



# Service Industries Limited

Servis House, 2-Main Gulberg  
Lahore-54662 (Pakistan)  
Phone: (42) 5751990-96  
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SIL/PSX/CS/14

**BY T.C.S & PUCARS**

March 31, 2016

**The General Manager**  
Pakistan Stock Exchange Limited,  
Stock Exchange Building,  
Karachi.

**SUBJECT: NOTICE OF 59<sup>TH</sup> ANNUAL GENERAL MEETING**

Dear Sir,

We enclose herewith copy of the Notice of 59<sup>th</sup> Annual General Meeting of the Company to be published in the newspapers on Monday, April 04, 2016.

The above is submitted for information of the Exchange.

Yours sincerely,

**SERVICE INDUSTRIES LIMITED**

**WAHEED ASHRAF**  
Company Secretary



# SERVICE INDUSTRIES LIMITED

Servis House, 2-Main Gulberg, Lahore

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59<sup>th</sup> Annual General Meeting of Service Industries Limited will be held on Monday the April 25, 2016 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 Audited Financial Statements of the Company for the year ended December 31, 2015, together with the Directors' and Auditors' Reports thereon.
2. To approve the final cash dividend of Rs. 25 per share i.e. 250% as recommended by the Board of Directors in addition to the interim cash dividend of Rs. 12.50 per share i.e. 125% already paid to the shareholders of the Company making a total cash dividend of Rs. 37.50 per share i.e. 375% for the year ended December 31, 2015.
3. To appoint Auditors and to fix their remuneration.

### Special Business:

4. To consider and if thought fit, to pass the following resolution as special resolution with or without modification under Section 208 of the Companies Ordinance 1984 as recommended by the Board of Directors of the Company:

**"Resolved that** pursuant to the requirement of Section 208 of the Companies Ordinance, 1984, the approval of the members be and is hereby accorded for long term equity investment of up to Rs. 50 million in the S2 Hydro Limited, an associated company, for subscribing at par, fully paid 5,000,000 ordinary shares of Rs. 10 each, as per terms and conditions disclosed to the members.

**Further resolved that** the above said special resolution shall be valid for three (3) 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 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.

**Further resolved that** subsequent to the above said equity investment, Mr. Omar Saeed, Chief Executive or Mr. Arif Saeed or Mr. Hassan Javed Directors of the Company be and are hereby authorized singly to dispose of, through any mode, a part or all of equity investments made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company."

A statement under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special business is annexed herewith.

Lahore  
April 01, 2016

By Order of the Board

**WAHEED ASHRAF**  
Company Secretary



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## NOTES:

1. The Share Transfer Books of the Company will remain closed from April 19, 2016 to April 25, 2016 (both days inclusive). Transfers received in order by our Shares Registrar, M/s. Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore by the close of business on April 18, 2016 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.
4. 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.
5. The directive of the Securities and Exchange Commission of Pakistan contained in SRO 831(I) / 2012 dated July 05, 2012 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.
6. In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged by SECP where shareholders can get amount of the dividend credited into their respective bank accounts electronically. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated April 05, 2013 has advised all listed companies to adopt e-dividend mechanism due to the benefits it entails for their members. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed.
7. The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as follows:

(a) For filers of income tax returns	12.50%
(b) For non-filers of income tax returns	17.50%

To enable the Company to make tax deduction on the amount of cash dividend @12.50% instead of 17.50% 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 @17.50% instead of 12.50%.

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. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint holder shall be presumed to have an equal number of shares.



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For any query/problem/information, the investors may contact the Shares Registrar: Mr. Abdul Ghafoor, Phone No. 042-37235081-82, e-mail address [shares@hmacconsultants.com](mailto:shares@hmacconsultants.com) and / or the Company: Mr. Bashir Ahmed, Phone No. 042-35751990, Fax: 042-35711827.

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 Notification vide SRO 787 (1)/2014 dated September 08, 2014, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving Annual Financial Statements and Notice of Annual General Meeting (Notice) through electronic mail system (e-mail). The Company is pleased to offer this facility to our valued members who desire to receive Annual Financial Statements and Notices through email in future. In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the website of the Company [www.servisgroup.com](http://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. The financial statements of the Company for the year ended December 31, 2015 along with reports have been placed at the website of the Company [www.servisgroup.com](http://www.servisgroup.com).
10. Members are advised to immediately notify the change in their addresses, if any to our Shares Registrar.

### **STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984, CONCERNING THE SPECIAL BUSINESS:**

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 25, 2016.

Punjab with population of 93 million is the largest province of Pakistan and contributes 60% of the GDP. It has a large industrial base with more than 48,000 units. There is a growing un-met demand of energy which offers an opportunity for investments in power generation projects based on Coal, Hydro, Biomass and Solar. Power generation companies are allowed to import plants and equipment @ 0% duty, with exemption on sales tax. Other incentives include income tax exemption for life, full repatriation of profit plus investment and minimum guaranteed 17% USD based Return on Equity.

Keeping in view the current energy crisis in Pakistan and potential benefits in power sector, Government of Punjab has invited applications for investment in Coal and Hydro Power Projects located in Punjab. The Board of Directors has decided to make investment in the recently incorporated associated company namely S2 Hydro Limited for development of 20 MW Hydro based power plant project to be located at Mandi Baha Ud-din. In this regard, a Letter of Interest (LOI) from Punjab Power Development Board for conducting feasibility study of the project has already been received.

The cost of the proposed Project is estimated at USD 60 million, with an equity investment of 20% i.e., USD 12 Million. The balance Project Cost of USD 48 Million shall be funded by debt.

Approximately 17% USD-based Return on Equity ("ROE") shall be attained under the tariff which will be in addition to reimbursement of debt servicing costs, operations and maintenance costs and insurance cost etc.

For initial outlay required for the feasibility study and other development costs, the Board of Directors has recommended equity investment of up to Rs. 50 Million by way of purchase of 5,000,000 shares of Rs. 10 each of S2 Hydro Limited.



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Information required to be disclosed to the members under S.R.O No. 27 (I)/2012 dated January 16, 2012 Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012, is as follows:

Ref. No.	Requirement	Information
i	Name of associated company	S2 Hydro Limited
	Criteria of associated relationship	Common directorship
ii	Purpose	To participate in power generation project
	Benefits	To earn return on equity through dividend income from investment in associated company and capital appreciation.
	Period of investment	long term investment
iii	Maximum amount of investment	Rs. 50 million (Rupees Fifty million only)
iv	Maximum price at which securities will be acquired	Par value i.e. Rs. 10/- per share.
v	Maximum number of securities to be acquired	5,000,000 Ordinary Shares of Rs. 10 each
vi	Shareholding before investment	Nil
	Shareholding after investment	5,000,000 Ordinary Shares (50%)
vii	Requirement in case of investment in listed securities	Not Applicable
viii	Requirement in case of investment in unlisted securities, fair market value of such securities	The current fair value of investment is assumed at PKR 10/- as the Hydro Power Project is in initial stage. The fair value of the investment will be applicable once the company commences its operations.
ix	Break-up value of securities intended to be acquired on the basis of latest audited financial statements	Rs. 10.00 per share. The company has been incorporated on 22 <sup>nd</sup> February, 2016.
x	Earnings per share of the associated Company for the last three years	Not applicable.
xi	Sources of fund from which securities will be acquired	Own funds of the Company.
xii	Requirements if securities are intended to be acquired using borrowed funds	Not applicable.
xiii	Salient features of agreement(s) entered into with the associated Company	No such agreement.
xiv	Direct / Indirect interest of directors, sponsors, majority shareholders and their relatives, if any in the associated company or the transaction under consideration.	None of the directors, sponsors, majority shareholders and their relatives have any interest in the proposed acquisition, except to the extent of their shareholding in the associated Company.



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		<p><b><u>Shares held by the Directors of Service Industries Limited in S2 Hydro Limited:</u></b></p> <table> <thead> <tr> <th></th> <th>No. of shares</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Mr. Omar Saeed</td> <td>500</td> <td>1%</td> </tr> <tr> <td>Mr. Hassan Javed</td> <td>500</td> <td>1%</td> </tr> </tbody> </table> <p><b><u>Shares held by the Directors of S2 Hydro Limited in Service Industries Limited:</u></b></p> <table> <thead> <tr> <th></th> <th>No. of shares</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Mr. Omar Saeed</td> <td>995,896</td> <td>8.28%</td> </tr> <tr> <td>Mr. Hassan Javed</td> <td>758,015</td> <td>6.30%</td> </tr> </tbody> </table>		No. of shares	Percentage	Mr. Omar Saeed	500	1%	Mr. Hassan Javed	500	1%		No. of shares	Percentage	Mr. Omar Saeed	995,896	8.28%	Mr. Hassan Javed	758,015	6.30%
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xv	Any other important detail	<p>The main object of the proposed Company is to set up 20 MW Hydel Power Plant in Punjab. Government of Punjab has announced the lucrative incentives for investment in power sector:</p> <ul style="list-style-type: none"> <li>▪ Tax exemptions for the life of the project;</li> <li>▪ Guaranteed off-take of power generation;</li> <li>▪ Government of Punjab Guarantees for payment of power off-take;</li> <li>▪ Levelized tariff, which included financial costs (loan &amp; interest) repayment to lenders;</li> <li>▪ Determined upfront tariff is worked to aim 17% Return on Equity.</li> </ul>																		
xvi	Description of the project	As mentioned in point no. xv																		
	Starting and expected date of Completion	The work on the project will start soon after the financial close and is estimated to be completed within 36 months after the financial close.																		
	Commercial operations date	Within one year from the date of completion																		
	Expected time by which the project shall start paying return on investment	Within one year after Commercial Operation date.																		

## Statement under Rule 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Name of Investee Company	S2 Power Limited	Service Industries Capital (Private) 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.	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.
Amount of Investment made to date	No investment has been made so far by the Company.	No investment has been made so far by the Company.



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Reasons for not having made complete investment so far where resolution required it to be implemented in specified time	The project is still in initial stages of approval. The Company has recently received Letter of Interest (LOI) form Punjab Power Development Board for conducting feasibility study for development of 220 MW Coal based power plant project to be located at Gujranwala in Punjab. The investment will be made as and when funds are required by the associated company. The resolution is valid for three (3) years.	The investment will be made as and when funds are required by the associated company. The resolution is valid for five (5) years.
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	There is no material change in the financial statement of the company since the date of passing of special resolution.	There is no material change in the financial statement of the company since the date of passing of special resolution.

### Inspection:

All the documents related to the special business are being kept at the registered office of the Company for inspection during usual business hours till the date of the Annual General Meeting.