RATING REPORT

Interloop Limited

REPORT DATE:
June 03, 2022

RATING ANALYSTS:
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RATING DETAILS				
	Latest Ratings		Previous Ratings	
Rating Category	Long-term	Short-term	Long-term	Short-term
Entity	A+	A-1	A+	A-1
Rating Date	*June 03, 2022*		*April 20, 2021*	
Rating Action	Reaffirm		Initial	
Rating Outlook	Stable		Stable	

COMPANY INFORMATION	
Incorporated on April 1992	**External auditors:** Kreston Hyder Bhimji & Co. Chartered Accountants
Public Limited Company	**Chief Executive Officer:** Mr. Navid Fazil
Key Shareholders (with stake 5% or more):	**Chairman of the Board:** Musadaq Zulqarnain
Mr. Musadaq Zulqarnain – 32.49%	
Mr. Navid Fazil – 34.33%	
Mrs. Shereen Aftab – 7.98%	

APPLICABLE METHODOLOGY(IES)
VIS Entity Rating Criteria Methodology – Industrial Corporates (August 2021)
https://docs.vis.com.pk/docs/CorporateMethodology202108.pdf

Interloop Limited

RATING RATIONALE

Interloop Ltd. (ILP) is Pakistan's leading hosiery products manufacturer with vertically integrated operations. The company is engaged in the business of manufacturing and sale of socks, tights, leggings, yarn, denim, and apparels (knitwear and seamless active-wear). The company has six manufacturing plants (including denim plant), with two plants based in Lahore, while the remaining four are located in Faisalabad. The company enjoys a production infrastructure based in Pakistan and Sri Lanka with marketing offices in USA, Europe and Japan. The brief description of the company's product lines is presented below:

Divisions	Unit of Measurement	FY20	FY21
HOSIERY			
Installed Capacity - Knitting	[DZN]	59,480	60,733
Actual Production - Knitting	[DZN]	41,694	51,656
Capacity Utilization		70%	85%
SPINNING			
Installed capacity after conversion into 20/s	[LBS]	29,949	29,949
Actual production after conversion into 20/s	[LBS]	23,204	25,178
Capacity Utilization		77%	84%
YARN DYEING			
Installed capacity	[KGS]	4,928	4,873
Actual Production	[KGS]	3,438	4,052
Capacity Utilization		70%	83%
DENIM			
Installed capacity	[Pieces]	4,322	6,000
Actual Production	[Pieces]	2,448	3,377
Capacity Utilization		57%	56%

Hosiery: This business division includes manufacturing of tights, leggings and wide variety of socks. ILP was established as a hosiery manufacturing Company in 1992 and it continues to remain the core business of the Company to date. Over the last three decades, ILP has become one of the largest suppliers of socks globally to major brands and retailers such as Nike, Adidas, Puma, Target, H&M, C&A, Amazon, Hugo Boss, Guess, Mustang and Uniqlo. ILP in total has the capacity to produce 700 million pairs of socks and tights annually. The company is in process of expanding its capacity to 6,500 knitting machines across Pakistan and Sri Lanka. This unit contributes 80% to the total sales revenue of the company.

Annual installed capacity of this segment is 60.7m Dozens (DZNs of Pairs). During FY21, utilization level stood at 85% vis-à-vis 70% in FY20. The utilization level in FY21 increased

OVERVIEW OF THE INSTITUTION

Interloop Limited (ILP) was incorporated on April 1992 as a private limited company. Subsequently it was converted into public unlisted company on July 2008 and was listed on Pakistan Stock Exchange (PSX) on April 2019. The registered office of the company is situated at Al Sadiq Plaza, Faisalabad.

Profile of Chairman

Musadaq Zulqarnain is the Chairman of Interloop Limited (ILP), CEO & Chairman of Interloop Holdings (Pvt.) Limited and Chairman of Interloop Dairies Limited . He has more than 40 years of experience in the leadership positions. He is a Member of the Board of Karandaz Pakistan and President of Interloop Welfare Trust. He is also associated with The Citizens Foundation (TCF). A mechanical engineer by professional training, Mr Musadaq worked for 14 years at senior positions with a gas transmission company in Pakistan prior to establishing ILP.

Profile of CEO

Navid Fazil is a Founding Director & CEO of ILP. He is a seasoned professional with over 28 years of experience as a business leader and entrepreneur. He is also a Member of the Board of Interloop Holdings (Pvt.) Ltd and Vice President of Interloop Welfare Trust. Mr. Navid is an Electrical engineer and holds a Master's Degree in Industrial Management from University of Oxford, UK.

to meet the increasing demand post relaxation in COVID-19 lockdown measures across the world. Capacity utilization continued to remain above 80% during HY22. As per company's Vision 2025, the management plans to install Plant 6 of hosiery by FY24 projected to cost around $ 60m which will be financed in a debt: equity mix of 40:60. The plant will comprise 1,400 additional machines raising installed capacity to 72-74m Dozens (DZNs of Pairs) post expansion.

Yarn:

- **Spinning –** ILP produces over 26 million kgs of yarn annually for various textile customers. Multiple varieties of yarn produced include: Plain, Slub, Multi Count, Slub Lycra Core, Lycra Core, Polyamide Core, Siro, etc. Out of the total yarn produced, approximately 40% is consumed in-house, while the remaining is sold to weavers, knitters, and denim and towel producers.

- **Yarn Dyeing & Air Covering –** With 4 million kgs annual dyeing capacity, ILP provides a wide variety of colors in yarn including Polyester, Nylon, Acrylic, Coolmax, Modal, Tencel, Viscose, Wool, Bamboo, Blended, Microfibers, and Recycled Yarns.

Capacity utilization for both yarn and yarn dyeing increased to 84% (FY20: 77%) and 83% (FY20: 70%) during FY21. The increase was an outcome of recovery in global markets. Capacity utilization was reported higher at 85% for the same during HY22. Spinning segment contributed 9% in the total sales revenue during FY21. As a part of Vision 2025, around $ 70m has been targeted for expansion in the yarn division financed in a 40:60 ratio of debt to equity. As per the plan, ILP aims to add in-house dyeing capacity of 20 MT spun cotton yarns per day, going forward.

Denim: In December 2019, ILP established Denim Apparel manufacturing plant with production capacity of 500,000 pieces per month (6m pieces per annum). Product line encompasses bottoms, shorts, skirts, jackets, work wear cargos to brands and retailers including Diesel, Guess, Hugo Boss, Mustang, ALDI, NYDJ, INDITEX. The contribution of denim in sales revenue of the company is around 7% (FY20: 3%) in FY21.

The Capacity utilization of this division was reported at 56% in FY21 as this unit was established in December 2019. Capacity utilization was reported higher at 59% during HY22. The management aims to double the production capacity to 1m pieces per month (12m pieces per annum) by FY26 as a part of its Vision 2025 plan. Estimated cost of the project is around $ 40m which will be financed through debt: equity mix of 40: 60.

Apparel: In 2019, ILP established IL Apparel (a wholly owned subsidiary), which handled the knitwear business of the company. However, IL Apparel has been amalgamated with and into Interloop with effect from January 31, 2021. The stitching plant has the production capacity of 1.5 million garments per month (18m garments per year). Product portfolio includes a combination of t-shirts, polos, sweatshirts and fleece jackets catering to brands in USA, UK, and EU including Target, Tom Tailor, Carhartt, Ben Sherman, Katin, Russel

Athletic, Penfield Original, Penguin, Elle, and Juicy Couture. Apparel segment contributed around 2% in the total sales revenue during FY21.

Going forward, the management plans to establish a complete vertically integrated (fabric production to cut & sew) garment manufacturing complex with 175 knitting machines and 42 tons' of knitting/dyeing capacity per day, producing over 2.0 m garments per month by 1HFY23. The total cost of the expansion is estimated at $ 100m. The investment will be funded 40% by debt resources and the remaining through internal cash generation and equity injection.

Seamless Active Wear: In 2018, the company set up seamless active wear manufacturing unit at Interloop Industrial Park in Faisalabad. Current production capacity of this segment is 345,000 pieces per month. The product range includes active & performance wear, base layers, seamless innerwear and shape wears for both men & women. As a part of Vision 2025, $40m is targeted for expansion in the active wear segment which will be financed in a debt to equity ratio of 40:60.

ILP previously had a 31.61% equity stake in IL Bangla Limited (Associate) which is a private limited company engaged in the business of manufacturing and sales/export of socks and hosieries. At end-June'21, the investment has been sold as per the BoD's decision in December 2020.

Rating Drivers

Recovery in industry wide exports post ease in COVID-19 lockdown measures support business risk profile of the company.

- Subsequent to posting export contraction in FY20 - owing to the pandemic-induced slowdown experienced in H2'FY20 – Pakistan's export base grew by 14% in FY21, which is partly attributable to a low base effect. Pakistan's export proceeds have oscillated in the range of USD 22-25b during the past decade (FY11-FY21). Therefore, the uptick is largely aligned with historical numbers and is not considered material.
- Share of textile exports in total exports has oscillated in the range of 54-59%, coming in at 57% during the past 2-years (FY20-21). In FY21, owing to the similar low-base effect, as discussed above, textile exports were up 13%.
- In USD' terms textile exports have grown at a CAGR of 4.4% during the past 3-year period (FY19-FY21), despite depreciation in average USD/PKR parity of 24%, 16%, and 1% in FY19, FY20 and FY21 respectively.
- 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.

- Textile exports in Q1'FY22 were 37% higher than SPLY. Inclusive of textile exports for Oct'2021, the number for 4M'FY22 textile exports came in at USD 6b. With additional capacities coming online in January 2022, textile exports for FY22 are likely to exceed the annualized figure of USD 18b.
- The composition of textile exports has depicted improvement in the last 4-yar period, with contribution from higher value added segment increasing from 72.9% in FY18 to 80.7% in FY21 of aggregate textile exports.
- Cotton production in Pakistan, on the other hand, was at its lowest level in decades for FY21. Cotton prices rose to a new 11-year high of ~Rs. 13,000/maund as a result of the production shortage, and cotton imports have climbed by 59.8% in quantity and 68.1% in USD terms, for FY21 vis-à-vis preceding year.
- Given favorable weather conditions, cotton production in Pakistan posted strong growth in FY22, with cotton crop for Jul-Nov'22 (Rabi) season being 81% higher than SPLY. Nevertheless, the upward momentum in cotton pricing continued in FY22, with prices as of November 2022 hovering at ~Rs. 16,000 per mound.
- The margins of textile operators have broadly depicted improvement despite the uptick in raw material costs, given that the same was offset by exchange rate movement. Nevertheless, higher raw material pricing has increased the working capital requirements for textile operators, which is likely to weigh on the liquidity of textile players. VIS expects the order book for the industry to remain adequate in the ongoing year along with transfer orders of neighboring countries, easing our business risk concerns.
- ILP is the largest hosiery manufacturer in Pakistan with the next largest competitor being ten times smaller in size in terms of production capacity. Hence, local competition is considered limited. The ratings draw comfort from more than 60% market share of ILP within hosiery exports of Pakistan. Long term established relationships with key customers across all business segments provide cushion to the company in terms of partly passing on the increase in raw material prices to the customers.

Revenue of the company has registered healthy growth in FY21 on account of increase in average selling price, rupee devaluation and growth in volumes; similar trend is expected to continue going forward given the healthy order book and expansion plans

Net Sales of the company grew by 53% in FY21 (FY21: Rs. 55.0b; FY20: Rs. 36.3b) led by a 48% increase in volumes and the remaining being a function of higher average selling price led by rupee devaluation. Growth across all segments were noted during FY21 due to BMR in Denim plant and Hosiery Plant 5. The merger of IL Apparel also contributed to the growth in topline. In 9MFY22, topline was reported higher at Rs. 60.6b with further recovery in global markets and dollar devaluation benefits. Sales mix of the company indicates that export sales have historically constituted ~ 90% of the total topline of the company. The company has a diversified product range; however, socks and yarn comprise more than 90% net sales of the company.

Sales Mix	FY20	FY21
Hosiery	83%	79%
Spinning	12%	9%
Denim	3%	6%
Apparel	0%	2%
Other Segments	2%	3%
Total	**100%**	**100%**

Country wise concentration is considered moderate as exports to top 5 countries constituted around 81% (FY20: 75%) of net sales in FY21. Client wise concentration continues to remain on the higher side as top 15 clients accounted for 80% (FY20: 79%) of gross sales in FY21. However, long-term association with reputed international brands spanning nearly 3 decades in case of some large clients mitigates client concentration risk. Going forward, management is projecting healthy growth in revenues on account of significant orders in hand in lieu of growing demand and expansion projects set in timeline.

Geographic Sales Mix	FY20	FY21
Australia	0%	0.002%
Asia	12%	8%
Europe	46%	33%
North America	33%	50%
South America	0%	0%
Pakistan	9%	9%
	100%	100%

Profitability has witnessed improvement in FY21 primarily due to increase in topline, and economies of scale, currency devaluation and operational efficiencies yielding higher margins. Going forward, management envisages profitability to improve in the backdrop of higher projected revenue and economies of scale, post expansion.

Gross Margins of the company were reported higher at 26.4% (FY21: 25.9%; FY20: 21.7%) in 9MFY22 on account of economies of scale, currency devaluation and operational efficiencies. Distribution & selling costs have witnessed growth primarily due to higher salaries allocated and elevated freight charges during the ongoing year. Overall operating expenses increased primarily due to higher contribution to welfare funds incurred during FY21. During FY21, finance charges increased to Rs. 1.15b (FY20: Rs. 1.14b) due to increase in the quantum of debt employed. Despite elevated costs, the company reported a higher net profit in the outgoing year led by topline growth and margin improvement. Net margin was reported significantly higher at 11.4% (FY20: 4.9%) in FY21. Similar profit margins were noted in the nine months of the ongoing year. Going forward, the management believes that the company's gross and net margin will remain on the higher side due to growing demand for textiles and realization of further economies of scale, post expansion. However, increasing interest rates on higher projected debt levels will be a drag on the overall profitability profile of the company.

Healthy cash flow generation has resulted in strong liquidity profile. Despite projected debt drawdown on a timeline basis, overall long-term and short-term debt coverages are expected to remain strong.

In absolute terms, Funds from Operations (FFO) amounted to Rs. 9.6b (FY20: Rs. 4.3b) depicting a sizeable increase on account of higher overall profitability during FY21. In line with improvement in profitability during FY21 and 9MFY22, Debt Service Coverage Ratio (DSCR), FFO/Long-Term Debt, and FFO/ Total Debt are considered adequate in view of sufficient cash flows in relation to outstanding obligations, satisfactory debt servicing ability and aging of trade debts which remain within manageable levels. Liquidity profile of the company is supported by short-term investments to the tune of Rs. 500.0m in TFCs. Inventory and trade debts coverage for short-term debt obligations has declined in 9MFY22 as a result of higher short term borrowings to meet working capital needs for procurement of raw material in relation to the orders on books. Current ratio was reported at 1.2x at end-Mar'22. Working capital cycle was extended in 9MFY22; maintaining the same and inventory days due to bulk buying of raw material in anticipation of increasing prices will also be important from a liquidity perspective. Trade debts aging also remains comfortable with majority of receivables due within 60 days. In view of the aforementioned indicators, overall liquidity profile is considered sound.

Elevated capitalization indicators to finance working capital requirements and BMR expansion. Given additional funds planned to be drawn for further expansion in the medium term, leverage indicators are expected to remain within manageable given projected equity growth through funds injection and profit retention.

Equity base of the company has been increasing on a timeline basis and was reported at Rs. 24.8b (FY21: Rs. 20.5b; FY20: Rs. 17.3b) at end-Mar'22 on account of bonus shares issued and profit retention. As per management, internal dividend payout policy was 50% in the outgoing year. However, the same may vary due to aggressive expansion plans and greater cashflow requirements. Quantum of total debt increased to Rs.50.4b (FY21: Rs. 30.6b; FY20: Rs. 21.7b) at end-Mar'22 to finance working capital requirements and BMR expansion in the Hosiery and Apparel segment. Resultantly, gearing and leverage ratios were reported at 2.0x (FY21: 1.5x; FY20: 1.3x) and 2.6x (FY21: 2.0x; FY20: 1.6x), respectively at end-Mar'22. Given additional funds planned to be drawn for the expansion in Hosiery, Apparel, Denim, Yarn and Active Wear units segments in the medium term, leverage indicators are expected to remain within manageable given projected equity growth through funds injection and profit retention.

Sound governance and control framework

The Board of Directors (BoD) at ILP comprises seven members including two independent directors. In line with best practices, a female director is also present on the Board. All the Board members possess sound experience. In order to ensure effective oversight, three committees are also present at Board level including Audit Committee, HR & Remuneration

Committee and Nomination Committee. Senior management team also includes seasoned professionals. An independent internal audit function is also present which reports directly to the Board Audit Committee. The company uses customized ERP application and Oracle E-Business Suite Release 12 to manage its operations. ILP operates business applications from its Production Data Center in Hosiery Plant 2 with a Disaster Recovery Data Center in Hosiery Plant 1. Both onsite and offsite data backup is maintained. Daily backup of data is undertaken, which is an automated process executing at set intervals.

Interloop Limited Appendix I

FINANCIAL SUMMARY (Rs. in millions)				Appendix I	
BALANCE SHEET	**FY18**	**FY19**	**FY20**	**FY21**	**9MFY22**
Property, plant and equipment	15,452.0	18,256.0	22,744.2	26,193.0	32,858.2
Long term Investments	380.0	1,009.0	1,853.7	-	-
Stock-in-Trade	5,122.0	6,282.0	8,810.6	11,276.3	22,611.0
Trade Debts	7,293.0	8,248.0	7,207.4	15,052.9	22,489.6
Cash & Bank Balances	194.0	1,539.0	150.8	374.4	288.3
Total Assets	32,750.0	40,782.0	45,367.3	60,694.8	88,387.5
Trade and Other Payables	2,730.4	3,576.9	3,031.2	5,551.6	7,756.6
Long Term Debt	3,217.6	4,875.9	7,366.8	10,917.8	15,254.1
Short Term Debt	15,180.9	11,726.0	14,354.9	19,636.1	35,225.2
Total Debt	18,398.5	16,601.9	21,721.6	30,553.8	50,479.4
Total Liabilities	23,667.6	22,902.8	28,087.6	40,180.2	63,547.0
Paid Up Capital	1,901.0	8,721.0	8,722.0	8,722.0	8,983.6
Total Equity	9,082.4	17,878.8	17,279.7	20,514.6	24,840.5
INCOME STATEMENT	**FY18**	**FY19**	**FY20**	**FY21**	**9MFY22**
Net Sales	31,138.8	37,478.0	36,302.8	54,962.3	60,605.7
Gross Profit	9,144.5	11,955.0	7,863.7	14,212.3	15,995.8
Operating Profit	4,480.7	6,402.0	3,154.0	7,857.0	9,088.8
Profit Before Tax	4,006.3	5,420.4	2,115.8	6,872.9	7,544.0
Profit After Tax	3,886.3	5,194.4	1,796.4	6,291.6	6,996.6
RATIO ANALYSIS	**FY18**	**FY19**	**FY20**	**FY21**	**9MFY22**
Gross Margin (%)	29.4%	31.9%	21.7%	25.9%	26.4%
Net Margin (%)	12.5%	13.9%	4.9%	11.4%	11.5%
Net Working Capital	(2,703.5)	4,565.5	2,462.1	6,089.8	9,196.4
Trade debts/Sales	23.4%	22.0%	19.9%	27.4%	27.9%
FFO	5,621.3	7,402.2	4,333.7	9,614.6	10,829.2
FFO to Total Debt (%)	30.6%	44.6%	20.0%	31.5%	28.5%
FFO to Long Term Debt (%)	174.7%	151.8%	58.8%	88.1%	94.4%
Current Ratio (x)	0.9	1.3	1.1	1.2	1.2
Debt Servicing Coverage Ratio (x)	4.2	4.3	2.3	7.1	3.8
Gearing (x)	2.0	0.9	1.3	1.5	2.0
Leverage (x)	2.6	1.3	1.6	2.0	2.6
(Stock in Trade+Trade Debts)/STD	81.8%	123.9%	111.6%	134.1%	128.0%
ROAA (%)	12.7%	14.1%	4.2%	11.9%	12.5%
ROAE (%)	33.0%	38.5%	10.2%	33.3%	41.0%

ISSUE/ISSUER RATING SCALE & DEFINITIONS Annexure II

VIS Credit Rating Company Limited

RATING SCALE & DEFINITIONS: ISSUES / ISSUERS

Medium to Long-Term

AAA
Highest credit quality; the risk factors are negligible, being only slightly more than for risk-free Government of Pakistan's debt.

AA+, AA, AA-
High credit quality; Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

A+, A, A-
Good credit quality; Protection factors are adequate. Risk factors may vary with possible changes in the economy.

BBB+, BBB, BBB-
Adequate credit quality; Protection factors are reasonable and sufficient. Risk factors are considered variable if changes occur in the economy.

BB+, BB, BB-
Obligations deemed likely to be met. Protection factors are capable of weakening if changes occur in the economy. Overall quality may move up or down frequently within this category.

B+, B, B-
Obligations deemed less likely to be met. Protection factors are capable of fluctuating widely if changes occur in the economy. Overall quality may move up or down frequently within this category or into higher or lower rating grade.

CCC
Considerable uncertainty exists towards meeting the obligations. Protection factors are scarce and risk may be substantial.

CC
A high default risk

C
A very high default risk

D
Defaulted obligations

Short-Term

A-1+
Highest certainty of timely payment; Short-term liquidity, including internal operating factors and /or access to alternative sources of funds, is outstanding and safety is just below risk free Government of Pakistan's short-term obligations.

A-1
High certainty of timely payment; Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

A-2
Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Access to capital markets is good. Risk factors are small.

A-3
Satisfactory liquidity and other protection factors qualify entities / issues as to investment grade. Risk factors are larger and subject to more variation. Nevertheless, timely payment is expected.

B
Speculative investment characteristics; Liquidity may not be sufficient to ensure timely payment of obligations.

C
Capacity for timely payment of obligations is doubtful.

Rating Watch: VIS places entities and issues on 'Rating Watch' when it deems that there are conditions present that necessitate re-evaluation of the assigned rating(s). Refer to our 'Criteria for Rating Watch' for details. www.vis.com.pk/images/criteria_watch.pdf

Rating Outlooks: The three outlooks 'Positive', 'Stable' and 'Negative' qualify the potential direction of the assigned rating(s). An outlook is not necessarily a precursor of a rating change. Refer to our 'Criteria for Rating Outlook' for details.www.vis.com.pk/images/criteria_outlook.pdf

(SO) Rating: A suffix (SO) is added to the ratings of 'structured' securities where the servicing of debt and related obligations is backed by some sort of financial assets and/or credit support from a third party to the transaction. The suffix (SO), abbreviated for 'structured obligation', denotes that the rating has been achieved on grounds of the structure backing the transaction that enhanced the credit quality of the securities and not on the basis of the credit quality of the issuing entity alone.

(blr) Rating: A suffix (blr) is added to the ratings of a particular banking facility obtained by the borrower from a financial institution. The suffix (blr), abbreviated for 'bank loan rating' denotes that the rating is based on the credit quality of the entity and security structure of the facility.

'p' Rating: A 'p' rating is assigned to entities, where the management has not requested a rating, however, agrees to provide informational support. A 'p' rating is shown with a 'p' subscript and is publicly disclosed. It is not modified by a plus (+) or a minus (-) sign which indicates relative standing within a rating category. Outlook is not assigned to these ratings. Refer to our 'Policy for Private Ratings' for details. www.vis.com.pk/images/policy_ratings.pdf

'SD' Rating: An 'SD' rating is assigned when VIS believes that the ratee has selectively defaulted on a specific issue or obligation but it will continue to meet its payment obligations on other issues or obligations in a timely manner.

REGULATORY DISCLOSURES	Appendix III
Name of Rated Entity	Interloop Limited
Sector	Textile
Type of Relationship	Solicited
Purpose of Rating	Entity Rating
Rating History	

Rating Date	Medium to Long Term	Short Term	Rating Outlook	Rating Action
RATING TYPE: ENTITY				
03/06/2022	A+	A-1	Stable	Reaffirmed
20/04/2021	A+	A-1	Stable	Initial

Instrument Structure	N/A
Statement by the Rating Team	VIS, the analysts involved in the rating process and members of its rating committee do not have any conflict of interest relating to the credit rating(s) mentioned herein. This rating is an opinion on credit quality only and is not a recommendation to buy or sell any securities.
Probability of Default	VIS' ratings opinions express ordinal ranking of risk, from strongest to weakest, within a universe of credit risk. Ratings are not intended as guarantees of credit quality or as exact measures of the probability that a particular issuer or particular debt issue will default.
Disclaimer	Information herein was obtained from sources believed to be accurate and reliable; however, VIS does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. For conducting this assignment, analyst did not deem necessary to contact external auditors or creditors given the unqualified nature of audited accounts and diversified creditor profile. Copyright 2022 VIS Credit Rating Company Limited. All rights reserved. Contents may be used by news media with credit to VIS.
Due Diligence Meetings Conducted	

S. No.	Name	Designation	Date
1	Mr. Muhammad Maqsood	CFO-IH	March 10, 2022
2	Mr. Umer Javed	GM Finance- IH	March 10, 2022
3	Mr. Hamza Gilani	GM Finance- IL	March 10, 2022
4	Mr. Waqas	Senior Manager Accounts-IL	March 10, 2022
5	Mr. Omer Masood	Manager Finance-IH	March 10, 2022