Service Industries Limited

Servis House, 2-Main Gulberg
Lahore-54662 (Pakistan)
Phone: (42) 5751990-96
Fax: (42) 5710593

SIL/PSX/CS/78
June 25, 2020

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

SUBJECT: FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on **June 25, 2020** at **10:00 a.m**., at the registered office of the Company, has approved the separate and consolidated audited financial statements of the Company for the year ended December 31, 2019 and recommended the following:

(i) CASH DIVIDEND

A Final Cash Dividend for the year ended December 31, 2019 at **Rs. 7.50/- per share i.e. 75%**.

(ii) BONUS SHARES

It has been recommended by the Board of Directors to issue Bonus Shares in the proportion of 25 shares for every 100 shares held i.e. 25%. The said Bonus Shares shall not be eligible for the dividend declared for the year ended December 31, 2019.

A certified copy of the resolution passed by the Board of Directors of the Company is enclosed herewith as Annexure-B as required under sub clause (ii) of regulation 4(1) of the Companies (Further Issue of Shares) Regulations, 2020.

FINANCIAL RESULTS:

The financial results of the Company are enclosed herewith as Annexure-A.

PRICE SENSITIVE INFORMATION:

1. The Board has approved a working capital loan of up to PKR 5.0 Billion from Service Global Footwear Limited, a wholly-owned subsidiary, at interest rate of 1 month KIBOR plus 5 bps or borrowing cost of the subsidiary, whichever is higher, to meet its working capital requirements.

2. The Board has decided to provide sponsors support to Service Long March Tyres (Private) Limited, a subsidiary company, by way of issuing cross corporate guarantees of up to PKR 8 billion to its lenders subject to the approval of the members of the Company.

3. The Scheme of Compromises, Arrangement and Reconstruction between Service Industries Limited and its wholly owned subsidiary, Service Global Footwear Limited sanctioned by the Honorable Lahore High Court, Lahore which is operative from 1st July, 2019 has achieved completion on 25th June 2020.

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ANNUAL GENERAL MEETING (AGM):

The Annual General Meeting of the Company will be held on **Friday, July 17, 2020 at 11:00 a.m.,** through video link facility from the registered office of the Company situated at Servis House, 2-Main Gulberg, Lahore.

BOOK CLOSURE FOR THE PURPOSE OF ENTITLEMENT OF FINAL CASH DIVIDEND, BONUS SHARES AND AGM:

The Share Transfer Books of the Company for the purpose of Final Cash Dividend, Bonus Issue and AGM will remain closed from **July 10, 2020 to July 17, 2020 (both days inclusive)**. Transfers received at the share registrar office, M/s. Corplink (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore at the close of business on July 09, 2020 will be treated in time for the purpose of above entitlement of Cash Dividend, Bonus Shares and to attend and vote at the AGM.

The Annual Report of the Company for the year ended December 31, 2019 will be transmitted through PUCARS separately, within the specified time.

Thanking you.

Yours faithfully,

FOR SERVICE INDUSTRIES LIMITED

Waheed Ashraf
Company Secretary

SERVICE INDUSTRIES LIMITED

Enclosed as above.

C.C:

Commissioner (CLD),
Securities & Exchange Commission of Pakistan,
NIC Building, Jinnah Avenue, Blue Area,
63-Jinnah Avenue,
Islamabad.

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

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Annexure - A

SERVICE INDUSTRIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	..........Rupees in thousand..........	
		Restated
SALES - net	26,156,201	24,080,265
COST OF SALES	(21,271,958)	(19,747,583)
GROSS PROFIT	4,884,243	4,332,682
DISTRIBUTION COST	(1,697,756)	(1,523,334)
ADMINISTRATIVE EXPENSES	(1,117,181)	(1,129,694)
OTHER EXPENSES	(205,142)	(147,849)
	(3,020,079)	(2,800,877)
	1,864,164	1,531,805
OTHER INCOME	312,202	198,491
PROFIT FROM OPERATIONS	2,176,366	1,730,296
FINANCE COST	(1,123,589)	(588,940)
	1,052,777	1,141,356
SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEE - NET OF TAXATION	20,248	63,929
PROFIT BEFORE TAXATION	1,073,025	1,205,285
TAXATION	(186,661)	(143,978)
PROFIT AFTER TAXATION	886,364	1,061,307
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	47.16	56.47

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SERVICE INDUSTRIES LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	----------Rupees in thousand----------	
		Restated
SALES - net	30,058,321	24,229,643
COST OF SALES	(24,327,246)	(19,901,407)
GROSS PROFIT	5,731,075	4,328,236
DISTRIBUTION COST	(1,994,315)	(1,542,734)
ADMINISTRATIVE EXPENSES	(1,328,266)	(1,169,326)
OTHER EXPENSES	(241,086)	(147,849)
	(3,563,667)	(2,859,909)
	2,167,408	1,468,327
OTHER INCOME	448,410	200,123
PROFIT FROM OPERATIONS	2,615,818	1,668,450
FINANCE COST	(1,062,429)	(596,649)
	1,553,389	1,071,801
SHARE OF PROFIT IN EQUITY ACCOUNTED INVESTEE - NET OF TAXATION	33,232	105,001
PROFIT BEFORE TAXATION	1,586,621	1,176,802
TAXATION	(227,612)	(147,105)
PROFIT AFTER TAXATION	1,359,009	1,029,697
SHARE OF PROFIT ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE HOLDING COMPANY	1,372,058	1,057,395
NON-CONTROLLING INTEREST	(13,049)	(27,698)
	1,359,009	1,029,697
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	73.00	56.26

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Annexure - B

CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF SERVICE INDUSTRIES LIMITED IN THEIR MEETING HELD ON JUNE 25, 2020

BOARD RESOLUTION

Resolved that the Board of Directors of the Company recommends to issue Bonus Shares in the proportion of 25 Ordinary Shares for every 100 Ordinary Shares held by the Members (i.e. 25%).

Further resolved that the share transfer books of the Company will remain closed from July 10, 2020 to July 17, 2020 (both days inclusive) for the purpose of determining the shareholder's entitlement to the bonus shares. The entitlement of bonus shares will be issued to those shareholders whose names will appear on the register of members on the close of business on July 09, 2020.

Further resolved that the Board of Directors of the Company proposed that the following resolution be passed as an Ordinary Resolution in the Annual General Meeting of the Company to be held on **Friday, July 17, 2020 at 11:00 a.m.,** through video link facility from the registered office of the Company situated at Servis House, 2-Main Gulberg, Lahore:

"Further Resolved that

(i) A sum of Rs. 46,987,450 (Rupees forty six million nine hundred eighty seven thousand four hundred fifty) out of the free reserves of the Company be capitalized and applied towards issue of 4,698,745 Ordinary Shares of Rs. 10 each as bonus shares in the proportion of 25 Ordinary Shares for every 100 Ordinary shares (i.e., @25%) held by every Member whose name appears on the Members' Register at the close of business on July 09, 2020.

(ii) These bonus shares shall rank pari passu in all respects with the existing shares but shall not be eligible for the final cash dividend declared for the year ended December 31, 2019.

(iii) Members entitled to fractions of shares shall be given the sale proceeds of their fractional entitlements for which purpose the fractions shall be consolidated into whole shares and sold on the Pakistan Stock Exchange Limited.

(iv) The Chief Executive Officer or any Director be and is hereby authorized to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of the said bonus shares, sale of fractions and payment of the sale proceeds of the fractional shares."

SERVICE INDUSTRIES LIMITED