



SERVICE FABRICS LIMITED

SERF/Corp/PXS

November 10, 2021

The General Manager

Pakistan Stock Exchange Ltd.,
Stock Exchange Building,
Stock Exchange Road-Karachi.

Subject: Material Information-Rejoinder to the Placement of SERF in Defaulter's Segment

Dear Sir,

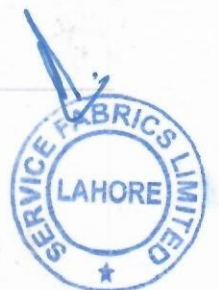
The Company (Service Fabrics Limited) considers the placement of its shares in the Defaulter's segment as unilateral and due to narrow, one-sided, rigid and unacced-for interpretation of PSX's regulations.

While reserving its right to initiate appropriate proceedings for the potential untold damage to the investors' and the good name of the Company, its sponsors and directors by this blindsided action; the Company informs the shareholders that the above has been done without any consideration to the notices of material information (disseminated through PUCAR) having been continuously and timely shared with the market/shareholders since the start of the revival process of the Company. The Company considers that these material notices would have given a clearer picture about the business affairs of the Company, which unfortunately, has not been the case.

With regards to the cited regulations of PSX's Rulebook leading to the placement of the Company's shares in the Defaulters' segment, the Company informs the shareholders as under:

Regulation 5.11.1 (b) The matter of suspension of commercial production/business operations is not applicable to the Company, on account of the following material progress having been achieved by the Company post the balance sheet date:

10-N, Model Town Ext., Lahore
UAN: 111-Ghani1, Ph. +92-42-35161424-5, Fax. (092) 42-35160393
E-Mail. corporate@servicefabrics.com, website. www.servicefabrics.com





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- I. The memorandum for the change of principle line of the Company's business stands submitted to CRO, SECP, Lahore since July 09, 2021. The certified copy of the same is awaited due to the delay in the receipt of the discharge certificate from a bank, which is expected shortly.
- II. With regards to the new business activities of the Company, which had been approved by the shareholders (on May 29th, 2021) and the Lahore High Court (on Jun 28th, 2021), the Company has already commenced the following business operations/activities:

S/No	Type of Business Operation	Operational Progress
1.	Calcium Carbide Project	<ul style="list-style-type: none">• The Company, after selection of the suitable vendor, has opened the LC for the Plant & Machinery of the Project. This was duly communicated to PSX on October 29, 2021.• Civil work on the site of the project has commenced. This was communicated to PSX on September 28, 2021.
2.	Super capacitor Project	<ul style="list-style-type: none">• Under an agreement, the trading of the imported super capacitors has been assigned to the Company, which will lead to the booking of the corresponding revenue to the Company in the future.• The JV agreement signing ceremony leading to the start of the factory establishment, is planned on Nov 16th, 2021.
3.	Investment in GCIL	<ul style="list-style-type: none">• As a consequence of the approval of the shareholders, the Company has made an investment of PKR 400Mn in

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	<p>GCIL, which is Pakistan's largest producer of medical and industrial gases.</p> <ul style="list-style-type: none">• Via this investment, the Company has indirectly got an exposure to the business operations and potential gains from a very unique and growth-oriented sector of the country's economy.• This investment shall result in the diversification of the business income of the Company.• Against this investment, the Company was initially allotted a quantity of 10Mn shares of GCIL, which quantity has risen to 22 Million shares, after the credit of the recently announced bonus shares of GCIL.
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Regulation 5.11.1 (i) The matter of the qualified opinion on the Going Concern or adverse opinion in the audit opinion pertains to the financial year ended Jun 30th, 2021.

The existence of the above opinion for the past period should have been analyzed from the post-balance sheet developments happening in the Company.

Since then, the Company has undertaken the implementation of the revival business processes, which became possible when the Lahore High Court disposed off the matter of winding-up against the Company on Jun 28th, 2021, i.e. just two days before the close of the last financial year.

The fact that the shareholders have put their faith in the future prospects of the Company by subscribing to the right shares to

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the tune of PKR 2.3141Bn, is a sufficient proof that the investors disregarded the existence of any qualified opinion on the going concern or any adverse audit opinion belonging to the past period. Hence, the placement of the Company on the defaulters counter serves no purpose whatsoever, when the shareholders have already overwhelmingly contributed their investments believing in the revival plan of the Company.

The Company is procuring the necessary audit certificate for satisfying the submission of the paperwork requirements of the Exchange.

Please disseminate this letter to all TREC Holders.

Please contact the undersigned for any further information, if required.

Yours truly,

For Service Fabrics Limited



FARZAND ALI

Company Secretary

CC: The Director /HOD, PRDD / SMD – SECP, Islamabad
The Chief Regulatory Officer, PSX, Karachi