01/2016 dated September 01, 2016.

Apart from the requisite amendments made under the approval of the SECP, there had been no further consequential changes made to the Scheme. The legislative changes made in the constitutional law as indexed below may be taken as incorporated;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- i. Companies Ordinance, 1984 has been repealed with Companies Act, 2017;
- ii. Public Companies (Employees Stock Option Scheme) Rules, 2001 have been repealed with Companies (Further Issue of Shares) Regulations, 2020.

Owing to the recent amendments in the Scheme approved by the shareholders of the Company & SECP respectively as stated supra, the B class of Shares (Non-Voting Ordinary Shares) had now been eliminated from the applicable Scheme by approving and proposing requisite alteration of/amendment to the Memorandum & Articles of Association (MoA & AoA) of the Company. Since the first approval of the Scheme, the Company had made three allotments under the Scheme whereby it had issued total 2,797,450 (two million, seven hundred ninety seven thousand, four hundred fifty) fully paid & non-listed, Non-Voting Ordinary Shares which had been granted, vested, exercised and/or issued before the listing of the Company to the Eligible Employees in terms of Approved Scheme.

Further, letter dated March 10, 2021 of the Company to PSX confirming conversion of Interloop Employee Non-Voting, Non-Listed Ordinary Shares into Ordinary Shares amidst requisite approval of SECP, followed by a CDC letter dated March 18, 2021 confirming that total 2,797,450 (two million seven hundred ninety seven thousand four hundred fifty) Ordinary Shares of the Company, ranking pari passu to existing Ordinary Listed Shares, had been credited into respective accounts as per the conversion ratio 1:1 in the Central Depository System at the end of day of March 17, 2021 along with an intimation confirmation regarding revocation of CDS eligibility security of Non-Voting Ordinary Shares of the Company with effect from start of day on Thursday, March 18, 2021. Accordingly, the Scheme is now fully operative and applicable under the prescribed amendments.

	Note	2021 (Rupees '000)	2020 (Rupees '000)
23. RESERVES			
Capital reserve			
Share premium	23.1	3,791,602	3,791,602
23.1	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	2021 (Rupees '000)	2020 (Rupees '000)
24. LONG TERM FINANCING			
From financial institutions - secured			
Diminishing musharika	24.1	3,319,775	3,504,615
Syndicated finance facility	24.2	271,429	271,429
Syndicated finance facility (BMR)	24.3	53,449	53,449
Islamic long term finance facility - ILTFF	24.4	2,565,731	2,431,785
Refinance for salaries	24.5	1,610,975	624,576
Long term financing facility - LTFF	24.6	712,791	335,179
Demand finance loan	24.7	107,326	1,480
Temporary economic refinance facility - TERF	24.8	1,542,462	–
Islamic temporary economic refinance facility - ITERF	24.9	47,690	–
Islamic finance renewable energy - IFRE	24.10	230,444	–
Diminishing musharika vehicles	24.11	190,508	–
		10,652,580	7,222,513
Less: Current portion of long term financing		(2,438,602)	(361,383)
		8,213,978	6,861,130

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 24.1** 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 year from the date when financing was availed. These are secured against 1st joint pari passu charge - JPP of Rs. 10,269 million (2020: Rs. 6,468 million), ranking charge of Rs. 50 million (2020: Rs. 5,052 million) over fixed assets and specific charge of Rs. 150 million (2020: Rs. 992 million) on plant and machinery of the Company. These loans carry mark-up ranging from 03 months KIBOR plus 0.10% to 0.25% per annum (2020: 03 months KIBOR plus 0.10% to 0.50% per annum). During last financial year, the Company has availed the loan deferment for period of one year.
- 24.2** The Company was entered into a syndicated long term finance facility arrangement of 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 was 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. 433.33 million (2020: Rs. 2,933.34 million) over the acquired assets of KML Hosiery Division (ILP- HD-III). The mark up was charged at the fixed rate of 5% per annum (2020: 5% per annum).
- 24.3** The Company has 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 the securities are same as mentioned in 24.2 above. The markup is charged at the rate of 03 months KIBOR plus 1.3% per annum (2020: 03 months KIBOR plus 1.3% per annum). During last financial year the Company has availed the loan deferment for period of one year.
- 24.4** 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. 5,734 million (2020 : Rs. 3,734 million) and ranking charge of Rs. 1200 million (2020: 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 24.1 above. Markup is charged at SBP ILTFF rate plus 0.75% per annum (2020: SBP ILTFF rate plus 0.75% per annum).
- 24.5** 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. 2,188.36 million (2020 : Rs. 666.67 million) which includes transfer of Rs. 188.36 million from IL Apparel (Pvt) Limited of the said borrowing from Bank Alfalah Limited, first tranche disbursed on May 21, 2020. It is secured against a ranking charge of Rs. 2,667 million (2020: Rs. 1,334 million) over the fixed assets 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 rate ranging from SBP rate i.e. zero percent plus 0.9 % to 1% per annum (2020 : 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. 113.010 million (2020 : Rs. 42.09 million) is recorded as deferred income - government grant vide note 26.2.

- 24.6** The Company has obtained Long Term Finance Facility - LTFF for the establishment of Hosiery Division - V, Fabric Dye House unit and expansion of Active Wear, Energy Unit, and Spinning 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 (2020: Rs. 4,000 million) over land, building, plant and machinery of Hosiery Division-V, ranking charge of Nil (2020: Rs. 2,400 million) and exclusive charge of Rs. 2,400 million (2020: Nil) over financed assets of Active Wear, Fabric Dye House, Energy Unit - Hosiery Division-III and Spinning Unit of the Company. Markup is charged at SBP LTFF rate plus 0.75 % per annum (2020: SBP LTFF rate plus 0.75 % per annum).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

- 24.7** The Company has obtained demand finance loan for the establishment of Hosiery Division - V & Fabric Dye House and expansion of Active Wear unit, Energy unit and Spinning 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 (2020: Rs. 4,000 million) on land, building, plant and machinery of Hosiery Division - V and exclusive charge of Rs. 2,400 million (2020: Nil) on financed assets of Active Wear, Fabric Dye House, Energy Unit - Hosiery Division - III and Spinning Unit of the Company and the same are included in charges as mentioned in note 24.6 above. Markup is to be charged at SBP TERF rate plus 0.75% to 1.25 % per annum (2020: 6 months KIBOR plus 0.25% per annum).
- 24.8** The Company has obtained SBP Temporary Economic Refinance Facility - TERF for the establishment of Hosiery Division - V & Fabric Dye House and expansion of Active Wear Unit, Energy Unit & Spinning Unit from two banks BOP and NBP in different tranches. The repayment is to be made in 32 equal consecutive quarterly installments in 10 years with grace period of 02 years. The loan is secured against exclusive charge of Rs. 4,000 million on land, building, plant and machinery of Hosiery Division - V and exclusive charge of Rs. 2,400 million on financed assets of Active Wear, Fabric Dye House, Energy Unit - Hosiery Division - III and Spinning Unit of the Company and the same are included in charges as mentioned in note 24.6 and 24.7 above. Maximum markup is charged at SBP rate plus 1.25%.
- 24.9** The Company has obtained Islamic Temporary Economic Refinance Facility - ITERF to meet CAPEX requirements from MCB Islamic Bank Limited, first tranche disbursed on Mar 30, 2021. It is secured against ranking charge of Rs. 800 million on plant & machinery with 25% margin. Repayment of loans is to be made in quarterly installments in 10 years including 02 years grace period. Markup is charged at rate SBP plus 0.95% per annum.
- 24.10** The Company has obtained SBP Islamic Finance Renewable Energy - IFRE for Solar Energy Project from HBL, disbursed on Nov 25, 2020. The loan is secured against 1st JPP charge of Rs. 494 million over fixed assets of the Company. The repayment of this loan is to be made in quarterly installments in 06 years inclusive of 01 year grace period. Markup is charged at fixed rate of 3.75 %.
- 24.11** The Company has obtained under diminishing musharika vehicles arrangement from Faysal Bank Limited (FBL) for the purchase of locally manufactured non-commercial vehicles for use of company employees, disbursed on November 01, 2020. The repayment of the loan is to be made in monthly installments within a period of 05 years with zero grace period from the date of FOL. These are secured against charge over vehicle upto Rs. 266.67 million, Hire Purchase Agreement (HPA) will be marked in favor of FBL in excise and taxation. Original excise files and duplicate key will be in possession of FBL until all dues are settled/adjusted. This loan carry mark-up of 03 months KIBOR plus 0.5% per annum.

	Note	2021 (Rupees '000)	2020 (Rupees '000)
25. LEASE LIABILITIES			
Impact of initial application of IFRS 16		-	36,179
Opening balance		119,694	-
Transfer upon amalgamation		87,098	-
Addition in lease liability		46,500	89,471
Accretion of interest		18,068	7,649
Payments during the year		(50,297)	(13,605)
Termination during the year		(1,019)	-
		220,044	119,694
Less: Current portion shown under current liabilities	30	(67,075)	(17,536)
		152,969	102,158

- 25.1** These represents lease contracts for Company manufacturing facility, 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 FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

	Not later than one year	Later than one year and but later than three years	More than three years	Total
	(Rupees '000)			
At June 30, 2021				
Future minimum lease payments	87,048	145,271	25,498	257,817
Less: Un-amortized finance charges	(19,973)	(16,818)	(982)	(37,773)
Present value of future minimum lease payments	67,075	128,453	24,516	220,044
At June 30, 2020				
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	81,781	20,376	119,694

	Note	2021 (Rupees '000)	2020 (Rupees '000)
26. DEFERRED LIABILITIES			
Staff retirement gratuity	26.1	3,810,946	3,126,168
Deferred income - Government grant	26.2	5,055	14,514
		3,816,001	3,140,682

26.1 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, 2021 using the Projected Unit Credit (PUC) Actuarial Cost Method. Details of the defined benefit plan are as follows:

	Note	2021 (Rupees '000)	2020 (Rupees '000)
26.1.1 Movement in the present value of defined benefit obligation			
Opening balance		3,126,168	2,482,623
Expenses recognized in the statement of profit or loss	26.1.2	857,791	783,277
Remeasurement of plan obligation chargeable to other comprehensive income	26.1.4	71,653	(2,715)
Balance transferred to Interloop Holdings (Pvt) Limited		(6,699)	(17,086)
Transfer upon amalgamation		43,500	–
Balance capitalized to denim division		–	3,000
Paid during the year		(281,467)	(122,931)
Closing balance		3,810,946	3,126,168

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
26.1.2 Expenses recognized in the statement of profit or loss			
Current service cost		581,638	425,883
Past service cost		–	6,326
Interest cost		276,153	351,068
		857,791	783,277
26.1.3 Amounts charged in the statement of profit or loss are as follows:			
Cost of sales	33	731,837	670,052
Distribution cost	34	23,531	22,569
Administrative expenses	35	102,423	90,656
		857,791	783,277
26.1.4 Total remeasurement chargeable to other comprehensive income			
Remeasurement of plan obligation:			
Actuarial (income)/ losses from changes in financial assumptions		89,583	(222,019)
Experience adjustments		(17,930)	219,304
		71,653	(2,715)
26.1.5 Principal actuarial assumptions used		2021	2020
Discount rate used for profit and loss charge		9.25%	14.50%
Discount rate for year end obligation		10.25%	9.25%
Salary increase used for year end obligation			
Salary increase for FY 2021		N/A	0.00%
Salary increase for FY 2022		10.00%	9.00%
Salary increase for FY 2023		10.00%	9.00%
Salary increase for FY 2024		10.00%	9.00%
Salary increase for FY 2025		10.00%	9.00%
Salary increase for FY 2026		10.00%	9.00%
Salary increase for FY 2027 onward		10.00%	9.00%
Demographic assumption			
Mortality rates (for deaths in service)		SLIC 2001-2005 Setback 1 year	SLIC 2001-2005 Setback 1 year
Retirement assumption		60 years	60 years
26.1.6	The expected contribution to defined benefit obligation for the year ending June 30, 2022 will be Rs. 1,097.450 million.		
26.1.7 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.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021 (Rupees '000)	2020 (Rupees '000)
Discount rate + 100 bps	(3,409,319)	(2,792,109)
Discount rate - 100 bps	4,293,648	3,529,169
Salary change + 100 bps	4,299,249	3,535,318
Salary change - 100 bps	(3,396,937)	(2,780,665)

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 statement of financial position.

26.1.8 The average duration of defined benefit obligation for the year ended 2021 is 12 years (2020: 12 years).

	Note	2021 (Rupees '000)	2020 (Rupees '000)
26.2			
Movement in deferred income is as follows;			
Opening balance		39,083	–
Government grant recognized		70,919	42,091
Transfer upon amalgamation		10,778	–
For the year amortization		(70,582)	(3,008)
		50,198	39,083
Current portion of deferred income	30	(45,143)	(24,568)
Closing balance		5,055	14,515

26.2.1 There are no unfulfilled conditions or other contingencies attaching to these grants.

	Note	2021 (Rupees '000)	2020 (Rupees '000)
27. TRADE AND OTHER PAYABLES			
Creditors	27.1	1,909,705	850,123
Accrued liabilities	27.2	2,727,736	1,722,530
Advances from customers		49,229	19,007
Other payables		249,117	224,288
Employees provident fund trust	27.3	3,898	3,013
Withholding tax payable		62,808	55,513
Workers' profit participation fund	27.4	365,241	113,577
Workers' welfare fund		183,907	43,180
		5,551,641	3,031,231
27.1			
It includes payable to following related parties;			
Interloop Holdings (Pvt) Limited		30,100	–
Octans Digital (Pvt) Limited		2,299	–
PrintKraft (Pvt) Limited		16,532	–
Socks & Socks (Pvt) Limited		65	–
Momentum Logistics (Pvt) Limited		27,443	–
		76,439	–

27.2 It includes an amount of Rs. 326.259 million (2020: Rs. 262.691 million) relating to infrastructure cess payable and Rs. 26.37 million (2020: Rs. 23.43 million) relating to associate company- Global Veneer Trading Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

27.2.1 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 the 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. On 4th June 2021, Honorable Sindh High Court passed an order whereby it upheld the contention of Sindh Government and suspend its own order for 90 days. The Company along with other entities has decided to file appeal against the said order in Supreme Court of Pakistan.

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. The case is pending litigation before Honorable Lahore High Court, Lahore, the same 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 - 31.1 to these financial statements.

27.3 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	2021 (Rupees '000)	2020 (Rupees '000)
27.4 Workers' profit participation fund			
Opening balance		113,577	285,500
Interest on funds utilized in the Company's business	38	1,553	2,815
Expense allocation for the year	36	369,111	112,527
Capitalized in denim division		-	1,050
		484,241	401,892
Paid during the year		(119,000)	(288,315)
Closing balance		365,241	113,577
28. ACCRUED MARK UP			
Mark up on:			
Long term financing		57,426	85,523
Short term borrowings		164,248	105,613
		221,674	191,136

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

		2021	2020
		(Rupees '000)	(Rupees '000)
29.	SHORT TERM BORROWINGS		
	From banking companies - Secured		
	Under mark up arrangements		
	ERF - II	15,857,000	13,870,000
	FAPC - own source	2,052,000	-
	FE-25 Export	-	484,861
	Running finance/musharaka	1,727,066	-
		19,636,066	14,354,861

29.1 These are secured against first Joint Pari Passu (JPP) charge of Rs. 44,395 million (2020: Rs. 37,066 million) and ranking charge of Nil (2020: Rs. 1,334 million) over all present and future current assets, further secured by 2nd JPP ranking charge of Rs. 6,000 million (2020: Rs. 6,000 million) over all present and future plant and machinery of the Company in favor of all the lending banks. The total limits available to the Company for short term borrowings from all the banks are amounting to Rs. 33,296 million (2020: Rs. 28,796 million).

Mark up is charged as;

ERF - II	SBP Rate + 0.25 to 0.30 % per annum (2020: SBP Rate + 0.25 to 1.00 % per annum)
FAPC - own source	3 months Kibor + 0.15 to 0.25% per annum
Running finance/musharaka	1 to 3 months Kibor + 0.10 to 0.25% per annum

		2021	2020
		(Rupees '000)	(Rupees '000)
30.	CURRENT PORTION OF NON CURRENT LIABILITIES		
	Long term financing	2,438,602	361,383
	Lease liabilities	67,075	17,536
	Deferred income - Government grant	45,143	24,568
		2,550,820	403,487

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 The Punjab Revenue Authority has created a demand of an amount of Rs. 29.931 million in respect of an alleged default on withholding of provincial sales tax on account of various transport services received by the Company during the period from March 01, 2015 to May 31, 2016 along with default surcharge and penalty under Punjab Sales Tax on Services Act, 2012, rejecting the exemption claim of the taxpayer company. The Company being aggrieved, filed an appeal before Commissioner (Appeals) Punjab Revenue Authority (PRA) which is pending adjudication at the terminal date.

The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and relevant law and facts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
31.1.2	Bank guarantees issued by various banks on behalf of the company in favour of:		
	Sui Northern Gas Pipelines limited (SNGPL) against supply of gas	635,853	560,933
	The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	300,853	240,853
	Faisalabad Electric Supply Company (FESCO) against supply of electricity	134,245	70,414
	Punjab Revenue Authority against imposition of infrastructure cess	11,533	11,533
	State Bank of Pakistan	110,112	127,551
	Total Parco Pakistan Ltd	3,000	3,000
		1,195,596	1,014,284
31.1.3	Post dated cheques issued in favour of custom authorities for release of imported goods.	5,546,980	4,284,124
31.1.4	Corporate guarantees given to banks on behalf of IL Apparel (Pvt) Ltd - subsidiary company.	–	1,750,000
31.2	Commitments		
	Under letters of credit for:		
	Capital expenditure	2,993,664	153,815
	Raw materials	2,998,175	354,040
	Stores and spares	38,595	16,855
		6,030,434	524,710
32.	SALES - NET		
	Export sales	50,368,323	33,326,780
	Local sales	5,515,410	3,765,833
		55,883,733	37,092,613
	Less:		
	Sales discount	(113,523)	(246,720)
	Sales tax	(807,945)	(543,099)
		(921,468)	(789,819)
		54,962,265	36,302,794
32.1	It includes exchange (loss) / gain amounting to Rs. (681.474) million (2020: Rs. 204.841 million).		
32.2	Revenue is disaggregated based on geographical locations of our customers. The same is disclosed in note - 49.		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
33. COST OF SALES			
Raw material consumed	33.1	25,962,379	17,004,146
Stores and spares consumed	33.2	1,562,094	1,101,147
Knitting, processing and packing charges		1,062,841	124,469
Salaries, wages and benefits	33.3	8,987,551	7,122,873
Staff retirement gratuity	26.1.3	731,837	670,052
Fuel and power		2,585,320	1,987,473
Repairs and maintenance		300,856	192,329
Insurance		61,031	49,197
Depreciation	7.1.2	2,054,495	1,800,919
Depreciation on right of use assets	7.3.1	40,844	12,471
Amortization	8.2	2,118	5,577
Rent, rate and taxes		1,993	526
Other manufacturing costs		124,702	154,313
		43,478,061	30,225,492
Work in process			
Opening balance		589,622	597,562
Transfer upon amalgamation		202,984	–
Closing balance		(1,368,804)	(589,622)
		(576,198)	7,940
Cost of goods manufactured		42,901,863	30,233,432
Finished goods			
Opening balance		3,089,208	1,954,089
Transfer upon amalgamation		52,281	–
Closing balance		(3,239,645)	(3,089,208)
		(98,156)	(1,135,119)
		42,803,707	29,098,313
DDT		(2,053,722)	(659,237)
		40,749,985	28,439,076
33.1 Raw material consumed			
Opening balance		5,131,795	3,730,840
Transfer upon amalgamation		154,006	–
Purchases		27,344,437	18,405,101
		32,630,238	22,135,941
Closing balance		(6,667,859)	(5,131,795)
		25,962,379	17,004,146
33.2 Stores and spares consumed			
Opening balance		1,062,524	887,659
Transfer upon amalgamation		9,926	–
Purchases		1,688,760	1,276,012
		2,761,210	2,163,671
Closing balance		(1,199,116)	(1,062,524)
		1,562,094	1,101,147
33.3			
Salaries, wages and benefits include Rs. 8.158 million (2020: Rs. 7.989 million) in respect of the provident fund contribution.			

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
34. DISTRIBUTION COST			
Staff salaries and benefits	34.1	343,793	223,008
Staff retirement gratuity	26.1.3	23,531	22,569
Sea and air freight		280,445	109,914
Shipping expenses		665,018	522,238
Selling commission		1,074,270	920,996
Export development surcharge		126,094	85,451
Marketing and advertisement		126,481	122,609
Others		–	479
		2,639,632	2,007,264

34.1 Staff salaries and benefits include Rs. 1.135 million (2020: Rs. 1.173 million) in respect of the provident fund contribution.

	Note	2021 (Rupees '000)	2020 (Rupees '000)
35. ADMINISTRATIVE EXPENSES			
Staff salaries and benefits	35.1	1,619,330	1,221,687
Directors' remuneration		76,099	58,703
Staff retirement gratuity	26.1.3	102,423	90,656
Postage and communication		83,622	43,596
Electricity, gas and water		24,584	25,532
Rent, rates and taxes		158,665	113,983
Printing and stationery		94,620	67,380
Travelling and conveyance		43,871	88,456
Vehicles running and maintenance		26,231	22,785
Legal and professional charges		115,686	122,213
Repairs and maintenance		20,605	37,379
Auditors' remuneration	35.2	4,383	3,975
Insurance		21,378	18,780
Entertainment		92,245	61,326
Advertisement		10,656	11,839
Newspapers and periodicals		401	559
Depreciation	7.1.2	225,118	179,591
Depreciation on right of use assets	7.3.1	371	4,364
Amortization	8.2	16,211	9,354
Others		59,681	15,791
		2,796,180	2,197,949

35.1 Staff salaries and benefits include Rs. 6.738 million (2020: Rs. 5.903 million) in respect of the provident fund contribution.

	2021 (Rupees '000)	2020 (Rupees '000)
35.2 Auditors' remuneration		
Annual audit fee	3,500	3,225
Other certification	53	–
Half yearly review	630	600
Out of pocket expenses	200	150
	4,383	3,975

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
36. OTHER OPERATING EXPENSES			
Exchange loss - net		–	37,011
Loss on disposal of non current assets		19,535	17,534
Inventory write-off		434	7,125
Realized loss on derivative financial instruments		27,251	106,843
Unrealized loss on derivative financial instruments		33,074	–
Charity and donations	36.1	329,812	175,000
Workers' profit participation fund	27.4	369,111	112,527
Workers' welfare fund		140,262	43,180
Realized/ remeasurement loss on mutual funds	36.2	–	5,293
		919,479	504,513

36.1 Charity and donations

Names of donees' in which a director or his spouse has an interest:

Name of Donee	Interest in Donee	Name of Director / Spouse	2021 (Rupees '000)	2020 (Rupees '000)
Interloop Welfare Trust	Trustees	Mr. Navid Fazil	76,700	169,369
		Mr. Musadaq Zulqarnain		
		Mrs. Shereen Aftab		
		Mr. Jahanzeb Khan Banth		
Lyalpur Literary Council	Trustees	Mr. Muhammad Maqsood	800	–
		Mr. Musadaq Zulqarnain		
		Mrs. Nazia Navid		
			77,500	169,369

36.2 Realized / remeasurement loss on mutual funds;

	2021 (Rupees '000)	2020 (Rupees '000)
Realized loss on investment in mutual funds - fair value through profit or loss	–	6,496
Dividend income on investment in mutual funds - fair value through profit or loss	–	(1,203)
	–	5,293

37. OTHER INCOME

Income from financial assets

	2021 (Rupees '000)	2020 (Rupees '000)
Interest on loan to Metis International (Pvt) Ltd	1,152	1,356
Exchange gain - net	36,056	–
Profit on term deposit receipts (TDRs)	3,088	36,175
Profit on term finance certificates (TFCs)	45,624	55,606
Interest on receivables from IL Bangla Limited	5,308	5,796
Reversal of impairment loss	70,814	–
Other income- mutual funds	683	–
Income from non-financial assets		
Scrap sales	187	68
	162,912	99,001

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	Note	2021 (Rupees '000)	2020 (Rupees '000)
38. FINANCE COST			
Mark up on:			
Short term borrowings		537,334	601,984
Long term financing - net		406,617	381,056
Interest on workers' profit participation fund	27.4	1,553	2,815
Interest on lease liabilities		18,068	7,649
Bank charges and commission		183,466	143,658
		1,147,038	1,137,162
39. TAXATION			
Current year	39.1	493,524	322,056
Prior year		87,768	(2,628)
		581,292	319,428

39.1 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.

	2021	2020
40. EARNINGS PER SHARE - BASIC AND DILUTED		
40.1 Earnings per share - Basic		
Profit for the year (Rupees in '000)	6,291,571	1,796,403
Weighted average number of ordinary shares outstanding during the year (Numbers in '000)	872,197	872,197
Earnings per share - basic (Rupees)	7.21	2.06

40.2 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	2021 (Rupees '000)	2020 (Rupees '000)
41. CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	374,442	150,787
Short term investments - Term Deposit Receipts (TDRs)	19	-	125,044
		374,442	275,831

42. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Balance as on July 01, 2020	Non cash changes	Cash Flows	Balance as on June 30, 2021
(Rupees '000)				
Long term financing	7,222,513	179,929	3,250,138	10,652,580
Lease liabilities	119,694	150,647	(50,297)	220,044
Short term borrowings	14,354,861	887,752	4,393,453	19,636,066
Unclaimed dividend	2,952	2,180,494	(2,179,442)	4,004
	21,700,020	3,398,822	5,413,852	30,512,694

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	2021	2020
43. NUMBER OF EMPLOYEES		
Average number of employees during the year	22,789	20,004
Number of employees at end of the year	25,378	21,104

44. NET ASSETS ACQUIRED UPON AMALGAMATION

As disclosed in note 2, the detail of net assets of ILA transferred to the Company are given below:

	January 31, 2021 (Rupees '000)
ASSETS	
NON CURRENT ASSETS	
Property, plant and equipment	727,950
Intangible assets	3,403
Long term deposits	5,636
Long term loans	5,642
	742,631
CURRENT ASSETS	
Stock in trade	409,271
Stores and spares	9,926
Trade debts	212,827
Loans and advances	16,802
Deposit, prepayment and other receivables	4,461
Tax refunds due from government	93,773
Cash and bank balances	10,693
	757,753
	1,500,384
LIABILITIES	
NON CURRENT LIABILITIES	
Long term financing	78,234
Lease liabilities	57,314
Deferred liabilities	45,852
	181,400
CURRENT LIABILITIES	
Trade and other payables	49,386
Accrued mark up	4,116
Short term borrowings	887,752
Current portion of non current liabilities	137,234
	1,078,488
	1,259,888
Net assets of Investment Segment	240,496

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

January 31, 2021
(Rupees '000)

44.1 Reconciliation of the net assets acquired to amount transferred to reserves is as follows

Net assets acquired	240,496
Less: Investment in subsidiary	(1,045,000)
Net loss transferred to reserves	(804,504)

	Note	2021 (Rupees '000)	2020 (Rupees '000)
45. SHARIAH SCREENING DISCLOSURE			
Loans/advances as per Islamic mode			
Loans	24 & 29	9,987,775	8,021,400
Shariah compliant bank deposits/bank balances			
Bank balances		115,316	24,864
Revenue earned from a shariah compliant business		54,962,265	36,302,794
Loss/Gain or dividend from shariah compliant investments			
Net realized gain/(loss) on disposal of mutual funds		683	(4,200)
Dividend Income on mutual funds for the year		–	692
Mark up on Islamic mode of financing		(448,839)	(412,241)
Profits or interest on any conventional loan or advance			
Interest on loan to Metis International (Pvt) Ltd		1,152	1,356
Profit on term deposit receipts (TDRs)		3,088	36,175
Profit on term finance certificates (TFCs)		45,624	55,606
Interest on receivables from IL Bangla Limited		5,308	5,796
Interest on workers' profit participation fund		(1,553)	(2,815)
Interest on lease liabilities		(18,068)	(7,649)
Interest on other conventional loans		(495,112)	(570,797)

Relationship with shariah compliant banks

Name of institutions	Relationship with institutions
MCB Islamic Bank	Bank Balance, long term financing and short term borrowing
Allied Bank Limited (Islamic Banking)	Bank balance and long term financing
Meezan Bank Limited	Bank Balance, long term financing and short term borrowing
Bank Alfalah Limited (Islamic)	Bank balance
Bank of Punjab (Taqwa Islamic Banking)	Bank balance and long term financing
Habib Bank Limited (Islamic Banking)	Bank balance and long term financing
Faysal Bank Limited	Bank Balance, long term financing and short term borrowing

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

46. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021		
	Chief Executive	Directors	Executives
	(Rupees '000)		
Managerial remuneration	30,000	30,600	540,048
Medical allowance	–	–	13,650
Directorship fee	–	13,200	–
Reimbursable expenses	–	–	61,168
Staff retirement gratuity	–	–	24,630
Contribution to provident fund	–	–	7,248
Other allowances	49	2,250	98,269
	<u>30,049</u>	<u>46,050</u>	<u>745,013</u>
Number of persons	1	6	146

	2020		
	Chief Executive	Directors	Executives
	(Rupees '000)		
Managerial remuneration	22,500	27,795	490,397
Medical allowance	–	–	11,855
Directorship 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

The chief executive officer, executive director and some executives are provided with company maintained cars.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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	2021 (Rupees '000)	2020 (Rupees '000)
IL Bangla Limited	Sale of yarn	–	486
	Interest on receivables	5,308	5,796
IL Apparel (Pvt) Limited	Processing services	1,721	865
	Sale of yarn	21,882	5,559
	Sale of assets	723	6,300
	Purchase of waste	16	–
	Investment in share capital	–	345,000
	Toll manufacturing charges	358,230	25,917
	Purchase of packing material	68	–
Interloop Holdings (Pvt) Limited	Services received	176,195	84,825
	Sale of assets	–	7,904
	Purchase of assets - net	670	–
	Loan repaid during the year	–	1,400,000
	Mark up expense on loan	–	10,109
Texlan Center (Pvt) Limited	Sale of yarn	1,223,199	826,606
	Sale of packing material and spare parts	54,124	49,808
Interloop Limited ESOS Management Trust	Dividend	217	45
Momentum Logistics (Pvt) Limited	Transportation services received	99,205	2,001
PrintKraft (Pvt) Limited	Sales of asset	–	485
	Purchase of packing material	80,160	–
Global Veneer Trading Limited	Selling commission	364,937	573,728
Eurosox Plus BV	Sale of socks	334,674	660,364
Octans Digital (Pvt) Limited	Services received	7,848	–
	Sales of assets	81	–
Socks & Socks (Pvt) Limited	Rent expenses	4,012	–
	Services received	4,325	–
	Sales of waste	54,658	–
	Sale of goods - net	56,371	–
	Sales of assets	36,080	–
Interloop Provident Fund Trust	Contribution to the fund	45,582	42,542
Key management personnel and other related parties	Sale of assets	5,908	–
	Mark up on house building finance loan	399	471
	Rent expenses	1,262	1,169
	Dividend paid	1,897,580	2,064,819

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

47.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Company Name	Basis of Relationship	Common Directorship / Percentage of shareholding	Address and Country of Incorporation
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.
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.
Shifa Medical Center Islamabad (Pvt) Limited	Associate	Common Directors	Shifa, International Hospitals, Sector H-8/4 Islamabad, 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	Bahnhofstasse22, 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.
Octans Digital (Pvt) Limited	Associate	Common Directors	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan.
Shifa National Hospital Faisalabad (Pvt) Limited	Associate	Common Directors	Shifa, International Hospitals, Sector H-8/4 Islamabad, Pakistan.
Lyallpur Literary Council	Associate	Common Directors	Al-Sadiq Plaza, P-157, Railway Road, Faisalabad, Pakistan.
Socks & Socks (Pvt) Limited	Associate	Common Directors	7- KM Khurrianwala - Jaranwala Road, Khurrianwala-Faisalabad, Pakistan.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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

	2021 (Rupees '000)	2020 (Rupees '000)
Hosiery Division - V	5,909,000	4,504,000
Denim Division	8,325,000	8,325,000
	<u>14,234,000</u>	<u>12,829,000</u>

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 hosiery division - V 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

	2021 (Rupees '000)	2020 (Rupees '000)
Proceeds from IPO	5,024,900	5,024,900
Financing from banks	6,229,523	6,229,523
Internally generated funds	2,979,577	1,574,577
	<u>14,234,000</u>	<u>12,829,000</u>

The implementation report of the projects as on June 30, 2021 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	2,444,354	107,063	1,167,999	383,223
Plant and machinery	2,680,059	163,873	2,649,370	1,443,095
Power and utilities	949,249	50,653	993,025	711,563
Computer and IT equipment	213,383	19,395	36,959	35,644
Miscellaneous expenses	144,879	11,140	-	-
Trial run losses	449,927	-	2,988	-
	<u>6,881,851</u>	<u>352,124</u>	<u>4,850,341</u>	<u>2,573,525</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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 :

- Hosiery**
This segment relates to the sale of socks.
- Spinning**
This segment relates to the sale of yarn and its in-house use.
- Denim**
This segment relates to the sale of denim products and garments.
- Energy**
This segment generates electricity for in-house consumption.
- Apparel**
This segment relates to the sale of fashion apparels.
- 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		Apparel		Other Segments		Elimination of Intersegment Transactions		Total Company	
	2021 (Rupees '000)	2020 (Rupees '000)	2021 Rupees in '000	2020 (Rupees '000)	2021 (Rupees '000)	2020 (Rupees '000)	2021 (Rupees '000)	2020 (Rupees '000)	2021 (Rupees '000)	2020 (Rupees '000)	2021 (Rupees '000)	2020 (Rupees '000)	2021 (Rupees '000)	2020 (Rupees '000)	2021 (Rupees '000)	2020 (Rupees '000)
Sales																
External sales	43,513,005	30,012,909	5,143,772	4,443,897	3,572,053	990,820	-	-	1,157,477	-	1,575,958	855,768	-	-	54,962,265	36,302,794
Intersegment sales	230,812	166,966	4,877,787	3,119,214	18,648	4,454	2,638,634	2,276,445	3,261	-	1,130,052	916,326	(8,898,994)	(6,483,405)	-	-
Cost of sales	43,743,817	30,179,875	10,021,558	7,563,111	3,590,701	995,274	2,638,434	2,276,445	1,160,738	-	2,706,010	1,771,494	(8,898,994)	(6,483,405)	54,962,265	36,302,794
Gross profit/(loss)	(30,609,489)	(22,476,541)	(8,314,069)	(7,220,789)	(4,939,462)	(1,688,682)	(2,344,902)	(1,878,886)	(997,231)	-	(2,443,826)	(1,657,583)	8,898,994	6,483,405	(40,749,985)	(28,439,076)
Distribution cost	13,134,328	7,703,334	1,707,489	342,322	(1,348,761)	(693,408)	293,532	397,559	163,507	-	262,184	113,911	-	-	14,212,280	7,863,718
Administrative expenses	(2,068,818)	(1,807,996)	(58,161)	(55,584)	(329,801)	(97,748)	-	(295)	(84,374)	-	(98,478)	(45,641)	-	-	(2,639,632)	(2,007,264)
Profit/(loss) before taxation and unallocated income and expenses	(2,258,899)	(1,900,984)	(67,187)	(70,222)	(358,278)	(188,596)	(12,570)	(8,182)	(86,341)	-	(12,905)	(29,965)	-	-	(2,796,180)	(2,197,949)
Other operating expenses	(4,327,717)	(3,708,980)	(125,348)	(125,806)	(688,079)	(286,344)	(12,570)	(8,477)	(170,715)	-	(111,383)	(75,606)	-	-	(5,435,812)	(4,205,213)
Finance cost	8,806,611	3,994,354	1,582,141	216,516	(2,036,840)	(979,752)	280,962	389,082	(7,208)	-	150,801	38,305	-	-	8,776,468	3,658,505
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after taxation	1,217,065	1,215,325	211,933	226,188	588,473	304,268	169,940	180,328	40,172	-	111,574	86,167	-	-	2,339,157	2,012,276
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(919,479)	(505,542)
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	162,912	99,001
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,147,038)	(1,137,162)
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(581,292)	(319,428)
Profit after taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,291,571	1,795,374
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,339,157	2,012,276

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

49.2 Reconciliation of reportable segment assets and liabilities

	Hosiery (Rupees '000)		Spinning Rupees in '000		Denim (Rupees '000)		Energy (Rupees '000)		Apparel (Rupees '000)		Other Segments (Rupees '000)		Unallocated (Rupees '000)		Total Company (Rupees '000)	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Assets	33,274,677	24,700,620	5,700,781	6,017,860	8,370,046	6,796,488	2,124,915	2,041,263	3,788,161	-	2,170,652	1,234,575	4,576,523	60,694,839	45,367,329	
Liabilities	17,718,814	8,860,292	395,611	215,471	935,741	4,215,600	197,274	102,380	648,791	-	389,178	149,643	14,544,251	40,180,227	28,087,637	
Segment Capital Expenditures	2,881,847	1,520,235	75,411	119,098	596,979	4,658,091	41,121	152,580	891,593	-	671,823	92,472	-	5,158,774	6,542,476	

49.3 Geographical information

The Company's revenue from external customers by geographical locations is detailed below:

Australia	1,083
Asia	4,502,014
Europe	18,399,574
North America	27,355,776
South America	2,815
Pakistan	4,701,003
	54,962,265
	36,302,794

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.

50. PLANT CAPACITY AND ACTUAL PRODUCTION

Hosiery

Installed capacity - knitting
Actual production - knitting

Spinning

Installed capacity after conversion into 20/s
Actual production after conversion into 20/s

Yarn Dyeing

Installed capacity
Actual production

Denim

Installed capacity
Actual production

Active Wear and Apparel

The plant capacity of these divisions is indeterminable due to multi product plans involving varying processes of manufacturing and run length of order lots.

50.1 Reason for increase

- The increase 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.

	[UOM]	2021	2020
(Figures '000)			
	[DZN] [DZN]	60,733 54,163	59,480 41,694
	[LBS] [LBS]	29,949 25,178	29,949 23,204
	[KGs] [KGs]	4,873 4,052	4,928 3,438
	[Pieces] [Pieces]	6,000 3,377	4,322 2,448

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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 settle 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 FINANCIAL STATEMENTS

For the year ended June 30, 2021

2021							
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)							
On balance sheet financial instruments							
Financial assets measured at fair value							
-	-	-	-	-	-	-	-
Financial assets not measured at fair value							
Long term loans	144,673	-	144,673	-	-	-	-
Long term deposits	60,478	-	60,478	-	-	-	-
Trade debts	15,052,940	-	15,052,940	-	-	-	-
Loans and advances	121,955	-	121,955	-	-	-	-
Other receivables	289,186	-	289,186	-	-	-	-
Accrued income	2,131	-	2,131	-	-	-	-
Short term investments	500,000	-	500,000	-	-	-	-
Cash and bank balances	374,442	-	374,442	-	-	-	-
-	16,545,805	-	16,545,805	-	-	-	-
Financial liabilities measured at fair value							
Derivative financial instruments	33,074	-	33,074	-	33,074	-	33,074
Financial liabilities not measured at fair value							
Long term financing	-	10,652,580	10,652,580	-	-	-	-
Lease liabilities	-	220,044	220,044	-	-	-	-
Trade and other payables	-	4,890,456	4,890,456	-	-	-	-
Unclaimed dividend	-	4,004	4,004	-	-	-	-
Accrued mark up	-	221,674	221,674	-	-	-	-
Short term borrowings	-	19,636,066	19,636,066	-	-	-	-
33,074	-	35,624,824	35,657,898	-	33,074	-	33,074
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)							
On balance sheet financial instruments							
Financial assets measured at fair value							
-	-	-	-	-	-	-	-
Financial assets not measured at fair value							
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	-	-	-	-
Financial liabilities measured at fair value							
-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value							
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	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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, 2021 and 2020.

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:

	2021	2020
Fixed rate instruments		
Short term investments (Rupees in '000)	500,000	125,044
Loan to Metis International (Pvt) Limited - Secured (Rupees in '000)	6,398	6,777
Receivables from IL Bangla Limited (Rupees in '000)	–	88,562
Long term financing - Secured (Rupees in '000)	7,088,848	3,662,969
Lease liabilities (Rupees in '000)	220,044	119,694
Short term borrowings - Secured (Rupees in '000)	–	484,861
Variable rate instruments		
Loan to director - Secured (Rupees in '000)	15,001	19,617
Effective interest rate in percentage	2.25	2.40
Long term financing from financial institutions - Secured (Rupees in '000)	3,563,732	3,559,544
Effective interest rate in percentage	6.98	10.29
Short term borrowings from financial institutions - Secured (Rupees in '000)	19,636,066	13,870,000
Effective interest rate in percentage	2.30	2.45

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 FINANCIAL STATEMENTS

For the year ended June 30, 2021

Cash flow sensitivity analysis for variable rate instruments

If interest rates on loan, receivables, long term financing 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 2021 and 2020 would have been affected as follows:

	2021 (Amount '000)	2020 (Amount '000)
Effect on profit and loss of an increase in interest rate for loan to director	207	182
Effect on profit and loss of an increase in interest rate for long term financing	(41,668)	(32,538)
Effect on profit and loss of an increase in interest rate for short term borrowings	(37,387)	(103,317)
	<u>(78,848)</u>	<u>(135,673)</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	2021		2020	
		F.Currency	Rupees	F.Currency	Rupees
(Amount '000)					
Foreign currency bank accounts	US \$	114.39	18,051	329.39	55,419
	EUR €	0.05	9	24.80	4,689
			18,060		60,108
Trade debts	US \$	89,380.33	14,104,216	39,273.23	6,607,722
Loans and advances	US \$	40.52	6,398	40.52	6,777
			14,128,674		6,674,607
Less: Payables - Creditors	US \$	(567.50)	(89,835)	(267.52)	(45,145)
	EUR €	(122.48)	(23,114)	(118.09)	(22,405)
	GBP £	(0.04)	(8)	(14.15)	(2,939)
	CNY	-	-	(0.06)	(1)
	JPY ¥	-	-	(17.70)	(28)
			(112,957)		(70,517)
FE-25 Export	US \$	-	-	(2,873.25)	(484,861)
On Balance sheet Exposure			<u>14,015,717</u>		<u>6,119,228</u>
Under letter of credit	US \$	22,080	3,495,202	2,019.75	340,833
	EUR €	10,497	1,980,826	517.29	98,146
	GBP £	63	13,757	-	-
	JPY ¥	237,972	340,872	-	-
Off Balance Sheet Exposure			<u>5,830,657</u>		<u>438,978</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

The following significant exchange rates have been applied as at reporting date:

Foreign Currency	2021		2020	
	Selling	Buying	Selling	Buying
	(Rupees)		(Rupees)	
US \$	158.30	157.80	168.75	168.25
EUR €	188.71	188.12	189.73	189.11
GBP £	219.28	218.58	207.68	207.05
CNY	24.76	24.69	24.00	23.92
JPY ¥	1.43	1.4279	1.57	1.56

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 2021 and 2020 by the following amounts:

Foreign Currency	2021	2020
	(Rupees '000)	(Rupees '000)
US \$	1,632,418	571,626
EUR €	182,264	(1,649)
GBP £	1,280	(274)
JPY ¥	31,735	(3)
	1,847,697	569,700

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. The Company is not exposed to any significant other price risk.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

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 :

	2021 (Rupees '000)	2020 (Rupees '000)
Long term loans	144,673	113,823
Long term investments	–	500,000
Long term deposits	60,478	38,337
Trade debts	15,052,940	7,207,391
Loans and advances	121,955	57,792
Other receivables	289,186	181,143
Accrued income	2,131	2,239
Short term investments	500,000	125,044
Bank balances	356,155	136,618
	16,527,518	8,362,387

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, the 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, the Company's exposure to credit risk is not significant.

Trade debts amounting to Rs. 6,235 million (2020: Rs. 4,376 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, the Company's 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.

Short term investments are investments in TFCs. The credit risk on these investments and their accrued profit is limited because counter party is bank with reasonably high credit ratings.

The credit quality of the Company's bank balances can be assessed by reference to external credit ratings or to historical information about counterparty default rate:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

Name of Bank	Date	Long term	Short term	Outlook	Agency
Allied Bank Limited	23-Jun-21	AAA	A1+	Stable	PACRA
Askari Bank Limited	25-Jun-21	AA+	A1+	Stable	PACRA
Bank Alfalah Limited	26-Jun-21	AA+	A1+	Stable	PACRA
Dubai Islamic Bank Pakistan Limited	30-Jun-21	AA	A1+	Stable	JCR-VIS
Faysal Bank Limited	30-Jun-21	AA	A-1+	Stable	JCR-VIS
Habib Bank Limited	30-Jun-21	AAA	A-1+	Stable	JCR-VIS
Habib Metropolitan Bank Limited	25-Jun-21	AA+	A1+	Stable	PACRA
MCB Bank Limited	23-Jun-21	AAA	A1+	Stable	PACRA
MCB Islamic Bank Limited	23-Jun-21	A	A1	Stable	PACRA
Meezan Bank Limited	30-Jun-21	AAA	A-1+	Stable	JCR-VIS
National Bank of Pakistan	28-Jun-21	AAA	A-1+	Stable	JCR-VIS
Standard Chartered Bank Pakistan Limited	25-Jun-21	AAA	A1+	Stable	PACRA
The Bank of Punjab	18-Jun-21	AA+	A1+	Stable	PACRA
United Bank Limited	30-Jun-21	AAA	A-1+	Stable	JCR-VIS

Due to the 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, 2021 the Company has Rs. 14,296 million (2020: Rs 12,870 million) unutilized borrowing limits available from financial institutions and Rs. 374.442 million (2020: Rs. 150.787 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, 2021 and 2020:

	2021				
	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)				
Financial Liabilities :					
Long term financing	10,652,580	9,298,656	1,452,804	1,435,217	6,410,635
Lease liabilities	220,044	257,817	42,667	44,381	170,769
Trade and other payables	4,890,456	4,890,456	4,890,456	–	–
Unclaimed dividend	4,004	4,004	4,004	–	–
Accrued mark up	221,674	221,674	221,674	–	–
Short term borrowings	19,636,066	19,636,066	19,636,066	–	–
	35,624,824	34,308,673	26,247,671	1,479,598	6,581,404

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

	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)				
Financial Liabilities :					
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	-	-
	<u>24,691,110</u>	<u>24,220,556</u>	<u>17,703,757</u>	<u>530,614</u>	<u>5,986,185</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 24, 25 and 29 to these 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.

	2021 (Rupees '000)	2020 (Rupees '000)
Long term financing	10,652,580	7,222,513
Short term borrowings	19,636,066	14,354,861
Debts	30,288,646	21,577,374
Equity	20,514,612	17,279,692
Total capital (equity + debt)	50,803,258	38,857,066
Gearing ratio (percentage)	59.62	55.53

NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2021

53. EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in their meeting held on September 15, 2021 have proposed a final cash dividend of Re. 1 per shares (2020: Re. 1 per share), amounting to Rs. 872.20 million (2020: Rs. 872.20 million) and bonus shares at 3% (i.e. 3 shares for every 100 shares held on the entitlement date) for the year ended 30 June 2021, for approval of the members at the Annual General Meeting of the Company.

54. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on September 15, 2021 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 no material reclassification has been made in the corresponding figures.

55.2 Following nomenclature has been changed during the year

Previous year nomenclature	Current year nomenclature
Duty drawback	DDT
Loss on disposal of property, plant and equipment	Loss on disposal of non current assets

55.3 Rounding

Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer





● Shareholders' Information

NOTICE OF 29TH ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting ("AGM") of Interloop Limited (the "company") will be held on Friday, October 15, 2021 at 11:30 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 Extra Ordinary General Meeting (**EGM**) of the company held on December 10, 2020.
2. To receive, consider and adopt the Annual Audited Financial Statements of the company for the year ended June 30, 2021, 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, 2021 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the financial year 2021-22. 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.

SPECIAL BUSINESS:

5. To consider and approve as recommended by the Board of Directors of the company, the issue of bonus shares in the proportion of 3 % i.e., 3 bonus shares for every 100 shares held, for the year ended June 30, 2021 and in order to give effect to the aforesaid, if thought fit, pass with or without modification the following resolutions as Special Resolution:

RESOLVED THAT a sum of Rs. 261,659,240 be utilized out of the share premium account of the company and applied towards issue of 26,165,924 ordinary shares of Rs. 10 each to be allotted as fully paid bonus shares in the proportion of three (3) ordinary shares for every hundred (100) shares i.e. 3%, held by a shareholder of the company.

FURTHER RESOLVED THAT the above bonus shares shall rank pari passu in all respects with the existing ordinary shares of the company, as regards future dividend and in all other respects.

FURTHER RESOLVED THAT fractional entitlements of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to a charitable institution as permissible under the law.

FURTHER RESOLVED THAT the Chief Executive Officer and Secretary of the company, be and are hereby jointly and / or severally authorized to give effect to above resolutions and to do and cause to be done all acts, deeds and things that may be necessary, incidental or required for issue, allotment and distribution of the said bonus shares and payment of sale proceeds of the fractional shares.

6. To consider and if thought fit to approve an increase in the Authorized Share Capital of the company and for this purpose pass the following special resolution, with or without any amendments and to the requisite approvals the consequent amendments in the Memorandum of Association of the company, subject to requisite approvals, if any:

RESOLVED THAT the Authorized Share Capital of the company be and is hereby increased from 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 to Rs. 15,000,000,000 (Rupees Fifteen Billion only) divided into 1,500,000,000 (One Billion Five Hundred Million) ordinary shares of Rs. 10 (Rupees Ten) each ranking pari passu in every respect with the existing ordinary shares of the company.

FURTHER RESOLVED THAT in consequence of the said increase in the Authorized Share Capital of the company, the existing Clause V of the Memorandum of Association (MOA) of the company, be and is hereby replaced accordingly, to read as follows;

Clause V of the Memorandum of Association:

"The Authorized Capital of the company is Rs. 15,000,000,000/- (Rupees Fifteen Billion only) divided into 1,500,000,000 (One Billion Five Hundred Million) 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."

7. To ratify and approve transactions conducted with the Related Parties for the years ended June 30, 2019 to June 30, 2021 by passing the following special resolution with or without modification:

RESOLVED THAT the transactions conducted with the Related Parties as disclosed in the note 43/47 of the Annual Audited Financial Statements for the years ended June 30, 2019 to June 30, 2021 respectively, be and are hereby ratified, approved and confirmed.

8. To approve potential transactions with Related Parties intended to be carried out in the financial year ending on June 30, 2022 and to authorize the Board of Directors of the company, to carry out such Related Party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

The resolutions to be passed as special resolutions are as under:

RESOLVED THAT the Board of Directors of the company be and is hereby authorized to approve the transactions to be conducted with the Related Parties on case to case basis for the financial year ending on June 30, 2022.

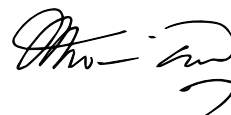
FURTHER RESOLVED THAT the Board of Directors of the company may, at its discretion, approve specific related party transactions from time to time, irrespective of the composition of the Board, and in compliance with the company's policy pertaining to Related Party transactions and notwithstanding any interest of the Directors of the company in any Related Party transaction which has been noted by the shareholders.

The Statement under Section 134(3) of the Companies Act, 2017, pertaining to the special business referred to above is being circulated to the members along with the Notice of the Meeting.

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, 2021

Notes:

1. Closure of Share Transfer Books:

The Share Transfer Books of the company will remain closed from October 08, 2021 to October 15, 2021 (both days included). Transfer requests on prescribed format, received at the office of the Share Registrar of the company, M/s. CDC Share Registrar Services Limited, CDC House, 99 -B, Block B, S.M.C.H.S., Main Shahrah-e- Faisal, Karachi-74400 on or before the close of business on October 07, 2021 will be treated 'in time' for the purpose of above entitlement to the transferees, and / or to attend the AGM.

2. Participation in the Annual General Meeting:

All members entitled to attend and vote at this meeting may appoint another person as his / her proxy to attend and vote for him / her. Proxies in order to be effective must be received at the Registered Office of the company, not less than 48 hours before the time of holding the meeting. CDC Account Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the company's website i.e. www.interloop-pk.com (in English and Urdu Language).

3. 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

4. Attendance of the Members:

a. For Attending the Meeting

(i) In the case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall authenticate his/her identity by showing his/ her valid original Computerized National Identity Card (CNIC) or original passport at the time of attending the Annual General Meeting.

(ii) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be produced at the time of the Annual General Meeting, unless it has been provided earlier.

b. For Appointing Proxies

(i) In case of individuals, the account holder or sub-account holder whose registration details are uploaded as per the Central Depository Company of Pakistan Limited Regulations, shall submit the proxy form as per the mentioned requirements.

(ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

(iii) Attested copies of the valid CNICs or the passports of the beneficial owner(s) and the proxy shall be furnished with the proxy form.

(iv) The proxy shall produce his/her valid original CNIC or original passport at the time of the Annual General Meeting.

(v) In case of a corporate entity, the Board of Directors' resolution/power of attorney, with specimen signature of the nominee, shall be submitted to the company along with the proxy form unless the same has been provided earlier.

5. Mandatory Submission of CNIC Copies:

With reference to the notification of Securities and Exchange Commission of Pakistan (SECP), SRO 779(1)2011 dated August 18, 2011, the Members/ Shareholders who have not yet submitted photo copy of their valid CNIC to the company are required to send the same at the earliest directly to the company's 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. In case of non-receipt of the copy of valid CNIC and noncompliance of the above mentioned SRO of SECP, the company may be constrained to withhold transfer of dividend in the future, if any.

6. Dividend Bank Mandate:

Pursuant to Section 242 of the Companies Act, 2017, members are requested to provide their CNIC's and bank account details including name of the bank, address of bank branch and International Bank Account Number (IBAN) to receive their cash dividend directly into their bank account. Therefore, all members who have not yet provided their CNIC and Bank Account details are once again reminded to immediately submit a copy of their CNIC and duly filled 'Dividend Bank Mandate Form' to the company's Share Registrar or to the company directly. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the provisions of Act and Regulations made thereunder by the Commission. The 'Dividend Bank Mandate Form' is available at the company's website i.e. www.interloop-pk.com

Members who hold shares in CDC accounts are required to provide their bank mandates to their respective participants.

7. 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-Filers 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 No/ CDC Account No	Total No of Shares	Name of Principal Shareholder and CNIC #	Share Holding	Name of Joint Shareholder 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 and collect / enquire about their unclaimed dividend, if any.

8. Deposit of Physical Shares into CDC Accounts:

Securities and Exchange Commission of Pakistan has issued directions vide letter no. CSD/ED/Misc./2016/639-640 dated March 26, 2021 in the light of Section 72 of the Companies Act, 2017 whereby every existing listed 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. In order to ensure compliance with the aforesaid provision and to be benefited of the holding of shares in Book-Entry Form, all shareholders who still 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/online trading of shares, easy transfer of ownership, no risk of damage/lost/duplicate shares, instant credit of entitlements (bonus/right issue) as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

9. 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 2021 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 2021 can subsequently request any other media including hard copy which shall be provided free of cost within seven days.

10. 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. 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>.

11. Placement of Financial Statements on Website:

The Financial Statements of the company for the year ended June 30, 2021 along with reports have been placed on the website of the company: <https://www.interloop-pk.com>.

12. Intimation of Changes of Address and declaration for non-deduction of Zakat:

Shareholders are requested to promptly notify any changes in their registered addresses and provide their declarations for non-deduction of zakat, if applicable, to the Share Registrar of the company. Members who hold shares in CDC / participant accounts are required to update their addresses and submit their declarations for non-deduction of zakat, if applicable, to the CDC or their respective participants.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL SPECIAL BUSINESS PURSUANT TO SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business given in agenda items No.5, 6, 7 & 8 of the Notice of AGM, which will be considered to be passed by the members. The purpose of this Statement is to set forth the material facts concerning such Special Business.

Agenda Item No. 5 of the Notice –

To consider and approve issue of fully paid bonus shares.

With a view to capitalize the Share Premium balance, the Board of Directors of the company in its meeting held on September 15, 2021 have proposed to issue bonus shares at the ratio of 3:100; i.e., 3 (Three) fully paid-up ordinary shares for every 100 (One Hundred) ordinary shares held, thereby capitalize a sum of Rs. 261,659,240. These Bonus Shares shall rank pari passu with the existing ordinary shares of the company, as regards future dividend and in all other respects. However, they will not qualify for the final cash dividend declared for the year ended June 30, 2021.

The Directors are not interested in this business except as shareholders of the company.

Agenda Item No. 6 of the Notice –

Increase in Authorized Capital to be passed as a Special Resolution.

The Board of Directors of the company in their meeting held on September 15, 2021 approved the increase in the Authorized Share Capital of the company from Rs. 10,000,000,000 (Rupees Ten Billion only) divided into 1,000,000,000 (One Billion) of the nominal value of Rs.10 (Rupees Ten) each Ordinary Shares to Rs. 15,000,000,000 (Rupees Fifteen Billion only) divided into 1,500,000,000 (One Billion Five Hundred Million) of the nominal value of Rs.10 (Rupees Ten each) Ordinary Shares. This increase in Authorized Capital is indispensable to accommodate the current bonus issue of 3% bonus shares as mentioned in Item No. 5 of the Agenda. Further the current increase in Authorized Capital is proposed to anticipate any increase in issue of shares as the total Authorized Capital of the company is 87% issued, paid-up and subscribed.

The Directors are not interested in this business except as shareholders of the company.

Agenda Item No. 7 of the Notice –

To ratify and approve transactions conducted with the Related Parties for the years ended June 30, 2019 to June 30, 2021.

Transactions conducted with the Related Parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, since majority of the company's Directors were interested due to their common directorships and therefore these transactions are being placed for the approval by shareholders in the 29th Annual General Meeting of the company.

All the transactions with the Related Parties to be ratified have been disclosed in the note 43/47 of the Annual Audited Financial Statements for the years ended June 30, 2019 to June 30, 2021 respectively. The company carries out transactions in the normal course of business. All transactions entered into with related parties require the approval of the Audit Committee of the company. Upon the recommendation of the Audit Committee, such

transactions were placed before the Board of Directors for approval. The nature of relationship with these related parties has also been indicated in the referred Financial Statements for the subject fiscal years.

Agenda Item No. 8 of the Notice –

To authorize Board of Directors of the company to approve potential transactions with the Related Parties intended to be carried out in the financial year ending on June 30, 2022.

The company shall be conducting transactions with its Related Parties during the year ending on June 30, 2022 in the normal course of business. The majority of Directors are interested due to their common directorship in the associated undertakings. In order to promote transparent business practices, the shareholders are required to authorize the Board of Directors to approve transactions with the related parties from time-to-time and on case to case basis for the year ending on June 30, 2022, which transactions shall be deemed to be approved by the Shareholders, irrespective of the composition of the Board, and in compliance with the company's policy pertaining to Related Party transactions and notwithstanding any interest of the Directors of the company in any Related Party transaction which has been noted by the shareholders.

The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and the privileges attached thereto only.

کمپنیز ایکٹ 2017 کے سیکشن 134(3) کے مطابق کاروباری امور سے متعلق مادی حقائق کا بیان:

یہ بیان سالانہ اجلاس عام نوٹس کے ایجنڈا آئٹم نمبر 5، 6، 7 اور 8 میں دیئے گئے خصوصی کاروباری امور سے متعلق مادی حقائق بیان کرتا ہے، جسے ممبران منظور کریں گے۔ بیان کا مقصد اس طرح کے خصوصی کاروبار سے متعلق مادی حقائق بیان کرنا ہے۔

نوٹس کا ایجنڈا آئٹم نمبر 5

مکمل ادا شدہ نوٹس حصص کے معاملے پر غور اور منظوری

شیرز پر بیمہ پالیسی سے استفادہ حاصل کرنے کے لیے، کمپنی کے بورڈ آف ڈائریکٹرز نے 15 ستمبر 2021 کو ہونے والے اپنے اجلاس میں 3:100 کے تناسب سے نوٹس شیئر جاری کرنے کی تجویز دی ہے۔ یعنی، ہر 100 (ایک سو) عام حصص کے لیے 3 (تین) مکمل طور پر ادا شدہ عام حصص، اس طرح مبلغ 261,659,240 روپے کی رقم کو خطیرہ بیان پر استعمال کیا جائے گا۔ یہ نوٹس حصص مستقبل کے منافع اور دیگر تمام معاملات کے حوالے سے کمپنی کے موجودہ عام حصص کے ساتھ پارٹی پاسو کی مساوی درجہ بندی کریں گے۔ تاہم، وہ 30 جون 2021 کو ختم ہونے والے سال کے لیے اعلان کردہ حتمی نقد منافع کے لیے اہل نہیں ہوں گے۔

ماسوائے کمپنی کے شیرز ہولڈرز کے، ڈائریکٹرز مذکورہ کاروباری امور میں دلچسپی نہیں رکھتے۔

نوٹس کا ایجنڈا آئٹم نمبر 6

مجاز سرمائے میں اضافے کو بطور خصوصی قرار دیا منظور کیا جائے۔

کمپنی کے بورڈ آف ڈائریکٹرز نے مورخہ 15 ستمبر 2021 کو ہونے والے اپنے اجلاس میں کمپنی کے مجاز شیئر کیپٹل کو 10,000,000,000 (دس ارب) روپے، منافع منقسمہ کو (ایک ارب) 1,000,000,000، سے بڑھا کر 10 /- (دس روپے) کی عمومی قیمت کے ہر عام حصص کو (پندرہ ارب روپے) 15,000,000,000 کرنے کی منظوری دی، جسے 1,500,000,000 (ایک ارب پانچ سو ملین) میں تقسیم کیا گیا جس کی برائے نام قیمت - 10 عمومی حصص ہیں۔

مجاز کیپٹل میں یہ اضافہ 3 فیصد نوٹس شیئرز کے موجودہ نوٹس ایٹو کو ایڈجسٹ کرنے کے لیے ناگزیر ہے جیسا کہ ایجنڈا کے آئٹم نمبر 5 میں بیان کیا گیا ہے۔ مزید یہ کہ مجاز کیپٹل میں موجودہ اضافہ شیرز کے اجراء میں کسی بھی اضافے کی پیش گوئی کرنے کی تجویز ہے کیونکہ کمپنی کا کل مجاز کیپٹل 87 فیصد جاری، ادائیگی اور سبسکرائب شدہ ہے۔

ماسوائے کمپنی کے شیرز ہولڈرز کے، ڈائریکٹرز مذکورہ کاروباری امور میں دلچسپی نہیں رکھتے۔

نوٹس کا ایجنڈا آئٹم نمبر 7

30 جون 2019 سے 30 جون 2021 کو ختم ہونے والے سال کے لیے متعلقہ فریقین کے ساتھ کئے گئے لین دین کی توثیق و منظوری۔

متعلقہ فریقین کے ساتھ کئے گئے لین دین کو بورڈ آف ڈائریکٹرز کی طرف سے منظوری دی جانی چاہیے جو کہ آڈٹ کمیٹی کی جانب سے سہ ماہی بنیادوں پر لپٹڈ کمپنیوں (کوڈ آف کارپوریشن گورننس) ریگولیشنز 2019 کی شق 15 کے مطابق تجویز کردہ ہے۔ تاہم، چونکہ کمپنی کے ڈائریکٹرز کی اکثریت ان کی مشترکہ ڈائریکٹرشپ کی وجہ سے دلچسپی رکھتی تھی اور اس لیے یہ لین دین کمپنی کی 29 ویں سالانہ جنرل میٹنگ میں شیرز ہولڈرز کی منظوری کے لیے رکھا جا رہا ہے۔

متعلقہ فریقین کے ساتھ تمام ٹرانزیکشنز بالترتیب 30 جون 2019 سے 30 جون 2021 کو ختم ہونے والے سال کے سالانہ آڈٹ شدہ مالیاتی بیانات کے نوٹ 47/43 میں ظاہر کیے گئے ہیں۔ کمپنی کاروبار کے معمول کے مطابق لین دین کرتی ہے۔ متعلقہ فریقین کے ساتھ کئے گئے تمام لین دین کو کمپنی کی آڈٹ کمیٹی کی منظوری درکار ہے۔ آڈٹ کمیٹی کی سفارش پر، اس طرح کے لین دین کو بورڈ آف ڈائریکٹرز کے سامنے منظوری کے لیے رکھا گیا۔ ان متعلقہ فریقین کے ساتھ تعلقات کی نوعیت کا حوالہ مالیاتی سالوں کے حوالہ کردہ مالی بیانات میں بھی دیا گیا ہے۔

نوٹس کا ایجنڈا آئٹم نمبر 8

30 جون 2022 کو ختم ہونے والے مالی سال میں متعلقہ فریقین کے ساتھ ممکنہ لین دین کی منظوری کے لیے کمپنی کے بورڈ آف ڈائریکٹرز کو اختیار دینا۔

کمپنی اپنے متعلقہ فریقوں کے ساتھ 30 جون 2022 کو ختم ہونے والے سال کے دوران کاروبار کے معمول کے مطابق لین دین کرے گی۔ ڈائریکٹروں کی اکثریت متعلقہ کاموں میں ان کی مشترکہ ڈائریکٹرشپ کی وجہ سے دلچسپی رکھتی ہے۔ شفاف کاروباری طریقوں کو فروغ دینے کے لیے، شیرز ہولڈرز پر لازم ہے کہ وہ بورڈ آف ڈائریکٹرز کو متعلقہ فریقوں کے ساتھ لین دین کی منظوری دیں۔

30 جون 2022 کو ختم ہونے والے سال کے لیے وقتاً فوقتاً اور کس درکس بنیاد پر، جو ٹرانزیکشن شیرز ہولڈرز کی طرف سے منظور شدہ سمجھے جائیں گے، چاہے بورڈ کی ساخت سے قطع نظر، اور کمپنی کی پالیسی سے متعلق متعلقہ پارٹی لین دین اور کمپنی کے ڈائریکٹرز کے کسی بھی دلچسپی کے باوجود کسی بھی متعلقہ پارٹی ٹرانزیکشن میں جو کہ حصص یافتگان نے نوٹ کیا ہے۔

ڈائریکٹران اپنی مشترکہ ڈائریکٹرشپ اور متعلقہ کمپنیوں میں شیرز ہولڈنگز اور صرف اس سے منسلک مراعات کی حد تک مذکورہ قرار دادوں میں دلچسپی رکھتے ہیں۔

دو ہولڈنگ ٹیکس کٹوتی سے استثنیٰ کے لئے مستند استثنائی سرٹیفکیٹ:

اکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے مطابق دو ہولڈنگ ٹیکس کٹوتی سے استثنیٰ کے لئے مستند استثنائی سرٹیفکیٹ لازم ہے۔ جو ممبران اکم ٹیکس آرڈیننس 2001 کے سینڈ شیڈول کی شق 47B آف پارٹ IV کے تحت اہل ہوں اور دو ہولڈنگ ٹیکس سے استثنیٰ کے خواہشمند ہوں، وہ کمپنی ٹب کی بندش سے قبل تک اکم ٹیکس کٹوتی سے استثنیٰ کے سرٹیفکیٹ کی کاپی شیئر رجسٹرار کو فراہم کریں بصورت دیگر نافذ العمل قوانین کے مطابق ٹیکس کٹوتی ہوگی۔

غیر دعویٰ شدہ منافع منقسمہ:

ایسے حصص یافتگان جو کسی بھی وجہ سے اپنے منافع منقسمہ کلیم نہیں کر سکے (اگر کوئی ایسا ہوتو) انہیں مشورہ دیا جاتا ہے کہ اپنے غیر دعویٰ شدہ منافع منقسمہ کی وصولی/معلومات کے لئے ہمارے شیئر رجسٹرار، میسرز سی ڈی سی شیئرز سروسز لمیٹڈ، سی ڈی سی ہاؤس B-99 بلاک بی ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74000 سے رابطہ کریں۔

8- فزیکل شیئرز کی سی ڈی سی اکاؤنٹ میں منتقلی:

سیکیورٹیز ایکسچینج کمیشن آف پاکستان کے مراسلہ نمبر CSD/ED/Misc./2016/639-640 بتاریخ 26 مارچ 2021 میں جاری کردہ ہدایات کے مطابق، کمپنیز ایکٹ 2017 کی دفعہ 2 کی روٹنی میں ہر موجودہ لسٹڈ کمپنی کے لئے لازم ہے کہ وہ اپنے فزیکل شیئرز بک انٹری فارم کے ساتھ مخصوص انداز میں اور کمیشن کی بتائی گئی تاریخ کے حساب سے رکھے اور یہ دورانیہ کمپنیز ایکٹ 2017 کے نفاذ کی تاریخ (31 مئی 2017) سے لے کر 4 سال سے زائد نہیں ہونا چاہئے۔

مذکورہ بالا شق کی تعمیل کو یقینی بنانے اور بک انٹری فارم میں شیئرز رکھنے سے مستفید ہونے کے لئے، فزیکل شیئرز ہولڈنگز کے حامل تمام شیئرز ہولڈرز اپنے فزیکل شیئرز اسکرپ لیس صورت میں رکھنے کے لئے سی ڈی سی میں براہ راست کسی بروکرز یا انویسٹرز اکاؤنٹ کے ساتھ ڈیلی سی ڈی سی اکاؤنٹ کھول سکتے ہیں۔ یہ ان کے لئے شیئرز کی محفوظ حوالگی/آن لائن ٹریڈنگ، ملکیت کی باآسان منتقلی، نقصان کے خطرات سے محفوظ رکھ جانے/ڈیلیٹیشن، استحقاق کا فوری کریڈٹ (پولس/درست اجراء) جیسے کئی زاویوں سے سود مند ثابت ہوگا کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ قواعد کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔

9- آڈٹ شدہ مالیاتی گوشواروں/نوٹسز کی بذریعہ ای میل منتقلی:

ممبران کو مطلع کیا جاتا ہے کہ ایس ای سی پی ایس آر او 2014/1(787) بتاریخ 8 ستمبر 2014 اور کمپنیز ایکٹ کی دفعہ (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۔

مذکورہ بالا تقاضوں کی تعمیل میں، وہ ممبران جو سالانہ رپورٹ 2021 کو الیکٹرانک شکل میں موصول کرنا چاہتے ہیں تو کمپنی کی ویب سائٹ پر ایس آر او کے نام سے دیئے گئے فارم پر درخواست جمع کروا سکتے ہیں۔ اسی طرح وہ ممبران جو سالانہ رپورٹ 2021 کی موصولی کسی دیگر شکل مثلاً ہارڈ کاپی کی خواہش رکھتے ہیں وہ بھی درخواست دے سکتے ہیں اور ان کو یہ کاپی سات یوم کے اندر مفت فراہم کی جائے گی۔

10- سالانہ مالیاتی گوشواروں کی بذریعہ CD/DVD/USB منتقلی:

ایس ای سی پی نے اپنے ایس آر او 2016/1(470) بتاریخ 31 مئی 2016، کمپنیوں کو اپنی ہیلنس شیٹ، نفع و نقصان کے حسابات، آڈیٹری رپورٹ اور ڈائریکٹرز کی رپورٹ ممبران کو ان کے رجسٹرڈ پتے پر بذریعہ سی ڈی وی ڈی/ایس آر او ایس بی آر سال کرنے کی منظوری دے دی تھی۔ مذکورہ کے تحت کمپنی نے اپنی سالانہ رپورٹ شیئرز ہولڈرز کو سی ڈی وی ڈی کی شکل میں ارسال کر دی ہے۔ کمپنی کی سالانہ رپورٹ کی مطبوعہ نقل حاصل کرنے کے لئے کوئی بھی ممبران کی ویب سائٹ <https://www.interloop-pk.com> پر انویسٹرنافٹیشن سیکشن میں دیئے گئے مجوزہ درخواست فارم پر اپنی درخواست بھیج سکتا ہے۔

11- مالیاتی گوشواروں کا ویب سائٹ پر آویزاں ہونا:

ختم شدہ سال 30 جون 2021 کے سالانہ مالیاتی گوشوارے مع رپورٹس کمپنی کی ویب سائٹ <https://www.interloop-pk.com> پر آویزاں کر دیئے گئے ہیں۔

12- پتہ میں تبدیلی کی اطلاع اور زکوٰۃ کی عدم کٹوتی ڈیکلریشن:

ممبران سے درخواست کی جاتی ہے کہ وہ اپنے رجسٹرڈ پتے میں کسی بھی قسم کی تبدیلی کی اطلاع دیں اور اگر قابل اطلاق ہو تو زکوٰۃ کی عدم کٹوتی کا ڈیکلریشن کمپنی شیئر رجسٹرار کو فراہم کریں۔ سی ڈی وی/پارٹنیشن اکاؤنٹ میں شیئرز کے حامل ممبران پر لازم ہے کہ اپنے رجسٹرڈ پتے کو آپ ڈیٹ کریں اور اگر قابل اطلاق ہو تو زکوٰۃ کی عدم کٹوتی کا ڈیکلریشن سی ڈی وی یا اپنے متعلقہ پارٹنیشن کو جمع کروائیں۔

- (ii) پراکسی فارم کی دو افراد سے تصدیق کروانا ہوگی جن کے نام، پتہ اور شناختی کارڈ نمبر فارم میں ظاہر کئے گئے ہوں۔
- (iii) بینیفیشل اور کوآپریٹو کی تصدیق یا فنڈ کے قومی شناختی کارڈ اور پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ہمراہ پیش کرنا ہوں گی۔
- (iv) پراکسی کو سالانہ اجلاس عام کے موقع پر اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔
- (v) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد / اپورٹ اٹاری مع نامزد فرد کے دستخط کا نمونہ پراکسی فارم کے ہمراہ کمپنی کو پیش کرنا ہوگا، تاہم قلمیہ یہ پہلے فراہم نہ کی گئی ہو۔

5- سی این آئی سی کی نقول لازمی جمع کروانا:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے اعلامیہ نمبر ایس آر او 2011(1)779 بتاریخ 18 اگست 2011 کے حوالے سے، جن ممبران / شیئرز ہولڈرز نے تا حال اپنے درست CNIC کی نقول کمپنی کو جمع نہیں کروائی ہیں، انہیں جلد از جلد CNIC کی نقول کمپنی کے شیئرز رجسٹرار کو مندرجہ ذیل پتہ پر براہ راست ارسال کرنا ہوگا:

میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ، سی ڈی سی ہاؤس، B-99، بلاک S.M.C.H.S.، مین شاہراہ فیصل، کراچی-74400

درست CNIC کی عدم موجودگی کی صورت میں اور ایس ای سی پی کے مذکورہ بالا ایس آر او کی عدم تعمیل کی صورت میں، کمپنی مستقبل میں اگر کوئی ہو تو منافع کی منتقلی روکنے پر مجبور ہوگی۔

6- بذریعہ بینک منافع کی لازمی ادائیگی:

کمپنیز ایکٹ 2017 کی دفعہ 242 کے مطابق، ممبران سے درخواست کی جاتی ہے کہ وہ اپنے CNIC اور بینک اکاؤنٹ کی تفصیلات فراہم کریں جس میں بینک کا نام، بینک برانچ کا پتہ اور IBAN نمبر شامل ہے تاکہ وہ اپنے بینک اکاؤنٹ میں براہ راست نقد منافع وصول کر سکیں۔ لہذا، وہ تمام ممبران جنہوں نے تا حال اپنے CNIC اور بینک اکاؤنٹ کی تفصیلات فراہم نہیں کی ہیں انہیں ایک بار پھر یاد دہانی کروائی جاتی ہے کہ وہ فی الفور اپنے CNIC کی ایک کاپی اور درست طور پر پُر کیا گیا ڈیویڈنڈ بینک مینڈیٹ فارم، کمپنی کے شیئرز رجسٹرار یا کمپنی کو براہ راست ارسال کریں۔ درست بینک اکاؤنٹ کی تفصیلات اور CNIC کی عدم موجودگی کی صورت میں، کمیشن کے تحت بنائے گئے ایکٹ اور قواعد و ضوابط کی تعمیل میں منافع کی رقم روک دی جائے گی۔

'ڈیویڈنڈ بینک مینڈیٹ فارم' کمپنی کی ویب سائٹ www.interloop-pk.com پر دستیاب ہے۔

جو ممبران سی ڈی سی اکاؤنٹ میں شیئرز کے حامل ہیں ان پر لازم ہے کہ وہ اپنے متعلقہ پارٹیسیپنٹ کو اپنا بینک مینڈیٹ فارم فراہم کریں۔

7- آئٹم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت ڈیویڈنڈز سے آئٹم ٹیکس کٹوتی ("آئٹم ٹیکس آرڈیننس"):

آئٹم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت فائلرز اور نان فائلرز کے لئے دو ہولڈنگ ٹیکس کٹوتی کی شرح درج ذیل ہیں:

(الف) آئٹم ٹیکس ریٹرنز فائلرز کے لئے: 15 %

(ب) آئٹم ٹیکس ریٹرنز نان فائلرز کے لئے: 30 %

جو آئٹم اکاؤنٹ ہولڈرز ہونے کی صورت میں ڈیویڈنڈ پر دو ہولڈنگ ٹیکس:

جو ممبران فائلرز اور نام فائلرز دونوں کے مشترکہ شیئرز کے مالک ہیں، ان کو فرداً فرداً فائلرز اور نان فائلرز کے آئٹم ٹیکس کے حساب سے تصور کیا جائے گا اور اس کے شیئرز ہولڈنگ تناسب کی بنیاد پر کٹوتی ہوگی۔

اگر شیئرز قابل تصدیق نہیں ہے تو پھر شیئرز ہولڈرز کو برابر تناسب کے حساب سے شیئرز کا مالک سمجھا جائے گا اور اس کے مطابق کٹوتی کی جائے گی۔ اس لئے تمام جو آئٹم شیئرز ہولڈرز سے درخواست ہے کہ وہ زیادہ سے زیادہ شرح کے حساب سے ٹیکس کٹوتی سے بچنے کے لئے سالانہ اجلاس عام سے قبل کمپنی کے شیئرز رجسٹرار کو درج ذیل تفصیلات فراہم کریں۔

نوٹس/ICDC اکاؤنٹ نمبر	کل شیئرز	پرنسپل شیئرز ہولڈر کا نام اور CNIC نمبر	شیئرز ہولڈنگ تناسب (شیئرز کی تعداد)	جو آئٹم شیئرز ہولڈر کا نام اور CNIC نمبر	شیئرز ہولڈنگ تناسب (شیئرز کی تعداد)
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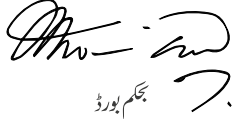
قرارے پایا گیا ہے کہ کمپنی کا بورڈ آف ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے مالی سال کے لیے کیس درکیس کی بنیاد پر متعلقہ فریقین کے ساتھ ہونے والے لین دین کی منظوری کا مجاز ہے۔

مزید قرارے پایا گیا ہے کہ کمپنی کا بورڈ آف ڈائریکٹرز اپنی صوابدید پر، بورڈ کی تشکیل سے قطع نظر، وقتاً فوقتاً متعلقہ پارٹی لین دین کی منظوری دے سکتا ہے، نیز متعلقہ پارٹی لین دین سے متعلق کمپنی کی پالیسی کے تحت اور کسی بھی متعلقہ پارٹی ٹرانزیکشن میں کمپنی کے ڈائریکٹرز کی کسی بھی دلچسپی جو کہ حصص یافتگان نے نوٹ کی ہے۔

کمپنیز ایکٹ 2017 کی دفعہ (3) 134 کے تحت متذکرہ خصوصی امور سے متعلق بیانیہ، سالانہ اجلاس عام کے نوٹس کے ہمراہ ممبران کو ارسال کیا جا رہا ہے۔

دیگر امور:

9- صدر اجلاس کی اجازت سے دیگر کسی کاروباری امور کی انجام دہی۔



(راناعلی رضا)

کمپنی سیکریٹری

فیصل آباد: 23 ستمبر 2021

گزارشات:

1- شیئر ٹرانسفرنگس کی بندش:

کمپنی کی شیئر ٹرانسفرنگس مورخہ 08 اکتوبر 2021 سے 15 اکتوبر 2021 (بشمول دونوں دن) بند رہے گی۔ میسرز CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس-99-B، بلاک بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی-74400 میں مورخہ 17 اکتوبر 2021 کو کاروباری ایام کار کے اختتام تک موصول ہونے والی ٹرانسفرز منتقل الیہ کو متذکرہ استحقاق اور/یا سالانہ اجلاس عام میں شمولیت کے لئے بروقت منظور کی جائیں گی۔

2- سالانہ اجلاس عام میں شمولیت:

اجلاس میں شرکت اور ووٹ ڈالنے کے اہل تمام ممبران اجلاس میں شرکت کے لئے کسی دوسرے ممبر کو اپنا پراکسی نامزد کر سکتا/سکتی ہے تاکہ وہ میٹنگ میں شرکت اور ووٹ کا استعمال کر سکے۔ پراکسی مقرر ہونے کے لئے لازمی ہے کہ یہ اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرار آفس کو موصول ہو جائیں۔ CDC اکاؤنٹ ہولڈرز کو مزید یہ کہ ان گائیڈ لائنز پر عملدرآمد کرنا ہوگا جیسا کہ سرکلر نمبر 1 میں مورخہ 26 جنوری 2000ء بیان کیا گیا ہے جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے جاری کیا تھا۔ پراکسی فارم، ارسال کردہ نوٹس سے منسلک ہونے کے علاوہ، کمپنی بڈا کی ویب سائٹ www.interloop-pk.com پر (انگریزی اور اردو زبان میں) موجود ہے۔

3- ویڈیو کانفرنس سہولت کے لئے رضامندی:

کمپنیز ایکٹ کی دفعہ (2) 132 اور (b) 134 کے تحت مندرجات کی شرائط میں اگر کمپنی کو ایک جغرافیائی لوکیشن میں رہائش پذیر مجموعی طور پر 10% یا زائد شیئر ہولڈنگ کے حامل ممبرز سے اجلاس کی تاریخ سے کم از کم 7 دن قبل ویڈیو کانفرنس کے ذریعے شرکت/رضامندی حاصل کرتی ہے تو کمپنی، شہر میں اس طرح کی سہولت کی دستیابی سے مشروط اس شہر میں ویڈیو کانفرنس کی سہولت کا انتظام کرے گی۔

اس سہولت کے حصول کے لئے براہ مہربانی مندرجہ ذیل معلومات فراہم کریں اور کمپنی کے رجسٹرار پتہ پر جمع کروائیں:

میں/ہم/میسرز..... ساکنہ/ساکنان..... انٹرویو لینڈ کا ممبر ہونے کی
 بناء پر فوٹو نمبر..... اور/یا CDC پارٹنیشن ID اور سب اکاؤنٹ نمبر..... کے مطابق..... عمومی شیئرز کا حامل ہوں
 بذریعہ بڈا..... شہر میں ویڈیو کانفرنس کی سہولت کے لئے اختیار کرتا ہوں۔

دستخط ممبر/ممبرز

4- ممبران کی حاضری:

(الف) اجلاس میں شرکت کے لئے:

(i) افرادی صورت میں اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز جن کی رجسٹریشن تفصیلات سینٹرل ڈپازٹری کمپنی آف پاکستان کے مطابق اپ لوڈ کی گئی ہیں، وہ سالانہ اجلاس عام میں شرکت کے وقت اصل قومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر اپنی شناخت کی تصدیق کرے گا۔

(ii) کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اتارنی مع نامزد فرد کے دستخط کا نمونہ بوقت سالانہ اجلاس عام پیش کرنا ہوگا، تاوقتیکہ یہ پہلے فراہم نہ کی گئی ہو۔

(ب) پراکسی کی تقرری کے لئے:

(i) افرادی صورت میں اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز جن کی رجسٹریشن تفصیلات سینٹرل ڈپازٹری کمپنی آف پاکستان کے مطابق اپ لوڈ کی گئی ہیں، وہ مذکورہ ضروریات کے مطابق پراکسی فارم جمع کروائیں گے۔

انٹرنیوٹ لمیٹڈ اطلاع برائے اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ مندرجہ ذیل امور کی انجام دہی کے لئے انٹرنیوٹ لمیٹڈ ("کمپنی") کا سالانہ اجلاس عام مورخہ 15 اکتوبر 2021 بروز جمعہ، بوقت صبح 11:30 بجے انٹرنیوٹ ایگزیکٹو کلب، انٹرنیوٹ انڈسٹریل پارک، بمقام 7- کلو میٹر کھڑیا نوالہ- جڑانوالہ روڈ، کھڑیا نوالہ، فیصل آباد میں منعقد ہوگا۔

عمومی امور:

- 1- کمپنی کے گذشتہ سالانہ غیر معمولی اجلاس عام منعقدہ 10 دسمبر 2020 کے اجلاس عام کی کاروائی کی توثیق۔
- 2- مورخہ 30 جون 2021ء کو ختم شدہ مالی سال کے لئے کمپنی کے مالیاتی گوشواروں کی چیئر مین کی نظر ثانی رپورٹ، ڈائریکٹرز اور آڈیٹرز کی رپورٹوں کے ساتھ وصولی، غور و خوض اور منظوری۔
- 3- بورڈ آف ڈائریکٹرز کی سفارش پر 30 جون 2021ء کو ختم شدہ مالیاتی سال کے لئے حتمی نقد منافع منقسمہ بشرح 10 فیصد یعنی ایک روپے فی شیئر کی منظوری۔
- 4- مالی سال کے لئے آڈیٹرز کا تقریر اور ان کے مشاہرہ کا تعین۔ ممبران کو مطلع کیا جاتا ہے کہ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے ریٹائر ہونے والے آڈیٹرز میسرز کرسٹین جیڈرمانی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی بطور آڈیٹرز دوبارہ تعیناتی کی سفارش کی ہے۔

خصوصی امور:

- 5- کمپنی کے بورڈ آف ڈائریکٹرز کی سفارشات کے مطابق بعد از غور و منظوری، مورخہ 30 جون 2021ء کو ختم ہونے والے سال کے لیے، ہر 100 حصص کے حامل افراد کے لیے 3 فیصد کے تناسب سے 3 بونس شیئرز کا اجراء، مذکورہ بالا کو عملی شکل دینے کے لیے، اگر مناسب سمجھا جائے تو، حسب ذیل قراردادوں کو کسی بھی ترمیم کے ساتھ یا بنا ترمیم بطور قرارداد خصوصی منظور کیا جائے:

قرارتے پایا گیا کہ مبلغ 26,165,924 روپے کی رقم کو کمپنی کے شیئرز پر بیہیم اکاؤنٹ سے استعمال کیا جائے نیز مبلغ 26,165,924 کے عام حصص 10 روپے فی کس کے اجراء کے لیے درخواست دی جائے۔ ہر ایک کو مکمل طور پر ادا شدہ بونس حصص کے طور پر ہر سو (100) کے لیے تین (3) عام شیئرز کے تناسب سے ادا کیا جائے گا، یعنی (3 فیصد) حصص کمپنی کے شیئرز ہولڈرز کے پاس منتقل کیے جائیں گے۔

مزید یہ قرار ہے پایا گیا کہ مذکورہ بالا بونس حصص مستقبل کے منافع منقسمہ اور دیگر تمام معاملات کے حوالے سے کمپنی کے موجودہ عام حصص کے ساتھ ہر لحاظ سے مساوی (pari passu) درجہ کے حامل ہوں گے۔

مزید یہ قرار ہے پایا گیا ہے کہ ممبران کے جزوی استحقاق پورے حصص میں جمع ہوں گے نیز اسٹاک مارکیٹ میں فروخت ہوں گے اور فروخت سے حاصل شدہ رقم کسی فلاحی ادارے کو تو انین کے مطابق بطور عطیہ کی جائے گی۔

مزید یہ قرار ہے پایا گیا ہے کہ کمپنی کے چیف ایگزیکٹو آفیسر اور سیکریٹری، مشیر کے طور پر اور/یا متعدد مجاز اختیارات کے حامل ہیں جو کہ مندرجہ بالا قراردادوں پر عملدرآمد اور تمام کاموں، عموماً اور کاموں کو کرنے اور عموماً کے اسباب بننے کے لیے جو کہ ضروری ہو، اتفاقاً یا مذکورہ بونس حصص کے اجراء، الاٹمنٹ اور تقسیم اور جزوی حصص کی آمدن فروخت کی ادائیگی کے لیے درکار ہے۔

- 6- اگر مناسب سمجھا جائے تو کمپنی کے مجاز شیئر کیپٹل میں اضافے کی منظوری دینا اور اس مقصد کے لیے درج ذیل خصوصی قرارداد کو بغیر کسی ترمیم کے یا اس کے بغیر منظور کیا جائے نیز کمپنی کے میمورنڈم آف ایسوسی ایشن میں مطلوبہ منظوری سے مشروط، اگر کوئی ہو، نتائج میں ترمیم کی منظوری دے:

قرارتے پایا گیا ہے کہ کمپنی کا مجاز شیئر کیپٹل ہے اور اس طرح 10,000,000,000 (دس ارب) روپے کے 10 (دس) روپے مالیت کے 1,000,000,000 (ایک ارب) عام حصص میں تقسیم سے بڑھا کر کمپنی کے موجودہ عام حصص کے ساتھ ہر درجہ مساوی (pari passu) ہر لحاظ سے 15,000,000,000 (پندرہ ارب) روپے کے 10 (دس) روپے مالیت کے مبلغ 1,500,000,000 (ایک ارب پانچ سو ملین) عام حصص میں تقسیم کر دیا گیا ہے۔

مزید قرار ہے پایا گیا ہے کہ کمپنی کے مجاز شیئر کیپٹل میں مذکورہ اضافے کے نتیجے میں، میمورنڈم آف ایسوسی ایشن آف کمپنی (MOA) کی موجودہ شق V ہوگی اور اس کے مطابق اس کو تبدیل کیا جائے گا، مندرجہ ذیل طور پر پڑھا جائے:

میمورنڈم آف ایسوسی ایشن کی شق V:

"کمپنی کا مجاز سرمایہ - 15,000,000,000 (پندرہ ارب) روپے ہے۔ جسے -/10 (دس روپے) فی حصص کے حساب سے 1,500,000,000 (ایک ارب پانچ سو ملین) عام حصص میں تقسیم کیا گیا ہے، اس کے ساتھ بالترتیب اس طرح کے ترجیحی، موخر، اہل یا خصوصی حقوق، مراعات اور حالات جیسا کہ کمپنی کے آرٹیکل آف ایسوسی ایشن، یا کمپنیز ایکٹ 2017 کے مطابق، نیز اس طرح کے حقوق، مراعات اور شرائط میں تبدیلی، بہتری یا منسوخی کے لیے، جس طرح کمپنیز ایکٹ 2017 کی اجازت ہو اور سرمایہ بڑھائیں اور/یا کم کریں اور کیپٹل میں حصص کو کئی اقسام اور طبقات میں تقسیم کریں اور حصص کو مستحکم یا تقسیم کریں اور زیادہ یا کم ہندسوں پر پوزیشن حصص کا اجراء کریں۔"

- 7- متعلقہ فریقین کے ساتھ 30 جون 2019 سے 30 جون 2021 کو ختم ہونے والے سال کے لیے منظور و توثیق شدہ درج ذیل خصوصی قرارداد کی ترمیم کے ساتھ یا اس کے بغیر منظوری:

قرارتے پایا گیا ہے کہ 30 جون 2019 سے 30 جون 2021 کو ختم ہونے والے سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشواروں کے نوٹ 43/47 میں غائب کردہ متعلقہ فریقین کے ساتھ گئے گئے لین دین کو بالترتیب منظور اور تصدیق کیا گیا ہے۔

- 8- متعلقہ فریقین کے ساتھ گئے لین دین کی منظوری دینا جس کا مقصد 30 جون 2022 کو ختم ہونے والے مالی سال میں کیا جانا ہے اور کمپنی کے بورڈ آف ڈائریکٹرز کو اختیار دینا ہے کہ بورڈ آف ڈائریکٹرز کی تشکیل سے قطع نظر اس طرح کے متعلقہ پارٹی لین دین کو اپنی صوابدید پر وقتاً فوقتاً انجام دیا جائے۔

قراردادیں بطور خاص قراردادیں منظوری کی جائیں گی:

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2021

SHAREHOLDING			
Number of Shareholders	From	To	Total Shares Held
137	1	100	3,798
1,321	101	500	641,322
835	501	1,000	824,805
1,008	1,001	5,000	2,544,208
292	5,001	10,000	2,178,304
105	10,001	15,000	1,332,653
53	15,001	20,000	953,733
51	20,001	25,000	1,190,067
31	25,001	30,000	866,297
27	30,001	35,000	882,436
14	35,001	40,000	533,298
7	40,001	45,000	305,973
21	45,001	50,000	1,039,350
9	50,001	55,000	467,987
15	55,001	60,000	878,317
6	60,001	65,000	375,718
5	65,001	70,000	345,279
6	70,001	75,000	442,000
3	75,001	80,000	229,516
7	80,001	85,000	580,748
6	85,001	90,000	529,994
4	90,001	95,000	372,250
10	95,001	100,000	1,000,000
3	100,001	105,000	305,417
1	105,001	110,000	106,750
1	110,001	115,000	114,500
2	115,001	120,000	232,002
7	120,001	125,000	864,576
4	125,001	130,000	513,629
2	130,001	135,000	269,500
2	135,001	140,000	274,418
3	140,001	145,000	427,375
6	145,001	150,000	895,811
2	150,001	155,000	305,500
1	160,001	165,000	161,000
2	165,001	170,000	340,000
3	170,001	175,000	520,500
2	190,001	195,000	383,677
6	195,001	200,000	1,192,644
3	200,001	205,000	610,142
1	205,001	210,000	208,500
2	210,001	215,000	425,500
1	215,001	220,000	216,250
3	220,001	225,000	667,500
2	240,001	245,000	489,250
2	245,001	250,000	495,500
1	255,001	260,000	256,000
2	260,001	265,000	524,319
1	265,001	270,000	268,000

SHAREHOLDING			
Number of Shareholders	From	To	Total Shares Held
2	270,001	275,000	544,415
1	310,001	315,000	310,882
1	315,001	320,000	319,148
1	320,001	325,000	320,500
1	325,001	330,000	330,000
1	360,001	365,000	365,000
1	365,001	370,000	365,235
1	370,001	375,000	371,938
1	375,001	380,000	379,500
1	385,001	390,000	388,000
2	395,001	400,000	797,712
3	400,001	405,000	1,210,319
1	410,001	415,000	411,000
1	415,001	420,000	418,500
1	450,001	455,000	450,020
1	455,001	460,000	456,378
1	480,001	485,000	485,000
1	495,001	500,000	500,000
1	505,001	510,000	505,250
1	540,001	545,000	541,470
1	560,001	565,000	563,916
1	580,001	585,000	582,500
1	620,001	625,000	623,000
1	665,001	670,000	669,500
1	700,001	705,000	704,000
1	900,001	905,000	900,172
1	910,001	915,000	914,222
1	945,001	950,000	948,877
1	955,001	960,000	955,500
1	1,035,001	1,040,000	1,039,500
1	1,115,001	1,120,000	1,117,500
2	1,195,001	1,200,000	2,400,000
1	1,335,001	1,340,000	1,339,672
1	1,455,001	1,460,000	1,456,162
1	1,585,001	1,590,000	1,588,000
1	1,620,001	1,625,000	1,623,500
1	1,815,001	1,820,000	1,816,500
1	1,820,001	1,965,000	1,825,218
1	1,965,001	1,970,000	1,966,750
1	1,990,001	1,995,000	1,993,500
1	1,995,001	2,000,000	1,997,000
1	2,450,001	2,455,000	2,453,500
1	2,580,001	2,585,000	2,581,218
1	2,805,001	2,810,000	2,808,110
1	3,510,001	3,515,000	3,514,201
1	3,635,001	3,640,000	3,640,000
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

SHAREHOLDING			
Number of Shareholders	From	To	Total Shares Held
1	5,090,001	5,095,000	5,094,500
2	7,195,001	7,200,000	14,400,000
1	8,850,001	8,855,000	8,853,000
1	10,465,001	10,470,000	10,469,669
1	13,250,001	13,255,000	13,250,500
1	13,865,001	13,870,000	13,867,560
1	17,075,001	17,080,000	17,076,396
1	37,330,001	37,335,000	37,334,869
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
4,106			872,197,450

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children	10	707,025,833	81.06
Associated Companies, undertakings and related parties	-	-	-
Executives	6	21,831,136	2.50
Banks Development Financial Institutions, Non-Banking Financial Institutions	6	12,981,500	1.49
Insurance Companies	10	13,772,419	1.58
Modarabas and Mutual Funds	68	44,394,368	5.09
General Public			
a. Local	3,832	53,035,314	6.08
b. Foreign	54	379,095	0.04
Foreign Companies	2	9,056,000	1.04
Others	118	9,721,785	1.11
Total	4,106	872,197,450	100.00
Share holders holding 10% or more	2	580,997,678	66.61

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. The website contains the latest financial results of the company together with company's profile and product range.

EXCHANGE LISTING

Interloop Limited became listed on Pakistan Stock Exchange (PSX) on April 5, 2019.

STOCK SYMBOL

The stock symbol for dealing in equity shares of Interloop Limited is "ILP"

LOGO

Interloop Limited is transforming from a Hosiery manufacturer to a Multi-Category "Full Family Clothing company and has refreshed the Interloop brand identity (Logo)



Before



After

ANNUAL LISTING FEE

The Annual listing fee for the Financial year 2021-2022 has been paid within the prescribed time limit.

FINANCIAL CALENDAR

September 2021	Audited annual results for the year ended June 30, 2021
September 2021	Mailing of annual reports
October 2021	Annual General Meeting
October 2021	Unaudited first quarter financial results
February 2021	Unaudited half year financial results
April 2022	Unaudited third quarter financial results

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.

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.

AGM 2021 will be held as on:

Date: October 15, 2021

Time: 11:30 A.M.

Venue: Interloop Executive Club, Interloop Industrial Park, 7-KM Khurrianwala-Jaranwala Road, Faisalabad

SHARE TRANSFER SYSTEM

Share transfers received by the company's Share Registrar are registered within the prescribed period.

DATES OF BOOK CLOSURE

The register of the members and shares transfer books of the company will remain closed from October 08, 2021 to October 15, 2021 (both days inclusive).

DATE OF DIVIDEND PAYMENT

The payment of dividend upon declaration by shareholders at the forthcoming Annual General Meeting will be made on or after October 15, 2021.

Last year, the company has transferred the final cash dividend on October 28, 2020 after approval from shareholders at the 28th Annual General Meeting.

CIRCULATION OF ANNUAL REPORTS THROUGH CD / DVD / USB

As notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 470(1)/2016, dated May 31, 2016, and in continuation with the SRO 787(1)/2014 dated September 8, 2014, further supported by Section 223(6) of the Companies Act 2017, and approved by the Shareholders, the company shall circulate Annual Report 2021 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2021 may send a request using a Standard Request Form placed on company website.

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. 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 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

ANNUAL GENERAL MEETING

I/We _____ of _____

CDC A/C NO./ FOLIO NO. _____ being a shareholder of Interloop Limited ("The Company")

hold _____ Ordinary Shares 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 29th Annual General Meeting of the Company to be held on October 15, 2021 (Friday)

at 11:30 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 _____ 2021.

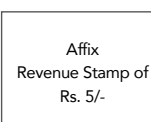
Witness 1:

1. Signed: _____

Name: _____

Address: _____

C.N.I.C/Passport NO. _____



Signature of Member(s) _____

(The signature should match with the
specimen registered with the Company)

Witness 2:

1. 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 انٹروپ لمیٹڈ

سالانہ اجلاس عام

میں / ہم _____ کے _____

سی ڈی سی اکاؤنٹ نمبر / فوئیو نمبر _____ انٹروپ لمیٹڈ ("کمپنی") کے _____ شیئرز ہولڈرز ہونے کے نامی محترم / محترمہ _____

_____ کے _____ سی ڈی سی اکاؤنٹ نمبر / فوئیو نمبر _____ اور / یا اُسے _____

_____ کے _____ جو کہ مذکورہ کمپنی کے شیئرز ہولڈرز بھی ہیں، کو اپنی غیر موجودگی میں پراکسی مقرر کرتا کرتی ہوں۔ میں اُسے اختیار دیتا/دیتی ہوں کہ وہ مورخہ 15 اکتوبر 2021 بروز جمعہ کو بوقت صبح 11:30 بجے انٹروپ ایگزیکٹو کلب، انٹروپ انڈسٹریل پارک بمقام 7- کلو میٹر کھڑیا نوالہ۔ جڑانوالہ روڈ، فیصل آباد میں منعقد ہونے والے 29 ویں سالانہ اجلاس عام میں ہمارے لئے رائے دہی کا حق استعمال کر سکتا/سکتی ہے اور / یا اس سلسلے میں کسی بھی التواء کی صورت میں اگر ذاتی طور پر موجود ہوں تو، میں / ہم / خود ووٹ کا حق استعمال کریں گے۔

دستخط بروز _____ 2021 _____

گواہان

(پانچ روپے کارسیدی
ٹکٹ یہاں چسپاں کریں)

(1) نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____

ممبران کے دستخط _____
(دستخط ہلد کو کمپنی کے ساتھ رجسٹرڈ نمونہ سے لازماً مماثل ہونا
چاہئے)

(2) نام _____
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر _____
پتہ _____

نوٹس:

- 1 - ہر لحاظ سے مکمل اور دستخط شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس انٹروپ لمیٹڈ P-157، الصادق پلازہ، ریلوے روڈ، فیصل آباد میں اجلاس سے کم از کم 48 گھنٹے قبل پہنچ جانا چاہئے۔
- 2 - اگر کوئی ممبر ایک سے زائد پراکسی متعین کرتا ہے یا اگر کسی ممبر کی جانب سے ایک سے زائد انسٹرومنٹس آف پراکسی جمع کروائی جاتی ہیں تو ایسے تمام انسٹرومنٹس آف پراکسی ناقابل قبول تصور ہوں گے۔
- 3 - پراکسی فارم پر دو اشخاص کی گواہی ہونا لازم ہے اور ان گواہان کے نام، پتہ اور شناختی کارڈ نمبر / اسمارٹ قومی شناختی کارڈ فارم پر درج ہونے چاہئیں۔
- 4 - بینیفیشل اوزار پراکسی کے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ مہیا کرنا ہوں گی۔
- 5 - کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز / ریولوشن / پاور آف اٹارنی مع نمونہ جات کمپنی کو پراکسی فارم کے ساتھ جمع کروانا ہوگا (ماسوائے اگر وہ پہلے جمع کروایا گیا ہو)

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