



**1st Quarter**  
September 30, 2021

**SERVICE FABRICS LIMITED**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Aftab Ahmad Chairman  
Mr. Atique Ahmad Khan Chief Executive Officer  
Mr. Masroor Ahmad Khan  
Hafiz Farooq Ahmad  
Mr. Usman Hassan  
Ms. Maleeha Humayun Bangash  
Hafiz Imran Lateef

## AUDIT COMMITTEE

Hafiz Imran Lateef  
Mr. Masroor Ahmad Khan  
Hafiz Farooq Ahmad  
Mr. Usman Hassan

## HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Maleeha Humayun Bangash  
Mr. Masroor Ahmad Khan  
Hafiz Farooq Ahmad  
Mr. Usman Hassan

## PRESIDENT

M. Ashraf Bawany

## CHIEF FINANCIAL OFFICER

Asim Mahmud, FCA

## COMPANY SECRETARY

Farzand Ali, FCS

## AUDITORS

CROWE Hussain Chaudhury & Co.  
Chartered Accountants  
25-E, Main Market Gulberg-II, Lahore.

## BANKERS

Al Baraka Bank (Pakistan) Limited  
Bank Alfalah Limited  
Fysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited

## SHARE REGISTRAR

F. D. Registrar Services (SMC-Pvt) Limited.  
1705, 17th Floor, Saima Trade Tower A,  
I.I Chundrigar Road Karachi.  
Phone: (+92-21) 35478192-93, 32271906  
Fax : (+92-21) 32621233

## REGISTERED/CORPORATE OFFICE

10-N, Model Town Ext, Lahore 54000, Pakistan  
UAN: 111 GHANI 1 (442-641)  
Fax: (092) 42 35160393  
E-mail: corporate@servicefabrics.com  
Website: www.servicefabrics.com

# DIRECTORS REPORT

## Dear Shareholders

Assalam-o-Alaikum Wa Rehmat Ullah Wa Barakatoh

The Directors of your Company are pleased to present the unaudited condensed interim financial statements of the Company for the first quarter ended September 30, 2021, in compliance with the requirements of Companies Act, 2017.

## OVERVIEW OF THE ECONOMY

Pakistan's economic growth rebounded to 3.9% in fiscal year (FY) 2021 (ending 30 June 2021) and is expected to reach 4.0% in FY2022 as business activity gradually resumes in the second year of the coronavirus disease (COVID-19) pandemic, the Asian Development Bank (ADB) said in a report.

Pakistan's economic growth in FY2021 was supported by improved COVID-19 containment strategies through the second and third waves of infections and continued accommodative fiscal and monetary policies that accelerated the recovery across all sectors. Growth in industry, predominantly construction and small-scale manufacturing, and services are forecast to improve in FY2022. Agriculture is also expected to continue supporting GDP growth.

Inflation declined to 8.9% in FY2021. Food price inflation remained high due to supply chain disruptions, increased prices for wheat and sugarcane, and an extended wet monsoon. Rising international oil prices boosted energy price inflation.

The State Bank of Pakistan, the central bank, increases its policy rate to 7.5% to support the economic recovery. Investment is expected to strengthen as global sentiment improves and the International Monetary Fund-supported stabilization program continues to progress.

## FINANCIAL PERFORMANCE

Operating activity of Company is suspended since October 2004. During the year 2020-21, directors of the Company made their entire efforts to revive the operations of the company by restructuring its business particularly through its internal resources. The loss amounting to Rs. 46.37 million mainly consist of administrative expenses incurred during the period as no operational activities were carried. Administrative expenses includes payment to SECP fee for increase of issue, subscribed and paid up capital, legal fee to consultants / advisors and underwriting commission for right issue of shares etc.

Particulars	Rupees in '000' Except EPS	
	September 2021	September 2020
Sales	-	-
Net Sales	-	-
Gross Profit	-	-
Distribution cost	-	-
Administrative expenses	46,366	59
Operating loss	46,366	59
Other income	0.768	-
Net loss	46,365	59
Loss per share	2.94	0.004

## FUTURE PROSPECTS

The Board of Directors of the Company announced 1486% right issue on July 16, 2021 to implement its "Revival Business Plan" for generation of Rs. 2.341 billion. Alhamdulillah the market, shareholders and underwriters reposed their confidence on new management of your Company and Right issue transaction has successfully completed.

The Company is actively in process for setup of import substitute Calcium Carbide project already announced to setup in Hattar Economic Zone. Alhamdulillah, the LC for the import of Pakistan's only Calcium Carbide plant shall be open within 2-3 days.

The project shall completely provide import substitution to Pakistan, besides enabling the Company to tap the export market. The plant shall also indigenize the production of many by-products.

An overall market of US\$25Mn revenue is aimed to be tapped through this plant.

## ELECTION OF DIRECTOR

The following persons will elect as directors of the Company for a period of three years commencing from October 27, 2021 in the Annual General Meeting being held on October 28, 2021:-

1.	Mr. Masroor Ahmad Khan	2.	Mr. Atique Ahmad Khan	3.	Hafiz Farooq Ahmad
4.	Mr. Usman Hassan	5.	Hafiz Imran Latif	6.	Ms. Maleeha Humayun Bangash
7.	Mr. Ali Akhtar				

## CHANGE OF INDEPENDENT SHARE REGISTRAR

The Board of Directors in their meeting held on October 27, 2021 has decided to change the Independent Share Registrar of the Company from F.D. Registrar Services (Pvt.) Limited to CorpLink (Pvt.) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore, email: [corplink786@gmail.com](mailto:corplink786@gmail.com) Phone : (042-35916714) w.e.f. December 01, 2021.

## ACKNOWLEDGEMENTS

We would like to express sincere appreciation to the cooperation and kindness of the SECP, PSX and the Honourable Lahore High Court for helping to step forward the revival of your Company.

We thank our shareholders, underwriters and bankers to the issue who reposed their confidence on new management of the Company and make right issue successful for implementation for revival of the Company.

We thanks to the Allah Subhanatallah who gives us courage to serve the small shareholders.

**For and behalf of Board of Directors**



**ATIQUE AHMAD KHAN**  
(CHIEF EXECUTIVE OFFICER)



**HAFIZ FAROOQ AHMAD**  
(DIRECTOR)

**Lahore:**  
October 27,2021

کمپنی درآمدی متبادل کیشیم کار بائیڈ پر وجیکٹ کے سیٹ اپ کے لیے سرگرم عمل ہے جس کا پہلے ہی حطارا کنا مک زون میں سیٹ اپ کا اعلان کیا گیا ہے۔ کمپنی کو لیٹر آف کریڈٹ کھولنے کے لیے بینک کی اصولی منظوری مل گئی ہے اور LC جلد ہی کھولے جانے کی امید ہے۔

## ڈائریکٹر کا انتخاب

مندرجہ ذیل افراد 28 اکتوبر 2021 کو ہونے والی سالانہ جنرل میٹنگ میں 27 اکتوبر 2021 سے شروع ہونے والی تین سال کی مدت کے لیے کمپنی کے ڈائریکٹرز کے طور پر منتخب ہوں گے۔

1.	مسرور احمد خان	2.	عتیق احمد خان	3.	حافظ فاروق احمد
4.	عثمان حسن	5.	حافظ عمران لطیف	6.	ملیجہ ہمایوں بگٹش
7.	علی اختر				

## آزاد شیئر رجسٹرار کی تبدیلی

بورڈ آف ڈائریکٹرز نے 27 اکتوبر 2021 کو ہونے والی اپنی میٹنگ میں کمپنی کے آزاد F.D شیئر رجسٹرار کو تبدیل کرنے کا فیصلہ کیا ہے۔ رجسٹرار سرومز، کورپ لنک پرائیوٹ لمیٹڈ، 1-K کمرشل ونگز آرکیڈماڈل ٹاؤن، لاہور، ای میل: [corplink786@gmail.com](mailto:corplink786@gmail.com) فون: 042-35916714 جو کہ یکم دسمبر 2021 سے اثر انداز ہوگا۔

## اعترافات

ہم آپ کی کمپنی کے احیاء کو آگے بڑھانے میں مدد کرنے پر ایس ای سی پی، پی ایس ایکس اور معزز لاہور ہائی کورٹ کے تعاون اور مہربانی کی تہہ دل سے تعریف کرنا چاہتے ہیں۔

ہم رائٹ ایشو کے لیے اپنے شیئر ہولڈرز، انڈر رائٹرز اور بینکرز کا شکریہ ادا کرتے ہیں جنہوں نے کمپنی کے نئے انتظام پر اعتماد کا اظہار کیا اور کمپنی کی بحالی کے لیے صحیح ایشو کو عمل میں لانے کے لیے کامیاب بنایا۔

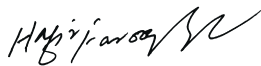
ہم اللہ سبحانہ و تعالیٰ کے شکر گزار ہیں جس نے ہمیں چھوٹے شیئر ہولڈرز کی خدمت کرنے کی ہمت دی۔

بورڈ آف ڈائریکٹرز کی طرف سے



عتیق احمد خان

(چیف ایگزیکٹو آفیسر)



حافظ فاروق احمد

(ڈائریکٹر)

لاہور

مورخہ 27 اکتوبر 2021ء

انتظامی اخراجات میں ایشو کے اضافے کے لیے SECP فیس کی ادائیگی، سبسکرائب شدہ اور ادا شدہ سرمایہ، کنسلٹنٹس / ایڈوائزرز کو قانونی فیس اور حصص کے رائٹ ایشو کے لیے انڈر رائٹنگ کمیشن وغیرہ شامل ہیں۔

روپے '000 میں سوائے فی شیئر منافع		تفصیلات
ستمبر 2020	ستمبر 2021	
-	-	سیل
-	-	خالص سیل
-	-	گراس پرافٹ
-	-	تقسیم کاری کی لاگت
59	46,366	انتظامی اخراجات
59	46,366	آپریٹنگ نقصان
-	0.768	دیگر آمدنی
59	46,365	خالص نقصان
0.004	2.94	فی شیئر نقصان

## مستقبل کے امکانات

کمپنی کے بورڈ مارکیٹ آف بزنس نے 16 جولائی 2021ء کو 2.341 ارب کی پیداوار کے لیے اپنے "بحالی کاروبار" پر عمل درآمد کے لیے 1486 فیصد رائٹ ایشو کا اعلان کیا۔ الحمد للہ مارکیٹ، کو شیئر کریں ہولڈرز اور انڈر رائٹرز نے آپ کی کمپنی کو اپنے آپ پر خود اعتمادی دوبارہ پیش کیا اور رائٹ ایشو ٹرانزیکشن کامیابی سے مکمل ہو گیا۔

کمپنی درآمدی متبادل کیلیم کار بائیوڈرائیو کے سیٹ اپ کے لیے سرگرمی عمل کا اعلان پہلے ہی حطارا کتنا مک زون میں کرنے کا اعلان کیا گیا۔ پاکستان کے واحد کیلیم کار بائیوڈرائیو پلانٹ کی درآمد کا ایل سی الحمد للہ 2 سے 3 دن کے اندر کھل رہے ہیں۔

یہ پاکستان کے منصوبے کو درآمد کرنے کا متبادل مکمل طور پر فراہم کرے گا، اس کے علاوہ کمپنی کی مارکیٹ ٹیپ کرنے کے قابل بھی ہے۔ یہ پلانٹ بہت سی بعد میں مصنوعات کی پیداوار کو بھی تقسیم نہیں کرے گا۔

اس پلانٹ کے ذریعے 25Mn US\$ آمدنی کی مجموعی مارکیٹ کا مقصد حاصل کیا جانا ہے۔

## مستقبل کے امکانات

کمپنی کے بورڈ آف ڈائریکٹرز نے 16 جولائی 2021 کو 1486% رائٹ ایشو کا اعلان کیا تاکہ اس کے "ریو ایبل بزنس پلان" 2.341 بلین کو لاگو کیا جاسکے۔ الحمد للہ مارکیٹ، شیئر ہولڈرز اور انڈر رائٹرز نے آپ کی کمپنی کی نئی انتظامیہ پر اعتماد کا اظہار کیا اور رائٹ ایشو کا لین دین کامیابی سے مکمل ہو گیا۔

# ڈائریکٹرز رپورٹ

## پیاریے شیئر ہولڈرز

السلام وعلیکم ورحمۃ اللہ وبرکات

آپکی کمپنی کے ڈائریکٹران کمینیز ایکٹ 2017 کی تعمیل میں کمپنی کے تخفیف شدہ غیر یکجا اور آڈٹ کے بغیر عبوری پہلی سہ ماہی کے حسابات بابت 30 ستمبر 2021 پیش کرنے میں خوشی محسوس کرتے ہیں۔

## معیشیت کا جائزہ

ایشیائی ترقیاتی بینک (ADB) نے ایک رپورٹ کے مطابق پاکستان کی معاشی نمو مالی سال (مالی سال) 2021 (30 جون 2021 کو ختم ہونے والے) میں 3.9 فیصد تک پہنچ گئی اور مالی سال 2022 میں اس کے 4.0 فیصد تک پہنچنے کی توقع ہے کیونکہ کاروباری سرگرمیاں بتدریج کورونا وائرس کی بیماری (COVID-19) کی وبا کے دوسرے سال میں دوبارہ شروع ہوتی ہیں۔

FY2021 میں پاکستان کی معاشی نمو کو انفلکشن کی دوسری اور تیسری لہروں کے ذریعے بہتر COVID-19 پر قابو پانے کی حکمت عملیوں اور مسلسل مناسب مالیاتی اور مانیٹری پالیسیوں سے مدد ملی جس نے تمام شعبوں میں بحالی کو تیز کیا۔ صنعت میں ترقی، بنیادی طور پر تعمیرات اور چھوٹے پیمانے پر مینوفیکچرنگ، اور خدمات میں مالی سال 2022 میں بہتری کی پیش گوئی کی گئی ہے۔ زراعت سے بھی جی ڈی پی کی ترقی کی حمایت جاری رکھنے کی توقع ہے۔

اسٹیٹ بینک آف پاکستان، مرکزی بینک، معاشی بحالی میں مدد کے لیے اپنی پالیسی ریٹ بڑھا کر 7.5 فیصد کر دیتا ہے۔ سرمایہ کاری کے مضبوط ہونے کی توقع ہے کیونکہ عالمی جذبات میں بہتری آئے گی اور بین الاقوامی مالیاتی فنڈ کے تعاون سے استحکام کا پروگرام آگے بڑھ رہا ہے۔

## مالیاتی کارکردگی

کمپنی کی آپریٹنگ سرگرمی اکتوبر 2004 سے معطل ہے۔ سال 2020-21 کے دوران، کمپنی کے ڈائریکٹرز نے خاص طور پر اپنے داخلی وسائل کے ذریعے اس کے کاروبار کی تنظیم نو کر کے کمپنی کے آپریشنز کو بحال کرنے کی پوری کوشش کی 46.37 ملین روپے کا نقصان ہوا۔ بنیادی طور پر اس مدت کے دوران کیے گئے انتظامی اخراجات پر مشتمل ہیں کیونکہ کوئی آپریشنل سرگرمیاں نہیں کی گئیں۔

**SERVICE FABRICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2021**

		Un-Audited	Audited
	Note	2021 Rupees	2021 Rupees
<b>PROPERTY AND ASSETS</b>			
<b>Non Current Assets</b>			
Advance for purchase of long term assets	4	1,000,000	1,000,000
Investment in subsidiary		15,628,969	15,628,969
		16,628,969	16,628,969
<b>Current Assets</b>			
Tax refund due from government		4,064,309	-
Advance income tax		115	-
Cash and bank balance		1,652,570,752	202,062
		1,656,635,176	202,062
		<u>1,673,264,145</u>	<u>16,831,031</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorised share capital: 250,000,000 (2021: 16,000,000) ordinary shares of Rs. 10 each		<u>2,500,000,000</u>	<u>160,000,000</u>
Issued, subscribed and paid up capital	5	157,548,000	157,548,000
Share deposit Money		1,652,060,540	-
Accumulated (loss)		<u>(438,240,367)</u>	<u>(391,875,296)</u>
		1,371,368,173	(234,327,296)
<b>Non - Current Liabilities</b>			
Payable to Subsidiary		10,028,205	10,028,205
<b>Current Liabilities</b>			
Loan from director	6	41,763,540	17,409,765
Trade and other payables	7	59,558,560	58,054,660
Short term financing		162,437,477	163,357,507
Payable to related party		25,800,000	-
Unclaimed Dividend		491,058	491,058
Provision for taxation		1,817,133	1,817,133
		291,867,768	241,130,123
<b>Contingencies and Commitments</b>			
	8	-	-
		<u>1,673,264,145</u>	<u>16,831,031</u>

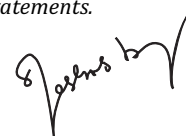
The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**Atique Ahmad Khan**  
Chief Executive Officer



**Asim Mahmud**  
Chief Financial Officer



**Masroor Ahmad Khan**  
Director



**SERVICE FABRICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

	Note	Three months period ended	
		September 30, 2021 2021 Rupees	September 30, 2020 2020 Rupees
Sales		-	-
Cost of sales		-	-
Administrative expenses	9	(46,365,839)	(58,770)
<b>Operating (Loss)</b>		(46,365,839)	(58,770)
Other income		768	-
<b>(Loss) before Tax</b>		(46,365,071)	(58,770)
Taxation		-	-
<b>(Loss) after Tax</b>		(46,365,071)	(58,770)
<b>(Loss) per Share - Basic and Diluted</b>	10	(2.94)	(0.004)

*The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.*



**Atique Ahmad Khan**  
Chief Executive Officer



**Asim Mahmud**  
Chief Financial Officer



**Masroor Ahmad Khan**  
Director

**SERVICE FABRICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

	<b>Three months period ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>
	<b>2021</b>	<b>2020</b>
	Rupees	Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) before taxation	(46,365,071)	(58,770)
<b>Cash flows before working capital changes</b>	<b>(46,365,071)</b>	<b>(58,770)</b>
(Increase)/decrease in assets:		
- Tax refund due from government	(4,064,309)	-
Increase/(decrease) in liabilities:		
- Short/Long term financing	(920,030)	-
- payable to related party	25,800,000	-
- Trade and other payables	1,503,900	58,000
<b>Cash Used in Operating activities</b>	<b>(24,045,510)</b>	<b>(770)</b>
Income tax paid	(115)	-
<b>Net Cash Used in Operating Activities</b>	<b>(24,045,625)</b>	<b>(770)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Net Cash Used in Investing Activities</b>	-	-
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share Deposit Money	1,652,060,540	
Loan from director net	24,353,775	-
<b>Net Cash Generated from Financing Activities</b>	<b>1,676,414,315</b>	<b>-</b>
Net increase in Cash and Cash Equivalents	1,652,368,690	(770)
Cash and cash equivalents at the beginning of the year	202,062	220,607
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>1,652,570,752</b>	<b>219,837</b>

*The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.*



**Atique Ahmad Khan**  
Chief Executive Officer



**Asim Mahmud**  
Chief Financial Officer



**Masroor Ahmad Khan**  
Director

**SERVICE FABRICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

	<b>Three months period ended</b>	
	<b>September 30, 2021</b>	<b>September 30, 2020</b>
	<b>2021</b>	<b>2020</b>
	Rupees	Rupees
<b>(Loss) before Taxation</b>	(46,365,071)	(58,770)
Other comprehensive income / (loss)	-	-
<b>Total Comprehensive (Loss) for the year</b>	<u><u>(46,365,071)</u></u>	<u><u>(58,770)</u></u>

*The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.*



**Atique Ahmad Khan**  
 Chief Executive Officer



**Asim Mahmud**  
 Chief Financial Officer



**Masroor Ahmad Khan**  
 Director

**SERVICE FABRICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

	Share Capital Rupees	Share Deposit Money Rupees	Accumulated (Loss) Rupees	Total Rupees
<b>Balance as on July 1, 2020 (Audited)</b>	157,548,000	-	(360,749,462)	(203,201,462)
Total comprehensive (loss) for the year	-	-	(58,770)	(58,770)
<b>Balance as on September 30, 2020</b>	<u>157,548,000</u>		<u>(360,808,232)</u>	<u>(203,260,232)</u>
<b>Balance as at June 30, 2021 (Audited)</b>	157,548,000	-	(391,875,296)	(234,327,296)
Total comprehensive (loss) for the year	-		(46,365,071)	(46,365,071)
Transaction attributable with owners	-	1,652,060,540	-	1,652,060,540
<b>Balance as on September 30, 2021</b>	<u>157,548,000</u>	<u>1,652,060,540</u>	<u>(438,240,367)</u>	<u>1,371,368,173</u>

*The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.*



**Atique Ahmad Khan**  
Chief Executive Officer



**Asim Mahmud**  
Chief Financial Officer



**Masroor Ahmad Khan**  
Director

**SERVICE FABRICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

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**Note 1**

**The Company and its Operations**

- 1.1 Service Fabrics Limited (the Company) was incorporated in Pakistan on December 01, 1987 as a Public Limited Company under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017). The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at '10-N, Model Town Extension , Lahore. Principal business of the Company was manufacturing and selling of fabrics. The Company has ceased its operating activities since October 2004.

**Note 2**

**Basis of Preparation**

**2.1 Statement of compliance**

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- 2.1.1 These condensed interim financial statements of the Company for the three months period ended September 30, 2021 is un-audited and has 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:

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

Where the 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 are being submitted to the shareholders as required by the Listing Regulations of Pakistan Stock Exchange and section 237 of the Companies Act, 2017.

- 2.1.2 These condensed interim financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2021. Comparative statements of financial position is extracted from annual audited financial statements for the year ended June 30, 2021 whereas comparative statements of profit or loss account, comparative statements of comprehensive income and comparative statements of cash flows and statements of changes in equity are extracted from unaudited condensed interim financial statements for the period ended September 30, 2020.

**2.2 Basis of measurement**

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These condensed interim financial statements have been prepared under the historical cost

**2.3 Functional and presentation currency**

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These condensed interim financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

## **2.4 Use of estimates and judgments**

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The preparation of these condensed interim financial statements in conformity with the approved accounting standards require the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended June 30, 2021.

### **Note 3**

#### **Summary Significant Accounting Policies**

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

This condensed interim financial statements do not include the informations reported for annual financial statements and should be read in conjunction with the audited annual published financial statements for the year ended June 30, 2021.

**SERVICE FABRICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

**Note 4**

**Advance for Purchase of Long Term Assets**

During the 2020, the Company entered into a contract for purchase of operating assets of Getti Agro (Private) Limited. The value of assets agreed between the two parties as per the valuer report by an independent evaluator "M/s. International Design Group" is Rs. 34,140,400.

For this transaction, Rs. 1 million were paid directly by directors to M/s Getti Agro (Private) Limited.

**Note 5**

**Issued, Subscribed and fully paid up capital**

2021		2020	Un-Audited September 30, 2021	Audited June 30, 2020
No. of shares			Rupees	Rupees
15,504,800	15,504,800	Ordinary shares of Rs. 10 each	155,048,000	155,048,000
		Ordinary shares of Rs. 10 each issued for		
250,000	250,000	consideration other than cash	2,500,000	2,500,000
<u>15,754,800</u>	<u>15,754,800</u>		<u>157,548,000</u>	<u>157,548,000</u>

**Note 6**

**Loan from Directors**

	Note	Un-Audited September 30, 2021	Audited June 30, 2020
			Rupees
Opening Balance		17,409,765	4,012,396
Received during period - net		24,353,775	17,996,565
Reclassified to short term financing		-	(4,599,196)
		<u>41,763,540</u>	<u>17,409,765</u>

**6.1** This represents unsecured and interest free loan from director. Repayment terms of loan have not been finalized yet. The company has classified the loan as repayable on demand pursuant to provisions of Technical Release-32 (TR-32) "Accounting Directors' Loan" issued by the Institute of Chartered Accountants of Pakistan. The whole amount is received in cash to make the payments of legal and operational fee.

**Note 7**

**Trade and Other Payables**

	2021	2020
	Rupees	Rupees
Sundry creditors	4,750,413	4,750,413
Payable to legal advisor and consultants	16,800,000	16,800,000
Accrued liabilities	-	925,000
Advances from customers and others	34,215,182	34,215,182
Zakat payable	301,072	301,072
Withholding tax payable	3,491,893	1,062,993
	<u>59,558,560</u>	<u>58,054,660</u>

**SERVICE FABRICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

**Note 8**

**Contingencies and Commitments**

**8.1** There is no change in status of the contingencies and commitments as disclosed in the audited annual financial statements of the Company for the year ended 30 June 2021.

**Note 9**

**Administrative Expenses**

	September 30, <b>2021</b> Rupees	September 30, <b>2020</b> Rupees
Legal and professional charges	14,567,054	58,000
Salaries	198,710	-
Repair and maintenance	1,150,000	-
Printing and stationery	118,750	-
Postage and courier	325,941	-
Advertisement	39,240	-
Travelling and conveyance	40,000	770
Bank charges	499	-
Office supplies	108,196	-
Underwriting commission	29,817,449	-
	<u>46,365,839</u>	<u>58,770</u>

**9.1** This includes expense incurred regarding payment for right issue of share capital, legal fee to consultant/advisors, fee for business plan and PSX fee.



**SERVICE FABRICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

<b>Note 10</b> <b>(Loss) / Earnings Per Share</b>	Un-Audited	Un-Audited
	September 30, <b>2021</b>	September 30, <b>2020</b>
	Rupees	
<i>Net (loss) for the year attributable to ordinary shareholders</i>	(46,365,071)	(58,770)
	Number	
<i>Weighted average number of ordinary shares</i>	15,754,800	15,754,800
<i>(Loss) per share - Basic</i>	<u>(2.94)</u>	<u>(0.004)</u>
<b>Earnings per share - Diluted</b>		

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments.

**Note 11**  
**Transactions with Related Parties**

The associated undertaking / related parties comprise of associated companies, key management personnel. Transactions carried out with associated undertakings / related parties during the period are as follows :-

Name of the related party	Relationship	Transactions during the period	September 30, September 30,	
			2021	2020
			Rupees	
<b>HK Securities (Pvt) Ltd</b>	Subsidiary Company	Investment in subsidiary		15,628,969
<b>Ghani Chemical Industries Limited</b>	Associates	Loan received	25,800,000	-
<b>Directors</b>		Loan (paid) / received net	24,353,775	963,823

**Note 12**  
**Subsequent Event**

Subsequent to the period end, the Company has allotted further right issue of 234.116 million ordinary shares of Rs. 10 each to its existing shareholders.

**Note 13**  
**Corresponding Figures**

The corresponding figures have been rearranged / reclassified, wherever considered necessary, for the purpose of comparison and for better presentation.

**Note 14**  
**Authorization of Financial Statements**

These financial statements have been authorized for issuance by the Board of Directors of the Company on **October 27, 2021**.

**SERVICE FABRICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

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**Note 15**  
**General**

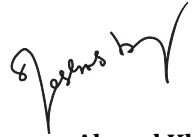
Figures have been rounded off to the nearest rupee.



**Atique Ahmad Khan**  
Chief Executive Officer



**Asim Mahmud**  
Chief Financial Officer



**Masroor Ahmad Khan**  
Director



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