Servis

# SERVICE INDUSTRIES LIMITED

Servis House, 2-Main Gulberg, Lahore

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 60th Annual General Meeting of Service Industries Limited will be held on **Friday the April 28, 2017 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, 2016, 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. 15 per share i.e. 150% already paid to the shareholders of the Company making a total cash dividend of Rs. 40 per share i.e. 400% for the year ended December 31, 2016.

3. To appoint Auditors and to fix their remuneration.

**Special Business:**

4. To consider and approve the substitution of Article 50 of the Articles of Association and, if thought fit, for this purpose to pass the following resolution as special resolution, with or without modification:

> **"Resolved that** the existing Article 50 of the Articles of Association be substituted with the following new Article 50:
>
> **50. Qualification of Directors**
>
> No person shall be appointed as a director of the Company unless he is a member of the company, however, this Article shall not be applicable in the case of a person representing the Government or an institution or authority which is a member or a whole time director who is an employee of the Company or a chief executive or a person representing creditors as provided under Section 187 (h) of the Companies Ordinance, 1984."

5. To consider and, if deemed fit, pass the following resolution as a Special Resolution with or without modification for alterations in the Articles of Association of the Company:

> **"Resolved that** pursuant to Section 28 and other applicable provisions, if any, of the Companies Ordinance, 1984 and any other law(s), Articles of Association of the Company be and are hereby amended by inserting a new Article 47A immediately after the existing Article 47 to read as under;
>
> **47A. ELECTRONIC VOTING:** The Company shall comply with the mandatory e-voting requirements as may be prescribed by the Securities and Exchange Commission of Pakistan from time to time and members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this Article.

**Further resolved that** the Chief Executive Officer or Company Secretary be and is hereby singly authorized to do all acts, deed and things, take all steps and action necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents / statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations in the Articles of Association and implementing the aforesaid resolution."

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

By Order of the Board

Lahore
April 06, 2017

**WAHEED ASHRAF**
Company Secretary

**NOTES:**

1. The Share Transfer Books of the Company will remain closed from April 21, 2017 to April 28, 2017 (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 20, 2017 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 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 which is available on the website of the company www.servisgroup.com.

6. Pursuant to the provisions of Finance Act, 2016 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 20%

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

   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.

7. 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. 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.

8. The Company has placed the Audited Annual Financial Statements for the year ended 31 December 2016 along with Auditors and Directors Reports thereon on its website: www.servisgroup.com.

9. 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 BUSINESSES:**

This statement sets out the material facts concerning the Special Businesses to be transacted at the Annual General Meeting of the Company to be held on April 28, 2017.

**ITEM NO. 4 OF THE AGENDA**

Presently, the requirement of qualification shares of Directors is the holding of shares of value being not less than Rs. 25,000. In order to facilitate the representation of Directors, it is proposed to rationalize the requirement of qualification shares of Directors as per minimum requirement stipulated in the Companies Ordinance, 1984.

The Directors are not interested, directly or indirectly, in the above special business except to the extent of their shareholdings as has been detailed in the pattern of shareholding annexed to the Directors Report. It is proposed to pass the special resolution as proposed in the notice to replace the existing Article 50 which is reproduced hereunder:

> **"50. Qualification of Directors**
>
> Save as provided in Section 187, no person shall be appointed as a Director unless he is a member of the Company and holds qualification shares of such value being not less than Rs. 25,000 as may be determined by the Board from time to time. For purposes of this Article, the Director may hold the said qualification shares in his own name relaxable in the case of a Director representing interest holding shares of the requisite value."

**ITEM NO. 5 OF THE AGENDA**

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulations 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 47A therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means. Accordingly, it has been proposed to pass the resolution as a Special Resolution for alteration in the Articles of Association of the Company, as specified in the notice of meeting.

The Directors are not interested, directly or indirectly, in the above special business except to the extent of their shareholdings as has been detailed in the pattern of shareholding annexed to the Directors Report.

**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** | **S2 Hydro Limited** |
|---|---|---|---|
| ***Total Investment Approved*** | Long term equity investment up to Rs. 25 million for purchase of | Long term Equity investment up to Rs. 300 million for purchase of | Long term equity investment up to Rs. 50 million for purchase of |



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| | 2,500,000 shares was approved by the members in EOGM held on July 24, 2014 for the period of three (3) years. | 30,000,000 shares was approved by the members in EOGM held on November 06, 2015 for the period of five (5) years. | 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. The remaining investment will be made as and when funds are required by the associated company. | An investment of Rs. 125.68 million has been made so far by the Company. The remaining investment will be made as and when funds are required by the associated company. | An investment of Rs. 240,000 has been made so far by the Company. The remaining investment will be made as and when funds are required by the associated company. |
| ***Reasons for not having made complete investment so far where resolution required it to be implemented in specified time*** | 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. | The investment will be made as and when funds are required by the associated company. The resolution is valid for three (3) 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. | The balance sheet size of Service Industries Capital (Private) Limited as at December 31, 2016 is Rs. 125.60 million and loss incurred during the period from November 10, 2015 to December 31, 2016 is Rs. 1.07 million. | 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.