SERVICE FABRICS LIMITED

SVC/SECP/121503 December 31, 2015

Hafiz Maqsood Munshi
Manger
Compliance and Securities Compliance-RAD
Karachi Stock Exchange Limited
Stock Exchange Building
Karachi

Subject: **Removal of the Name of the Company from Defaulter's Segment and Resumption of its Trading**

Dear Sir,

1. Reference is made to your letter No KSE/C-628-10024 dated November 27, 2015

2. With reference to subject matter, it is submitted that Service Fabrics Ltd (the Company) was not in operations for a long period mostly due to a sluggish period in the economy, especially in the textile sector and therefore the operational and business activities were curtailed. However, in the last quarter, directors of the Company have decided to revive the operations by restructuring its entire business particularly through internal and external resources and also looking for other avenues of business and not depending on the textile business. The management is committed to making the company profitable, by acquiring and investing in businesses within in Finance, Food and Pharma sector. This will allow us to create a diversified group of businesses within one company and thus resulting in profitability and enhancing value for its shareholders.

   For the same, the company is in negotiations with a FMCG Company to acquire its operating Plant, Building and Machinery to setup a business division in FMCG. The Company plans to make the plant operational for Tomato Paste initially, an input for ketchup, pizza sauce, spaghetti sauce, lasagna sauce, curry paste. Future products include fruit spread (Jam), Synthetic vinegar, soya sauce etc. Management has also identified some other means and sources of financing for restructuring. The management is confident that it would turnaround the Company and it will be on the track within shorter possible period.

   (Future Projections for next 03 years is attached).

SERVICE FABRICS LIMITED

3. It is therefore requested to shift company from defaulter segment to normal counter and commence trading.

SERVICE FABRICS LIMITED
38-Empress Road Lahore

Truly,

(Aurangzeb Noor)
Chief Executive Officer

Financial Projections : Service Fabrics Limited

(In PKR)

Description	Year Ended June 30, 2016	Year Ended June 30, 2017	Year Ended June 30, 2018
Net Sales	157,500,000	315,000,000	330,750,000
Cost of Sale			
Raw Material	81,900,000	163,800,000	171,990,000
Salaries, Wages and other Benefits	5,677,374	11,354,748	11,922,485
Furnance Oil	9,355,920	18,711,840	19,647,432
Packaging	5,400,000	10,800,000	11,340,000
Freight and Octori	865,542	1,731,084	1,817,638
Travelling and Vehicle Running	269,586	539,172	566,131
Repair and Maintanance	2,122,176	4,244,352	4,456,570
Power Water and Gas	4,447,380	8,894,760	9,339,498
Insurance	355,416	710,832	746,374
Rent, rates and Taxes	145,098	290,196	304,706
Depreciation on Property, Plant and Equipment	3,301,326	6,602,652	6,932,785
Other Expenses	1,933,200	3,866,400	4,059,720
Total Cost of Goods Manufactured	**115,773,018**	**231,546,036**	**243,123,338**
Gross Profit	**41,726,982**	**83,453,964**	**87,626,662**
Selling and Adminstrative Expenes			
Salaries, Wages and other Benefits	1,170,000	2,340,000	2,457,000
Selling and Distribution Expenes	7,875,000	15,750,000	16,537,500
Repair and Maintanance	900,000	1,800,000	1,890,000
Total Indirect Cost	**9,945,000**	**19,890,000**	**19,890,000**
Net Profit Before Interest and Taxation	**31,781,982**	**63,563,964**	**67,736,662**
Finance Cost	10,500,000	21,000,000	22,050,000
Net Profit before Tax	**21,281,982**	**42,563,964**	**45,686,662**

(Aurangzeb Noor)
Chief Executive Officer

Date : December, 2015