



**FULL FAMILY
CLOTHING
PARTNER
OF CHOICE**



INTERLOOP
QUARTERLY REPORT

for the 1st Quarter ended September 30, 2021

MISSION

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

CONTENTS

Company Information	02
Directors' Review	04
ڈائریکٹران کا جائزہ	09
Condensed Interim Financial Statements	
Condensed Interim Statement of Financial Position	12
Condensed Interim Statement of Profit or Loss	14
Condensed Interim Statement of Comprehensive Income	15
Condensed Interim Statement of Changes in Equity	16
Condensed Interim Statement of Cash Flows	17
Notes to the Condensed Interim Financial Statements	19

COMPANY 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 Shahra-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

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
Phone: +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
Phone: +92 – 41 – 4360400
Fax: +92 – 41 – 2428704

PLANT SITE

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,
Lahore, Pakistan.

Denim Plant:

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

Plant 5:

6 KM, By Pass Road, Khurrianwala,
Faisalabad, Pakistan

DIRECTORS' REVIEW

The Directors of Interloop Limited ("the Company") are pleased to present the Directors' Review Report for the first quarter ended September 30, 2021.

ECONOMIC OVERVIEW

Pakistan's economic growth rebounded to 3.9 percent in FY21 and is expected to reach 4.0 percent in FY22 as business activity gradually resumes in the second year of the coronavirus (COVID-19) pandemic, amidst continued business conducive fiscal and monetary policies that accelerated the recovery across all sectors. Growth in industry, predominantly construction and small-scale manufacturing, and services, is forecasted to improve in FY22. Agriculture is also expected to continue supporting the GDP growth.

The economic growth is expected to continue recovering in FY22, supported by stronger private investment, improving business activity, a steady vaccine rollout, and economic stimulus measures for FY22, yet significant uncertainty clouds the economic outlook over the course of the pandemic in Pakistan and worldwide. Furthermore, Pakistan experienced smaller debt-to-GDP increases due to higher economic growth and currency appreciation against the US dollar. The Government has been focusing on contesting the repeated Covid-19 infection waves, implementing a mass vaccination campaign and implemented micro-lockdowns that successfully limited the infection spread, while permitting economic activity to continue and thereby mitigating the economic fallout.

INDUSTRY OVERVIEW

With onset of the current fiscal year, textile & apparel exports are continuing to grow. Textile exports grew by 24 percent to \$15.5 billion in FY21 from \$12.5 billion in FY20. Since 70 percent of textile exports from Pakistan are from the value-added sector, the industry projects the exports to be \$20.5 billion during the ongoing fiscal year. Supplemental to that, according to the Pakistan Cotton Ginners Association, cotton arrival into factories was calculated at 3.8 million bales by October 1, 2021 in the current season compared to 1.9 million bales in the same period last year. This increase in cotton arrival has dispelled the fear of shortage of cotton and provided relief to the exporters as it would be helpful in fulfilling their export orders, swiftly. The cotton crop is expected at around 9.374 million Cotton Bales in the current Crop Season 2021. Moreover, conducive government policies coupled with large export orders have encouraged textile companies to expand their production capacities, which is expected to increase Pakistan's exports in the foreseeable future.

OPERATING FINANCIAL RESULTS

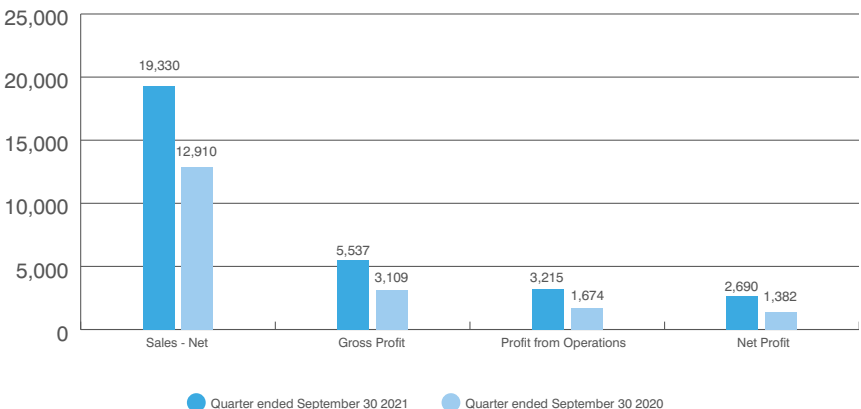
The First Quarter of the year under review witnessed growth as compared with the same period last year. During the quarter (July to September 2021), your Company earned a gross profit of Rs. 5,537 million on sales of Rs. 19,330 million, compared to gross profit of Rs. 3,109 million on sales of Rs. 12,910 million for

the corresponding period of previous financial year. The net profit increased by 29.97 percent to Rs. 2,690 million (EPS: Rs. 3.08 per share), compared to net profit of Rs. 1,382 million (EPS: Rs. 1.58 per share) in the corresponding period. Sales have increased by 38.82 percent. The Company was able to reap benefits of higher profit margins mainly due to increased sales over and above breakeven point. The Management continued to focus on profitable avenues, maximizing efficiency in production activities and cost realization through various means.

The summarized unaudited financial results for the first quarter ended on September 30, 2021 are as follows:

	Quarter ended September 30,		
	2021	2020	Variance
	Rs. in millions		%
Sales – Net	19,330	12,910	49.73%
Gross Profit	5,537	3,109	78.10%
Profit from Operations	3,215	1,674	92.05%
Net Profit	2,690	1,382	94.60%
Gross Profit Ratio	28.65%	24.08%	18.95%
Net Profit Ratio	13.92%	10.71%	29.97%
Earnings per Share - Basic and Diluted (Rupees)	3.08	1.58	94.60%

Rs. in Million



FUTURE OUTLOOK

The Company continues its investments in sustainability and first phase of solar energy project has been completed at the Lahore Denim plant and next projects are in the pipeline. The Company is continuing with its policy of investment in modernization and technological advancement of its equipment, processes and people, in addition to expansion. Looking at the demand, the Company has planned to set up a vertically integrated knitwear plant, and construction work will commence during Q2 FY22.

To ensure a safe and healthy work environment, the Company is in the process of implementing international best practices. Employees have been instructed to wear masks, maintain social distancing, and wash/sanitize hands regularly and all pandemic management SOPs are being stringently followed. All sites are routinely sanitized and floor marked.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's members, financial institutions and customers for their co-operation and support. We would also like to thank our dedicated and talented team of executives and non-executives for their hard work, and the Management is thankful to the Board for their usual support and guidance in executing the vision and objectives set for the Company.

For and on behalf of the Board of Directors



Navid Fazil
(Chief Executive Officer)

Place: Faisalabad

Date: October 15, 2021



Jahan Zeb Khan Bant
(Director)

مستقبل کا نقطہ نظر:

کمپنی نے پائیداری کیلئے سرمایہ کاری جاری رکھی اور لاہور ڈیپوٹ، بنم پلانٹ پر سولہ انرجی کا پہلا مرحلہ مکمل کر لیا گیا ہے جبکہ دیگر پراجیکٹس فی الحال پائپ لائن میں ہیں۔ توسیع کے ساتھ ساتھ کمپنی جدت، ہشینی، طریقہ کار کی ٹیکنالوجی اور افرادی قوت میں بہتری کی اپنی حکمت عملی میں سرمایہ کاری جاری رکھے ہوئے ہے۔ طلب کو دیکھتے ہوئے کمپنی نے ورٹیکلی انٹی گریٹڈ سٹریٹجی ویز پلانٹ لگانے کی منصوبہ بندی کی ہے اور اس کیلئے مالی سال 2022 کی دوسری سہ ماہی میں تعمیراتی کام شروع کیا جائے گا۔

کام کی جگہ پر محفوظ اور صحت مندانہ ماحول یقینی بنانے کیلئے کمپنی بین الاقوامی معیارات پر عملدرآمد کیلئے کوشاں ہے۔ ملازمین کو ماسک پہننے، سماجی فاصلہ برقرار رکھنے اور باقاعدگی سے ہاتھ دھونے اور وہاں سے بچنے کیلئے تمام حفاظتی اقدامات پر عمل کرنے کی سختی سے تاکید کی جاتی ہے۔ تمام سائنس کومنٹاؤز سینیٹائز کر کے سماجی فاصلہ برقرار رکھنے کیلئے فریش پر مارکنگ کی جاتی ہے۔

اظہار تشکر:

ڈائریکٹرز کمپنی کے ممبران، مالیاتی اداروں اور صارفین کے تعاون اور سپورٹ پر تہ دل سے شکرگزار ہیں۔ ہم اپنی پر عزم اور باصلاحیت ایگزیکٹو اور نائن ایگزیکٹو ٹیم کے بھی انتھک کاوشوں کیلئے مشکور ہیں۔ انتظامیہ کمپنی کے ویژن اور مقاصد کے حصول میں بورڈ کی جانب سے تعاون اور اہمائی پران کا شکریہ ادا کرتی ہے۔

Jahan Zed

جہانزیب خان بانٹھ
(ڈائریکٹر)

سید

نوید فاضل

(چیف ایگزیکٹو آفیسر)

مقام: فیصل آباد

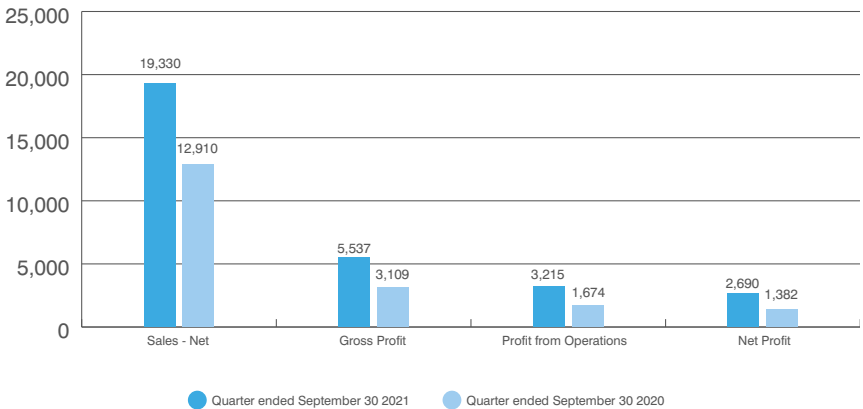
تاریخ: 15 اکتوبر 2021

شیرز) رہا جبکہ گزشتہ دورانیہ میں، یہی خالص منافع 1,382 ملین روپے (فی شیرز آمدن: 1.58 فی شیرز) تھا۔ سبز میں 38.82 فیصد تک اضافہ ہوا۔ کافی اضافی سبز اور Breakeven پوائنٹ سے اوپر ہونے کی وجہ سے زیادہ پرافٹ مارجنز سے مستفید ہوئی۔ انتظامیہ نے زیادہ منافع کے امکانات، پیداواری عمل میں استعدادی بڑھوتری اور مختلف ذرائع سے لاگت میں کمی کی جانب توجہ مبذول رکھی۔

مدت مختتمہ 30 ستمبر 2021 کیلئے غیر آڈٹ شدہ مالیاتی نتائج کا خلاصہ درج ذیل ہے:

سہ ماہی مختتمہ 30 ستمبر			فرق
2020	2021	2021	
فیصد	ملین روپے		
49.73%	12,910	19,330	سبز - خالص
78.10%	3,109	5,537	مجموعی منافع
92.05%	1,674	3,215	منافع (آپریشنز سے)
94.60%	1,382	2,690	خالص منافع
18.95%	24.08%	28.65%	مجموعی منافع کی شرح
29.97%	10.71%	13.92%	خالص منافع کی شرح
94.60%	1.58	3.08	فی شیرز آمدن - بیسک اور ڈائی بوٹڈ (روپے)

Rs. in Million



ڈائریکٹران کا جائزہ:

انٹرنیٹ لمیٹڈ (کمپنی) کے ڈائریکٹرز مدت مختلفہ 30 ستمبر 2021 کی پہلی سہ ماہی کیلئے ڈائریکٹران جائزہ رپورٹ پیش کرتے ہوئے انتہائی خوش محسوس کر رہے ہیں۔

اقتصادی جائزہ:

پاکستان کی معاشی ترقی مالی سال 2021 میں 3.9 فیصد پرواہیں بحال ہوئی اور کرونا وائرس کے اس دوسرے سال میں کاروباری سرگرمیوں کی بتدریج بحالی سے مالی سال 2022 میں یہ شرح 4.0 تک پہنچنے کی توقع کی جارہی ہے جبکہ سازگار معاشی و مالیاتی حکمت عملیوں کے سبب تمام شعبوں میں بحالی کا عمل تیز ہوا۔ مالی سال 2022 کے دوران انڈسٹری، بنیادی تعمیرات اور چھوٹے پیمانے کی مینوفیکچرنگ اور خدمات میں بہتری کی پیش گوئی ہے۔ جبکہ زرعی شعبہ بھی جی ڈی پی کی بہتری کیلئے اپنا کردار جاری رکھے گا۔

نئی سرمایہ کاری میں استحکام، کاروباری سرگرمیوں میں بہتری، ویکسین کی جامع ترسیل اور محرک معاشی اقدامات کی وجہ سے مالی سال 2022 کے دوران معاشی ترقی کا سفر جاری رہے گا تاہم پاکستان اور دنیا بھر میں معاشی سرگرمیوں پر غیر یقینیت کے گہرے بادل چھائے رہیں گے۔ مزید برآں، نمایاں معاشی ترقی اور امریکن ڈالر کے مقابلے میں کرنسی کی اچھی قدر کے سہارے پاکستان کو Debt-to-GDP میں اضافہ کا سامنا رہا۔ حکومت بار بار نئے مالی پروگراموں کی لہروں سے نبرد آزما ہونے، وسیع پیمانے پر ویکسین مہم اور وائرس کے پھیلاؤ کو کامیاب انداز میں روکنے والے مائیکرو لاک ڈاؤنز پر توجہ مرکوز کر رہی ہے جبکہ اس دوران کاروباری سرگرمیاں جاری رکھ کر معاشی خسارہ کم کیا جائے گا۔

انڈسٹری کا جائزہ:

موجودہ مالی سال کے آغاز کے ساتھ ہی ٹیکسٹائل اور اپریل برآمدات میں اضافہ جاری ہے۔ ٹیکسٹائل برآمدات 24 فیصد اضافہ کے ساتھ 15.5 بلین ڈالر رہیں جو کہ مالی سال 2021 کے دوران 12.5 بلین ڈالر تھیں۔ چونکہ پاکستان کی مجموعی ٹیکسٹائل برآمدات کا 70 فیصد ویلیو ایڈڈیکلر سے حاصل ہوا، اس شعبہ کی برآمدات رواں مالی سال کے دوران 20.5 بلین ڈالر تک پہنچنے کی توقع ہے۔ اس کے ساتھ ساتھ پاکستان کاٹن جنز رابھوسو انڈسٹری کے مطابق موجودہ سیزن میں یکم اکتوبر 2021 تک فیکٹریوں میں روئی کی 3.8 بلین بیلا ارسال ہوئیں جو کہ گزشتہ سال کے اسی دورانیہ میں 1.9 بلین بیلا تھیں۔ روئی کی کثیر تعداد میں ترسیل اس کی کمی کے تاثر کو زائل کرنے میں کارآمد رہی اور برآمد کنندگان نے سکھ کا سانس لیا کیونکہ اس سے انکو آرڈرز بروقت پورا کرنے میں پوری مدد ملے گی۔ کراپ سیزن 2021-22 کے دوران 9.374 بلین کاٹن بیلا کی پیداوار متوقع ہے۔ علاوہ ازیں سازگار حکومتی حکمت عملیوں اور بڑے پیمانے پر ایکسپورٹ آرڈرز نے ٹیکسٹائل کمپنیوں کو پیداواری صلاحیتوں میں اضافہ کیلئے کافی حد تک حوصلہ افزائی فراہم کی، جس سے مستقبل میں پاکستان کی برآمدات میں مزید اضافہ متوقع ہے۔

مالیاتی اور عملی نتائج:

زیر جائزہ سال کی پہلی سہ ماہی میں گزشتہ سہ ماہی کی اسی مدت کے مقابلہ میں معاشی سطح پر ترقی دیکھنے میں آئی۔ اس سہ ماہی (جولائی تا ستمبر 2021) کے دوران آپ کی کمپنی نے 19,330 ملین روپے کی سیلز پر 5,537 ملین روپے مجموعی منافع کمایا جبکہ گزشتہ سال کی اسی سہ ماہی کے دوران 12,910 ملین روپے کی سیلز پر 3,109 ملین روپے مجموعی حاصل ہوا۔ خالص منافع 29.97 فیصد اضافہ کے ساتھ 2,690 ملین روپے (نی ٹیئر آمدن: 3,08) کی

CONDENSED INTERIM FINANCIAL STATEMENTS

For The Quarter Ended September 30, 2021

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2021

	Note	Un audited September 30, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
Assets			
Non Current Assets			
Property, plant and equipment	5	27,963,617	26,193,029
Intangible asset		214,878	209,623
Long term loans - staff		160,904	144,673
Long term deposits		69,700	60,478
		28,409,099	26,607,803
Current Assets			
Stores and spares		1,245,646	1,199,116
Stock in trade		13,528,011	11,276,308
Trade debts	6	17,930,289	15,052,940
Loans and advances		2,890,613	1,034,836
Prepayment and other receivables		728,475	318,708
Accrued income		2,558	2,131
Tax refunds due from government		4,671,787	4,328,555
Short term investments		500,000	500,000
Cash and bank balances		266,027	374,442
		41,763,406	34,087,036
Total Assets		70,172,505	60,694,839

	Note	Un audited September 30, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
Equity and Liabilities			
Share Capital and Reserves			
Authorized share capital	7	10,000,000	10,000,000
Issued, subscribed and paid up capital	8	8,721,975	8,721,975
Reserves		3,791,602	3,791,602
Unappropriated profit		10,691,116	8,001,035
		23,204,693	20,514,612
Non Current Liabilities			
Long term financing	9	9,258,989	8,213,978
Lease liabilities		133,913	152,969
Deferred liabilities		4,196,043	3,816,001
		13,588,945	12,182,948
Current Liabilities			
Trade and other payables		6,565,647	5,551,641
Unclaimed dividend		2,617	4,004
Accrued mark up		182,843	221,674
Short term borrowings		23,932,640	19,636,066
Derivative financial instruments		101,626	33,074
Current portion of non current liabilities		2,593,494	2,550,820
		33,378,867	27,997,279
Contingencies and Commitments	10	–	–
Total Equity and Liabilities		70,172,505	60,694,839

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For The Quarter Ended September 30, 2021

	Note	Quarter ended	
		Un audited September 30, 2021 (Rupees in '000)	Un audited September 30, 2020 (Rupees in '000)
Sales - net		19,329,653	12,909,587
Cost of sales	11	(13,792,639)	(9,800,737)
Gross profit		5,537,014	3,108,850
Distribution cost		(808,200)	(617,915)
Administrative expenses		(938,435)	(631,939)
Other operating expenses		(580,258)	(208,563)
Other income		4,705	23,519
		(2,322,188)	(1,434,898)
Profit from operations		3,214,826	1,673,952
Finance cost		(359,708)	(225,122)
Profit before taxation		2,855,118	1,448,830
Taxation		(165,037)	(66,480)
Profit for the period		2,690,081	1,382,350
Earnings per share - basic and diluted (Rupees)		3.08	1.58

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For The Quarter Ended September 30, 2021

	Quarter ended	
	Un audited September 30, 2021 (Rupees in '000)	Un audited September 30, 2020 (Rupees in '000)
Profit for the period	2,690,081	1,382,350
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:	–	–
Items that may be reclassified subsequently to profit or loss:	–	–
Total comprehensive income for the period	2,690,081	1,382,350

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For The Quarter Ended September 30, 2021

	Share capital	Capital reserve	Revenue reserve	Total
		Share premium	Unappropriated profit	
(Rupees in '000)				
Balance as at July 01, 2020 - audited	8,721,975	3,791,602	4,766,115	17,279,692
Profit for the period	-	-	1,382,350	1,382,350
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	1,382,350	1,382,350
Balance as at September 30, 2020 (un-audited)	8,721,975	3,791,602	6,148,465	18,662,042
Balance as at July 01, 2021 - audited	8,721,975	3,791,602	8,001,035	20,514,612
Profit for the period	-	-	2,690,081	2,690,081
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,690,081	2,690,081
Balance as at September 30, 2021 (un-audited)	8,721,975	3,791,602	10,691,116	23,204,693

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For The Quarter Ended September 30, 2021

	Un audited September 30, 2021 (Rupees in '000)	Un audited September 30, 2020 (Rupees in '000)
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,855,118	1,448,830
Adjustments for:		
Depreciation	575,661	530,728
Depreciation on right of use assets	16,366	6,624
Amortization	10,761	2,557
Workers' profit participation fund	153,336	77,810
Workers' welfare fund	58,268	29,568
Staff retirement gratuity	311,654	226,061
Loss on disposal of property, plant and equipment	2,104	1,892
Realized loss on derivative financial instruments	149,391	-
Unrealized loss on derivative financial instruments	74,732	-
Loss on disposal of intangible assets	-	27,387
Gain on disposal of right of use asset	-	(187)
Profit on term deposit receipts TDRs	-	(3,088)
Profit on term finance certificates TFCs	(11,439)	(12,023)
Interest on loan to Metis International (Pvt) Ltd	(407)	(185)
Interest on receivable from IL Bangla Limited	-	(1,449)
Finance cost	359,708	225,122
Operating cash flows before working capital changes	4,555,253	2,559,647
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	(46,530)	(63,743)
Stock in trade	(2,251,703)	916,070
Trade debts	(2,877,349)	(5,821,112)
Loans and advances	(1,859,398)	(470,730)
Prepayment and other receivables	(409,767)	(252,616)
Accrued income	-	275
Tax refunds due from government	(337,062)	(174,080)
Increase in current liabilities		
Trade and other payables	1,167,638	1,051,338
	(6,614,171)	(4,814,598)
Cash used in operations	(2,058,918)	(2,254,951)
Finance cost paid	(377,135)	(324,529)
Income tax paid	(171,207)	(96,507)
Staff retirement gratuity paid	(76,125)	(54,617)
Workers' profit participation fund paid	(380,983)	(119,000)
Long term loans (paid) / received	(12,610)	2,732
Long term deposits (paid) / received	(9,222)	913
Profit on TDRs received	-	3,088
Net cash used in operating activities	(3,086,200)	(2,842,871)

	Un audited September 30, 2021 (Rupees in '000)	Un audited September 30, 2020 (Rupees in '000)
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in:		
Property, plant and equipment	(2,381,519)	(406,919)
Intangible asset	(16,016)	(8,095)
Proceeds from disposal of property, plant and equipment	10,620	8,651
Profit received from investment in TFCs	11,419	12,023
Net cash used in investing activities	(2,375,496)	(394,340)
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing obtained	1,961,890	1,126,018
Repayment of long term financing	(733,314)	(48,493)
Payment of lease liabilities	(21,091)	(7,585)
Short term borrowings - net	4,296,574	2,065,467
Settlement of derivative financial instruments	(149,391)	-
Dividend paid	(1,387)	-
Net cash generated from financing activities	5,353,281	3,135,407
Net decrease in cash and cash equivalents (A+B+C)	(108,415)	(101,804)
Cash and cash equivalents at the beginning of the period	374,442	275,831
Cash and cash equivalents at the end of the period	266,027	174,027

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For The Quarter Ended September 30, 2021

1. LEGAL STATUS AND OPERATIONS

Interloop Limited (the Company) was incorporated in Pakistan on April 25, 1992 as a private limited company and subsequently it was converted into public limited company on July 18, 2008 and was listed on Pakistan Stock Exchange on April 5, 2019. The registered office of the Company is situated at Al-Sadiq Plaza, P-157, Railway Road, Faisalabad. The manufacturing facilities are located at 1-km, 7-km Jaranwala road, Khurrianwala, Faisalabad and 8-km Manga Mandi, Raiwand road, Lahore. The Company is engaged in the business of manufacturing and selling of socks, leggings, denim and yarn, garments and allied products, providing yarn dyeing services and generating electricity for its own use.

2. BASIS OF PREPARATION

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

- i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2021.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires 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.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimates were the same as those applied to the annual financial statements of the Company for the year ended June 30, 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended June 30, 2021.

	Note	Un audited September 30, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	24,170,482	23,467,161
Capital work-in-progress	5.2	3,627,322	2,543,689
Right of use assets		165,813	182,179
		27,963,617	26,193,029
5.1 Operating fixed assets			
Opening written down value		23,467,161	21,897,796
Add: Additions during the period/year	5.1.1	1,291,706	3,268,184
Add: Effect of amalgamation of IL Apparel (private) Limited		–	662,936
Less: Disposals during the period/year		(12,724)	(82,142)
Less: Depreciation charged during the period/year		(575,661)	(2,279,613)
Closing written down value		24,170,482	23,467,161
5.1.1 Additions during the period/year			
Freehold land		23,624	188,598
Buildings on freehold land		81,873	610,953
Plant and machinery		894,205	1,593,773
Tools and equipments		121,577	96,820
Office equipments		37,447	195,230
Electric installations		110,342	290,621
Furniture and fixtures		22,283	93,405
Vehicles		355	198,784
		1,291,706	3,268,184
5.2 Capital work-in-progress			
Civil works		840,020	1,216,376
Plant and machinery		857,898	547,137
Capital stores	5.2.1	189,691	129,762
Vehicles		1,813	–
Advances to suppliers		1,737,900	650,414
		3,627,322	2,543,689

5.2.1 Capital stores include factory tools and equipments, office equipments, electric installations and furniture and fixtures that are held in store for future use and capitalization.

	Note	Un audited September 30, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
6. TRADE DEBTS			
Foreign			
- Secured		8,316,792	6,234,955
- Unsecured	6.1	8,560,220	7,869,261
Local			
- Unsecured	6.1	1,053,277	948,724
		17,930,289	15,052,940

6.1 Management consider that these debts are good and will be recovered accordingly.

7. AUTHORIZED SHARE CAPITAL

Un audited September 30, 2021 [Number of shares in '000]	Audited June 30, 2021		Un audited September 30, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
1,000,000	1,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000
1,000,000	1,000,000		10,000,000	10,000,000

8. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un audited September 30, 2021 [Number of shares in '000]	Audited June 30, 2021		Un audited September 30, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
132,166	132,166	Ordinary shares of Rs. 10 each fully paid in cash	1,321,662	1,321,662
740,031	740,031	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,400,313	7,400,313
872,197	872,197		8,721,975	8,721,975

	Un audited September 30, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
9. LONG TERM FINANCING		
From financial institutions - secured	11,719,765	10,652,580
Less: Current portion of long term financing	(2,460,776)	(2,438,602)
	9,258,989	8,213,978

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

10.1.1 The Punjab Revenue Authority 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.

10.1.2 Bank guarantees issued by various banks on behalf of the Company in favour of:

	Un audited September 30, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
Sui Northern Gas Pipelines limited against supply of gas.	635,853	635,853
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	342,353	300,853
Faisalabad Electric Supply Company (FESCO) against supply of electricity	143,245	134,245
Punjab Revenue Authority	11,533	11,533
State Bank of Pakistan	110,112	110,112
Total Parco Pakistan Limited	3,000	3,000
	1,246,096	1,195,596
Post dated cheques issued in favour of custom authorities for release of imported goods	5,790,057	5,546,980
10.2 Commitments		
Under letters of credit for:		
Capital expenditure	2,203,027	2,993,664
Raw materials	4,821,303	2,998,175
Stores and spares	79,941	38,595
	7,104,271	6,030,434

	Quarter ended	
	Un audited September 30, 2021 (Rupees in '000)	Un audited September 30, 2020 (Rupees in '000)
11. COST OF SALES		
Raw material consumed	8,600,927	5,564,519
Stores and spares consumed	406,442	359,089
Knitting, processing and packing charges	602,463	207,851
Salaries, wages and benefits	2,976,133	1,996,490
Staff retirement gratuity	267,690	192,691
Fuel and power	846,192	713,404
Repairs and maintenance	51,834	58,717
Insurance	17,374	14,607
Depreciation	500,885	476,694
Depreciation on right of use assets	16,366	6,248
Amortization	208	1,338
Rent, rate and taxes	1,845	1,170
Other manufacturing costs	31,950	34,381
	14,320,309	9,627,199
Opening work in process	1,368,804	589,622
Closing work in process	(1,680,404)	(682,721)
	(311,600)	(93,099)
Cost of goods manufactured	14,008,709	9,534,100
Opening finished goods	3,239,645	3,089,208
Closing finished goods	(3,139,482)	(2,596,414)
	100,163	492,794
	14,108,872	10,026,894
DDT	(316,233)	(226,157)
	13,792,639	9,800,737

12. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The implementation report of the projects as on September 30, 2021 is as under;

	Denim Division		Hosiery Division-V	
	Amount Utilized (Rupees in '000)	POs Issued/ LCs Established	Amount Utilized (Rupees in '000)	POs Issued/ LCs Established
Land and building	2,461,368	87,223	1,265,840	371,036
Plant and machinery	2,680,059	58,476	2,740,352	1,235,760
Power and utilities	951,978	32,501	1,180,734	293,901
Computer and IT equipment	235,841	23,810	38,149	18,389
Miscellaneous expenses	144,879	10,144	-	-
Trial run losses	449,927	-	38,075	-
	6,924,052	212,154	5,263,150	1,919,086

13. TRANSACTIONS WITH RELATED PARTIES

Related parties include associated companies and undertakings, entities under common directorship, directors, major shareholders, key management personnel, employees benefit trust and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. 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	Quarter ended	
		Un audited September 30, 2021 (Rupees in '000)	Un audited September 30, 2020 (Rupees in '000)
Interloop Holdings (Pvt) Limited - Associate	Services received	27,710	24,366
Texlan Center (Pvt) Limited - Associate	Sale of yarn	480,398	312,969
	Sale of packing material	21,212	13,238
Global Veneer Trading Limited - Associate	Selling commission	27,106	81,864
Momentum Logistics (Pvt) Limited - Associate	Services received	36,901	5,493
Eurosox Plus BV - Associate	Sale of socks	190,090	129,970
PrintKraft (Private) Limited-Associate	Purchase of packing material	26,143	-
Socks & Socks (Private) Limited - Associate	Rent expenses	2,135	-
	Sale of waste	5,685	-
	Sale of goods - net	82,960	-
Interloop Welfare Trust	Donation paid	30,500	-
Interloop Limited ESOS Management Trust	Payment made on behalf of ESOS Management Trust	-	125
Interloop Employees Provident Fund	Contribution to the fund	14,922	11,585
Key management personnel & other related parties	Sale of asset	180	-
	Repayment of housing finance loan	1,154	1,154
	Markup on house building finance	81	109
	Rent expenses	354	322
	Remuneration and other benefits	515,598	289,010
	Directorship fee	4,000	3,450

14. SHARIAH SCREENING DISCLOSURE

Loans/advances as per Islamic mode

Loans

10,540,581

9,987,775

Shariah compliant bank deposits/ bank balances

Bank balances

74,454

115,316

Revenue earned from a shariah compliant business

19,329,653

54,962,265

Loss/Gain or dividend from shariah compliant investments

Net realized gain / (loss) on disposal of mutual funds

–

683

Mark up on Islamic mode of financing

(122,337)

(448,839)

Profits or interest on any conventional loan or advance

Interest on loan to Metis International (Pvt) Ltd

407

1,152

Profit on term deposit receipts (TDRs)

–

3,088

Profit on term finance certificates (TFCs)

11,439

45,624

Interest on receivables from IL Bangla Limited

–

5,308

Interest on workers' profit participation fund

(15,747)

(1,553)

Interest on lease liabilities

(5,657)

(18,068)

Interest on other conventional loans

(157,167)

(495,112)

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

Habib Bank Limited (Islamic Banking)

Bank balance and long term financing

Faysal Bank Limited

Bank Balance, long term financing and short term borrowing

15. OPERATING SEGMENTS

Management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker ('CODM'). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

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

a) **Hosiery**

This segment relates to the sale of socks.

b) **Spinning**

This segment relates to the sale of yarn.

c) **Denim**

This segment mainly relates to sale of garments.

d) **Apparel**

This segment mainly relates to sale of fashion apparels.

e) **Other operating segments**

This represent various segments of the Company which currently do not meet the minimum reporting threshold mentioned in IFRSs. These mainly includes domestic sales, yarn dyeing, energy and active wear.

15.1 Segment Information

	Hosiery		Spinning		Denim		Apparel		Others		Elimination of Inter-segment transaction		Total Company	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		
Revenue														
External sale	15,048,124	11,043,127	1,522,111	1,086,506	1,058,896	397,972	1,033,539	-	666,962	381,982	-	-	19,329,653	12,909,587
Intersegment sale	81,352	56,060	1,433,045	1,118,875	1,117	1,863	-	-	1,069,550	977,100	(2,585,064)	(2,153,898)	-	-
Cost of sales	15,129,477	11,099,187	2,955,156	2,205,381	1,060,013	399,835	1,033,539	-	1,736,512	1,359,082	(2,585,064)	(2,153,898)	19,329,653	12,909,587
	(10,220,950)	(7,781,907)	(2,238,157)	(2,160,482)	(1,402,254)	(807,735)	(980,996)	-	(1,535,346)	(1,204,511)	2,585,064	2,153,898	(13,792,639)	(9,800,737)
Gross profit/(loss)	4,908,527	3,317,280	716,999	44,899	(342,241)	(407,900)	52,583	-	201,166	154,571	-	-	5,537,014	3,108,850
Distribution cost	(599,664)	(553,902)	(7,944)	(13,619)	(60,094)	(30,066)	(99,138)	-	(41,360)	(20,328)	-	-	(808,200)	(617,915)
Administrative expenses	(730,848)	(540,992)	(17,602)	(16,343)	(110,766)	(68,298)	(64,855)	-	(14,364)	(6,306)	-	-	(938,435)	(631,939)
	(1,330,512)	(1,094,894)	(25,546)	(29,962)	(170,860)	(98,364)	(163,993)	-	(55,724)	(26,634)	-	-	(1,746,635)	(1,249,854)
Profit/(loss) before taxation and unallocated income and expenses	3,578,015	2,222,386	691,453	14,937	(513,101)	(506,264)	(111,430)	-	145,442	127,937	-	-	3,790,379	1,858,996
Unallocated income and expenses														
Other operating expenses													(580,238)	(208,563)
Other income													4,705	23,519
Finance cost													(359,708)	(225,122)
Taxation													(165,037)	(66,480)
Profit after taxation	295,295	290,656	49,094	5,186	147,404	133,474	35,903	-	75,092	63,793	-	-	2,690,081	1,382,350
Depreciation and amortization													602,788	539,909

15.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim		Apparel		Others		Unallocated		Total Company		
	Un audited	Audited	Un audited	Audited	Un audited	Audited	Un audited	Audited	Un audited	Audited	Un audited	Audited	Un audited	Audited	
	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	September 30, 2021	June 30, 2021	
Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000	
Total assets for reportable segment	38,986,905	33,274,677	7,493,882	5,700,781	8,292,070	8,370,046	5,140,621	3,788,161	4,751,512	4,295,567	5,507,516	5,265,606	70,172,505	60,694,839	
Total liabilities for reportable segment	20,160,955	17,718,814	402,382	395,611	827,753	935,741	781,386	648,791	578,228	586,452	24,217,108	19,894,817	46,967,812	40,180,227	
Segment capital expenditures	1,713,442	2,881,847	12,618	75,411	52,265	596,979	488,231	891,593	130,980	712,944	-	-	2,397,535	5,158,774	

15.3 The Company disaggregated revenue based on geographical location of its customers:

	Quarter ended	
	Un audited	Audited
	September 30, 2021	September 30, 2020
	Rupees in '000	
Foreign countries	17,683,688	12,084,169
Pakistan	1,645,995	825,418
	19,329,683	12,909,587

16. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the IFRSs.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

The following table presents the Company's significant financial assets and liabilities measured and recognized at fair value at September 30, 2021 and June 30, 2021 on a recurring basis:

Rupees in '000	Unaudited			
	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Total financial assets	–	–	–	–
Financial liabilities				
Trading derivatives	–	101,626	–	101,626
Total financial liabilities	–	101,626	–	101,626

Rupees in '000	Audited			
	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Total financial assets	–	–	–	–
Financial liabilities				
Trading derivatives	–	33,074	–	33,074
Total financial liabilities	–	33,074	–	33,074

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

17. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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 managed its currency risks by forward currency contracts.

There have been no changes in the risk management policies since June 30, 2021 except for those specifically mentioned. Consequently, these condensed interim financial statements do not include all the financial risk management information and disclosures required for the annual financial statements.

18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 15, 2021 by the Board of Directors of the Company.

19. EVENT AFTER THE REPORTING DATE

The Board of Directors in their meeting held on September 15, 2021 proposed a final cash dividend of Re. 1 per share (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. The same has been approved by the members at the Annual General Meeting of the Company held on October 15, 2021.

20. GENERAL

20.1 Corresponding figures

In order to comply with the requirements of IAS 34, the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of immediately preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable periods of immediately preceding financial year.

20.2 Rounding

Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer

CORPORATE OFFICE

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

T +92 41 4360400

F +92 41 2428704




REGISTERED OFFICE


Al-Sadiq Plaza, P-157,
Railway Road, Faisalabad, Pakistan

Tel: +92-41-2619724

Fax: +92-41-2639400

Email: info@interloop.com.pk

 Interloop Limited  InterloopLtd  interlooplimited  interlooplimited

 www.interloop-pk.com