

Notice of Annual General Meeting

Notice is hereby given that the 61st Annual General Meeting of Service Industries Limited will be held on **Monday, the April 30, 2018 at 11:00 a.m.** at Shalimar Tower Hotel, Adjacent Servis House, 2–Main Gulberg, Lahore to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the separate and consolidated audited financial statements of the Company for the year ended December 31, 2017, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.
2. To approve the cash dividend for the year ended December 31, 2017 as follows:
A final cash dividend of Rs. 22 per share i.e. 220% as recommended by the Board of Directors;
An interim cash dividend of Rs. 10 per share i.e. 100% already declared and paid to the shareholders of the Company during the year ended December 31, 2017 out of which Rs. 1.50 i.e. 15% is apportioned for the Tax Year 2017 in order to satisfy the requirements of Section 5A of the Income Tax Ordinance, 2001 "inserted vide Finance Act 2017".
3. To appoint Auditors and to fix their remuneration. Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants for re-appointment as auditors of the Company.

Special Business:

4. To consider and if thought fit, to approve, subject to regulatory permission(s), the long-term investment of up to US \$ 1 Million (United States Dollars One Million Only) in equivalent Pakistani Rupees in the proposed wholly owned subsidiary to be incorporated in United States of America (USA) with the name, SIL USA Inc., or any other name approved by the Regulatory body in USA, by passing the following resolution as special resolution, with or without modification, addition or deletion:

"Resolved that pursuant to the requirement of Section 199 of the Companies Act, 2017 and subject to regulatory permission, the approval of the members be and is hereby accorded for long term investment of up to US \$ 1 Million (United States Dollars One Million Only) in equivalent Pakistani Rupees in the capital of the proposed wholly owned subsidiary company to be incorporated in USA with the name, SIL USA Inc., or any other name approved by the Regulatory body in USA, as per terms and conditions disclosed to the members.

Further resolved that the above said special resolution shall be valid for five (5) years from the date it is passed and Mr. Omar Saeed, Chief Executive or Mr. Arif Saeed or Mr. Hassan Javed, Directors of the Company be and are hereby singly empowered and authorized to undertake the decision of said investment as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and obtain necessary regulatory permission, to take all steps and actions necessary to give effect to the above resolution and to do or cause to be done all acts, deeds and things, filing of all necessary documents and to sign and execute documents that may be considered necessary or necessary for the purpose of implementing this resolution."

A statement under Section 134(3) of the Companies Act, 2017 pertaining to the Special business is annexed to the notice of meeting sent to the members.

By Order of the Board

Lahore
April 06, 2018

WAHEED ASHRAF
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 24, 2018 to April 30, 2018 (both days inclusive). Transfers received in order by our Shares Registrar, M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on April 23, 2018 will be considered in time for the purpose of payment of final cash dividend and for the purpose of attending and voting at the meeting.
2. A member of the Company entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in place of him/her at the meeting. Proxies in order to be effective must be received at the Registered Office of the Company duly stamped and signed not less than 48 hours before the time of meeting. A proxy must be a member of the Company.
3. Shareholders, who have deposited their shares into Central Depository Company of Pakistan, must bring their participant's ID numbers and account/sub account numbers along with original Computerized National Identity Cards or original Passports at the time of attending the meeting in order to facilitate identification of respective shareholders. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.
4. The directive of the Securities and Exchange Commission of Pakistan provides that the dividend warrants should bear the Computerized National Identity Card (CNIC) Numbers of the registered members or the authorized person except in the case of minor(s) and corporate members. CNIC numbers of the members are, therefore, mandatory for the issuance of future dividend warrants and in the absence of such information, payment of dividend may be withheld. Therefore, the members who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) to our Shares Registrar.
5. In accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website www.servisgroup.com and send it duly signed along with a copy of CNIC to the Share Registrar of the Company M/s. Corplink (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's Broker/Participant/CDC Account Services.
6. As approved by the members in their meeting held on September 27, 2016, the Company has sent its Annual Report 2017 to its shareholders in the form of CD. Any member requiring printed copy of Annual Report 2017 may send a request using a Standard Request Form placed on Company website.
7. Pursuant to the provisions of the Finance Act 2017, the rates of deduction of income tax from Dividend payments have been revised as under:-
 - (a) For filers of income tax returns 15%
 - (b) For non-filers of income tax returns 20%

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 20% all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @20% instead of 15%.

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In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC A/C No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder
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For any query/problem/information, the investors may contact the Shares Registrar: Mr. Muhammad Akbar Moghal, Phone No. 042-35839182, 35916714, 5916719, e-mail address corplink786@gmail.com and / or the Company: Mr. Bashir Ahmed, Phone No. 042-35751990, email address shareholders@servis.com.

The corporate shareholders having CDC accounts are required to have their national tax number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or the shares registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

8. Pursuant to Section 223 (7) of the companies Act, 2017 the Company can send the financial statements etc., to its shareholders electronically. In this regard, the members are requested to send their email information on the standard form which is available at the website of the Company www.servisgroup.com. Please ensure that your email account has sufficient rights and space available to receive such email. Further, it is the responsibility of the member(s) to timely update the Company / share registrar of any change in his (her/its/their) registered email address.
9. Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the meeting. The demand for video-link facility shall be received by the Share Registrar at the address given here in above at least ten (10) days prior to the date of the meeting on the standard form available on the company's website.
10. The Company has placed the audited annual financial statements for the year ended 31 December 2017 along with Auditors and Directors Reports thereon and Chairman's review report on its website: www.servisgroup.com.
11. Members are advised to immediately notify the change in their addresses, if any to our Shares Registrar, whereas CDC account holders are requested to contact their CDC participants / CDC account services.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS TO BE TRANSACTED AT THE ANNUAL GENERAL MEETING:

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2018.

- a) The Board of Directors of the Company has resolved to incorporate a wholly owned subsidiary company in USA by the name of SIL USA Inc., or any other name as approved by the regulatory body in USA. The Company will be incorporated as a Limited Liability Company (LLC) which will be wholly owned by Service Industries Limited (SIL) although proposed LLC Company will not have shares of Stock.
- b) The main object of the proposed wholly owned subsidiary will be to act as a liaison office of the Company's marketing department providing access, information and other services relating to US market.

- c) Approval of the members of the Company is sought for making long term investment up to US \$ 1 Million (United States Dollars One Million Only) in equivalent Pakistani Rupees in the capital of the proposed wholly owned subsidiary company subject to regulatory permission(s).
- d) The information required to be disclosed to the members under S.R.O No. 1240(1)/2017 dated 06 December 2017 Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017, is as follows:

Ref. No.	Requirement	Information
(a)	Disclosure for all types of investments:	
	(A) Disclosure regarding associated company	
(i)	Name of associated company or associated undertaking	SIL USA Inc., (proposed) or any other name approved by the Regulatory Body in USA.
(ii)	Basis of relationship	The proposed company will be wholly owned subsidiary of Service Industries Limited.
(iii)	Earnings per share for the last three years	Not Applicable as proposed company will be a newly incorporated company.
(iv)	Break-up value per share, based on latest audited financial statements	Not Applicable
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Not Applicable
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely	Not Applicable
	(I) Description of the project and its history since conceptualization	Not applicable
	(II) Starting date and expected date of completion of work	Not applicable
	(III) Time by which such project shall become commercially operational	Not applicable
	(IV) Expected time by which the project shall start paying return on investment	Not applicable
	(V) Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	Not applicable
	(B) General Disclosures	
(i)	Maximum amount of investment to be made	Up to US \$ 1 million in equivalent Pakistani Rupee. As the proposed LLC do not have shares of Stock. The investment will be made in the capital of the proposed subsidiary company by acquiring percentage of ownership.

(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	To form a wholly owned subsidiary which will perform as Company's marketing Office to provide access, information and other services relating to US market. The wholly owned subsidiary will exploit new markets in USA to boost up exports of footwear and leather products of its holding company (SIL) which will, hopefully, increase revenues and profitability of the Company in the long term. Investment will be for long term.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds	Own funds of the Company.
	(I) justification for investment through borrowings	Not Applicable
	(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds	Not Applicable
	(III) cost benefit analysis	Not Applicable
(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	No Agreement is required as the Company will be incorporating its subsidiary.
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	The Directors, Chief Executive, Sponsors, majority shareholders and their relatives of the Company have no interest, directly or indirectly, in the subsidiary, except in their capacities as being Directors, Chief Executive and the sponsors of the proposed subsidiary.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs	Not Applicable
(vii)	Any other important details necessary for the members to understand the transaction	None
(b)	Additional disclosure regarding Equity Investment	
(i)	Maximum price at which securities will be acquired	Not Applicable, the Company will invest in the capital of the proposed subsidiary.
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof	Not Applicable
(iii)	Maximum number of securities to be acquired	Not Applicable
(iv)	Number of securities and percentage thereof held before and after the proposed investment	Investment is to be made in a new company. The Company will hold 100% of ownership in the proposed LLC Company.
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities;	Not Applicable
(vi)	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	The proposed LLC will not have shares of stock. The subsidiary is being incorporated by the Company with 100% ownership.

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Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017

<i>Name of Investee Company</i>	S2 Power Limited	Service Industries Capital (Private) Limited	S2 Hydro Limited
Total Investment Approved	Long term equity investment up to Rs. 25 million for purchase of 2,500,000 shares was approved by the members in EOGM held on July 24, 2014 for the period of three (3) years. The validity of resolution for investment in S2 Power Limited was extended, in the EOGM of the Company held on July 28, 2017, for further three (3) years i.e., up to July 27, 2017.	Long term Equity investment up to Rs. 300 million for purchase of 30,000,000 shares was approved by the members in EOGM held on November 06, 2015 for the period of five (5) years.	Long term equity investment up to Rs. 50 million for purchase of 5,000,000 shares was approved by the members in AGM held on April 25, 2016 for the period of three (3) years.
Amount of Investment made to date	An investment of Rs. 240,000 has been made so far by the Company.	An investment of Rs. 218.68 million has been made so far by the Company.	An investment of Rs. 240,000 has been made so far by the Company.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in a specified time	No deviation from the approved timeline.	No deviation from the approved timeline.	No deviation from the approved timeline.
Material change in financial statements of associated company or associated undertaking since the date of the resolution passed for approval of investment in such company	The balance sheet size of S2 Power Limited as at June 30, 2017 is Rs. 5.50 million and loss incurred for the year ended June 30, 2017 is Rs. 1.03 million.	The balance sheet size of Service Industries Capital (Private) Limited as at December 31, 2017 is Rs. 220 million and profit after tax for the year ended December 31, 2017 is Rs. 2.23 million.	There is no material change in the financial statement of the company since the date of passing of special resolution.

Inspection:

The documents relating to special business can be inspected by the shareholders from the date of issuance of this notice till the date of meeting at the registered office of the Company during usual business hours from Monday to Friday (9 a.m. – 5 p.m.).