SERVICE INDUSTRIES LIMITED

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of the shareholders of Service Industries Limited will be held on Thursday, July 24, 2014 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 elect Nine (9) Directors of the Company, as fixed by the Board of Directors, in accordance with Section 178(1) of the Companies Ordinance, 1984 for a term of three years commencing from July 31, 2014. The names of retiring Directors are as follows:

    1. Mr. Ahmed Javed
    2. Mr. Omar Saeed
    3. Mr. M. Ijaz Butt
    4. Mr. Arif Saeed
    5. Mr. Hassan Javed
    6. Mr. Riaz Ahmed
    7. Mr. Muhammad Amin
    8. Mr. Shaukat Ellahi Shaikh
    9. Mr. Manzoor Ahmed

    The retiring Directors are eligible to offer themselves for re-election.

Special Business:

2. To consider and if thought fit, pass the following 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 Company be and is hereby authorized to make long term equity investment up to Rs. 25 million in the share capital (by way of acquisition of 2,500,000 ordinary shares of Rs. 10 each) of S2 Power Limited, an associated Company.

    Further resolved that the above said resolution shall be valid for 3 years and Mr. Omar Saeed, Chief Executive or Mr. Hassan Javed, Director 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 and to sign and execute documents that may be considered necessary to give effect to the above resolution.

    Further resolved that subsequent to the above said equity investment, Mr. Omar Saeed, Chief Executive or Mr. Hassan Javed, Director 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 referred to above is annexed to this notice of Meeting.

By Order of the Board

Lahore
July 1, 2014

WAHEED ASHRAF
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from July 17, 2014 to July 24, 2014 (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 July 16, 2014 will be considered in time for the purpose of determination of entitlement to attend and vote in the Extraordinary General 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.

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. Members are advised to immediately notify the change in their addresses, if any to our registrar M/s. Hameed Majeed Associates (Pvt.) Limited, 1st Floor, H.M. House, 7-Bank Square, Lahore.

6. The directive of the Securities and Exchange Commission of Pakistan contained in S.R.O. 831(I) / 2012 dated 05 July 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 number 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 Share Registrar.

7. 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.

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 Extraordinary General Meeting of the Company to be held on July 24, 2014.

Election of Directors

The term of office of the present Directors will expire on July 30, 2014. In terms of Section 178 (1) of the Companies Ordinance, 1984, the Directors have fixed the number of Directors at nine (9) to be elected in the Extraordinary General Meeting for a term of three years. The present Directors are interested to the extent that they are eligible for re-election as Directors of the company.

Any member who seeks to contest the election of Directors, whether he is a retiring Director or otherwise, file with the Company at its registered office, Servis House, 2-Main Gulberg, Lahore, not later than fourteen days before the date of meeting, a notice of his/her intention to offer himself/herself for election as a Director as required under Section 178(3) of the Companies Ordinance, 1984 together with his/her consent in the prescribed form (form-28) and declarations as required under the Code of Corporate Governance and a detailed profile of the candidate. The format of declarations may be obtained from the Company's registered office.

As per clause No. 50 of the Articles of Association of the Company, a Director must be a member of the Company and holds qualification shares of such value being not less than Rs. 25,000 at the time of filing of his/her consent to act a Director of the Company. 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.

Investment in S2 Power Limited

S2 Power Limited was incorporated on April 4, 2014 as a public limited Company with an authorized share capital of Rs. 50,000,000 divided into 5,000,000 ordinary shares of Rs. 10 each. Two (2) Directors of S2 Power Limited are also Directors in Service Industries Limited. The main object of the Company is to set up a power generation project (IPP). The Company is planning to make an initial equity investment up to Rs. 25 million by way of purchase of 2,500,000 shares of Rs. 10 each of S2 Power Limited.

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

Ref. No.	Requirement	Information
i	Name of associated company	S2 Power 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	Strategic long term investment
iii	Maximum amount of investment	Rs. 25 million (Rupees Twenty five million only)
iv	Maximum price / share	The price to be paid for the equity investment will be par value of Rs. 10/- per share.
v	Maximum number of shares to be acquired	2.5 million ordinary shares
vi	Shareholding before investment	No. of shares: NIL
		Shareholding percentage: NIL
	Shareholding after investment	No. of shares: 2.5 million
		Shareholding percentage: 50% of initial investment
vii	Requirement in case of investment in listed associated company	Not Applicable as S2 Power Limited is an unlisted Company.
viii	Fair market value of shares	Since the project is green field project, the par value of its share is the fair value.
ix	Break-up value of shares	Rs. 10/- per share on incorporation.

Ref. No.	Requirement	Information
x	Earnings per share for the last three years	Not applicable.
xi	Sources of fund from which shares will be acquired	Own funds of the Company.
xii	Requirements if shares are intended to be acquired using borrowed funds	Not applicable.
xiii	Salient features of agreement(s) entered into with the associated Company	Agreement may be executed after passing of special resolution.
xiv	Direct / Indirect interest of directors in the associated company	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. **Shares held by the Directors of Service Industries Limited in S2 Power Limited:** No. of shares / Percentage Mr. Omar Saeed 500 25% Mr. Hassan Javed 500 25% **Shares held by the Directors of S2 Power Limited in Service Industries Limited:** No. of shares / Percentage Mr. Omar Saeed 1,018,896 8.47% Mr. Hassan Javed 781,015 6.49%
xv	Any other important detail	None
xvi	Description of the project	Power Generation Project (IPP)
	Starting date of work	July 2015
	Completion of work	June 2017
	Commercial operations date	January 2018
	Expected time by which the project shall start paying return on investment	One Year.