



SERVICE FABRICS LIMITED

SFL/Admin/200204

25 February 2020

General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building, Stock Exchange Road
Karachi 74000

Dear Sir,

Subject: MATERIAL INFORMATION

"The Board of Directors' of the Company have met as scheduled to consider the proposal for the revival of the operations of the Company. Accordingly, have considered in depth the Option to purchase assets of M/s Amer Hotel, Lahore along with continued operations against Directors' Loan. The proposed acquisition will be financed by the two directors of the Company who are also the majority owners of the hotel currently.

Amer Hotel addressed at 46, Lower Mall, Lahore located right beside the Commissioner office Lahore and Civil & Session Courts of Lahore. It is spread over 72 marlas of land with covered area of 27,370 sq. ft. The facilities at the Hotel are comprised of 50 guests' rooms, two restaurants, a Banquet Hall of the capacity of 400 persons, walk in Fridge, Air-condition Unit for entire Building, a 200KVA transformer and a standby generator as back up for entire electricity requirements. The Hotel is in majority owned by Mr. Javed Siddique, Mr. Amir Siddique.

The valuation of the assets of the Hotel has been carried out by M/s Madadgar(duly registered valuator with Pakistan Banks' Association) in January 27, 2020. Whereas as the assessment of goodwill of continuing business has been carried by M/s Aamir Salman Rizwan Chartered Accountants (a QCR compliant firm with Institute of Chartered Accountants of Pakistan) in January 7, 2020. Copies of the both the valuations had been presented for the perusal of the Board of Directors. Based on the respective valuations the consideration value of the acquisition transaction has been arrived as follows:

	BASIS	AMOUNT (In Rupees)
1.	Valuation of Land carried by Madadgar Valuators.	400,000,000
2.	Valuation of Building carried by Madadgar Valuators.	114,100,000
3.	Valuation of AC Plants & Equipment carried by Madadgar Valuators.	23,800,000
4.	Present Value @ 10% of current net profit per year with the growth of 10% p.a. from the Hotel Business for next 10 years as Goodwill of the running business (the net profit for the 2019 has been agreed at Rs. 7.00 million the present value of which with increase of 10% per anum works out to be) carried by Aamir Salman Rizwan Chartered Accountants, Lahore	130,333,153
	Total Valuation	668,233,153





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The board of the directors in this meeting has decided to go ahead with the acquisition of the hotel and this acquisition shall be earnings accretive immediately after the acquisition.

Yours Sincerely,

Zahir Shah

(Zahir Shah)
Company Secretary