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# PROGRESS REPORT

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## INTERLOOP LIMITED QUARTERLY PROGRESS REPORT

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FOR QUARTER ENDED ON SEPTEMBER 30<sup>th</sup>, 2020



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# PROGRESS REPORT

## Projects

This Progress report is being submitted as per Regulation 5 (6) (iv) of the Public Offering Regulations, 2017 & in compliance of the requirement of the Pakistan Stock Exchange Letter # PSX/Gen-5311, Dated November 20, 2018 and in compliance with the Securities & Exchange Commission of Pakistan's Letter # SMD/CIW/SA-88/06/2018 dated December 21, 2018.

**Interloop Limited carried out a successful IPO in March 2019 to finance the following two projects:**

- Denim Unit in Lahore; Denim stitching unit
- Hosiery Division V in Faisalabad, Khurrianwala; A Socks knitting unit

We are pleased to share the implementation report of the projects mentioned above.

## Denim Division — Implementation Update

The denim division is located at 8 km Manga Raiwind Road, Lahore and has been functional since November 2019 as originally planned. Building & Infrastructure for the entire project is 97% complete.

### Machinery Phase 1:

We have successfully completed first phase of the project by installing capacity of 20,000 units per day. The project started its commercial operation since Second Quarter FY2020. Covid-19 Pandemic has effected the marketing activity and our ramp-up plans. However, the project is gradually making its place in European and North American markets.

### Phase 2:

In second phase, it is planned to enhance the capacity to 40,000 units per day. The project is completed in terms of infrastructure since almost 82% of the budget has already been consumed. However, considering the impact of COVID-19 which has adversely impacted the economies and demand all across the globe, the project activities has been slowed down. (Progress related to Denim project can be seen in Annexure I)

The management is fully committed with the project to enhance its capacity and strongly believes that the completion of the project will bring significant benefits to the company and its shareholders.

Project cost has been enhanced to PKR 8.325 billion from initial estimate of PKR 6.75 billion for Denim project due to the devaluation in PKR and trial run losses. The increase in cost will be financed by internal cash generation. *Utilization of project cost is given in detail in Annexure II.*



## Hosiery Division V — Implementation Update

**Phase 2** of Pilot Unit for Plant 5 had been completed successfully and the unit is currently operating with 330 knitting machines utilizing existing infrastructure. During First Quarter 2021 company has successfully installed and commissioned 120 machines. The company in line with its plan to enhance the capacity has ordered 100 knitting machines. These machines will be expected to receive by end of Second Quarter FY2021. This will boost up production capacity from 10,000 to 12,000 dozens per day, which equates to roughly 29% capacity of the main plant being designed to produce 42,000 dozen per day.

The management is gradually increasing pace of the project considering diligently market demand and global economy moves. Land for the project has been procured. The building layouts and schematics already been finalized.

To-date, a total of PKR 1,312 million has been incurred on the project. (*Progress related to Plant V project can be seen in Annexure III*).

  
**Muhammad Maqsood**  
President / Group CFO



  
**Rana Ali Raza**  
Company Secretary

# Annexures

## Progress related to Denim Project Annexure I



## WASHING MACHINES & DRYERS



## DISTRESS AREA & OVEN



## LASER MACHINES



## OZONE MACHINES & SPRAY BOOTH



## Utilization of Project Cost Annexure II (PKR)

Budget Description	Final Approved	PO Issued/LC Established	Actual Payment to Suppliers/Vendors	Available Balance	% age Consumed based on PO
Denim - Construction of Building Setup	2,460,852,632	2,406,453,090	2,104,605,182	54,399,542	97.79%
Denim - Procurement of Machinery	3,342,771,114	2,680,059,300	2,403,064,544	662,711,814	80.17%
Denim - Power & Utilities	1,322,750,505	921,787,085	852,171,198	400,963,420	69.69%
Denim - Manufacturing System, Computers and IT Equipment	303,295,870	177,485,874	177,430,832	125,809,996	58.52%
Denim - Miscellaneous Expenses	249,053,099	142,263,099	130,566,561	106,790,000	57.12%
Pre Commencement Expenses / Trial run losses	646,276,780	449,926,780	449,926,780	196,350,000	69.62%
<b>TOTAL</b>	<b>8,325,000,000</b>	<b>6,777,975,228</b>	<b>6,117,765,098</b>	<b>1,547,024,772</b>	<b>81.42%</b>

Project cost has been enhanced to PKR 8.325 billion from initial estimate of PKR 6.75 billion for Denim project due to the devaluation in PKR and trial run losses. The increase in cost will be financed by internal cash generation.

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# Progress related to Plant V Annexure III

## KNITTING MACHINES



## TOE CLOSING MACHINES

