Service Industries Limited

Servis House, 2-Main Gulberg
Lahore - 54662 (Pakistan)
Phone: (42) 35751990-96
Fax: (42) 35711827

SIL/PSX/CS/103
June 08, 2021

BY PUCARS & T.C.S

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

Director / HOD,
Surveillance, Supervision and Enforcement Department,
Securities & Exchange Commission of Pakistan,
NIC Building, Blue Area, 63-Jinnah Avenue,
Islamabad.

Subject: **Disclosure of Material Information**

Dear Sirs:

In accordance with the requirements of the Rule Book of Pakistan Stock Exchange Limited and applicable provisions of the Securities Act, 2015, Service Industries Limited hereby conveys the following information:

"The Board of Directors of Service Industries Limited (the **"Company"**) in its meeting held today has resolved:

1. To provide sponsors support to Service Long March Tyres (Private) Limited ("SLM"), an associated company, by way of renewal / enhancement for the issuance of Cross Corporate Guarantees from PKR 8 Billion to PKR 9 Billion in favor of financial institutions / lenders of SLM for (9) nine years i.e., up till June 30, 2030, subject to the approval of the members of the Company.

2. To obtain a working capital loan of up to PKR 4.5 Billion and a long-term loan of PKR 2.5 Billion from Service Global Footwear Limited, a subsidiary company, subject to requisite compliance with the requirement of applicable law."

3. An Extraordinary General Meeting of the Company will be held on June 30, 2021. A copy of the notice of EOGM is attached."

A disclosure form is attached herewith.

You may please inform the TRE Certificate Holders of the Exchange, accordingly.

Yours' sincerely

Waheed Ashraf
Company Secretary

SERVICE INDUSTRIES LIMITED LAHORE

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SERVICE INDUSTRIES LIMITED
DISCLOSURE FORM
(Securities Act, 2015)

June 08, 2021

Name of the Company	Service Industries Limited
Date of Report (Date of earliest event reported if applicable)	Not applicable
Exact Name of the Company as specified in its Memorandum	Service Industries Limited
Registered address of the Company	Servis House, 2-Main Gulberg, Lahore.
Contact Information	**Mr. Waheed Ashraf** Company Secretary Tel: +92 42 35751990-96 Fax: +9242 35711827
Disclosure of Inside Information in terms of the Securities Act, 2015, Rule Book of Pakistan Stock Exchange Limited	"The Board of Directors of Service Industries Limited (the **"Company"**) in its meeting held today has resolved: 1. To provide sponsors support to Service Long March Tyres (Private) Limited ("SLM"), an associated company, by way of renewal / enhancement for the issuance of Cross Corporate Guarantees from PKR 8 Billion to PKR 9 Billion in favor of financial institutions / lenders of SLM for (9) nine years i.e., up till June 30, 2030, subject to the approval of the members of the Company. 2. To obtain a working capital loan of up to PKR 4.5 Billion and a long-term loan of PKR 2.5 Billion from Service Global Footwear Limited, a subsidiary company, subject to requisite compliance with the requirement of applicable law." 3. An Extraordinary General Meeting of the Company will be held on June 30, 2021. A copy of the notice of EOGM is attached."

Waheed Ashraf
Company Secretary

SERVICE INDUSTRIES LIMITED LAHORE

SERVICE INDUSTRIES LIMITED

Servis House, 2-Main Gulberg, Lahore

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Extraordinary General Meeting ("EOGM") of Service Industries Limited (the Company) will be held on **Wednesday, the June 30, 2021 at 12:00 Noon** through video link facility from the registered office of the Company situated at Servis House, 2-Main Gulberg, Lahore, to transact the following business:

- To consider and if deemed fit, to pass the following resolution as Special Resolution, with or without modification, addition(s) or deletion(s):

Resolved that pursuant to the requirements of Section 199 and other applicable provisions of the Companies Act 2017, Service Industries Limited (the 'Company') be and is hereby authorized, by way of renewal and enhancement, the issuance of the Cross Corporate Guarantees from PKR 8.0 Billion (Rupees Eight Billion Only) to PKR 9.0 Billion (Rupees Nine Billion Only) in favor of financial institutions / lenders of Service Long March Tyres (Private) Limited (SLM), an associated company, for nine (09) years i.e., up till June 30, 2030 to secure financial assistance to be extended to SLM, subject to terms and conditions disclosed to the members in the statement under Section 134(3) of the Companies Act, 2017.

Further resolved that the commission to be charged by the Company to Service Long March Tyres (Private) Limited on any outstanding amount of issued Guarantee shall be 0.1% per quarter (exclusive of all applicable taxes) on the outstanding amount of the guarantee.

Further resolved that the Chief Executive or any Director of the Company be and is hereby singly authorized to take any and / or all actions to implement and give effect to the above resolution and to complete any or all necessary required corporate and legal formalities including signing and execution of agreement(s) for the purpose of implementation of the above resolution.

Attached to this Notice circulated to the members, is a statement of material facts under Section 134(3) of the Companies Act, 2017 pertaining to the Special Business to be transacted at the Extraordinary General Meeting.

By Order of the Board

Lahore
June 09, 2021

WAHEED ASHRAF
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from June 23, 2021 to June 30, 2021 (both days inclusive). Transfers received in order by our Shares Registrar, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore by the close of business on June 22, 2021 will be considered in time for the purpose of attending and voting at the meeting.

2. A member of the Company entitled to attend and vote at the Extraordinary 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. Proxy Forms in Urdu and English languages are attached to the notice circulated to the shareholders.

3. In Compliance with SECP's Circular No. 06 of 2021 dated March 03, 2021, keeping in view of the recent spike in number of Covid-19 cases, its gravity on public health, increased number of causalities and instructions of the Government / institutions to consider the provision of video link facility for conducting meetings, the Extraordinary General Meeting will be held virtually via video-link for the safety and well-being of our valued shareholders and general public.

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To attend the EOGM through video link, members are requested to register their following particulars by sending an e-mail at shareholders@servis.com.

Folio / CDC Account No.	No. of shares held	Name	CNIC No.	Cell No.	Email address

The video link and login credentials will be shared with the shareholders whose e-mails, containing all the requested particulars, are received at the given e-mail address by or before the close of business hours (5:00 p.m.) on June 28, 2021. The shareholders are also encouraged to send their comments / suggestions, related to the agenda of the EOGM on the above mentioned e-mail address or WhatsApp Number 0309 1560943 by the close of business hours (5:00 p.m.) June 28, 2021. For any query, the members may please contact at aforesaid email or WhatsApp Number.

4. The Shareholders having physical shareholding are encouraged to place their physical shares into scripless form as defined in Section 72(2) of the Act i.e.; "Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act."

5. Members who have not yet submitted copies of their Computerized National Identity Cards (CNIC) are requested to send the same to our Shares Registrar at the earliest.

6. Members having physical shares are requested to immediately notify the change in their addresses, if any to our Shares Registrar, whereas CDC account holders are requested to contact their CDC Participant / CDC Account Services.

7. For any query / problem / information, the investors may contact the Shares Registrar: Mr. Muhammad Akbar Moghal, Phone No. 042-35839182, 35916714, 35916719, e-mail address: corplink786@gmail.com and / or the Company: Mr. Tahir Maqsood, Phone No. 042-35751990, email address: shareholders@servis.com.

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

This statement sets out the material facts concerning the Special Business to be transacted at the Extraordinary General Meeting of the Company to be held on June 30, 2021.

Renewal / enhancement of limit of Cross Corporate Guarantees

Service Industries Limited ("SIL") entered into a Joint Venture Agreement with, Chaoyang Long March Tyre Co. Ltd, ("LM"), a Chinese Company and Myco Corporation, Pakistan for setting up a Joint Venture Company in Pakistan for the manufacturing of Truck and Bus radial category of tyres ("TBR Tyres"). Accordingly, a Joint Venture Company under the name of Service Long March Tyres (Private) Limited ("SLM") was incorporated in Pakistan on January 07, 2020 with an authorized share capital of Rs. 10,000,000,000 (Rupees ten billion only) divided into 1,000,000,000 ordinary shares of Rs. 10 each. The Current paid-up capital of the SLM is PKR 7,500,000,000 which is held by its following shareholders:

Service Industries Limited	30.60%
Service Global Footwear Limited	20.40%
Chaoyang Long March Tyre Co., Ltd.	44%
Mr. Shabir Ahmad of Myco Corporation, Pakistan	5%

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SERVICE INDUSTRIES LIMITED

Servis House, 2-Main Gulberg, Lahore

The shareholders of Service Industries Limited in the Annual General Meeting of the Company on July 17, 2020 had approved issuance of Cross Corporate Guarantees up to PKR 8 Billion (Rupees Eight Billion Only) in favor of financial institutions / lenders of SLM, an associated company, to secure financial assistance to be extended to SLM, for a period up to one (1) year starting from the date of issuance of the guarantees, which will expire in July 2021. It is now recommended to renew the guarantees with an enhanced amount of PKR 9.0 Billion in favor of financial institutions / lenders of Service Long March Tyres (Private) Limited for nine (09) years i.e., up till June 30, 2030 for securing financial assistance to be extended to SLM.

The Directors have certified that they have carried out their due diligence for the proposed issuance of guarantees before recommending it for members approval and financial health of associated company will be such that it will honor its commitments with the financial institutions.

The signed recommendation of due diligence shall be made available to the members at the meeting.

The information required to be disclosed to the members under S.R.O No. 1240(I)/2017 dated 06 December 2017 Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017, is as follows:

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th>Information</th></tr>
<tr><td>(a)</td><td colspan="2">Disclosure for all types of investments:</td></tr>
<tr><td></td><td colspan="2">(A) Disclosure regarding associated company</td></tr>
<tr><td>(i)</td><td>Name of associated company or associated undertaking</td><td>Service Long March Tyres (Private) Limited (SLM)</td></tr>
<tr><td>(ii)</td><td>Basis of relationship</td><td>- Common Directorship
- Associated company with 30.60% shareholding</td></tr>
<tr><td>(iii)</td><td>Earnings per share for the last three years</td><td>Service Long March Tyres (Private) Limited was incorporated on 07 January 2020. The Earnings per share as per latest audited financial statements for the period from January 07, 2020 to June 30, 2020 is as follows:
<table>
<tr><th>Sr.</th><th>Year</th><th>Earnings per share Rs.</th></tr>
<tr><td>1.</td><td>2020</td><td>0.12</td></tr>
</table>
</td></tr>
<tr><td>(iv)</td><td>Break-up value per share, based on latest audited financial statements</td><td>Rs. 10.129 per share as at June 30, 2020.</td></tr>
<tr><td>(v)</td><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements</td><td>Audited financial statements as at 30th June 2020.</td></tr>
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SERVICE INDUSTRIES LIMITED LAHORE

			Balance Sheet: **Assets** Non-current assets Current assets Total assets **Liabilities** Non-current liabilities Current liabilities Total liabilities **Equity** **Profit & loss:** Sales Gross Profit Gross Profit Ratio Other Income – Profit on TDR Net Profit after tax Net Profit after tax Ratio EPS (Rs.) Service Long March Tyres (Private) Limited has not commenced its commercial operations yet.	Rupees 713,094,779 809,936,590 1,523,031,369 - 3,705,196 3,705,196 1,519,326,173 - - - 32,017,466 18,408,573 - 0.12
(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			
	(I)	Description of the project and its history since conceptualization	SIL entered into a joint venture agreement with Chaoyang Long March Tyre Co., Ltd., a Chinese Company and Myco Corporation of Pakistan for setting up a production facility in Pakistan ("Project") for the manufacturing and sale of truck and bus radial category of tyres ("TBR Tyres"), to serve the progressive demand of local as well as exports to other countries. Pursuant to the Agreement, a Joint Venture Company Service Long March Tyres (Private) Limited was incorporated. The Project is progressing well and is expected to achieve completion around the 3rd Quarter of 2021.	

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	(II)	Starting date and expected date of completion of work	The work on the project has commenced in 1st quarter of 2020. The project work is expected to be completed around the 3rd Quarter of 2021.
	(III)	Time by which such project shall become commercially operational	Around 3rd Quarter of 2021 approximately.
	(IV)	Expected time by which the project shall start paying return on investment	Expected in financial year 2022/2023.
	(V)	Funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts	The following funds have been invested by the promoters, sponsors and associated companies in cash to date: Service Industries Limited PKR 2,295,000,000 Service Global Footwear Limited PKR 1,530,000,000 Chaoyang Long March Tyre Co., Ltd. PKR 3,300,000,000 Mr. Shabir Ahmad of Myco Corporation PKR 375,000,000
	(B) General Disclosures		
(i)	Maximum amount of investment to be made		PKR 9 Billion (Rupees Nine Billion Only).
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment		To support the associated company for its joint venture project. The timely completion of the Project of SLM, an associated company of SIL, will be beneficial for SIL, inter alia, in terms of dividend which will enhance the profitability of SIL and add to its shareholders value. SIL will also earn commission income over the duration of guarantee.
(iii)	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds		Not applicable.
	(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.

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(iv)	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment	Agreements will be executed before issuing the guarantee with the terms and conditions as approved by the shareholders. The salient features of the agreement are as under: 1. SIL will issue Cross Corporate Guarantees up to PKR 9 Billion in favor of financial institutions / lenders on behalf of SLM for nine (9) years. 2. Commission will be charged to SLM @ 0.1% per quarter (exclusive of all applicable taxes) on the outstanding amount of Guarantee. 3. The commission will be paid quarterly by SLM to SIL within 30 days of the end of each quarter. 4. In case of delay in commission payment, SIL will charge a penalty to SLM @ 7.50% per annum on the unpaid commission amount for the period for which the payment is delayed. 5. In case the Company is asked to make payment, mark up of 3 months KIBOR plus 100 bps per annum shall be charged on such amounts which shall not be less than borrowing cost of the Company till the amount is recovered.
(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 of SIL and their relatives have no interest, directly or indirectly, in Service Long March Tyres (Private) Limited or transactions under consideration, except in their capacities as being Directors, Chief Executive and the sponsors of Service Long March Tyres (Private) Limited. The Company is currently holding 30.60% shareholding in SLM. Service Global Footwear Limited, the subsidiary company of SIL also holds 20.40% shareholding in SLM. Moreover, none of the Director of SIL hold any share in his individual capacity in Service Long March Tyres (Private) Limited. Service Long March Tyres (Private) Limited does not hold any share in SIL.

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<table>
<tr><td></td><td></td><td>Following are the present shareholdings of Directors in SIL:

<table><tr><th>Name of Director</th><th>Shareholding</th></tr><tr><td>Chaudhry Ahmed Javed</td><td>2,062,264</td></tr><tr><td>Mr. Arif Saeed and his spouse</td><td>5,136,666</td></tr><tr><td>Mr. Omar Saeed</td><td>4,765,824</td></tr><tr><td>Mr. Hassan Javed</td><td>9,064,524</td></tr><tr><td>Mr. Osman Saifullah Khan</td><td>390</td></tr><tr><td>Mrs. Ayesha Naweed</td><td>2</td></tr><tr><td>Mr. Riaz Ahmed</td><td>8,000</td></tr><tr><td>Mr. Muhammad Naeem Khan</td><td>1,000</td></tr></table>
Out of above Directors of SIL, four Directors Chaudhry Ahmed Javed, Mr. Arif Saeed, Mr. Omar Saeed and Mr. Hassan Javed are also the Directors of Service Long March Tyres (Private) Limited and they hold shares in SIL as stated above.</td></tr>
<tr><td>(vi)</td><td>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</td><td>Service Industries Limited has already made an equity investment of PKR 2,295,000,000 in the associated company. Since the associated company is establishing a green field project, no performance review is applicable and possible at this stage. Further, there is no impairment or write off relating to the equity investment made so far.</td></tr>
<tr><td>(vii)</td><td>Any other important details necessary for the members to understand the transaction</td><td>None</td></tr>
<tr><td>(b)</td><td colspan="2">Additional disclosure in case of Investments in the form Guarantees</td></tr>
<tr><td>(i)</td><td>Category-wise amount of investment</td><td>PKR 9 Billion (Rupees Nine Billion Only) as Cross Corporate Guarantee.</td></tr>
<tr><td>(ii)</td><td>Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period</td><td>The current average borrowing cost of SIL as on June 01, 2021 is 7% per annum.

3 Months KIBOR as on June 01, 2021 is 7.49% per annum.

SIL is paying a commission in the range of 0.04% to 0.1% per quarter to the Guarantee issuing financial institutions.</td></tr>
<tr><td>(iii)</td><td>Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company</td><td>SIL shall charge SLM a commission of 0.1% per quarter (exclusive of all applicable taxes) on the outstanding amount of Guarantee to be paid within 30 days of the end of each quarter.</td></tr>
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(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment	No collateral or security required as SLM is an associated company.
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable	Not Applicable
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking	SIL shall recover the commission from SLM on quarterly basis, as mentioned hereinabove.

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

Name of Investee Company	**Service Long March Tyres (Private) Limited**
Total Investment Approved	Long term equity investment up to US$ 30,600,000 equivalent to Rs. 4,738,410,000 for purchase of 473,841,000 shares.
Amount of Investment made to date	Rs. 2,295,000,000.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in a specified time	No deviation. The validity of resolution for investment of up to Rs. 4,738,410,000 is three (3) years from February 03, 2020. The investment will be made as and when funds are required by the associated company.
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	Investment was approved on February 03, 2020. The sponsors have injected Rs. 7,500,000,000 as equity and the associated company has purchased land for the project. Construction phase is underway. Majority of the Plant and Machinery has arrived at the Project site. As per latest audited financial statements for the period from January 07, 2020 to June 30, 2020, the balance sheet size is Rs. 1,523,031,369. Profit after tax is Rs. 18,408,573 and Earnings per share is Rs. 0.12. The Company is expected to commence the commercial operations by 3rd Quarter of 2021.

SERVICE INDUSTRIES LIMITED LAHORE